



Work Session Orientation

Joint Committee on Ways – Natural Resources Subcommittee

May 2021

Legislative Fiscal Office

Oregon Constitutional Framework

- Article III (Distribution of Powers) of the Oregon Constitution, the power to exercise budgetary control over all executive and administrative officers and agencies is granted to the Legislative Assembly.
- Under Article IX , Section 2, of the Constitution, the Legislature is required to enact a balanced budget.
- IX, Section 7, Oregon Constitution limits appropriation bills to state current expenses (no other subject allowed).
- Budget for bonding and capital construction, including information technology projects, must be separate from agency budget measures.

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 Non-Limited authority, which can be modified administratively

APPROPRIATION BILL EXAMPLE

Enrolled Senate Bill 5542

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with possession 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 Water Resources Department; and declaring an emergency.

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

SECTION 1. There are appropriated to the Water Resources Department, for the biennium beginning July 1, 2017, out of the **General Fund**, the following amounts, for the following purposes:

- (1) Administrative services..... \$ 4,830,889
- (2) Field services..... \$ 11,295,859
- (3) Water rights and adjudications..... \$ 3,905,005
- (4) Technical services..... \$ 8,532,235
- (5) Director's office..... \$ 3,768,034

Sections are often subdivided according to specific programs or agency divisions

SECTION 2. Notwithstanding any other law limiting expenditures, the amount of \$6,002,244 is established for the biennium beginning July 1, 2017, as the maximum limit for payment of expenses from **lottery moneys** allocated from the Administrative Services Economic Development Fund to the Water Resources Department for **debt service**.

Specific use of funding may also be included, particularly if the use spans several programs or agency divisions

SECTION 3. Notwithstanding any other law limiting expenditures, the following amounts are established for the biennium beginning July 1, 2017, as the maximum limits for payment of expenses from ~~fees, moneys or other revenues~~, including Miscellaneous Receipts and including federal funds received under cooperative agreements with or contracts from the Bureau of Reclamation of the United States Department of the Interior, the United States Army Corps of Engineers, the United States Geological Survey, the Bonneville Power Administration and the National Fish and Wildlife Foundation, but excluding lottery funds and federal funds not described in this section, collected or received by the Water Resources Department, for the following purposes:

- (1) Administrative services..... \$ 27,378,266
- (2) Field services..... \$ 2,587,849
- (3) Water rights and adjudications..... \$ 4,351,204
- (4) Technical services..... \$ 5,028,658
- (5) Director's office..... \$ 6,297

Budget bills are arranged in sections according to fund type

General Fund Section

Lottery Funds Section

Other Funds Section

Some agencies receive specific Federal Funds as reimbursements under contracted agreements. These are budgeted as Other Funds

Federal Funds
Section

SECTION 4. Notwithstanding any other law limiting expenditures, the following amounts are established for the biennium beginning July 1, 2017, as the maximum limits for payment of expenses from **federal funds** other than those described in section 3 of this 2017 Act, collected or received by the Water Resources Department, for the following purposes:

- (1) Field services..... \$ 616,140
- (2) Technical services..... \$ 1,263,394

SECTION 5. This 2017 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect July 1, 2017.

Budget bills always include an emergency clause to ensure that agencies have legal access to spend the funds by the beginning of the upcoming fiscal year

Passed by Senate June 21, 2017

.....
Lori L. Brocker, Secretary of Senate

.....
Peter Courtney, President of Senate

Passed by House June 28, 2017

Received by Governor:

.....M....., 2017

Approved:

.....M....., 2017

.....
Kate Brown, Governor

Filed in Office of Secretary of State:

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 adopts an amendment to the primary budget measure that reflects the recommendations, 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 Memo

Legislative Fiscal Office

Oregon State Capitol
900 Court Street NE, H-178
Salem, OR 97301
503-986-1828



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

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

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	--	--	--	--	1
Other Funds	95,220,643	263,256,648	210,227,306	123,831,063	150,582,112
Other Funds (NL)	10,928,474,109	12,504,627,192	12,904,627,192	12,886,613,593	12,886,613,593
Total Funds	11,023,694,752	12,867,883,840	12,779,606,300	13,010,444,656	13,037,195,706
Positions	376	419	419	379	423
FTE	371.31	414.32	414.32	379.00	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)	-	(148,876,137)	-	(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%

Budget Basis

- The budget basis or 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).
 - 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.

Example of an ORBITS Work Session Report

Land Conservation & Development, Dept of

LFO Analyst Recommended

Agency Number: 66000

LFO102 - Work Session Presentation Report
2019-21 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 66000-001-00-00-00000

Planning Program

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 102 Climate Adaptation

Package Description This package includes \$273,060 Federal Funds expenditure limitation and one permanent Planner 4 position (1.00 FTE) to update Oregon's Climate Change Adaptation Framework and apply the framework at a regional level. The position will work with local governments, state agencies and federal agencies to incorporate climate change adaptation into local and state plans and projects. Revenue needed to fund the package will come from an anticipated increase in a federal Coastal Zone Management grant from the National Oceanic and Atmospheric Administration, which targets resilience planning.

LFO Recommendation Approve

LFO Analyst Notes Recommended.

LFO Recommended	-	-	-	273,060	-	-	273,060	1	1.00
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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.

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.

SB 5542 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Girod

Joint Committee On Ways and Means

Action Date: 06/16/17

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

Senate Vote

Yeas: 12 - DeBoer, Devlin, Frederick, Girod, Hansell, Johnson, Manning Jr, Monroe, Roblan, Steiner Hayward, Thomsen, Winters

House Vote

Yeas: 9 - Gomberg, Holvey, Huffman, McLane, Nathanson, Rayfield, Smith G, Smith Warner, Williamson

Nays: 2 - Stark, Whisnant

Prepared By: Cathleen Connolly, Department of Administrative Services

Reviewed By: Matt Stayner, Legislative Fiscal Office

This page summarizes the full JWM Committee Action

**Water Resources Department
2017-19**

BUDGET REPORT EXAMPLE

These amounts match the budget bill

Budget Summary*

	2015-17 Legislatively Approved Budget ⁽¹⁾	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 31,220,037	\$ 32,932,622	\$ 32,232,622	\$ 1,012,585	3.2%
Lottery Funds Debt Service	\$ 2,511,482	\$ 6,032,844	\$ 6,032,844	\$ 3,521,362	140.2%
Other Funds Limited	\$ 73,055,277	\$ 38,756,985	\$ 39,363,274	\$ (33,692,003)	(46.1%)
Other Funds Debt Service	\$ 1,201,865	\$ 2,480,290	\$ -	\$ (1,201,865)	100.0%
Federal Funds Limited	\$ 1,312,338	\$ 1,323,257	\$ 1,879,534	\$ 567,196	43.2%
Total	\$ 109,300,999	\$ 81,525,998	\$ 79,508,274	\$ (29,792,725)	(27.3%)

Position Summary

Authorized Positions	165	163	169	4
Full-time Equivalent (FTE) positions	163.25	160.59	166.59	3.34

⁽¹⁾ Includes adjustments through December 2016

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Water Resources Department (WRD) operations are funded, generally, from a combination of General Fund and fees for water right and storage transactions, licensing, and permits. Of the total available revenues anticipated in the 2017-19 biennium, General Fund accounts for 39.5 percent. Other Funds comprise 50.8 percent, but roughly \$26 million of the \$41.5 million in Other Funds resources are from Lottery Bond proceeds that are carried forward into the 2017-19 biennium from issuance in prior biennia. Lottery Funds, equaling 7.4 percent of total funding, are exclusively for debt service. Federal Funds revenue are specific to cooperative studies and monitoring in addition to providing some position support.

The budget assumes revenues from the passage of House Bill 2295 that eliminates the statutory repeal of certain fee changes made in the 2013-15 biennium and provides for an increase in a number of agency fees resulting in an increase in anticipated fee revenue of \$471,508.

Authorized number of positions and full-time equivalent positions approved are contained in the budget report, but not in the budget bill

Summary of Natural Resource Subcommittee Action

WRD administers laws governing surface and groundwater resources. The goal is to balance the use of the state’s water among current and future generations of Oregonians. The department processes transfers of water rights, permits, certificates, and water rights applications; administers hydroelectric relicensing; inspects construction and maintenance of wells and dams; provides technical information and analysis on surface water and groundwater availability; adjudicates pre-1909 and federal reserved water rights; and negotiates Native American reserved water rights.

The Subcommittee approved a total funds budget of \$79,508,274, including \$32,232,622 General Fund, \$6,032,844 Lottery Funds for debt service, \$39,363,274 Other Funds expenditure limitation, \$1,879,534 Federal Funds expenditure limitation and 166.59 FTE. The total funds budget is 27.3 percent less than the 2015-17 biennium Legislatively Approved Budget. The reduction is largely attributed to a reduction in anticipated bond proceeds and the removal of debt service for unissued bonds. General Fund reductions of \$700,000 from the current service level were included as well.

Administrative Services Division

This program provides fiscal, human resources, and business support services for daily operation of the department. In addition, the division provides contract assistance to the Oregon Watershed Enhancement Board and the Department of State Lands. The Subcommittee approved a total funds budget of \$38,241,999 and 12.75 FTE.

The Subcommittee recommended the following packages:

Package 090, Analysts Adjustments. This package moves one permanent full-time position (1.00 FTE); Personal Services Other Funds limitation of \$261,002 and Services and Supplies Other Funds limitation of \$6,346; from the Water Development Loan Program to the Administrative Services Division, where the position’s workload is located.

Package 106, Web Information Coordinator for Information Sharing. This package recognizes an Other Funds revenue transfer from the Department of State Lands in the amount of \$67,444, to provide support for a shared services accounting position at WRD. The funding supports an existing position; no additional position authority is included.

Package 801, LFO Analyst Adjustments. This package decreases ongoing General Fund support for water supply development feasibility grants by \$400,000, and makes a one-time reduction to Personal Services in the amount of \$20,000 in the Administrative Services Division. These reductions are to align the agency’s budget with the Joint Committee on Ways and Means Co-Chair budget framework.

The budget Report includes a summary of the expenditures approved in the bill

This is further broken down into the budgetary divisions with a brief narrative description of the policy packages that were adopted



Questions or Comments?

Thank you!