MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807

To: Ways and Means Subcommittee on Transportation and Economic Development

From: Steve Bender, Legislative Fiscal Office

Date: February 6, 2013

Subject: Orientation and Background Information

Subcommittee members should please note the following:

1. Please notify LFO at **(503) 986-1828** if you are unable to attend a meeting.
2. A copy of the Joint Committee on Ways and Means rules is attached to this material. These rules state that:
    a. The Subcommittee must report all budget bills assigned to it back to the Full Committee. The Co-Chairs of the Full Committee may remove any bill from the Subcommittee at any time.
    b. No minority reports are allowed.
    c. A quorum of the Subcommittee requires a majority of appointed Senate members (at least two Senators) and a majority of appointed House members (at least two Representatives).
    d. Reporting a bill or another action to the Joint Committee requires the approval of at least a majority of appointed Senate members (at least two Senators) and a majority of appointed House members (at least two Representatives).
    e. The Co-Chairs of the Full Committee may participate in Subcommittee meetings and may vote when in attendance.
    f. Budget notes may only clarify or expand upon administrative requirements which are directly related to the execution of budgets during the fiscal period covered.
    g. Typically, the Co-Chairs of the Full Committee will not reassign a bill to the Subcommittee after it passes the first chamber.
3. LFO will make tentative weekly or bi-weekly schedules available to members each Thursday. We will also provide a daily agenda at each meeting.
4. LFO will distribute agency presentation materials, and other items to be reviewed by the Subcommittee, to members through the Oregon Legislative Information System (OLIS) several days before an agency's budget is first scheduled for a public hearing.

Joint Committee on Ways and Means
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Salem, Oregon 97301
Phone 503-986-1828
Fax 503-373-7807

Sen. Richard Devlin, Co-Chair
Rep. Peter Buckley, Co-Chair

Sen. Betsy Johnson, Co-Vice Chair
Rep. Nancy Nathanson, Co-Vice Chair
Rep. Dennis Richardson, Co-Vice Chair

JOINT COMMITTEE ON WAYS AND MEANS
2013 SESSION

COMMITTEE RULES

The Joint Committee will operate in accordance with the Oregon Constitution, House and Senate Rules, custom, usage and precedents, Mason's Manual of Legislative Procedure, and applicable statutory provisions.

1. The officers of the Joint Committee on Ways and Means shall consist of the Senate and House Co-Chairs and the Senate and House Co-Vice Chairs, who are appointed by the Senate President and the Speaker of the House, respectively. The Co-Chair of each Senate Subcommittee shall be appointed by the Senate President. The Co-Chair of each House Subcommittee shall be appointed by the Speaker of the House.

2. All meetings of the Joint Committee and Subcommittees shall be open to the public.

3. Voting by member of either the Joint Committee or Subcommittees shall be by roll call, if requested by any Committee member.

4. All meetings of the Joint Committee and Subcommittees shall be recorded. The audio records shall be indexed and shall be placed with the Oregon Archivist in accordance with Oregon Law.

5. In addition to the quorum requirements described in Rule 10, the Co-Chairs of the Joint Committee shall be deemed voting members of all Subcommittees when in attendance, unless the Co-Chair is an appointed member of the Subcommittee, in which case the Co-Vice Chair of the same chamber and same party affiliation shall be deemed a voting member of said Subcommittee when in attendance.

6. Hearing notices identifying an agenda of bills and subjects to be considered by the Joint Committee and Subcommittees shall be posted publicly in accordance with Senate and House rules, and the Joint Committee and Subcommittees shall not take action on any item not included in the posted notice. The Senate Co-Chair and the House Co-Chair shall approve all Joint Committee and Subcommittee agendas prior to posting.

7. Members of the Legislative Assembly and the general public shall be welcome to testify at Subcommittee meetings posted for "Public Hearing with Public Testimony." Members of the Legislative Assembly and the general public may testify before the Joint Committee upon the invitation of the Co-Chairs of the Joint Committee and the Co-Chairs of the Subcommittee that heard the bill, or at the invitation of a majority of the Senate members and a majority of the House members of the Joint Committee.

8. Joint Committee bills and resolutions are to be sent to the floor of either chamber without minority reports. All Committee members have the right to their own position in floor debate. If a member plans to oppose a Committee bill, the member should advise the Senate or House Co-Chair in advance of debate in their respective chamber.

9. A quorum for reporting legislation to the floor of either chamber shall be a majority of Senate members and a majority of House members. The affirmative vote of a majority of the appointed members of each chamber is required to report legislation out of committee. In the event of a tie vote, either among the Senate members or among the House members, the Senate President or the Speaker of the House, respectively, may attend as voting members of the Joint Committee.

10. A quorum for reporting legislation from any Subcommittee to the Joint Committee shall be a majority of appointed Senate members and a majority of appointed House members of that Subcommittee. The affirmative vote of a majority of the appointed Subcommittee members of each chamber is required to report legislation to the Joint Committee.

11. Bills and resolutions shall be assigned jointly by the Senate Co-Chair and House Co-Chair to the appropriate Subcommittee for consideration. A Subcommittee does not have the power to table or hold legislation, but must report it back to the Joint Committee for consideration. The Senate and House Co-Chairs may, at any time by joint action, remove a bill or resolution from a Subcommittee and assign it to another Subcommittee or to the Joint Committee.

12. Once a bill has been reported to the floor of either chamber and passed, it shall be, after return to the Joint Committee in the second chamber, automatically reported to the floor of the second chamber unless the Senate and House Co-Chairs decide jointly that such legislation may be held in Committee for further consideration.

13. In the event that the Joint Committee identifies a need for language to clarify or expand upon administrative requirements which are directly related to the execution of budgets during the fiscal period covered by the appropriation and expenditure limitation, such language may be included within the Budget Report for the bill. If the Joint Committee identifies the need for a statement of policy or administrative direction which goes beyond the criteria described above, such statement or directive shall be handled as a separate bill, a resolution, or by amendment to the appropriation bill.

14. Introduction of bills:
    a) Appropriation bills and non-appropriation bills relating to fiscal matters may be introduced by the Joint Committee on Ways and Means at any date.
    b) All bills for introduction must first be approved by a Subcommittee before being brought to the Joint Committee, unless permission for direct submission to the Joint Committee is granted jointly by the Senate and House Co-Chairs.

15. These rules may be changed by the affirmative vote of a majority of the appointed members of each chamber of the Joint Committee, provided at least one day’s notice of any proposed change has been given in writing to each Committee member.

Adopted: February 5, 2013

Transportation and Economic Development Subcommittee
Agency Current Service Level Budgets - Ranked by Budget Size

State Agency	Limited Funds				Nonlimited	Total Funds
	General Fund	Lottery Funds	Other Funds	Federal Funds		
Department of Transportation (ODOT)	$21.1 million	$95.3 million	$3,273.6 million	$101.0 million	$39.8 million	$3,530.7 million
Employment Department (OED)	$4.1 million		$127.5 million	$279.1 million	$1,758.9 million	$2,169.7 million
Housing and Community Services Department (HCSD)	$12.2 million	$10.0 million	$117.9 million	$154.8 million	$685.3 million	$980.2 million
Department of Consumer and Business Services (DCBS)			$216.6 million	$1.0 million	$199.6 million	$417.2 million
Department of Veterans' Affairs (ODVA)	$6.2 million		$47.6 million		$335.2 million	$389.0 million
Oregon Business Development Department (OBDD)	$4.0 million	$91.6 million	$28.4 million	$38.4 million	$210.3 million	$372.7 million
Oregon Liquor Control Commission (OLCC)			$148.4 million			$148.4 million
Public Utility Commission (PUC)			$40.6 million	$2.4 million	$79.3 million	$122.2 million
Bureau of Labor and Industries (BOLI)	$12.1 million		$9.6 million	$1.5 million	$1.2 million	$24.4 million
Department of Aviation			$5.9 million	$2.9 million		$8.9 million
Real Estate Agency			$7.3 million			$7.3 million
Racing Commission			$5.4 million			$5.4 million
SUBCOMMITTEE TOTAL	**$59.8 million**	**$196.9 million**	**$4,028.7 million**	**$581.1 million**	**$3,309.7 million**	**$8,176.2 million**

Transportation and Economic Development Subcommittee
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KEN ROCCO
LEGISLATIVE FISCAL OFFICER

DARON HILL
DEPUTY LEGISLATIVE FISCAL OFFICER

Date: November 16, 2012

To: Agency Heads and Budget Officers

From: Ken Rocco, Legislative Fiscal Office

Subject: Presentation Guidelines for Ways and Means Subcommittees (2013 Session)

The following information outlines general presentation guidelines for the Joint Committee on Ways and Means Subcommittees (2013). The format has been modified somewhat from prior sessions, but will, in part, draw on the work you have already completed as part of the Governor's 10-year planning process. Agencies are expected to follow the presentation outline. This will help provide a consistent delivery of agency information with respect to budget requests.

We are anticipating the Ways and Means schedule to be divided into three phases with all agencies participating in phases one and three, and holding the second phase by invitation of the Co-Chairs and Subcommittee on specific topics. The first phase will focus on why the agency exists, how the agency has been performing, how the agency uses its budget, and what outcomes can be expected from its budget request. This phase will also include public testimony and a presentation from the DAS' Budget and Management Division and/or the Governor's policy advisor(s) concerning the Governor's budget.

The order in which specific agencies will present to the Subcommittee has not yet been determined. However, each agency should prepare as if they will be scheduled early in session and have its presentation materials ready by mid-February 2013. The completed, *electronic presentation document* will be shared in advance with Subcommittee members to facilitate the public hearing process. A tentative hearing schedule will be provided as soon as possible after the Legislature organizes for the 2013 legislative session.

In addition to agency-specific presentations, Legislative Fiscal Office (LFO) analysts are developing a list of high-level, topical presentation concepts that may be instructive for Subcommittee members. Agencies will be contacted by mid-January 2013 if they need to be involved in these presentations as part of Phase 2. Not all agencies will be included, depending on the specific budget issues to be addressed. Please also note that additional budget-related information may be requested once the Ways and Means Co-Chairs are appointed and the Committee is formed.

Further, agencies will be expected to provide an update of Other Funds ending balances. The form, which is attached, should reflect the effect of the Governor's proposed budget. Forms are due by January 18, 2013.

Please contact your LFO analyst with any questions on the Ways and Means presentation guidelines.

Ways and Means Presentation Guidelines

A. General Principles and Guidelines

- Presentations should have general consistency in content and format, but agencies will be allowed to tailor presentations to best present information to the Subcommittee on their programs. The order and content may be different for large multi-program agencies than for small agencies.
- Agencies should present information relating to short term and long term goals and desired program outcomes before presenting detailed budget information. Agencies should describe how the agency mission and programs will achieve the desired outcomes and how the proposed budget supports those outcomes. The goal is to have legislators understand the agency and its programs before being presented with budget details.
- Agencies should work with LFO analysts in preparing their presentation, especially to confirm major budget drivers, environmental factors, budgetary issues, and recent program changes. Completed, electronic copies must be available to the LFO analyst at least one week prior to presentation.
- Presentation materials must concentrate on the most important information. Supporting materials should be placed in appendices and can be referred to during the presentations. It is important to note that different Subcommittee Chairs may require greater or lesser detail during public hearings, and may not want to cover all presentation material during Subcommittee time.
- LFO's role is to set the stage for the budget presentation, point out important policy and budget issues, make budget recommendations, and lead the work session. DAS' role is to briefly convey the rationale behind the Governor's decisions regarding an agency's budget, which may include identifying important issues and outlining major budget and policy issues that led to the Governor's decisions.
- The Legislative Branch continues its efforts to move to a paperless Committee process. Agency presentation materials are to be submitted to LFO in an electronic format with the exception of the submittal of two hard copies in binders to LFO.

B. Phase 1: (Approximately early-February through late-March to early-April; timing depends on Subcommittee schedules and needs)

- **LFO Staff**
    1. i. Work with Subcommittee chair(s) on what specific information to present, and tailor presentations to Subcommittee membership needs.
    2. ii. Describe to the Subcommittee what to look for in terms of major policy and budget issues.
    3. iii. Briefly describe significant budget note reports, Emergency Board actions, and audit findings. Specifically address those important issues the agency might not bring up.
    4. iv. Present very high level budget information such as revenue sources and how funds are spent.

v. Attach the LFO analysis of current budget issues for the agency and other useful documentation to the presentation.

- **Agency Presentation**

i. In presenting budget information, the agency should focus on the agency's short and long term goals and the desired program outcomes to achieve those goals as defined in the Governor's recommended budget. The agency should: 1) describe their programs and how those programs achieve desired program outcomes; 2) explain the programs' importance and significance in achieving outcomes; and 3) describe how the agency manages the programs to achieve the desired outcomes from the agency's short and long term goals. The goal is for a concise presentation that makes complex facts and issues easy to understand. Discussion of specific policy packages should be kept to a very high level, as they will be addressed in Phase 2.

ii. The agency presentation should include the following information. Agencies have the flexibility to tailor the presentation to best present program and budget information as well as educate and assist Subcommittee members in making decisions. For larger agencies, the content and general order should be presented for the entire agency, and next for each major division or program area. For smaller agencies, the entire agency may be covered at the summary level.

1. Describe the agency's mission, goals, and historical perspective.
2. Summarize programs and target groups.
3. Provide agency organization (i.e., organizational chart) and describe how programs are delivered.
4. Provide an overview of performance measures and other agency outcome measures. The agency should explain how performance measures and other outcome measures are used as part of their management and budget development. The agency should describe progress being made toward achieving performance measure targets. A copy of the Annual Performance Progress Report should be included as an appendix. An agency may wish to use portions of this progress report as part of the presentation.
5. Provide perspective on major budget drivers and environmental factors (for larger agencies, present specific detail in program discussion).
6. Describe the major changes to the agency in the past 10 years, including program changes, new programs, and budget cuts. Concentrate on the last three to four years, including budget reductions recently taken (2009-11 and 2011-13). Include the impact of these reductions and new programs on clients and program delivery.
7. Describe the specific actions the agency has taken in the past, and is currently taking, to contain costs and to improve program delivery. Include options for realigning/consolidating programs with other agencies and any efforts taken to reduce duplication

with other agencies and programs. Describe what additional actions the agency could do and is planning to do, including discussion of statutory changes, agency rule changes, and investments that would lead to greater program efficiency and effectiveness. Data should be included to support these actions, including the amount of any estimated savings.

8. Detail <u>major</u> budgetary issues, including caseloads, fees, construction, and major cost increases unique to the agency. Identify any proposed changes in revenue sources or fees. This should contain discussions of past spending history and, where appropriate, future spending potential for programs.
9. If applicable, describe the specific actions the agency has taken to comply with the requirements of HB 2020 (2011) and HB 4131 (2012) regarding the ratio of employees to supervisory employees in the agency.
10. If applicable, describe the results of all audits on the agency conducted by the Secretary of State under ORS 297.070 and provide the report required under HB 3291 (2011) describing changes the agency has made, or is making, to implement the audit recommendations.
11. Provide (in the appendix) a listing of all position reclassifications completed during the 2011-13 biennium including the position classifications involved and the change in salary associated with the reclassification and provide a listing by classification of all new hires made during the 2011-13 biennium including the salary step the position was hired at along with justification for any position hired above salary step 2.
12. Provide a summary of proposed legislation affecting agency operations, the status of this legislation, and the effect on the budget.
13. Provide a summary of all proposed information technology and capital construction projects.
14. Update, as needed, the Phase 2 buy sheets from the Governor's 10-year planning process. In particular, remove the "Program Funding Request" section from the forms and update the section on “Significant Proposed Program Changes from 2011-13” to reflect the most recent information. Forms should be submitted as an appendix to be used as background material for the Subcommittee and should be arranged in the order the programs will be presented regardless of Outcome Area.

- **Budget and Management (BAM) Staff and/or Governor’s Policy Advisor (presented at the conclusion of the agency presentation)**
    i. Overall role is to briefly provide context for how and why the Governor determined his budget for the agency and how the agency budget fits into the Governor’s current long term plan and overall larger budget picture.
    ii. Include a brief description of the major components of the agency budget and the major policy issues specifically addressed by the

Governor's budget. Include any alternatives that were considered for major budget decisions.

iii. For small agencies/boards/commissions, the presentation should remain at a higher level. The presentation should only cover the major issues facing the agency/board/ commission and how those issues are addressed in the Governor's budget.

iv. The BAM analyst should describe the policy rationale on how the Governor arrived at the budget for this agency. The Governor's policy advisors may be requested to participate in this part of the presentation for larger agencies.

v. Presentations should include only high level policy and contextual information relevant to how the Governor's budget was crafted. ***Specific budget package information is to be presented by the agency during Phase 2.***

C. Phase 2: (approximately late-March/early-April through early May)

- The goal of this portion of the presentation is to set the stage for the work session and to remind the Subcommittee of the major budget issues and decisions that need to be made regarding the agency's budget. Some agencies may not participate in this phase if the Co-Chairs and Subcommittee have sufficient information to move to work session.
- Review the budget detail, including descriptions of essential and policy option packages. Limit the discussion of essential packages to those changes that are unique to the agency (e.g., caseload increases or specific price increases).
- If applicable, review the list of high-level, topical presentations developed in conjunction with LFO analysts describing major budget drivers, environmental factors, budgetary issues, and recent program changes.
- Review the Other Fund balances, including the agency's rationale for the minimum ending balance amount the agency requires. The ending balance form should be submitted to the LFO analyst by January 18, and included in an appendix.
- The agency should also discuss their latest quarterly long-term vacancy report data, and 10% reduction options.

D. Phase 3: (may begin as early as mid-April for some agencies)

- This is the work session phase. LFO will present recommendations for Subcommittee action.
- The Subcommittee could also consider fee bills or substantive bills.

E. Other Issues

- Responses to questions by Subcommittee members should be submitted to LFO for distribution within two working days unless specifically granted an extension.
- Agency presentations should be given by agency directors and program area managers. Although agency directors have flexibility to determine which staff

should attend, generally only those staff with expertise on the programs, and who are required for responses to questions during the presentation, should be present.

- Subcommittee presentations should build in sufficient time at the end of the presentation to allow for a “Question and Answer” period with Subcommittee members.