

# **JOINT COMMITTEE ON WAYS AND MEANS**

## **SUBCOMMITTEE ON HUMAN SERVICES**

### **Subcommittee Orientation Information**

#### **INFORMATIONAL & PROCEDURAL ISSUES**

##### **Attendance**

- The Subcommittee's meeting time is from 8:30 – 10:00 am, Monday through Thursday. Please be in attendance at the 8:30 am starting time. If you are unable to attend a meeting, please notify the Legislative Fiscal Office (LFO) at 986-1828.
- Occasional evening meetings may be scheduled.

##### **Subcommittee Rules**

- The Subcommittee will use the Joint Committee on Ways and Means rules (attached p. 4-5).
- This Subcommittee has three Senate members and five House members. This means that two Senate members and three House members are required to make a quorum and report legislation from the Subcommittee to the Joint Committee. Senate and House Ways and Means Co-Chairs may also participate and vote when in attendance, as described in the rules.

##### **Meeting Operations**

- Subcommittee members, staff, presenters and audience members should turn off audible pagers, cell phones or other electronic devices.
- The microphones in this room are very sensitive, and may pick up side conversations.
- Most votes will be on a voice vote only, with the chair calling for any objections. If a roll call is needed, the committee assistant will call the roll.

##### **Distribution of Materials**

- All informational materials that are normally provided to members by LFO will be provided electronically. The files will be placed in the OLIS system where members of the Subcommittee will have access to them. We will try to get materials to OLIS two or three days before the meeting. Members may choose to access documents directly on their laptops at the dais, or may choose to print out materials and bring them to the meeting.

##### **Agendas**

- Meeting Notice is required 72 hours before the first public hearing on a bill and 48 hours for subsequent public hearings and work sessions. This may change near the end of session.
- Bills can be carried over to the next day in cases where the work is not completed, if the subcommittee chair announces that the bill will be carried over and it is carried over for the same purpose as originally scheduled (e.g., public hearing must be carried over as a public hearing).
- A daily agenda will be distributed in the Subcommittee for that day.
- A weekly agenda will be emailed to you each Thursday for the following week. The weekly agendas for the first two weeks are attached (p. 6-7).

## **BUDGET HEARINGS AND WORK SESSION PROCESS**

- Attached (p. 8) is a list of all budget bills assigned to this Subcommittee, with the LFO and Chief Financial Office (CFO) analysts and phone numbers, for each agency.
- The Subcommittee may also deal with:
  - Budget-related fee bills
  - Federal grant application requests
  - Agency reports
  - DHS and OHA 2013-15 budget rebalance plans
  - Substantive legislation with fiscal impact, as assigned by the Ways & Means co-chairs
- The Subcommittee will spend the first two months doing “Phase 1” budget hearings on each agency (or program for larger agencies). Each agency hearing will include the following:
  - LFO will introduce the agency and describe major policy and budget issues
  - The agency will present, including:
    - Mission and goals
    - How the agency uses its budget, including major policy and budget issues
    - How the program has been performing
    - Outcomes expected from the budget request
    - Actions taken to improve program delivery
  - CFO will present a high-level summary of the Governor’s Budget
  - Public testimony

Phase 2 hearings will take place in April, and may not include all agencies. The purpose of this phase is to prepare for work sessions (actions on budget bills) by going over major budget issues and decisions that need to be made. There may also be special presentation topics.

Phase 3 will be the agency work sessions, and could start as early as March for some agencies.

- The tentative order of Subcommittee budget hearings for Phase 1 is as follows:
  - Department of Human Services (DHS) overview
  - DHS Aging and People with Disabilities
  - Long Term Care Ombudsman
  - DHS Developmental Disabilities
  - DHS Vocational Rehabilitation
  - Commission for the Blind
  - DHS Self-Sufficiency
  - DHS Child Welfare
  - DHS Program Design Services/KPMs
  - Board of Nursing
  - Medical Board
  - Oregon Health Authority (OHA) overview
  - OHA Medical Assistance Programs
  - OHA Addictions and Mental Health
  - Psychiatric Security Review Board
  - OHA Public Employees’ Benefit Board/Oregon Educators Benefit Board
  - OHA Public Health
  - OHA Health Policy Programs/KPMs
  - DHS/OHA Central and Shared Services

- Before each agency's budget hearings begin, a number of materials will be posted to OLIS for the Subcommittee members to review:
  - The Governor's budget document for the agency
  - Agency Ways & Means reference document
  - LFO 2015-17 Budget Review document for the agency
  - Agency presentation materials for that day (or period of days)

Another useful document is the LFO Analysis of the 2013-15 Legislatively Adopted Budget, which can be found at the following link:

<https://www.oregonlegislature.gov/lfo/Documents/2013-15%20LAB.pdf>

A second document provides updates from the 2014 Session:

<https://www.oregonlegislature.gov/lfo/Documents/2013-15BudgetHighlightsUpdate.pdf>

- The Subcommittee will use work sessions to review and act on budget issues and agency Key Performance Measures (KPMs). LFO will provide a summary memo and work session forms to Subcommittee members in advance of the work session. Based on the Subcommittee's action, staff will develop proposed amendments to the budget bill. A budget report is prepared to document the Subcommittee's recommendations for the budget for the Ways and Means Committee and the Senate and House members.
- Budget notes may be included in the budget report if essential to clarify or expand on administrative requirements directly related to the budget. Proposed budget notes should be channeled through the Subcommittee co-chairs and must be jointly approved by the Ways and Means co-chairs.
- The Subcommittee Chair will assign members to carry the Subcommittee's recommendations to the Full Committee on Ways and Means and to the floor of each chamber. (Carriers to Full must be members of the Full Committee.) LFO will prepare a summary "pony" of the budget bill for carriers for the Full Committee on Ways and Means and for each chamber. LFO will be at the side aisle (or at the member's desk if asked) to provide staff support for floor discussions.

## **BUDGET INFORMATION**

- Attached are several budget documents:
  - Graphs of the Human Services program area relative to the rest of the budget (p. 9)
  - Excerpt for Human Services from the Co-Chairs' Budget Framework (p. 10)
  - Budget detail for OHA and DHS showing current service level, reductions and investments in the Governor's Budget, and the Co-Chairs' Budget Framework target (p. 11)
  - A one-page budget history for all agencies that will be heard in this Subcommittee (p. 12)
  - LFO's "Oregon Budget Basics and Process Review" – a document describing the two-year budget process and some basic budget terms (p. 13-25)

## Joint Committee on Ways and Means

900 Court St. NE, Rm. H-178  
Salem, OR 97301  
503-986-1828



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

Sen. Betsy Johnson, Senate Co-Vice Chair  
Sen. Jackie Winters, Senate Co-Vice Chair  
Rep. Nancy Nathanson, House Co-Vice Chair  
Rep. Greg Smith, House Co-Vice Chair

## Joint Committee on Ways and Means 2015 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 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.

## **Joint Committee on Ways and Means**

900 Court St. NE, Rm. H-178  
Salem, OR 97301  
503-986-1828

Linda Ames, Administrator, 503-986-1816  
Eric Sorenson, Assistant, 503-986-1823  
WaysandMeans.HumanServicesSub@state.or.us



## **Subcommittee on Human Services**

Sen. Alan Bates, Senate Co-Chair  
Rep. Nancy Nathanson, House Co-Chair  
Sen. Elizabeth Steiner Hayward  
Sen. Jackie Winters  
Rep. Deborah Boone  
Rep. Alissa Keny-Guyer  
Rep. Andy Olson  
Rep. Duane Stark

### **AGENDA**

Week of February 2, 2015

8:30 a.m.

HR F

#### **Monday, February 2**

No Subcommittee meeting scheduled

#### **Tuesday, February 3**

No Subcommittee meeting scheduled

#### **Wednesday, February 4**

Informational Meeting

- Subcommittee Orientation

#### **Thursday, February 5**

Informational Meeting

- Governor's Human Services Budget Overview

#### **Friday, February 6**

No Subcommittee meeting scheduled

## **Joint Committee on Ways and Means**

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Sen. Elizabeth Steiner Hayward  
Sen. Jackie Winters  
Rep. Deborah Boone  
Rep. Alissa Keny-Guyer  
Rep. Andy Olson  
Rep. Duane Stark

### **AGENDA**

Week of February 9, 2015  
8:30 a.m.  
HR F

#### **Monday, February 9**

##### **Public Hearing**

- HB 5026 Department of Human Services  
Agency Overview

#### **Tuesday, February 10**

##### **Public Hearing**

- HB 5026 Department of Human Services  
Aging & People with Disabilities

#### **Wednesday, February 11**

##### **Public Hearing**

- HB 5026 Department of Human Services  
Aging & People with Disabilities

#### **Thursday, February 12**

##### **Public Hearing**

- SB 5521 Long Term Care Ombudsman  
PUBLIC TESTIMONY

#### **Friday, February 13**

No Subcommittee meeting scheduled

AGENCY	LFO ANALYST	CFO ANALYST
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## HUMAN SERVICES PROGRAM AREA

SB 5503 - Commission for the Blind	Kim To	Clair Clark
SB 5526 – Oregon Health Authority		
Medical Assistance Programs/Oregon Health Plan	Linda Ames	Kate Nass
Public Employee' Benefit Board	Linda Ames	Kate Nass
Oregon Educators Benefit Board	Linda Ames	Kate Nass
Public Health	Linda Ames	Kate Nass
Addictions and Mental Health	Linda Ames	Kate Nass
Health Policy Programs	Linda Ames	Kate Nass
Central and Shared Services	Linda Ames	Kate Nass
HB 5026 – Department of Human Services		
Vocational Rehabilitation	Laurie Byerly	Tamara Brickman
Developmental Disabilities	Laurie Byerly	Tamara Brickman
Self-Sufficiency	Laurie Byerly	Tamara Brickman
Supplemental Nutrition Assistance Program (SNAP)		
Temporary Assistance for Needy Families (TANF)		
Job Opportunity and Basic Skills (JOBS)		
Employment Related Day Care (ERDC)		
Child Welfare	Laurie Byerly	Tamara Brickman
Child Safety		
Substitute Care and Permanency/Adoptions		
Aging and People with Disabilities	Laurie Byerly	Tamara Brickman
Program Design Services	Laurie Byerly	Tamara Brickman
Infrastructure/Shared/Central Services	Laurie Byerly	Tamara Brickman
SB 5521 - Long Term Care Ombudsman	Laurie Byerly	Art Ayre
SB 5532 - Psychiatric Security Review Board	Linda Ames	Michelle Lisper

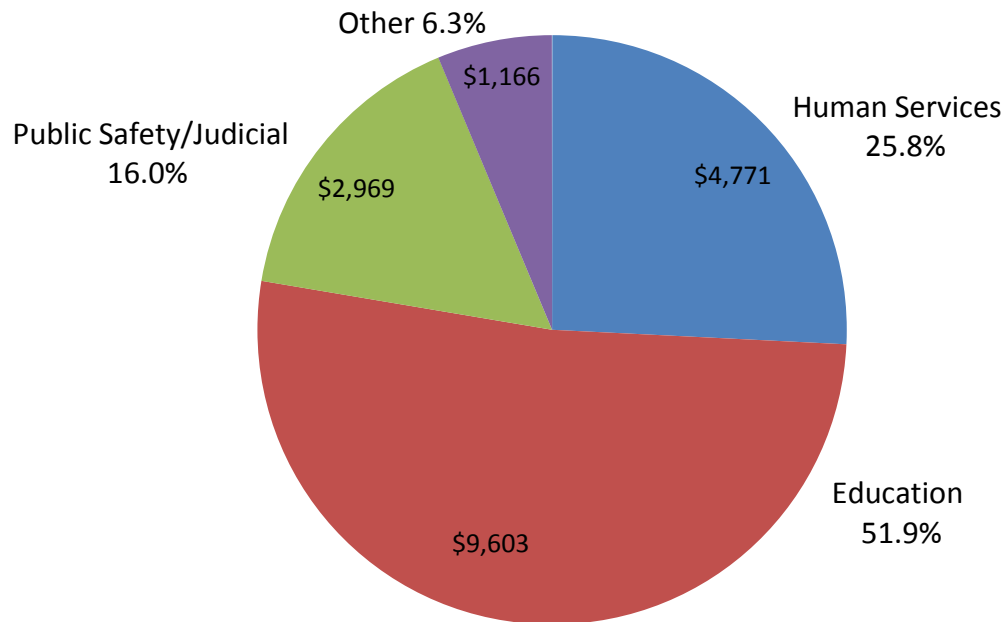
## OTHER AGENCY BUDGETS

SB 5523 – Oregon Medical Board	Matt Stayner	Clair Clark
SB 5524 - Oregon State Board of Nursing	Matt Stayner	Clair Clark

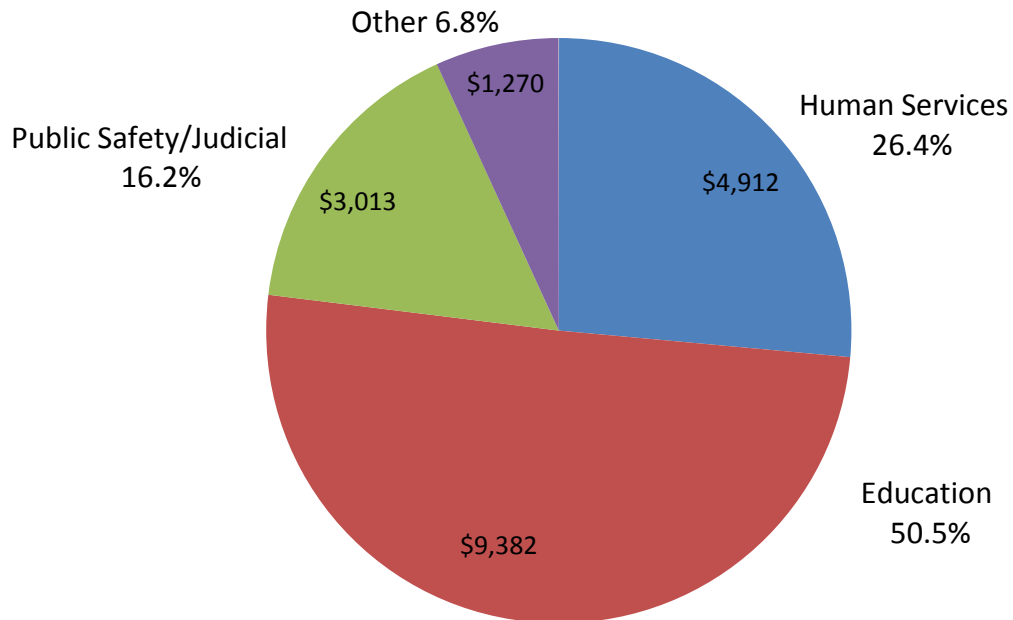
LFO ANALYSTS		CFO ANALYSTS	
Linda Ames	986-1816	Art Ayre	378-3108
Laurie Byerly	986-1833	Tamara Brickman	378-4709
Matt Stayner	986-1840	Clair Clark	378-3117
Kim To	986-1830	Michelle Lisper	378-3195
		Kate Nass	378-3742



**2015-17 Co-Chair Framework - GF/LF \$18,508.5 Million**



**2015-17 Governor's Budget - GF/LF \$18,575.8 Million**



## HUMAN SERVICES PROGRAM AREA

2013-15 Approved Total GF/LF Budget (millions)	2015-17 Proposed Total GF/LF Budget (millions)	2013-15 Approved Percent of Total GF/LF Expenditures	2015-17 Proposed Percent of Total GF/LF Expenditures
<b>\$4,325.1</b>	<b>\$4,770.9</b>	<b>25.8%</b>	<b>25.8%</b>

Priorities and targeted investments:

- Preserves core services and prior investments made in senior programs
- Maintains 2013-15 reimbursement rates and covers increased costs for seniors and people with disabilities
- Reinvests a portion of Temporary Assistance to Needy Families (TANF) caseload savings into TANF redesign
- Supports statewide early learning initiatives by strengthening the Employment Related Day Care program
- Protects child welfare investments in Differential Response and Strengthening, Preserving and Reunifying Families programs
- Makes permanent Oregon Project Independence services expanded to people with disabilities
- Funds forecasted client caseload levels and projected cost per case changes
- Funds backfill of 2013-15 one-time revenue sources to maintain current programs
- Supports health system transformation efforts, including continuing investment in Coordinated Care Organizations, with growth capped at 3.4% per member per year
- Provides health care coverage for low-income Oregonians by continuing to fund Medicaid expansion under the Affordable Care Act
- Provides improved access to community mental health by continuing investments made during 2013-15 for the full 2015-17 biennium
- Funds the opening of the Junction City state hospital in a phased approach
- Supports the expansion of the coordinated care model to the Public Employees' Benefit Board, limiting cost growth to a set, sustainable rate
- Prioritizes services within available resources, with intent to reprioritize as needed based on updated caseloads or statewide budget variances
- Continues hospital assessment, which is currently set to sunset September 2015
- The Co-Chairs propose adding \$40 million to Human Services for targeted investments should revenue be available when the final budget is adopted

Additional issues to be resolved:

- Proposed funding level does not support substantial new investment in human services programs

# Human Services Program Area

2015-17 General Fund budget only; dollars in millions

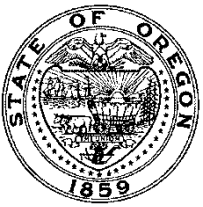
		OHA	DHS	
1	<b>2013-15 Legislatively Approved Budget</b>	<b>1,975</b>	<b>2,332</b>	
2				
3	Inflation Adjustments	98	60	
4	Mandated Caseload	100	236	
5	Fundshifts (reductions in OF revenues)	653	45	
6	Other Adjustments	37	10	
7	<b>2015-17 Current Service Level (CSL)</b>	<b>2,863</b>	<b>2,683</b>	
8	<b>2015-17 GB Changes Reducing CSL Need:</b>			
9	Continue/enhance hospital assessment	(593)	-	
10	Revenues available	(25)	-	
11	Oregon State Hospital - delay opening wards	(43)	-	
12	Other program reductions	(17)	-	
13	Revenues available	-	(60)	
14	TANF caseload savings	-	(38)	
15	Program reductions	-	(49)	
16	<b>Total GB Changes Reducing Need</b>	<b>(678)</b>	<b>(148)</b>	
17				
18	<b>2015-17 GB Spending:</b>			
19	OHA Roll-up of Sept. and Dec EBoards	14	-	
20	Addictions and Mental Health investments	5	-	
21	Public Health investments	2	-	
22	Health Policy Programs investments	4	-	
23	Self-Sufficiency investments	-	33	
24	Self-Sufficiency - Employment Related Day Care	-	50	
25	Child Welfare investments	-	7	
26	Aging and People with Disabilities investments	-	1	
27	Developmental Disabilities investments	-	14	
28	Potential Dept. of Labor rule change	-	35	
29	Other investments	-	5	
30	<b>Total GB Spending</b>	<b>25</b>	<b>145</b>	
31				
32	<b>Governor's Budget (GB)</b>	<b>2,210</b>	<b>2,680</b>	
33	Small agencies in Program Area			11
34	<b>Program Area Total in GB</b>			<b>4,901</b>
35				
36	<b>Co-Chair Budget Framework for Program Area</b>			<b>4,761</b>
37				
38	<b>Co-Chair Reduction Target from GB</b>			<b>140</b>

## Ways & Means Human Services Subcommittee

### Agency Budget History: 2011-13 Actuals to 2015-17 Governor's Budget

Dollars in Millions												
	2011-13 Actuals			2013-15 Legislatively Approved Budget at December 2014			2015-17 Current Service Level LFO			2015-17 Governor's Budget		
	General Fund	Total Funds	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds	FTE
<b>HUMAN SERVICES PROGRAM AREA AGENCIES</b>												
Dept of Human Services (DHS)												
--Vocational Rehabilitation	13.8	88.4	220.28	20.9	97.6	229.08	21.2	99.6	230.28	20.7	97.2	249.28
--Developmental Disabilities	536.6	1,433.1	770.93	574.1	1,761.8	745.59	669.2	2,020.4	757.33	695.0	2,092.1	769.89
--Self-Sufficiency	393.5	324.6	2,027.15	349.2	3,462.7	1,981.99	416.1	3,461.1	2,008.97	433.0	3,485.6	2,025.97
--Child Welfare	281.3	727.3	2,207.35	439.3	924.8	2,402.82	482.4	963.9	2,470.34	470.1	938.4	2,492.09
--Aging and People with Disabilities	741.9	2,287.0	1,123.31	723.3	2,461.0	1,147.68	847.4	2,864.5	1,184.28	812.8	2,754.6	1,182.28
--Program Design Services	44.6	167.4	311.05	20.6	114.1	253.00	26.6	71.2	247.96	28.5	82.2	257.41
--Central, Shared Services, SAEC	170.2	418.6	659.47	202.4	529.0	718.98	220.4	568.0	719.84	220.2	567.7	733.92
<b>Total DHS</b>	<b>2,181.8</b>	<b>5,446.2</b>	<b>7,319.54</b>	<b>2,329.9</b>	<b>9,351.1</b>	<b>7,479.14</b>	<b>2,683.3</b>	<b>10,048.8</b>	<b>7,619.00</b>	<b>2,680.3</b>	<b>10,017.7</b>	<b>7,710.84</b>
Oregon Health Authority (OHA)												
--Medical Assistance Programs	851.0	6,825.8	387.71	1,041.2	11,999.7	489.85	1,852.3	11,648.0	519.85	1,217.1	13,177.7	518.85
--Addictions and Mental Health <sup>1</sup>	669.5	1,077.1	2,319.87	689.2	1,117.8	2,236.55	783.4	1,114.8	2,565.56	760.7	1,135.8	2,396.39
--Public Employees' Benefit Board	0.0	1,193.4	18.50	-	1,541.3	19.50	-	1,644.1	18.50	-	1,645.7	21.50
--Oregon Educators Benefit Board	0.0	1,448.4	22.75	-	1,640.0	24.00	-	1,727.3	22.00	-	1,645.7	23.00
--Public Health	35.9	459.7	682.34	40.2	524.6	700.17	42.7	525.7	685.92	41.9	528.7	695.35
--Health Policy/OPHP/HLO	9.2	670.6	166.27	46.0	516.9	156.04	15.4	242.3	147.68	20.3	250.1	170.18
--Central & Shared Services	126.4	379.5	512.25	158.5	419.5	517.30	169.0	406.9	519.94	169.5	407.7	521.94
<b>Total OHA</b>	<b>1,692.1</b>	<b>12,054.5</b>	<b>4,109.69</b>	<b>1,975.2</b>	<b>17,759.7</b>	<b>4,143.41</b>	<b>2,862.9</b>	<b>17,309.2</b>	<b>4,479.45</b>	<b>2,209.6</b>	<b>18,791.4</b>	<b>4,347.21</b>
Commission for the Blind	1.1	14.9	44.21	1.6	16.3	46.98	1.6	15.6	46.21	2.7	16.0	50.71
Psychiatric Security Review Board	1.7	2.0	11.76	2.4	2.5	11.00	2.5	2.5	11.00	2.6	2.6	11.00
Long Term Care Ombudsman	1.6	2.2	11.25	3.8	4.5	16.81	6.1	6.8	24.25	6.1	6.7	24.50
<b>Program Area Total</b>	<b>3,878.4</b>	<b>17,519.8</b>	<b>11,496.5</b>	<b>4,312.8</b>	<b>27,134.1</b>	<b>11,697.3</b>	<b>5,556.4</b>	<b>27,382.9</b>	<b>12,179.9</b>	<b>4,901.3</b>	<b>28,834.4</b>	<b>12,144.3</b>
<b>OTHER AGENCIES</b>												
Board of Nursing	-	12.5	47.38	-	14.5	47.80	-	14.8	47.80	-	14.8	47.80
Oregon Medical Board	-	9.0	38.79	-	10.7	38.33	-	11.2	37.79	-	11.5	39.79

<sup>1</sup> Includes the budgets for Capital Improvements and Capital Construction.



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# **Oregon Budget Basics and Process Review**

**Legislative Fiscal Office**



# Oregon's Budget Policy

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## **Based on principles of:**

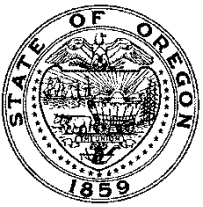
- Balancing estimated revenues and proposed expenditures
- Allocating resources to achieve desired outcomes
- Measuring program outcomes and progress toward desired outcomes
- Encouraging savings and investments that reduce or avoid future costs
- Planning for the short term and the long term, using consistent assumptions on demographics and trends
- Providing accountability at all levels for meeting program outcomes



## Oregon Budget 101

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- Oregon budgets on a biennial basis (July 1<sup>st</sup> of odd-numbered year to June 30<sup>th</sup> of next odd-numbered year)
- Adjustments to a biennium's budget made by the Emergency Board (interim) or the Legislature (even-year short session, special session, or next regular session)
- Article IX, Section 4, Oregon Constitution provides budgetary authority to the Legislature

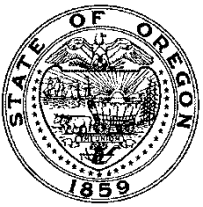


## Oregon Budget 101

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- Appropriation bills generally agency specific (House bills in 5000, Senate bills in 5500 series)
- Oregon has about 100 agencies
- Range from small (\$200,000 biennial budget) to large (\$17 billion biennial budget)
- Budget for bonding and capital construction in bills separate from agency budget bills
- Article IX, Section 7, Oregon Constitution limits appropriation bills to state current expenses (no other subject allowed)

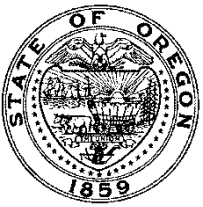




## Oregon Budget 101

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- Budget consists of four fund types (General Fund, Lottery Funds, Other Funds, Federal Funds)
- General Fund is “fungible”
- Lottery Funds dedicated to economic development, education, parks/salmon habitat
- Other Funds and Federal Funds dedicated by law for specific purposes
- Other Funds and Federal Funds broken into limited and non-limited categories



# Oregon Budget 101

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## The Legislature:

- *Appropriates* General Fund
- *Allocates* Lottery Funds
- *Limits* the expenditure of Other and Federal Funds (with an expenditure limitation)

## The Department of Administrative Services:

- *Allots* an agency's appropriation or expenditure limitation (quarterly spending plan)
- *Unschedule*s the portion of an agency's budget not available for expenditure



# Oregon Budget 101

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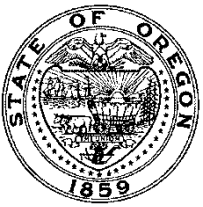
- Budget tracks expenditure categories:
  - **Personal Services** includes personnel costs (wages, PERS, benefits, social security, etc.)
  - **Services & Supplies** includes operation costs (travel, office supplies, rent, legal expenses, contracts, expendable property, etc.)
  - **Special Payments** includes revenue transfers and client or provider payments
  - **Capital Outlay** includes products with value of more than \$5,000, life of more than 2 years, used more than once



## Oregon Budget 101

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- **Capital Improvement** includes construction, remodel, improvement costs of less than \$1 million
- **Major Construction/Acquisition** (or Capital Construction) includes construction, remodel, improvement costs of more than \$1 million (\$3 million or more for OUS projects); established for a six-year period
- **Debt Service** includes principal and interest payments on bonds and certificates of participation
- Budget also tracks positions and FTE (full-time equivalent)



## Oregon Budget 101

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- Appropriation bills are the budgetary control
- Appropriation bills are session law (Oregon Laws)
- Appropriation bills are not detailed to the expenditure category level
- Appropriation bills are by fund type and may be total agency or detailed to program within agency
- Budget Reports provide information on the budget but do not have force of law
- Budget Notes are directives within the Budget Report



# Oregon Budget 101

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## Budgetary Limits

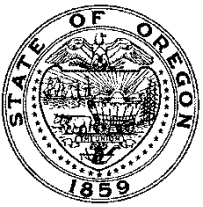
- Revenues in Excess of Estimate (ORS 291.349 and Article IX, Section 14, Constitution) or the “kicker” law; if revenue exceeds close-of-session forecast by more than 2%, all revenue above forecast is returned to taxpayers (personal; corporate now goes to K-12)
- Appropriations Limit (ORS 291.357); budget cannot exceed 8% of the projected personal income; fiduciary and business activities excluded
- Full-Time Equivalent Positions (ORS 240.185); the number of state positions cannot exceed 1.5% of the state population, counted as FTE; exemptions for elective offices and Oregon University System



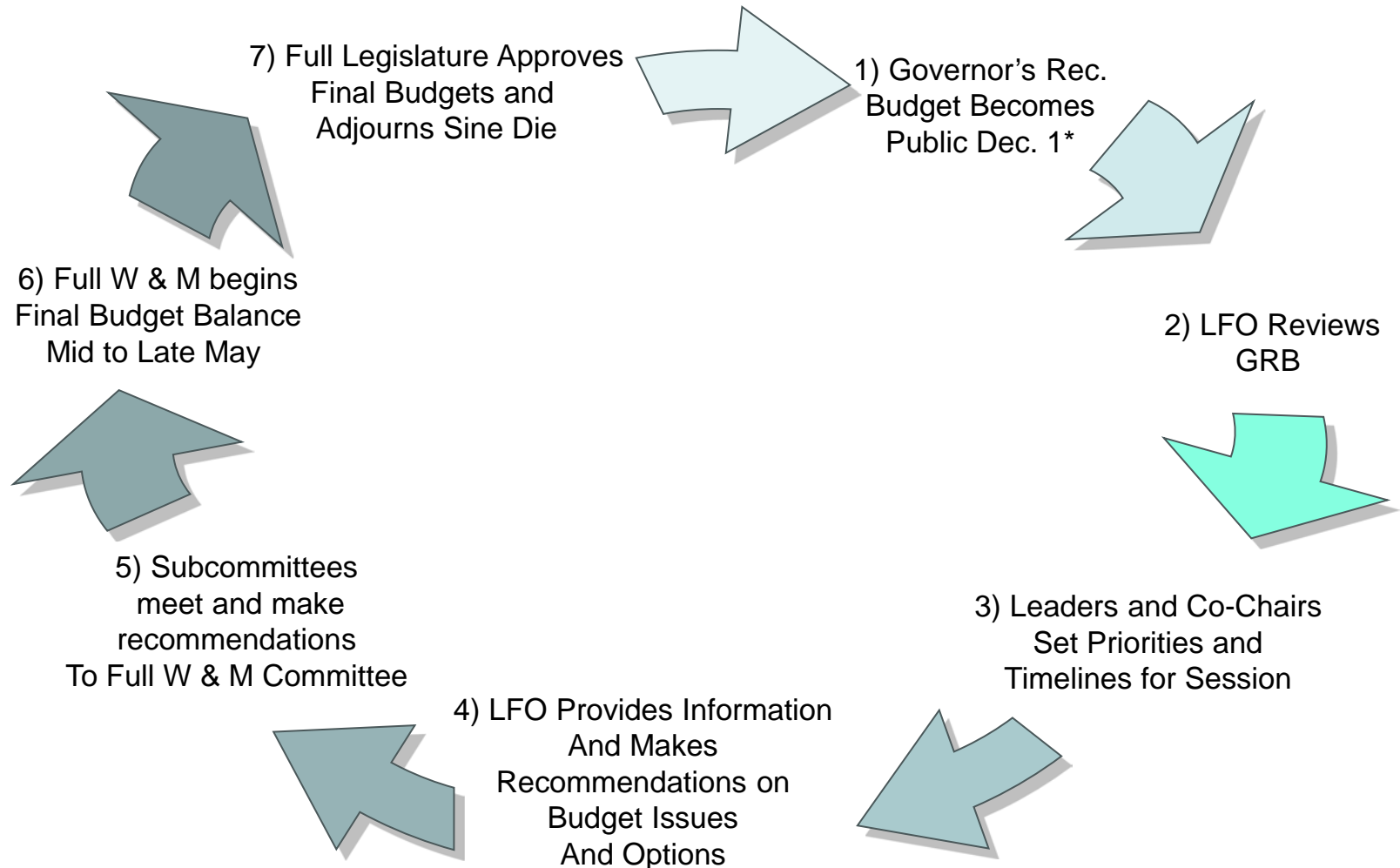
# Oregon Budget 101

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- Key Drivers of Budget Change:
  - Population Growth
  - Demographics
  - Inflation
  - Health Care Costs
  - Mandated Caseloads
  - Federal Policy Changes
  - Lawsuits
  - Initiatives
  - Rollup Costs
  - Replacement of One-Time Revenues
  - State Policy Decisions

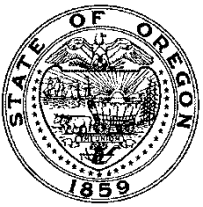


# Oregon Budget Process - Session



\*Required by February 1<sup>st</sup> for Newly Elected Governor





# Oregon Budget Process – Two Year

