

# House Bill 3215

Sponsored by Representative NELSON

## 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**.

Requires overhead to be shown as separate item in state budget report. Prohibits Governor from recommending and Legislative Assembly from approving agency budget that authorizes expenditure for overhead of more than 15 percent of budget.

## A BILL FOR AN ACT

1  
2 Relating to state agency budgets; creating new provisions; and amending ORS 291.206 and 291.216.

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

4 **SECTION 1.** ORS 291.206 is amended to read:

5 291.206. (1) The Governor shall prescribe such rules and regulations as the Governor deems  
6 necessary for the guidance of agencies in the preparation of the budget estimates and requests. The  
7 Governor, with the approval of the Secretary of State, shall prepare and prescribe classifications  
8 of expenditures and revenue for the purpose of budget-making and accounting. **In preparing clas-**  
9 **sifications of expenditures, the Governor shall include overhead as a separate classification**  
10 **and shall specify which expenditures are classified as overhead.**

11 (2) In so far as practicable, agency budget estimates and requests and appropriation measures  
12 shall be prepared in a manner that reflects state governmental organization and state agency duties,  
13 functions and powers under the law in effect on January 1 of the following year. The Oregon De-  
14 partment of Administrative Services shall maintain agency budget estimates and requests in the  
15 form in which they are submitted.

16 **SECTION 2.** ORS 291.216 is amended to read:

17 291.216. (1) Not later than November 10 of each even-numbered year the Governor shall cause  
18 the budget report to be compiled and prepared for printing.

19 (2) The budget report shall include a budget message prepared by the Governor, including rec-  
20 ommendations of the Governor with reference to the fiscal policy of the state government for the  
21 coming biennium, describing the important features of the budget plan, embracing a general budget  
22 summary setting forth the aggregate figures of the budget report so as to show a balanced relation  
23 between the total proposed expenditures and the total anticipated income, with the basis and factors  
24 on which the estimates are made, the amount to be borrowed, and other means of financing the es-  
25 timated expenditures for the ensuing biennium, compared with the corresponding figures for at least  
26 the last completed biennium and the current biennium.

27 (3) The budget plan shall be supported by explanatory schedules or statements, classifying the  
28 expenditures reported therein, both past and proposed, by organization units, objects and funds, and  
29 the income by organization units, sources and funds, and the proposed amount of new borrowing as  
30 well as proposed new tax or revenue sources, including a single comprehensive list of all proposed  
31 increases in fees, licenses and assessments assumed in the budget plan.

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (4) The budget plan shall be submitted for all dedicated funds, as well as the state General Fund,  
 2 and shall include the estimated amounts of federal and other aids or grants to state agencies or  
 3 activities provided for any purpose whatever, together with estimated expenditures therefrom.

4 (5) The budget report shall embrace the detailed estimates of expenditures and revenues. It shall  
 5 include statements of the bonded indebtedness of the state government, showing the actual amount  
 6 of the debt service for at least the past biennium, and the estimated amount for the current  
 7 biennium and the ensuing biennium, the debt authorized and unissued, the condition of the sinking  
 8 funds and the borrowing capacity. It shall contain the Governor's recommendations concerning tax  
 9 expenditures identified under ORS 291.214. It shall also contain any statements relative to the fi-  
 10 nancial plan which the Governor may deem desirable or which may be required by the legislature.

11 (6) The budget plan shall use the estimated revenues under ORS 291.342 for the fiscal year in  
 12 which the plan is submitted as the basis for total anticipated income under subsection (2) of this  
 13 section, subject to such adjustment as may be necessary to reflect accurately projections for the  
 14 next biennium.

15 (7) As supplemental information to the budget report, the Governor shall publish an existing  
 16 level tentative budget plan for the two fiscal years for which the budget report is required. This  
 17 summary budget shall reflect only existing revenues estimated under subsection (6) of this section;  
 18 subject to such adjustment as may be necessary to reflect accurately projections for the next  
 19 biennium. The supplemental information to the budget report shall be submitted at the same time  
 20 as the budget report.

21 (8)(a) The budget report shall present information regarding the expenses of the state in the  
 22 following categories:

23 (A) Personnel expenses, including compensation and benefits for state employees, but excluding  
 24 costs of services contracted out and temporary service costs.

25 (B) Supplies, equipment and the costs of services contracted out.

26 (C) Capital construction.

27 (D) Capital outlay.

28 (E) Debt service.

29 **(F) Overhead expenses, defined and stated separately for each agency.**

30 (b) For each category described in paragraph (a) of this subsection, the report shall show actual  
 31 expenditures to date.

32 (c) For each category described in paragraph (a) of this subsection, the report shall show, **as**  
 33 **appropriate:**

34 (A) The amount of merit increases for the existing workforce.

35 (B) Increases for the cost of replacement and repair of supplies and equipment.

36 (C) Increases for the costs of new construction or major remodeling.

37 (D) Increases for the cost of inflation.

38 (d) The report shall show the total increase in the cost of salaries and benefits for all state  
 39 positions.

40 (9) The budget report shall include:

41 (a) The total number of positions included in the budget.

42 (b) The average vacancy rate in the present biennium.

43 (c) The number of permanent, full-time equivalent vacancies, excluding academics, as of July 1  
 44 of even-numbered years.

45 (10) The budget report shall include computations showing budget figures as a percentage of the

1 total General Fund, federal fund, fee or other source category, as may be appropriate.

2 (11) The budget report shall include, in a format that provides side-by-side comparison with the  
3 State Debt Policy Advisory Commission report of net debt capacity, a six-year forecast, by debt type  
4 and repayment source, of:

5 (a) That portion of the capital construction program required to be reported by ORS 291.224 that  
6 will be financed by debt issuance.

7 (b) The acquisition of equipment or technology in excess of \$500,000 that will be financed by  
8 debt issuance.

9 (c) Other state agency debt issuance for grant or loan purposes.

10 (12) As supplemental information to the budget report, the Governor shall prepare an alternative  
11 budget plan for the two fiscal years for which the budget report is required and shall provide the  
12 alternative budget plan to the President of the Senate, the Speaker of the House of Representatives  
13 and the majority and minority leaders in the Senate and the House of Representatives. The alter-  
14 native budget plan shall establish funding for each state agency's programs and activities at 90  
15 percent of the appropriations requested for the state agency in the budget report, excluding appro-  
16 priations that are not made to fund recurring activities. For each state agency, the Governor shall  
17 describe the 10 percent reduction in appropriated moneys in terms of the activities or programs that  
18 the agency will not undertake. The activities or programs that are not undertaken as a result of the  
19 reductions in appropriated moneys made in the alternative budget plan shall be ranked in order of  
20 importance and priority on the basis of lowest cost for benefit obtained.

21 **SECTION 3. Section 4 of this 2007 Act is added to and made a part of ORS 291.201 to**  
22 **291.222.**

23 **SECTION 4. (1) The budget recommended by the Governor may not include authorization**  
24 **for overhead expenditures for any state agency of more than 15 percent of the total recom-**  
25 **mended budget for the agency.**

26 **(2) Neither the legislatively adopted budget nor the legislatively approved budget may**  
27 **include authorization for overhead expenditures for any state agency of more than 15 percent**  
28 **of the total budget for the agency.**

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