

# WORK SESSION ORIENTATION

JOINT COMMITTEE ON WAYS AND MEANS - GENERAL GOVERNMENT SUBCOMMITTEE

MARCH 28, 2023

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LEGISLATIVE FISCAL OFFICE



# Primary Budget Measures

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- Primary budget (or appropriation) measures are agency-specific and are in the 5000 series (House = 5000 series and Senate = 5500 series)
- Budget measures have an emergency clause and are effective on passage, but not operative until July 1, 2023
- Authority expires at the end of the biennium

# Legal Budgetary Control

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- Appropriation bills are session law or Oregon Laws and provide budgetary control.
- Appropriation bills are structured by fund type and may be further delineated by source or type of funds and programs within the agency.
- Appropriation bills are not detailed to the expenditure category level.
- Action by either the Legislature or Emergency Board is needed to modify Oregon Law except for Non-Limited authority, which can be modified administratively.

# Example of a Simple Budget Measure

## Senate Bill 5508

Introduced and printed pursuant to House Concurrent Resolution 23 (2023) (at the request of Oregon Department of Administrative Services)

### SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Appropriates moneys from General Fund to Employment Relations Board for biennial expenses.  
Limits biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by board.

Limits biennial expenditures by board from moneys received from assessment against state agencies.

Declares emergency, effective July 1, 2023.

### A BILL FOR AN ACT

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Relating to the financial administration of the Employment Relations Board; and declaring an emergency.

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

**SECTION 1. There is appropriated to the Employment Relations Board, for the biennium beginning July 1, 2023, out of the General Fund, the amount of \$3,334,254.**

**SECTION 2. Notwithstanding any other law limiting expenditures, the amount of \$275,642 is established for the biennium beginning July 1, 2023, as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds and funds described in section 3 of this 2023 Act, collected or received by the Employment Relations Board.**

**SECTION 3. Notwithstanding any other law limiting expenditures, the amount of \$2,373,229 is established for the biennium beginning July 1, 2023, as the maximum limit for payment of expenses from moneys received from the assessment against state agencies described in ORS 240.167 and transferred to the Employment Relations Board Administrative Account.**

**SECTION 4. This 2023 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2023 Act takes effect July 1, 2023.**

# Example of a Programmatically Structured Budget Measure

## House Bill 5033

Introduced and printed pursuant to House Concurrent Resolution 23 (2023) (at the request of Oregon Department of Administrative Services)

### SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Limits certain biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by Public Employees Retirement System.

Limits biennial expenditures by Public Employees Retirement System from specified funds.

Authorizes specified nonlimited expenditures.

Declares emergency, effective July 1, 2023.

### A BILL FOR AN ACT

1  
2 Relating to the financial administration of the Public Employees Retirement System; and declaring  
3 an emergency.

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

5 **SECTION 1.** Notwithstanding any other law limiting expenditures, the following amounts  
6 are established for the biennium beginning July 1, 2023, as the maximum limits for payment  
7 of expenses from fees, moneys or other revenues, including Miscellaneous Receipts but ex-  
8 cluding lottery funds and federal funds, collected or received by the Public Employees Re-  
9 tirement System, for the following purposes:

- 10 (1) **Central Administration**  
11 Division ..... \$ 19,891,568
- 12 (2) **Financial and Administrative**  
13 Services Division..... \$ 22,495,518
- 14 (3) **Information Services Division ..** \$ 34,397,735
- 15 (4) **Operations Division.....** \$ 48,866,885
- 16 (5) **Compliance, Audit and Risk**  
17 Division ..... \$ 10,407,340
- 18 (6) **Core Retirement System:**  
19 (a) **Implementation of chapter 355,**  
20 **Oregon Laws 2019 .....** \$ 18,138,772
- 21 (b) **ORION Modernization Project..** \$ 9,573,073

22 **SECTION 2.** Notwithstanding any other law limiting expenditures, the amount of  
23 \$22,056,622 is established for the biennium beginning July 1, 2023, as the maximum limit for  
24 payment of expenses from lottery moneys allocated from the Administrative Services Eco-  
25 nomic Development Fund to the Public Employees Retirement System for the Employer In-  
26 centive Fund.

27 **SECTION 3.** Notwithstanding any other law limiting expenditures, the amount of \$1 is  
28 established for the biennium beginning July 1, 2023, as the maximum limit for payment of

# Subcommittee Work Session

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

# Subcommittee Process

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- Subcommittees will follow the rules adopted by the Full Committee.
- An affirmative vote of a majority of the appointed members of each chamber on the subcommittee is needed to advance a measure to the Full Committee.
- A subcommittee does not have the power to table or hold legislation or an agenda item but must report it back to the Full Committee for consideration.
- Before the subcommittee can take action on an amendment, it must be posted to OLIS four 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



## 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<br>Actual     | 2019-21<br>Legislatively<br>Adopted | 2019-21<br>Legislatively<br>Approved * | 2021-23<br>Current Service<br>Level | 2021-23<br>LFO<br>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                      | 12,504,627,192                         | 12,886,613,593                      | 12,886,613,593                   |
| <b>Total Funds</b> | <b>11,023,694,752</b> | <b>12,867,883,840</b>               | <b>12,779,606,300</b>                  | <b>13,010,444,656</b>               | <b>13,037,195,706</b>            |
| 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

**Employment Relations Board**

**LFO Analyst Recommended**

**Agency Number: 11500**

**LFO102 - Work Session Presentation Report  
2023-25 Biennium**

**Version: L - 01 - LFO Analyst Recommended  
Cross Reference: 11500-000-00-00-00000**

**Employment Relations Board**

|   | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
| 2021-23 Agy. Leg. Adopted                             | 3,257,926    | -             | 2,577,311   | -             | -                      | -                        | 5,835,237   | 13        | 13.00                      |
| 2021-23 Ebds, SS & Admin Act                          | 92,159       | -             | 72,412      | -             | -                      | -                        | 164,571     | -         | -                          |
| Ways & Means Actions                                  | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| 2021-23 Leg Approved Budget                           | 3,350,085    | -             | 2,649,723   | -             | -                      | -                        | 5,999,808   | 13        | 13.00                      |
| 2021-23 Leg Approved Budget (Base)                    | 3,350,085    | -             | 2,649,723   | -             | -                      | -                        | 5,999,808   | 13        | 13.00                      |
| Summary of Base Adjustments                           | 142,866      | -             | 112,256     | -             | -                      | -                        | 255,122     | -         | -                          |
| 2023-25 Base Budget                                   | 3,492,951    | -             | 2,761,979   | -             | -                      | -                        | 6,254,930   | 13        | 13.00                      |
| 010: Non-PICS Pers Svc/Vacancy Factor                 | (32,863)     | -             | (25,821)    | -             | -                      | -                        | (58,684)    | -         | -                          |
| 030: Inflation & Price List Adjustments               | 33,392       | -             | 26,972      | -             | -                      | -                        | 60,364      | -         | -                          |
| 2023-25 Current Service Level                         | 3,493,480    | -             | 2,763,130   | -             | -                      | -                        | 6,256,610   | 13        | 13.00                      |
| Adjusted 2023-25 Current Service Level                | 3,493,480    | -             | 2,763,130   | -             | -                      | -                        | 6,256,610   | 13        | 13.00                      |
| Total LFO Recommended Packages                        | (106,747)    | -             | (79,311)    | -             | -                      | -                        | (186,058)   | -         | -                          |
| 2023-25 Legislative Actions                           | 3,386,733    | -             | 2,683,819   | -             | -                      | -                        | 6,070,552   | 13        | 13.00                      |
| Net change from 2021-23 Leg Approved Budget           | 36,648       | -             | 34,096      | -             | -                      | -                        | 70,744      | -         | -                          |
| Percent change from 2021-23 Leg Approved Budget       | 1.1%         | 0.0%          | 1.3%        | 0.0%          | 0.0%                   | 0.0%                     | 1.2%        | 0.0%      | 0.0%                       |
| Net change from 2023-25 Adj Current Service Level     | (106,747)    | -             | (79,311)    | -             | -                      | -                        | (186,058)   | -         | -                          |
| Percent change from 2023-25 Adj Current Service Level | (3.1%)       | 0.0%          | (2.9%)      | 0.0%          | 0.0%                   | 0.0%                     | (3.0%)      | 0.0%      | 0.0%                       |

# 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

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During work session, LFO will review any change to the current service level as a discrete policy option 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 .
- 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.
- Packages that adjust only revenue or beginning balances for Other Funds might also be included.

# Key Performance Measurements (KPM)

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The subcommittee will take action on Legislative Fiscal Office recommendations for the agency's:

- Key Performance Measures, including any recommended changes.
- Key Performance Measure targets for the years 2024 and 2025.
- Possible instructions to the agency.

# Example KPM Report

## Legislatively Proposed 2023 - 2025 Key Performance Measures

Published: 3/4/2023 3:21:22 PM

**Agency:** Employment Relations Board

**Mission Statement:**

The mission of the Employment Relations Board is to resolve disputes concerning labor and employment relations.

| Legislatively Proposed KPMs  | Metrics                     | Agency Request | Last Reported Result | Target 2024 | Target 2025 |
|--|-----------------------------|----------------|----------------------|-------------|-------------|
| 1. Union representation - Average number of days to resolve a petition for union representation when a contested case hearing is not required.   |                             | Approved       | 47                   | 60          | 60          |
| 2. Recommended orders - Average number of days for an Administrative Law Judge to issue a recommended order after the record in a contested case hearing is closed.  |                             | Approved       | 101                  | 100         | 100         |
| 3. Final Board orders - Average number of days from submission of a case to the Board until issuance of a final order.   |                             | Approved       | 24                   | 50          | 50          |
| 4. Mediation effectiveness - Percentage of contract negotiations disputes that are resolved by mediation for strike-permitted employees.   |                             | Approved       | 94%                  | 95%         | 95%         |
| 5. Appeals - Percentage of Board Orders which are reversed on appeal.  |                             | Approved       | 0%                   | 5%          | 5%          |
| 6. Mediation effectiveness - Percentage of contract negotiations disputes that are resolved by mediation for strike-prohibited employees.  |                             | Approved       | 100%                 | 85%         | 85%         |
| 7. Customer Satisfaction - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, and availability of information. | Expertise                   | Approved       | 100%                 | 95%         | 95%         |
|  | Helpfulness                 |                | 97%                  | 95%         | 95%         |
|  | Accuracy                    |                | 95%                  | 95%         | 95%         |
|  | Timeliness                  |                | 97%                  | 95%         | 95%         |
|  | Overall                     |                | 97%                  | 95%         | 95%         |
|  | Availability of Information |                | 92%                  | 95%         | 95%         |

**LFO Recommendation:**

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

**SubCommittee Action:**

# Budget Note Recommendation

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A budget note

- is a formal directive included in a budget report to express legislative intent for a particular budget issue.
- directs an agency to take administrative or managerial action relating to the agency's execution of its biennial budget.
- is of limited scope, not intended to circumvent, supplant, or replace other substantive or policy measures or law.
- typically expires at the end of the biennium.
- neither required nor necessary for every Ways and Means measure.

See JWM Rule #9

# Work Sessions

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- No agency or public testimony will be given during work sessions, unless approved by the presiding Subcommittee Co-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

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- Satisfies chamber rules by serving as both a Staff Measure Summary and Fiscal Impact Statement, and will be prepared after Full Committee.
- Provides narrative to support legislative intent of a budget measure and explains the approved actions.
- Authorizes number of positions and full-time equivalents.
- Includes any budget notes, agency instructions, or requests to unschedule funds.
- Includes Key Performance Measure report as an addendum.



# Example Budget Report

81st Oregon Legislative Assembly – 2021 Regular Session

**HB 5002 A BUDGET REPORT and MEASURE SUMMARY**

**Carrier:** Sen. Anderson

**Joint Committee On Ways and Means**

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**Action Date:** 06/04/21

**Action:** Do pass the A-Eng bill.

**Senate Vote**

**Yeas:** 12 - Anderson, Frederick, Girod, Golden, Gorsek, Hansell, Johnson, Knopp, Lieber, Steiner Hayward, Taylor, Thomsen

**House Vote**

**Yeas:** 11 - Bynum, Drazan, Gomberg, Leif, McLain, Nosse, Rayfield, Sanchez, Smith G, Sollman, Stark

**Prepared By:** Dustin Ball, Department of Administrative Services

**Reviewed By:** Paul Siebert, Legislative Fiscal Office

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**Department of Administrative Services**

**2021-23**

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

HB 5002 A

1 of 22

# Example Budget Report (continued)

## Budget Summary\*

|                                     | 2019-21                                      | 2021 - 23             | 2021-23                  | Committee Change from 2019-21               |          |
|-------------------------------------|--|-----------------------|--------------------------|---|----------|
|                                     | Legislatively Approved Budget <sup>(1)</sup> | Current Service Level | Committee Recommendation | Committee Change from 2019-21 Leg. Approved |          |
|                                     |  |                       |                          | \$ Change                                   | % Change |
| General Fund                        | \$ 189,019,780                               | \$ 5,502,270          | \$ 5,502,270             | \$ (183,517,510)                            | -97.1%   |
| General Fund Debt Service           | \$ 6,468,285                                 | \$ 8,491,654          | \$ 8,491,654             | \$ 2,023,369                                | 31.3%    |
| Lottery Funds                       | \$ 3,828,000                                 | \$ 3,828,000          | \$ 3,828,000             | \$ -  | 0.0%     |
| Lottery Funds Debt Service          | \$ 18,496,979                                | \$ 29,526,570         | \$ 27,715,133            | \$ 9,218,154                                | 49.8%    |
| Other Funds Limited                 | \$ 697,732,495                               | \$ 543,383,298        | \$ 625,156,913           | \$ (72,575,582)                             | -10.4%   |
| Other Funds Capital Improvements    | \$ 4,570,497                                 | \$ 4,767,028          | \$ 5,017,028             | \$ 446,531                                  | 9.8%     |
| Other Funds Debt Service            | \$ 442,427,859                               | \$ 482,299,650        | \$ 482,299,650           | \$ 39,871,791                               | 9.0%     |
| Other Funds Nonlimited              | \$ 134,125,724                               | \$ 138,691,080        | \$ 138,691,080           | \$ 4,565,356                                | 3.4%     |
| Other Funds Debt Service Nonlimited | \$ 37,576,185                                | \$ -                  | \$ -                     | \$ (37,576,185)                             | -100.0%  |
| Federal Funds Limited               | \$ 1,375,851,898                             | \$ -                  | \$ 1,843,164             | \$ (1,374,008,734)                          | -99.9%   |
| Total                               | \$ 2,910,097,702                             | \$ 1,216,489,550      | \$ 1,298,544,892         | \$ (1,611,552,810)                          | -55.4%   |

## Position Summary

|                                      |        |        |        |       |
|--------------------------------------|--------|--------|--------|-------|
| Authorized Positions                 | 928    | 892    | 965    | 37    |
| Full-time Equivalent (FTE) positions | 910.27 | 891.50 | 960.72 | 50.45 |

<sup>(1)</sup> Includes adjustments through January 2021

\* Excludes Capital Construction expenditures

## Summary of Revenue Changes

The Department of Administrative Services' (DAS) Other Funds operating revenue comes primarily through two sources: fees billed to state agencies for direct services and assessments to state agencies for indirect services. Fees for services are billed to agencies based on usage. Assessments are generally calculated based on budgeted full-time equivalent (FTE) positions and recovered through the State Government Service Charge line item in agency budgets. For example, the Chief Operating Office (COO) recovers its costs through assessments. Federal Funds within the Chief Financial Office come from the American Rescue Plan Act (ARPA). In addition, agencies benefiting from pension obligation bonds are assessed their share of debt service and debt management costs.

DAS will update its beginning fund balances based on the Department's monthly budget status reported as of March 2021, month-end close and reconcile assessments and charges for services revenue accounts to align with expenditure changes in the DAS budget.

# Legislatively Adopted Budget

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An agency's primary agency budget measure

- + Any policy measures with budgetary impacts on the agency
- + Any changes for the agency included in the omnibus budget reconciliation measure (e.g., statewide DAS assessment changes and Attorney General rate change)
- + Any changes for the agency included in the Capital Construction measure
- = Legislatively **Adopted** Budget

# Legislatively Approved Budget

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## Agency's Legislatively **Adopted** Budget

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

# Questions?

