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To: Agency Directors and Budget Officers

From: Ken Rocco, Legislative Fiscal Office

Subject: Presentation Instructions for Ways and Means Subcommittees (2015 Session)

The following information outlines general presentation guidelines, which agencies are expected to follow, for the Joint Committee on Ways and Means Subcommittees (2015). The format continues to draw upon the work already completed by agencies for the Agency Request and Governor's budget processes.

We are anticipating that the Ways and Means schedule will be divided into three phases as was done in 2013. All agencies will participate in phases one and three, while certain agencies will be selected to participate in phase two based on specific topics that the Legislature wants to consider in more detail. Details on what agencies need to prepare and how each phase will be conducted are included in the attachment. Please note that failure to follow the instructions on agency presentations could result in agency hearings and presentations being rescheduled and delayed until later in the Session.

The Ways and Means schedule of hearings has not yet been completed, but all agencies should have presentation materials completed, in an electronic format, by February 16, 2015.

In addition to the presentation materials, agencies need to provide an update of Other Funds ending balances. The form and instructions are attached, and are due to the Legislative Fiscal Office (LFO) by December 15, 2014.

Please contact your LFO analyst with any questions.

Ways and Means Presentation Requirements

A. General Process and Format

- Presentations should be consistent in content and format. Agencies may be allowed, with advance approval by LFO, to tailor presentations to help provide clarity.
- Agencies should work with LFO analysts to prepare presentations, including confirming major budget drivers, environmental factors, budget issues, and program changes.
- Agency presentations are to be submitted to LFO in an electronic format, accompanied by two hard copies in binders. Electronic copies must be provided to the LFO analyst at least one week prior to presentation. Presentations sent on a CD should be in PDF format.
- If Subcommittee members ask questions of the agency that need to be responded to in writing, the agency has two working days to provide the written response to LFO, unless an exception has been granted for an extension.
- Agency presentations should be provided by directors and program area managers. While it is the responsibility of agency directors to determine which staff should attend the Subcommittee meetings, it is the intent of the Legislature to disrupt agency operations as little as possible, so only those who are needed to respond to questions should be present.
- Agencies must ensure presentations can be completed within the time allotted, including leaving sufficient time for Subcommittee questions.

B. Phase 1: Agency Profile (Early February through late March/early April)

- Role of LFO
  - LFO will provide an informational overview of the agency and, if applicable, any budget plan released by the Co-Chairs. LFO will also outline significant budget note reports, Emergency Board actions, audit findings, current budget issues, and other documentation and analyses as needed.

- Role of Agency
  - The agency should focus on its goals and how the requested budget will produce the desired program outcomes.
  - The agency written presentation should include the following information (large agencies should prepare the content for the entire agency and for each major division/ program area; small agencies may cover the entire agency at the summary level):
    - Agency mission, goals, and historical perspective
    - Summary of programs, including who is served by programs and how many people are served
    - Agency organizational information, including an organizational chart and description of how services are delivered
    - Overview of agency performance and outcome measures, how measures are used by the agency, and progress toward achieving performance goals
    - Major budget drivers and environmental factors (for large agencies, specific detail should be provided in the program discussion)
    - Major changes to the agency in the past 10 years, including program changes (additions or reductions) and the effect of changes on service and program delivery
    - Specific actions the agency has taken or plans to take to contain costs and improve programs and service, including realigning/consolidating programs with other agencies, eliminating or reducing duplication of services or unnecessary processes, and/or proposed

statutory, rule, or process changes (data supporting these actions, including estimated savings, should be included)

- Major budget information, including caseloads, fees, construction, unique cost increases or decreases, summary of revenues and any proposed changes in revenue sources or fees, and historical and projected spending for programs
- Summary of proposed legislation affecting agency operations, the status of the legislation, and the budgetary impact
- Discussion of 10% reduction options and long-term vacancies (based on the most recent quarterly report)
- In the appendix, provide the following (if applicable):
  - Actions to comply with HB 4131 (2012) regarding the ratio of employees to supervisory employees
  - Results of all audits on the agency conducted by the Secretary of State under ORS 297.070 and a description of the agency response to the audit recommendations
  - Description of how recent changes to agency budget and/or management flexibility affected agency operations
  - Summary of proposed technology and capital construction projects
  - List of position reclassifications completed during the 2013-15 biennium, including position classifications and salary changes due to the reclassification
  - List of new hires made during the 2013-15 biennium, the salary step the position was hired at, and justification for any position hired above step two
  - Ending balance form

❖ Role of CFO staff and/or Governor's Policy Advisor

- CFO staff and/ or the Governor's Policy Advisor will describe (at a high level) the Governor's recommended budget for the program area and the agency, the policy rationale or other reasons for the Governor's recommended changes (either additions or reductions) to the budget, alternatives considered for major budget or policy issues, and other information, including major alignments and differences between the Governor's Recommended Budget and, if applicable, any budget plan released by the Co-Chairs.

C. Phase 2: Discussion of Issues (upon completion of Phase 1 through early May)

❖ This phase is to conduct a more in-depth discussion of major budget issues and will include only some agencies. During this phase, there will be a review of major budget issues, detail, and outstanding decisions needed. Materials for this phase will be developed by the agency in conjunction with LFO staff.

D. Phase 3: Work Session (may be conducted as soon as agency hearings are completed)

❖ LFO staff will present recommendations for Subcommittee action. This phase could include consideration of fee bills or substantive legislation.