

House Bill 2780

Sponsored by Representatives THATCHER, J SMITH (Presession filed.)

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**.

Directs Governor and Legislative Assembly to use process identifying priorities of government to develop biennial state budget. Requires development of list of expected statewide results, identification of indicators of success in reaching results, identification of proven strategies and valid performance measures and development of results-based prioritization of activities.

A BILL FOR AN ACT

1
2 Relating to state finance; creating new provisions; and amending ORS 291.200 and 291.216.

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

4 **SECTION 1.** ORS 291.200 is amended to read:

5 291.200. (1) It is the intent of the Legislative Assembly to require the Governor, in the prepa-
6 ration of the biennial budget, to state as precisely as possible what programs the Governor recom-
7 mends be approved for funding under estimated revenues under ORS 291.342. If estimated revenues
8 are inadequate, the Legislative Assembly intends that it be advised by the Governor as precisely
9 as possible how the Legislative Assembly might proceed to raise the additional funds. It is also the
10 intent of the Legislative Assembly, in the event that the additional funding is not possible, to be
11 informed by the Governor precisely what programs or portions thereof the Governor recommends
12 be reduced accordingly. Finally, if the Governor chooses to recommend additional new programs or
13 program enhancements, the Legislative Assembly intends that the Governor specify how the addi-
14 tional funding might be achieved. [*The Legislative Assembly believes that the state government must*
15 *allocate its resources for effective and efficient delivery of public services by:*]

16 [(a) *Clearly identifying desired results;*]

17 [(b) *Setting priorities;*]

18 [(c) *Assigning accountability; and*]

19 [(d) *Measuring, reporting and evaluating outcomes to determine future allocation.*]

20 [(2) *To achieve the intentions of subsection (1) of this section, it is the budget policy of this state*
21 *to create and administer programs and services designed to attain societal outcomes such as the Oregon*
22 *benchmarks and to promote the efficient and measured use of resources.*]

23 **(2) In preparing the biennial budget, the Governor and the Legislative Assembly shall use**
24 **a performance-based process that establishes the priorities of government. The priorities of**
25 **government process must include, at a minimum:**

26 **(a) Determination through a public, collaborative method of a set of statewide, priority**
27 **results that every resident of this state should expect from state government, with provision**
28 **for periodic review of those priorities;**

29 **(b) Identification of indicators of progress toward achievement of each of the statewide**
30 **results;**

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 (c) Identification of proven or promising strategies for achieving each of the statewide
2 results;

3 (d) Valid performance measures for each of the indicators of progress;

4 (e) Identification and descriptions of each activity of each state agency, the estimated
5 cost of maintaining each activity and the quantifiable results intended to be derived from
6 each activity; and

7 (f) A results-based prioritization of activities that most directly accomplish the desired
8 results and that connect to identified strategies.

9 (3) In determining a set of statewide, priority results under subsection (2) of this section,
10 the Governor and the Legislative Assembly shall consider, but are not limited to considering:

11 (a) Protecting people and communities through law enforcement, courts and corrections;

12 (b) Providing for an educated citizenry by ensuring that all children receive an equal
13 opportunity to achieve academic success;

14 (c) Promoting job creation and entrepreneurship and a healthy, efficient market;

15 (d) Providing a safety net of social services;

16 (e) Building and maintaining the infrastructure to accommodate transportation and
17 utilities;

18 (f) Requiring state agencies to conduct business in an efficient, transparent and ac-
19 countable manner;

20 (g) Managing public property and natural resources, including protections for air, water,
21 soil and ecosystems, while protecting property rights of private property owners; and

22 (h) Oregon benchmarks.

23 [(3)] (4) To effect the [policy stated in subsection (2) of] policies stated in this section, state
24 government shall:

25 (a) Allocate resources to achieve desired outcomes;

26 (b) Express program outcomes in measurable terms;

27 (c) Measure progress toward desired outcomes;

28 (d) Encourage savings;

29 (e) Promote investments that reduce or avoid future costs;

30 (f) Plan for the short term and long term using consistent assumptions for major demographic
31 and other trends; and

32 (g) Require accountability at all levels for meeting program outcomes.

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

34 291.216. (1) Not later than November 10 of each even-numbered year the Governor shall cause
35 the budget report to be compiled and prepared for printing.

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

44 (3) The budget plan shall be supported by explanatory schedules or statements, classifying the
45 expenditures reported therein, both past and proposed, by organization units, objects and funds, and

1 the income by organization units, sources and funds, and the proposed amount of new borrowing as
2 well as proposed new tax or revenue sources, including a single comprehensive list of all proposed
3 increases in fees, licenses and assessments assumed in the budget plan.

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

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

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

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

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

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

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

29 (C) Capital construction.

30 (D) Capital outlay.

31 (E) Debt service.

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

34 (c) For each category described in paragraph (a) of this subsection, the report shall show:

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

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

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

38 (D) Increases for the cost of inflation.

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

41 (9) The budget report shall include:

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

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

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

1 (10) The budget report shall include computations showing budget figures as a percentage of the
2 total General Fund, federal fund, fee or other source category, as may be appropriate.

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

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

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

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

11 **(12) The budget report shall describe how the priorities of government process described**
12 **in ORS 291.200 was implemented in the development of the budget report.**

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

24 **SECTION 3. The amendments to ORS 291.200 and 291.216 by sections 1 and 2 of this 2011**
25 **Act apply to budget reports prepared for, and biennial budgets adopted for, biennia beginning**
26 **on or after July 1, 2013.**