



Work Session Orientation

Joint Committee on Ways – Education Subcommittee

April 2021

Legislative Fiscal Office

Primary Budget Measures

- Primary budget measures are agency-specific and are 5000 series (House = 5000 series and Senate = 5500 series).
- Primary agency budget measures have an emergency clause and are effective on passage, but not operative until July 1, 2021.
- Authority expires at the end of the biennium.
- In somewhat rare situations, an agency's primary budget measure may also contain an adjustment to the current biennium's budget.
- Rarely contains funding for a policy measure unless tied to a policy package.

Legal Budgetary Control

- Appropriation bills are the budgetary control
- Appropriation bills are session law or Oregon Laws
- Appropriation bills are structured by fund-type and may be further delineated by source or type of funds and programs within the agency, which generally correlates to the size of the agency
- Appropriations bills are not detailed to the expenditure category level
- Action by either the Legislature or Emergency Board is needed to modify Oregon Law unless the measure provides for NonLimited authority, which can be modified administratively

Example of a Simple Budget Measure

77th OREGON LEGISLATIVE ASSEMBLY—2013 Regular Session

Enrolled
Senate Bill 5537

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Oregon Department of Administrative Services)

CHAPTER

AN ACT

Relating to the financial administration of the Public Employees Retirement System; limiting expenditures; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Notwithstanding any other law limiting expenditures, the following amounts are established for the biennium beginning July 1, 2013, as the maximum limits for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Public Employees Retirement System, for the following purposes:

- (1) Administrative and operating expenses..... \$ 81,571,322
- (2) Debt service..... \$ 1,302,850

SECTION 2. For the biennium beginning July 1, 2013, expenditures by the Public Employees Retirement System for refunds, retirement benefits, deferred compensation and individual account program payments, health insurance premiums, health insurance premium subsidies, third party administrator costs for health and individual account programs and Public Employee Benefit Equalization Fund payments are not limited.

SECTION 3. This 2013 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect July 1, 2013.

Example of a Programmatically Structured Budget Measure

Enrolled
House Bill 5032

Introduced and printed pursuant to House Rule 12.00. Preession filed (at the request of Oregon Department of Administrative Services)

CHAPTER

AN ACT

Relating to the financial administration of the Public Employees Retirement System; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Notwithstanding any other law limiting expenditures, the following amounts are established for the biennium beginning July 1, 2019, as the maximum limits for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts but excluding lottery funds and federal funds, collected or received by the Public Employees Retirement System, for the following purposes:

- (1) Central Administration
Division \$ 5,549,108
- (2) Financial and Administrative
Services Division..... \$ 33,101,014
- (3) Information Services Division .. \$ 26,144,003
- (4) Operations Division..... \$ 39,438,343
- (5) Compliance, Audit and Risk
Division \$ 8,524,534

SECTION 2. Notwithstanding any other law limiting expenditures, the amount of \$1 is established for the biennium beginning July 1, 2019, as the maximum limit for payment of expenses by the Public Employees Retirement System from the Employer Incentive Fund.

SECTION 3. Notwithstanding any other law limiting expenditures, the amount of \$11,539,471 is established for the biennium beginning July 1, 2019, as the maximum limit for payment of expenses by the Public Employees Retirement System from the School Districts Unfunded Liability Fund.

SECTION 4. Notwithstanding any other law limiting expenditures, the following amounts are established for the biennium beginning July 1, 2019, as the maximum limits for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts but excluding lottery funds and federal funds, collected or received by the Public Employees Retirement System, for the Core Retirement System Applications program and the implementation of chapter 355, Oregon Laws 2019 (Enrolled Senate Bill 1049):

- (1) Project management and
administration..... \$ 2,500,000
- (2) Quality assurance and
testing..... \$ 2,500,000

Subcommittee Work Session

- Subcommittee will take action on the Legislative Fiscal Office recommendations for the agency's primary budget measure, any associated statutory fee measure, and Key Performance Measures.
- LFO recommendation memo and work session report from the Oregon Budget Information Tracking System (ORBITS) available in OLIS prior to the meeting.
- Subcommittee will adopt an amendment to the primary budget measure that reflects the recommendations of the Subcommittee, which will be available in OLIS prior to the meeting.
- Subcommittee recommendations will advance by carrier and pony to the Joint Committee on Ways and Means and then both chambers.

Process and Procedures

- JWM Subcommittee follows the rules adopted by the Joint Committee on Ways and Means and which are posted to OLIS.
- Affirmative vote of a majority of the appointed members of each chamber of the Joint Committee is need to advance a measure from subcommittee.
- A Subcommittee does not have the power to table or hold legislation or an agenda item but must report it back to the Joint Committee for consideration.
- An amendment, prior to being considered, must be posted to OLIS 24-hours in advance of a work session.

Example of an LFO Recommendation Memorandum

Legislative Fiscal Office

Oregon State Capitol
900 Court Street NE, H-178
Salem, OR 97301
503-986-1028



Joint Committee on Ways and Means

Sen. Betsy Johnson, Senate Co-Chair
Sen. Elizabeth Steiner Hayward, Senate Co-Chair
Rep. Dan Rayfield, House Co-Chair

Laurie Byerly, Interim Legislative Fiscal Officer
Amanda Beitel, Deputy Legislative Fiscal Officer (Budget)
Paul Siebert, Deputy Legislative Fiscal Officer (Audit/IT)

Sen. Fred Girod, Senate Co-Vice Chair
Rep. David Gomberg, House Co-Vice Chair
Rep. Greg Smith, House Co-Vice Chair

To: General Government Subcommittee
From: John Borden, Legislative Fiscal Office
Date: April 19, 2021
Subject: SB 5536 - Public Employees Retirement System
Work Session Recommendations

Public Employees Retirement System

	2017-19 Actual	2019-21 Legislatively Adopted	2019-21 Legislatively Approved *	2021-23 Current Service Level	2021-23 LFO Recommendation
General Fund	---	100,000,000	64,751,802	---	---
Lottery Funds	---	---	---	---	---
Other Funds	96,230,643	263,256,648	210,227,308	123,831,063	150,582,112
Other Funds (NLI)	10,928,474,109	12,504,627,150	12,504,627,150	12,886,613,593	12,886,613,593
Total Funds	11,023,694,752	12,867,883,846	12,779,606,300	13,010,444,656	13,037,195,706
Positions	376	419	419	379	423
FTE	371.31	414.33	414.33	379.04	421.92

* Includes Emergency Board and administrative actions through January 2021

The Legislative Fiscal Office (LFO) recommendation for the Public Employees Retirement System (PERS) is to fund the agency at \$13.0 billion, which includes \$1 Lottery Funds, \$150,582,112 Other Funds Limited, \$12,886,613,593 Other Funds Nonlimited, and 423 positions (421.92 FTE), which is a 2.0% increase from the 2019-21 legislatively approved budget.

Adjustments to Current Service Level

See attached "Work Session Presentation Report."

Performance Measures

See attached "Legislatively Proposed 2021-23 Key Performance Measures."

Budget Notes

#1 Budget Note: SB 1049 (2019) Implementation

The Public Employees Retirement System (PERS) is directed to report to the Joint Committee on Information Management and Technology during the legislative session in 2022 on the implementation of SB 1049 (2019). The Department of Administrative

Example of an ORBITS Work Session Report

Public Employees Retirement System, Oregon **LFO Analyst Recommended** **Agency Number: 45900**

LFO102 - Work Session Presentation Report
2021-23 Biennium

Version: L - 01 - LFO Analyst Recommended
Cross Reference: 45900-000-00-00-00000
Public Employees Retirement System, Oregon

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2019-21 Agy. Leg. Adopted	100,000,000	-	263,256,648	-	12,504,627,192	-	12,867,883,840	419	414.32
2019-21 Ebds, SS & Admin Act	(35,248,198)	-	(53,029,342)	-	-	-	(88,277,540)	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2019-21 Leg Approved Budget	64,751,802	-	210,227,306	-	12,504,627,192	-	12,779,606,300	419	414.32
2019-21 Leg Approved Budget (Base)	100,000,000	-	263,256,648	-	12,504,627,192	-	12,867,883,840	419	414.32
Summary of Base Adjustments	-	-	2,165,221	-	393,525,872	-	395,691,093	(40)	(35.32)
2021-23 Base Budget	100,000,000	-	265,421,869	-	12,898,153,064	-	13,263,574,933	379	379.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	887,398	-	-	-	887,398	-	-
020: Phase In / Out Pgm & One-time Cost	(100,000,000)	-	(148,676,137)	-	(11,539,471)	-	(260,215,608)	-	-
030: Inflation & Price List Adjustments	-	-	6,197,933	-	-	-	6,197,933	-	-
2021-23 Current Service Level	-	-	123,831,063	-	12,886,613,593	-	13,010,444,656	379	379.00
080: E-Boards	-	-	40,039	-	-	-	40,039	-	-
Adjusted 2021-23 Current Service Level	-	-	123,871,102	-	12,886,613,593	-	13,010,484,695	379	379.00
Total LFO Recommended Packages	-	1	26,711,010	-	-	-	26,711,011	44	42.92
2021-23 Legislative Actions	-	1	150,582,112	-	12,886,613,593	-	13,037,195,706	423	421.92
Net change from 2019-21 Leg Approved Budget	(64,751,802)	1	(59,645,194)	-	381,986,401	-	257,589,406	4	7.60
Percent change from 2019-21 Leg Approved Budget	(100.0%)	100.0%	(28.4%)	0.0%	3.1%	0.0%	2.0%	1.0%	1.8%
Net change from 2021-23 Adj Current Service Level	-	1	26,711,010	-	-	-	26,711,011	44	42.92
Percent change from 2021-23 Adj Current Service Level	0.0%	100.0%	21.6%	0.0%	0.0%	0.0%	0.2%	11.6%	11.3%

Example of an Amendment to a budget measure

SB 5536-1
(LC 9536)
4/21/21 (DFY/ps)

Requested by JOINT COMMITTEE ON WAYS AND MEANS

PROPOSED AMENDMENTS TO SENATE BILL 5536

1 On page 1 of the printed bill, delete lines 5 through 28 and delete page
2 2 and insert:

3 "**SECTION 1.** Notwithstanding any other law limiting expenditures,
4 the following amounts are established for the biennium beginning July
5 1, 2021, as the maximum limits for payment of expenses from fees,
6 moneys or other revenues, including Miscellaneous Receipts but ex-
7 cluding lottery funds and federal funds, collected or received by the
8 Public Employees Retirement System, for the following purposes:

9	(1) Central Administration	
10	Division	\$ 18,389,692
11	(2) Financial and Administrative	
12	Services Division.....	\$ 25,509,775
13	(3) Information Services Division ..	\$ 29,427,649
14	(4) Operations Division.....	\$ 43,996,509
15	(5) Compliance, Audit and Risk	
16	Division	\$ 9,643,688
17	(6) Core Retirement System:	
18	(a) Implementation of chapter 355,	
19	Oregon Laws 2019:	
20	(A) Project management and	
21	implementation	\$ 2,044,800

Budget Starting Point

- The budget starting point for the LFO recommendations is the 2021-23 current service level
- During work session, LFO will review any change, positive or negative, to the current service level as a discrete policy package.
 - 070 package – revenue shortfall (i.e., eliminates budget authority unsupported by a revenue source). These might be reversed or changed in a later policy package.
 - 08X series packages – reflects ongoing interim activities of the Emergency Board/Special Sessions/Legislature.
 - 09X series packages – Governor's budget recommendations (e.g., Pkg. 099 Microsoft 365 Consolidation).
 - 100+ series packages - agency requested and recommended by LFO (can be modified as part of recommendation).
 - 80X series packages - LFO added packages, including agency-specific adjustments or statewide adjustment.
 - Assessment and rate changes will come at the end of session.
- There can be revenue-only policy packages or packages that adjust beginning balance for Other Funds, and a primary budget measure can, but rarely has, a revenue impact.

Key Performance Measurement Recommendations

- Subcommittee will take action on the Legislative Fiscal Office recommendations for the agency's:
 1. Key Performance Measurements, including any recommended changes.
 2. Key Performance Measurement targets for the years 2022 and 2023.
 3. Possible instructions to the agency.

Example KPM Report

Legislatively Proposed 2021 - 2023 Key Performance Measures

Published: 3/20/2021 2:31:14 PM

Agency: Public Employees Retirement System, Oregon

Mission Statement:

We serve the people of Oregon by administering public employee benefit trusts to pay the right person the right benefit at the right time.

Legislatively Proposed KPMs	Metrics	Agency Request	Last Reported Result	Target 2022	Target 2023
1. TIMELY RETIREMENT PAYMENTS - Percent of initial service retirements paid within 45 days from retirement date.		Approved	62%	80%	80%
2. TOTAL BENEFIT ADMIN COSTS - Total benefit administration costs per member.		Approved	\$172.00	\$165.00	\$165.00
3. MEMBER TO STAFF RATIO - Ratio of members to FTE staff.		Approved	983	1,055	1,055
4. ACCURATE BENEFIT CALCULATIONS - Percent of service retirement monthly benefits accurately calculated to within \$5 per month.		Approved	100%	100%	100%
5. LEVEL OF PARTICIPATION - Percent of state employees participating in the deferred compensation program.		Approved	37%	50%	50%
6. CUSTOMER SERVICE - Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved	89%	95%	95%
	Overall		89%	95%	95%
	Availability of Information		86%	95%	95%
	Timeliness		89%	95%	95%
	Accuracy		90%	95%	95%
	Expertise		90%	95%	95%
7. TIMELY BENEFIT ESTIMATES - Percent of benefit estimates processed within 30 days.		Approved	63%	95%	95%
8. BOARD OF DIRECTORS BEST PRACTICES - Percent of total best practices criteria met by the PERS board.		Approved	100%	100%	100%

LFO Recommendation:

The Legislative Fiscal Office recommends approval of the Key Performance Measures and updated targets.

SubCommittee Action:

Budget Note Recommendation

- Budget Note – Included in a Budget Report, it is a formal directive to a state agency expressing legislative intent for a particular budget issue. A budget note is technical in nature, directing an agency to take administrative and managerial action relating to the agency's execution of its biennial budget. A budget note is of limited scope, not intended to circumvent, supplant, or replace other substantive or policy measures or law. The directive of a budget note typically expires at the end of the biennium for which it pertains. Budget notes are neither required nor necessary for every Ways and Means measure. See JWM Rule #9

While In Work Session

- For work session there will be no agency or public testimony, unless approved by the Presiding Subcommittee Chair.
- The Department of Administrative Services will not make a recommendation, as that recommendation has already been made as part of the Governor's budget.

Budget Report

- A budget report satisfies chamber rules by serving as both a Staff Measure Summary and a Fiscal Impact and will be prepared after Full Committee.
- Provides narrative to support Legislative intent of budget measure and explain the numbers of approved actions.
- Includes authorization for positions and full-time equivalents.
- Includes any budget notes or less formal instruction.
- Includes any request to unschedule funds, which is the administrative withholding of allotment authority for a portion of an agency's legally authorized budget until some pre-defined criteria is met.
- Includes Key Performance Measure and target report, as an addendum.

Example Budget Report

80th Oregon Legislative Assembly – 2019 Regular Session

HB 5032 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Rep. Gomberg

Joint Committee On Ways and Means

Action Date: 06/14/19

Action: Do pass with amendments. (Printed A-Eng.)

House Vote

Yeas: 9 - Gomberg, Holvey, McLain, McLane, Nosse, Piluso, Rayfield, Smith G, Stark

Senate Vote

Yeas: 10 - Beyer, Frederick, Girod, Hansell, Heard, Johnson, Manning Jr, Roblan, Steiner Hayward, Wagner

Nays: 1 - Thomsen

Exc: 1 - Baertschiger Jr

Prepared By: Patrick Heath, Department of Administrative Services

Reviewed By: John Borden, Legislative Fiscal Office

**Public Employees Retirement System
2019-21**

This summary has not been adopted or officially endorsed by action of the committee.

HB 5032 A

1 of 16

Legislatively **Adopted** Budget

Primary agency budget measure

+ Policy measures w/budgetary impact

+ Omnibus budget reconciliation measure (e.g., statewide DAS assessment changes and Attorney General rate change)

+ Capital Construction measure

= Legislatively **Adopted** Budget

Legislatively **Approved** Budget

Legislative **Adopted** Budget

- + February session (omnibus/capital construction measures and policy measures w/budgetary impact)
 - + Emergency Board (under limited authority)
 - + Special session, if convened
 - + Select Executive Branch administrative actions authorized by law
- = Legislatively **Approved** Budget



Questions or Comments?

Thank you!