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To: Agency Directors and Budget Officers

From: Ken Rocco, Legislative Fiscal Officer

Subject: Presentation Instructions for Ways and Means Subcommittees

The following information outlines general presentation requirements, which agencies are expected to follow, for the Joint Committee on Ways and Means Subcommittees for the 2019 session. The format continues to draw upon the work already completed by agencies for the Agency Request and Governor's budget processes.

The Ways and Means schedule will continue to be divided into three phases. All agencies will participate in Phase 1 and Phase 3, while certain agencies will be selected to participate in Phase 2 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 being rescheduled and delayed until later in the session.

In addition to the presentation materials, agencies will also need to provide the following:

- Other Funds Ending Balances – the standard form and instructions for reporting on Other Funds ending balances are attached; the completed form is due to your Legislative Fiscal Office (LFO) analyst by January 11, 2019. Agencies may be asked to update this information near the end of session.
- Reduction Options – using the standard form for reduction options (attached), provide an updated list of General Fund and Lottery Funds (and selected Other Funds as determined by your LFO analyst) in the amount of 10% from the agency request budget current service level in 5% increments, prioritized from the most preferred to the least preferred; please identify options on this list included in the Governor's budget. The completed form is due to your LFO analyst by December 31, 2018.

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 and follow these guidelines. Agencies may be allowed, with approval by LFO, to tailor presentations to help provide clarity.
- LFO analysts may ask to meet with agencies a few weeks before the scheduled presentation dates to plan for the agency presentation.
- Agencies, in consultation with their LFO analyst, are to prepare presentations for Subcommittees, including confirming major budget drivers, environmental factors, budget issues, and program changes.
- Electronic agency presentations are to be submitted directly to the LFO analyst either by flash drive or email attachment, accompanied by two hard copies in binders, <u>at least one week prior to the first hearing date</u>. Presentations must be in PDF format. Initial hearing dates will be provided once Subcommittees are appointed and schedules determined.
- 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 not the intent of the Legislature to disrupt agency operations, 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 (beginning of session through late March/early April)

- Role of LFO
  - LFO will provide an overview of the budget and any initial Co-Chair direction for the agency, as well as describe 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 presentation should include the following information in the order listed (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;
    - Overview of agency performance and outcome measures, how measures are used by the agency, and progress toward achieving performance goals;
    - 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;
- Major budget drivers, budget risks (including pending lawsuits, disputes over existing contracts, audit findings), and environmental factors (for large agencies, specific detail should be provided in the program discussion);
- Major changes to the agency in the past 6 years, broken down by biennia, including program changes (additions or reductions) and the effect of changes on service and program delivery, with an emphasis on programs that were initiated in 2017-19;
- Specific actions the agency has taken or plans to take to contain costs and improve programs and service, including realigning/consolidating programs; 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/decreases, summary of revenues, proposed changes in revenue sources or fees, and historical and projected spending for programs;
- Description of programs that are shared with or dependent on other agencies, including both existing programs and new initiatives that require cooperation between affected agencies for effective implementation;
- Summary of proposed legislation affecting agency operations, the status of the legislation, and the budgetary impact;
- Discussion of program or service reductions included in the Governor's budget, 10% reduction options requested by LFO, and long-term vacancies (based on the most recent quarterly report);
- In the appendix, provide the following (if applicable):
  - Results of, and agency responses to, all audits on the agency conducted by the Secretary of State under ORS 297.070 during the current biennium;
  - Description of how recent changes to agency budget and/or management flexibility affected agency operations;
  - Supervisory Span of Control Report from the Department of Administrative Services, Chief Human Resources Office, for agencies with more than 100 employees located at: https://www.oregon.gov/das/HR/Pages/Span.aspx;
  - Summary of proposed technology and capital construction projects;
  - Other Funds ending balance form.

- Role of Chief Financial Office (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 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 budget plan and any specific budget directions announced by the Co-Chairs, if applicable.

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 specifically 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.