
MEMORANDUM

Legislative Fiscal Office
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To: General Government Subcommittee

From: John Borden, Legislative Fiscal Office
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Date: June 4th, 2013

Subject: Department of Revenue – SB 5538
Work Session Recommendations

Department of Revenue – Agency Totals

Fund-type Positions/FTE	2009-11 Actuals	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 LFO Recommended
General Fund	140,240,842	147,798,243	163,259,812	165,022,170
Other Funds	30,918,670	36,175,094	39,328,512	38,447,601
Total Funds	\$171,159,512	\$183,973,337	\$202,588,324	\$203,469,771
Positions	1100	1051	1050	1050
FTE	1016.10	990.67	991.06	993.49

Attached are the recommendations from the Legislative Fiscal Office for the *Department of Revenue*. It contains the following:

- Package 081 – May 2012 Emergency Board (<\$1,428,340>(<13.00>FTE)
- Package 082 – September 2012 Emergency Board (\$2,600,000)
- Package 091 – Statewide Administrative Savings (\$<1,247,916>)
- Package 092 – PERS Tax Policy (<\$317,558>)
- Package 093 – Other PERS Adjustments (<\$2,537,449>)
- Package 101 – Services and Supplies True-up (\$8,075)(<15.57> FTE)
- Package 104 – ERA Transfer to OHCS (\$0)
- Package 813 – Enhanced Tax Enforcement (\$3,804,635)(31.00 FTE)
- Package 814 – Nonlimited OF to Limited OF (\$0)
- Package 811 – Core System Replacement (recommendation only)
- Package 812 – Core System Replacement Debt Service (recommendation only)

Adjustments to Current Service Level:

See attached “Work Session Presentation Report” dated 6/02/13.

Move the LFO recommendation to SB 5538.

Performance Measures

See attached "Legislatively Proposed 2013-15 Key Performance Measures" form.

Move the LFO recommendation on Key Performance Measures.

Budget Note

The following proposed budget notes are recommended to be included in the SB 5538 budget report:

The Department of Revenue shall submit a report to the Legislature during the 2014 session that describes the cause of non-compliance in the personal and corporation tax programs, including a discussion of tax gap estimates. The Department shall create a specific, systemic plan to reduce the tax gap including performance measures, benchmarks, and timelines, and report progress from this plan to the Legislature in 2015. Where possible, the Department shall incorporate the results of the work performed for the Enforcement Revenue Budget Note in 2011.

Move the LFO recommended budget note.

The Department of Revenue shall report to the Legislature in 2014 on the use of private collection firms (PCF) including: age of accounts sent to PCF, amount of accounts turned over to the PCF (total and individual), time it takes PCF's to collect past due accounts, collection rate, and the amount and type of fees charged to clients.

Move the LFO recommended budget note.

Recommended Changes to Appropriation Bill:

The Legislative Fiscal Office recommends a budget of *\$165,022,170 General Fund and \$38,447,601 Other Funds and 1,050 positions (993.49 FTE)* and that SB 5538 be amended accordingly.

On page 1, delete lines 5 through 25

On page 2, delete lines 1 through 4 and insert:

SECTION 1. There are appropriated to the Department of Revenue, for the biennium beginning July 1, 2013, out of the General Fund, the following amounts, for the following purposes:

- (1) Administration...\$56,060,512
- (2) Property Tax Division...\$14,450,399
- (3) Personal Tax and Compliance Division...\$66,496,615
- (4) Business Division... \$22,342,644
- (5) Elderly Rental Assistance and Nonprofit Housing ...\$5,672,000

SECTION 2. 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 and reimbursements from federal service agreements, but excluding lottery funds and federal funds not described in this section, collected or received by the Department of Revenue, for the following purposes:

- (1) Administration...\$10,686,582
- (2) Property Tax Division...\$11,295,062
- (3) Personal Tax and Compliance Division...\$1,451,521
- (4) Business Division ...\$14,737,790
- (5) Multistate Tax Commission...\$276,646

Please note, the conceptual amendment recommendation deletes duplicative language related to the administration of cigarette tax revenues and will necessitate moving cigarette tax enforcement language into statute as was previously done for administration. This change will be accomplished in the program change measure.

SB 5538 Final Subcommittee Action:

Move SB 5538 to the full committee with a “do pass” recommendation, as amended.

Chair to assign carriers:

Full: _____
2nd Chamber: _____

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	146,373,434	-	34,230,088	-	1,945,006	-	182,548,528	1,051	990.84
2011-13 Ebds, SS & Admin Act	1,424,809	-	-	-	-	-	1,424,809	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	147,798,243	-	34,230,088	-	1,945,006	-	183,973,337	1,051	990.84
2011-13 Leg Approved Budget (Base)	145,198,243	-	34,230,088	-	1,945,006	-	181,373,337	1,051	990.84
Summary of Base Adjustments	15,163,081	-	2,615,096	-	46,680	-	17,824,857	(1)	0.22
2013-15 Base Budget	160,361,324	-	36,845,184	-	1,991,686	-	199,198,194	1,050	991.06
010: Non-PICS Pers Svc/Vacancy Factor	922,510	-	(14,690)	-	-	-	907,820	-	-
030: Inflation & Price List Adjustments	1,975,978	-	506,332	-	-	-	2,482,310	-	-
2013-15 Current Service Level	163,259,812	-	37,336,826	-	1,991,686	-	202,588,324	1,050	991.06
080: E-Boards	1,384,686	-	(213,026)	-	-	-	1,171,660	(13)	(13.00)
Adjusted 2013-15 Current Service Level	164,644,498	-	37,123,800	-	1,991,686	-	203,759,984	1,037	978.06
Total LFO Recommended Packages	377,672	-	1,323,801	-	(1,991,686)	-	(290,213)	13	15.43
2013-15 Legislative Actions	165,022,170	-	38,447,601	-	-	-	203,469,771	1,050	993.49
Net change from 2011-13 Leg Approved Budget	17,223,927	-	4,217,513	-	(1,945,006)	-	19,496,434	(1)	2.65
Percent change from 2011-13 Leg Approved Budget	11.7%	0.0%	12.3%	0.0%	(100.0%)	0.0%	10.6%	(0.1%)	0.3%
Net change from 2013-15 Current Service Level	377,672	-	1,323,801	-	(1,991,686)	-	(290,213)	13	15.43
Percent change from 2013-15 Current Service Level	0.2%	0.0%	3.6%	0.0%	(100.0%)	0.0%	(0.1%)	1.3%	1.6%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	3,303,764	-	486,320	-	-	-	3,790,084	15	15.00
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	3,303,764	-	486,320	-	-	-	3,790,084	15	15.00
2011-13 Leg Approved Budget (Base)	3,303,764	-	486,320	-	-	-	3,790,084	15	15.00
Summary of Base Adjustments	2,883,982	-	291,855	-	-	-	3,175,837	19	19.00
2013-15 Base Budget	6,187,746	-	778,175	-	-	-	6,965,921	34	34.00
010: Non-PICS Pers Svc/Vacancy Factor	133,403	-	5,782	-	-	-	139,185	-	-
030: Inflation & Price List Adjustments	12,230	-	1,332	-	-	-	13,562	-	-
2013-15 Current Service Level	6,333,379	-	785,289	-	-	-	7,118,668	34	34.00
080: E-Boards	(130,678)	-	(32,670)	-	-	-	(163,348)	(1)	(1.00)
Adjusted 2013-15 Current Service Level	6,202,701	-	752,619	-	-	-	6,955,320	33	33.00
Total LFO Recommended Packages	(113,859)	-	(13,741)	-	-	-	(127,600)	-	-
2013-15 Legislative Actions	6,088,842	-	738,878	-	-	-	6,827,720	33	33.00
Net change from 2011-13 Leg Approved Budget	2,785,078	-	252,558	-	-	-	3,037,636	18	18.00
Percent change from 2011-13 Leg Approved Budget	84.3%	0.0%	51.9%	0.0%	0.0%	0.0%	80.1%	120.0%	120.0%
Net change from 2013-15 Current Service Level	(113,859)	-	(13,741)	-	-	-	(127,600)	-	-
Percent change from 2013-15 Current Service Level	(1.8%)	0.0%	(1.8%)	0.0%	0.0%	0.0%	(1.8%)	0.0%	0.0%

	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 081 May 2012 E-Board

Package Description This package incorporates a decision made by the Emergency Board in May of 2012, which was part of the legislative plan from the 2012 session, to restructure state government business operations. It was the intent of this budget reduction to make permanent changes to the management of agency programs and services.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(130,678)	-	(32,670)	-	-	-	(163,348)	(1)	(1.00)
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	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 092 PERS Taxation Policy

Package Description This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(13,602)	-	(1,528)	-	-	-	(15,130)	-	-
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	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 093 Other PERS Adjustments

Package Description This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(108,690)	-	(12,213)	-	-	-	(120,903)	-	-
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	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 101 Service and Supplies True-up

Package Description This package converts Personal Services to Services and Supplies by eliminating agency-wide 18 vacant positions (15.57 FTE). This policy package seeks to align the agency's budget with anticipated expenditures. Historically, the agency has used vacant positions, above normal attrition, to augment its Service and Supply budget and as such the approval of this package will not reduce or degrade the revenue generation capabilities of the agency.

The impact to this program is to increase Services and Supplies by \$8,433.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	8,433	-	-	-	-	-	8,433	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	4,918,892	-	1,299,877	-	1,674,844	-	7,893,613	8	8.00
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	4,918,892	-	1,299,877	-	1,674,844	-	7,893,613	8	8.00
2011-13 Leg Approved Budget (Base)	4,918,892	-	1,299,877	-	1,674,844	-	7,893,613	8	8.00
Summary of Base Adjustments	(589,054)	-	(75,139)	-	40,196	-	(623,997)	(4)	(4.00)
2013-15 Base Budget	4,329,838	-	1,224,738	-	1,715,040	-	7,269,616	4	4.00
010: Non-PICS Pers Svc/Vacancy Factor	(44,610)	-	(7,153)	-	-	-	(51,763)	-	-
030: Inflation & Price List Adjustments	86,553	-	27,394	-	-	-	113,947	-	-
2013-15 Current Service Level	4,371,781	-	1,244,979	-	1,715,040	-	7,331,800	4	4.00
080: E-Boards	(391,863)	-	(61,533)	-	-	-	(453,396)	(2)	(2.00)
Adjusted 2013-15 Current Service Level	3,979,918	-	1,183,446	-	1,715,040	-	6,878,404	2	2.00
Total LFO Recommended Packages	803,520	-	1,764,904	-	(1,715,040)	-	853,384	-	-
2013-15 Legislative Actions	4,783,438	-	2,948,350	-	-	-	7,731,788	2	2.00
Net change from 2011-13 Leg Approved Budget	(135,454)	-	1,648,473	-	(1,674,844)	-	(161,825)	(6)	(6.00)
Percent change from 2011-13 Leg Approved Budget	(2.8%)	0.0%	126.8%	0.0%	(100.0%)	0.0%	(2.1%)	(75.0%)	(75.0%)
Net change from 2013-15 Current Service Level	803,520	-	1,764,904	-	(1,715,040)	-	853,384	-	-
Percent change from 2013-15 Current Service Level	20.2%	0.0%	149.1%	0.0%	(100.0%)	0.0%	12.4%	0.0%	0.0%

	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 081 May 2012 E-Board

Package Description This package incorporates a decision made by the Emergency Board in May of 2012, which was part of the legislative plan from the 2012 session, to restructure state government business operations. It was the intent of this budget reduction to make permanent changes to the management of agency programs and services.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(391,863)	-	(61,533)	-	-	-	(453,396)	(2)	(2.00)
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	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 082 September 2012 E-Board

Package Description The Department of Revenue (DOR) is requesting a \$2.6 million for its Elderly Housing Assistance (ERA) and Non-profit Housing (NPH) programs. This is a revenue only package that reflects the continuation of an Emergency Board decision in September of 2012 to provide the second year of funding for the program. The funding is needed in order to make payments to individuals, local governments, and school districts for the 2014 property tax year.

This package reflects the conversion of \$2.6 million General Fund to Other Funds. This additional step is needed in order for the Department to use automated refund check system.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013); Also see package #082 under the ERA program.

LFO Recommended - - - - -

	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 092 PERS Taxation Policy

Package Description This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(1,366)	-	(75)	-	-	-	(1,441)	-	-
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	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 093 Other PERS Adjustments

Package Description This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(10,915)	-	(599)	-	-	-	(11,514)	-	-
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	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 101 Service and Supplies True-up

Package Description This package converts Personal Services to Services and Supplies by eliminating agency-wide 18 vacant positions (15.57 FTE). This policy package seeks to align the agency's budget with anticipated expenditures. Historically, the agency has used vacant positions, above normal attrition, to augment its Service and Supply budget and as such the approval of this package will not reduce or degrade the revenue generation capabilities of the agency.

The impact to this program is to add Services and Supplies for postage costs in the amount of \$815,801 General Fund and \$50,538 Other Funds.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	815,801	-	50,538	-	-	-	866,339	-	-
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	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 104 ERA Transfer to OHCS

Package Description This package provides transfers the Elderly Rental Housing Assistance Program to the Housing and Community Services Department (HCSD) during the second year of the biennium (\$1 million). This is a revenue only policy package and was approved in the Governor's budget even though HCSD only has a one-year budget. However, the proposed statutory language for this change was withdrawn from consideration by the Governor.

This package reflects the conversion of \$1 million General Fund to Other Funds. This additional step is needed in order for the Department to use automated refund check system.

LFO Recommendation Deny the policy package.

LFO Analyst Notes SB 5538 (2013); Also see package #104 under the ERA program.

<u>LFO Recommended</u>	-	-	-	-	-	-	-	-	-
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	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 814 Nonlimited OF to Limited OF

Package Description This package converts \$1,715,040 of NonLimited Other Funds to limited Other Funds expenditure limitation. The agency's third party collection activities and the cost of the Multistate Tax Commission would become subject to expenditure limitation.

The justification for Nonlimited expenditure authority has become far more restricted given the Legislature's transition to annual Legislative sessions and thereby its ability to consider limitation increases during the course of the biennium.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	-	-	1,715,040	-	(1,715,040)	-	-	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	45,333,737	-	6,880,555	-	-	-	52,214,292	303	258.11
2011-13 Ebds, SS & Admin Act	(48,504)	-	-	-	-	-	(48,504)	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	45,285,233	-	6,880,555	-	-	-	52,165,788	303	258.11
2011-13 Leg Approved Budget (Base)	45,285,233	-	6,880,555	-	-	-	52,165,788	303	258.11
Summary of Base Adjustments	381,171	-	104,789	-	-	-	485,960	(32)	(31.61)
2013-15 Base Budget	45,666,404	-	6,985,344	-	-	-	52,651,748	271	226.50
010: Non-PICS Pers Svc/Vacancy Factor	(7,867)	-	(23,903)	-	-	-	(31,770)	-	-
030: Inflation & Price List Adjustments	962,511	-	256,842	-	-	-	1,219,353	-	-
2013-15 Current Service Level	46,621,048	-	7,218,283	-	-	-	53,839,331	271	226.50
080: E-Boards	(581,312)	-	(50,548)	-	-	-	(631,860)	(3)	(3.00)
Adjusted 2013-15 Current Service Level	46,039,736	-	7,167,735	-	-	-	53,207,471	268	223.50
Total LFO Recommended Packages	(851,504)	-	(168,381)	-	-	-	(1,019,885)	(5)	(3.50)
2013-15 Legislative Actions	45,188,232	-	6,999,354	-	-	-	52,187,586	263	220.00
Net change from 2011-13 Leg Approved Budget	(97,001)	-	118,799	-	-	-	21,798	(40)	(38.11)
Percent change from 2011-13 Leg Approved Budget	(0.2%)	0.0%	1.7%	0.0%	0.0%	0.0%	0.0%	(13.2%)	(14.8%)
Net change from 2013-15 Current Service Level	(851,504)	-	(168,381)	-	-	-	(1,019,885)	(5)	(3.50)
Percent change from 2013-15 Current Service Level	(1.8%)	0.0%	(2.3%)	0.0%	0.0%	0.0%	(1.9%)	(1.9%)	(1.6%)

	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 081 May 2012 E-Board

Package Description This package incorporates a decision made by the Emergency Board in May of 2012, which was part of the legislative plan from the 2012 session, to restructure state government business operations. It was the intent of this budget reduction to make permanent changes to the management of agency programs and services.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(581,312)	-	(50,548)	-	-	-	(631,860)	(3)	(3.00)
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	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 091 Statewide Administrative Savings

Package Description This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Executive Branch had intended for these reductions to be specified in the Governor's 2013-15 recommended budget. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

LFO Recommendation Approve the policy package, with the understanding that the agency may require flexibility to implement this level of reduction across the agency, if possible, especially if the Legislature approves funding for the Core System Replacement project (see policy package #811).

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(1,010,812)	-	(237,104)	-	-	-	(1,247,916)	-	-
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	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 092 PERS Taxation Policy

Package Description This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(25,330)	-	(2,692)	-	-	-	(28,022)	-	-
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	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 093 Other PERS Adjustments

Package Description This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(202,400)	-	(21,509)	-	-	-	(223,909)	-	-
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	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 101 Service and Supplies True-up

Package Description This package converts Personal Services to Services and Supplies by eliminating 18 vacant positions (15.57 FTE). This policy package seeks to align the agency's budget with anticipated expenditures. Historically, the agency has used vacant positions, above normal attrition, to augment its Service and Supply budget and as such the approval of this package will not reduce or degrade the revenue generation capabilities of the agency.

The impact to this program reduced Personal Services by \$343,614 General Fund and \$29,876 Other Funds (five positions/3.50 FTE) and add \$730,652 General Fund and \$122,800 Other Funds to Services and Supplies.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	387,038	-	92,924	-	-	-	479,962	(5)	(3.50)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	13,775,755	-	10,654,567	-	-	-	24,430,322	105	102.33
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	13,775,755	-	10,654,567	-	-	-	24,430,322	105	102.33
2011-13 Leg Approved Budget (Base)	13,775,755	-	10,654,567	-	-	-	24,430,322	105	102.33
Summary of Base Adjustments	1,492,638	-	685,882	-	-	-	2,178,520	-	-
2013-15 Base Budget	15,268,393	-	11,340,449	-	-	-	26,608,842	105	102.33
010: Non-PICS Pers Svc/Vacancy Factor	115,293	-	42,151	-	-	-	157,444	-	-
030: Inflation & Price List Adjustments	243,291	-	134,996	-	-	-	378,287	-	-
2013-15 Current Service Level	15,626,977	-	11,517,596	-	-	-	27,144,573	105	102.33
080: E-Boards	(514,103)	-	(53,497)	-	-	-	(567,600)	(3)	(3.00)
Adjusted 2013-15 Current Service Level	15,112,874	-	11,464,099	-	-	-	26,576,973	102	99.33
Total LFO Recommended Packages	(662,475)	-	(169,037)	-	-	-	(831,512)	(3)	(2.07)
2013-15 Legislative Actions	14,450,399	-	11,295,062	-	-	-	25,745,461	99	97.26
Net change from 2011-13 Leg Approved Budget	674,644	-	640,495	-	-	-	1,315,139	(6)	(5.07)
Percent change from 2011-13 Leg Approved Budget	4.9%	0.0%	6.0%	0.0%	0.0%	0.0%	5.4%	(5.7%)	(5.0%)
Net change from 2013-15 Current Service Level	(662,475)	-	(169,037)	-	-	-	(831,512)	(3)	(2.07)
Percent change from 2013-15 Current Service Level	(4.4%)	0.0%	(1.5%)	0.0%	0.0%	0.0%	(3.1%)	(2.9%)	(2.1%)

	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 081 May 2012 E-Board

Package Description This package incorporates a decision made by the Emergency Board in May of 2012, which was part of the legislative plan from the 2012 session, to restructure state government business operations. It was the intent of this budget reduction to make permanent changes to the management of agency programs and services.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(514,103)	-	(53,497)	-	-	-	(567,600)	(3)	(3.00)
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	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 092 PERS Taxation Policy

Package Description This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(31,134)	-	(18,032)	-	-	-	(49,166)	-	-
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	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 093 Other PERS Adjustments

Package Description This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(248,776)	-	(144,084)	-	-	-	(392,860)	-	-
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	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 101 Service and Supplies True-up

Package Description This package converts Personal Services to Services and Supplies by eliminating 18 vacant positions (15.57 FTE). This policy package seeks to align the agency's budget with anticipated expenditures. Historically, the agency has used vacant positions, above normal attrition, to augment its Service and Supply budget and as such the approval of this package will not reduce or degrade the revenue generation capabilities of the agency.

The impact to this program reduced Personal Services by \$418,483 General Fund and \$6,921 Other Funds (three positions/2.07 FTE) and add \$35,918 General Fund to Services and Supplies.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(382,565)	-	(6,921)	-	-	-	(389,486)	(3)	(2.07)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	55,776,536	-	1,245,041	-	-	-	57,021,577	395	386.49
2011-13 Ebds, SS & Admin Act	(1,126,687)	-	-	-	-	-	(1,126,687)	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	54,649,849	-	1,245,041	-	-	-	55,894,890	395	386.49
2011-13 Leg Approved Budget (Base)	54,649,849	-	1,245,041	-	-	-	55,894,890	395	386.49
Summary of Base Adjustments	8,432,709	-	217,927	-	-	-	8,650,636	16	16.83
2013-15 Base Budget	63,082,558	-	1,462,968	-	-	-	64,545,526	411	403.32
010: Non-PICS Pers Svc/Vacancy Factor	503,468	-	(51,560)	-	-	-	451,908	-	-
030: Inflation & Price List Adjustments	401,294	-	10,768	-	-	-	412,062	-	-
2013-15 Current Service Level	63,987,320	-	1,422,176	-	-	-	65,409,496	411	403.32
080: E-Boards	545,347	-	(11,865)	-	-	-	533,482	(3)	(3.00)
Adjusted 2013-15 Current Service Level	64,532,667	-	1,410,311	-	-	-	65,942,978	408	400.32
Total LFO Recommended Packages	1,963,948	-	41,210	-	-	-	2,005,158	25	25.00
2013-15 Legislative Actions	66,496,615	-	1,451,521	-	-	-	67,948,136	433	425.32
Net change from 2011-13 Leg Approved Budget	11,846,766	-	206,480	-	-	-	12,053,246	38	38.83
Percent change from 2011-13 Leg Approved Budget	21.7%	0.0%	16.6%	0.0%	0.0%	0.0%	21.6%	9.6%	10.0%
Net change from 2013-15 Current Service Level	1,963,948	-	41,210	-	-	-	2,005,158	25	25.00
Percent change from 2013-15 Current Service Level	3.0%	0.0%	2.9%	0.0%	0.0%	0.0%	3.0%	6.1%	6.2%

	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 081 May 2012 E-Board

Package Description This package incorporates a decision made by the Emergency Board in May of 2012, which was part of the legislative plan from the 2012 session, to restructure state government business operations. It was the intent of this budget reduction to make permanent changes to the management of agency programs and services.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	545,347	-	(11,865)	-	-	-	533,482	(3)	(3.00)
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	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 092 PERS Taxation Policy

Package Description This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(139,696)	-	(2,659)	-	-	-	(142,355)	-	-
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	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 093 Other PERS Adjustments

Package Description This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(1,116,241)	-	(21,246)	-	-	-	(1,137,487)	-	-
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	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 101 Service and Supplies True-up

Package Description This package converts Personal Services to Services and Supplies by eliminating 18 vacant positions (15.57 FTE). This policy package seeks to align the agency's budget with anticipated expenditures. Historically, the agency has used vacant positions, above normal attrition, to augment its Service and Supply budget and as such the approval of this package will not reduce or degrade the revenue generation capabilities of the agency.

The impact to this program reduced Personal Services by \$645,945 General Fund and \$10,978 Other Funds (six positions/6.00 FTE) and add \$137,288 General Fund to Services and Supplies.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(508,657)	-	(10,978)	-	-	-	(519,635)	(6)	(6.00)
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	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 813 Enhanced Tax and Receivables Enforcement

Package Description This package was added at the direction of the Co-Chairs of the Joint Committee on Ways and Means. The package adds resources to personal income tax enforcement and also includes collections for the new accounts created by additional enforcement.

The additional enforcement positions are designed to reduce underreporting by taxpayers through more audits and filing enforcement. The focus will be on cash based businesses, income that lacks third party documentation, and pass through entities (partnerships and S corporations) where complex transactions can hide income.

The accounts receivable actions will clean up the department's accounts receivable by having staff review accounts for write off, cancellation, and other associated actions as well as add more collectors to pursue the agency's delinquent accounts.

The impact to this program increases Personal Services by \$3.2 million General Fund and \$65,016 Other Funds (31 positions/31.00 FTE) and adds \$542,757 General Fund and \$11,077 Other Funds to Services and Supplies and Capital Outlay.

This package is assumed to generate an additional (gross) \$33.1 million in new General Fund, with \$13.6 million coming from enforcement activities and \$19.5 million from accounts receivable activities.

LFO Recommendation Approve the policy package.

Budget Notes The Department of Revenue shall submit a report to the Legislature during the 2014 session that describes the cause of non-compliance in the personal and corporation tax programs, including a discussion of tax gap estimates. The Department shall create a specific, systemic plan to reduce the tax gap including performance measures, benchmarks, and timelines, and report progress from this plan to the Legislature in 2015. Where possible, the Department shall incorporate the results of the work performed for the Enforcement Revenue Budget Note in 2011.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	3,728,542	-	76,093	-	-	-	3,804,635	31	31.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	20,264,750	-	13,663,728	-	-	-	33,928,478	225	220.91
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	20,264,750	-	13,663,728	-	-	-	33,928,478	225	220.91
2011-13 Leg Approved Budget (Base)	20,264,750	-	13,663,728	-	-	-	33,928,478	225	220.91
Summary of Base Adjustments	2,561,635	-	1,389,782	-	-	-	3,951,417	-	-
2013-15 Base Budget	22,826,385	-	15,053,510	-	-	-	37,879,895	225	220.91
010: Non-PICS Pers Svc/Vacancy Factor	222,823	-	19,993	-	-	-	242,816	-	-
030: Inflation & Price List Adjustments	198,099	-	75,000	-	-	-	273,099	-	-
2013-15 Current Service Level	23,247,307	-	15,148,503	-	-	-	38,395,810	225	220.91
080: E-Boards	(142,705)	-	(2,913)	-	-	-	(145,618)	(1)	(1.00)
Adjusted 2013-15 Current Service Level	23,104,602	-	15,145,590	-	-	-	38,250,192	224	219.91
Total LFO Recommended Packages	(761,958)	-	(407,800)	-	-	-	(1,169,758)	(4)	(4.00)
2013-15 Legislative Actions	22,342,644	-	14,737,790	-	-	-	37,080,434	220	215.91
Net change from 2011-13 Leg Approved Budget	2,077,894	-	1,074,062	-	-	-	3,151,956	(5)	(5.00)
Percent change from 2011-13 Leg Approved Budget	10.3%	0.0%	7.9%	0.0%	0.0%	0.0%	9.3%	(2.2%)	(2.3%)
Net change from 2013-15 Current Service Level	(761,958)	-	(407,800)	-	-	-	(1,169,758)	(4)	(4.00)
Percent change from 2013-15 Current Service Level	(3.3%)	0.0%	(2.7%)	0.0%	0.0%	0.0%	(3.1%)	(1.8%)	(1.8%)

	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 081 May 2012 E-Board

Package Description This package incorporates a decision made by the Emergency Board in May of 2012, which was part of the legislative plan from the 2012 session, to restructure state government business operations. It was the intent of this budget reduction to make permanent changes to the management of agency programs and services.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(142,705)	-	(2,913)	-	-	-	(145,618)	(1)	(1.00)
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	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 092 PERS Taxation Policy

Package Description This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(49,975)	-	(31,469)	-	-	-	(81,444)	-	-
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	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 093 Other PERS Adjustments

Package Description This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(399,327)	-	(251,449)	-	-	-	(650,776)	-	-
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	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 101 Service and Supplies True-up

Package Description This package converts Personal Services to Services and Supplies by eliminating 18 vacant positions (15.57 FTE). This policy package seeks to align the agency's budget with anticipated expenditures. Historically, the agency has used vacant positions, above normal attrition, to augment its Service and Supply budget and as such the approval of this package will not reduce or degrade the revenue generation capabilities of the agency.

The impact to this program reduced Personal Services by \$484,427 General Fund and \$133,232 Other Funds (four positions/4.00 FTE) and add \$171,771 General Fund and \$8,350 Other Funds to Services and Supplies.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	(312,656)	-	(124,882)	-	-	-	(437,538)	(4)	(4.00)
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	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 810 LFO Analyst Adjustments

Package Description

LFO Recommendation

Budget Notes The Department of Revenue shall report to the Legislature in 2014 on the use of private collection firms (PCF) including: age of accounts sent to PCF, amount of accounts turned over to the PCF (total and individual), time it takes PCF's to collect past due accounts, collection rate, and the amount and type of fees charged to clients.

LFO Recommended - - - - -

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	-	-	270,162	-	270,162	-	-
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	-	-	270,162	-	270,162	-	-
2011-13 Leg Approved Budget (Base)	-	-	-	-	270,162	-	270,162	-	-
Summary of Base Adjustments	-	-	-	-	6,484	-	6,484	-	-
2013-15 Base Budget	-	-	-	-	276,646	-	276,646	-	-
2013-15 Current Service Level	-	-	-	-	276,646	-	276,646	-	-
Adjusted 2013-15 Current Service Level	-	-	-	-	276,646	-	276,646	-	-
Total LFO Recommended Packages	-	-	276,646	-	(276,646)	-	-	-	-
2013-15 Legislative Actions	-	-	276,646	-	-	-	276,646	-	-
Net change from 2011-13 Leg Approved Budget	-	-	276,646	-	(270,162)	-	6,484	-	-
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	100.0%	0.0%	(100.0%)	0.0%	2.4%	0.0%	0.0%
Net change from 2013-15 Current Service Level	-	-	276,646	-	(276,646)	-	-	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	100.0%	0.0%	(100.0%)	0.0%	0.0%	0.0%	0.0%

	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 814 Nonlimited OF to Limited OF

Package Description This package converts \$276,646 of NonLimited Other Funds to limited Other Funds expenditure limitation. The agency's Multistate Tax Commission would become subject to expenditure limitation.

The justification for Nonlimited expenditure authority has become far more restricted given the Legislature's transition to annual Legislative sessions and thereby its ability to consider limitation increases during the course of the biennium.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013)

LFO Recommended	-	-	276,646	-	(276,646)	-	-	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	3,000,000	-	-	-	-	-	3,000,000	-	-
2011-13 Ebds, SS & Admin Act	2,600,000	-	-	-	-	-	2,600,000	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	5,600,000	-	-	-	-	-	5,600,000	-	-
2011-13 Leg Approved Budget (Base)	3,000,000	-	-	-	-	-	3,000,000	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
2013-15 Base Budget	3,000,000	-	-	-	-	-	3,000,000	-	-
030: Inflation & Price List Adjustments	72,000	-	-	-	-	-	72,000	-	-
2013-15 Current Service Level	3,072,000	-	-	-	-	-	3,072,000	-	-
080: E-Boards	2,600,000	-	-	-	-	-	2,600,000	-	-
Adjusted 2013-15 Current Service Level	5,672,000	-	-	-	-	-	5,672,000	-	-
Total LFO Recommended Packages	-	-	-	-	-	-	-	-	-
2013-15 Legislative Actions	5,672,000	-	-	-	-	-	5,672,000	-	-
Net change from 2011-13 Leg Approved Budget	72,000	-	-	-	-	-	72,000	-	-
Percent change from 2011-13 Leg Approved Budget	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%
Net change from 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	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 082 September 2012 E-Board

Package Description This package reflects the continuation of an Emergency Board decision in September of 2012 to provide the second year of funding in the amount of \$2.6 million for the Elderly Housing Assistance (ERA) and Non-profit Housing (NPH) programs. The funding is needed in order to make payments to individuals, local governments, and school districts for the 2014 property tax year.

LFO Recommendation Approve the policy package.

LFO Analyst Notes SB 5538 (2013); Also see package #082 under the General Services program.

LFO Recommended	2,600,000	-	-	-	-	-	2,600,000	-	-
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	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 104 ERA Transfer to OHCS

Package Description This package provides transfers the Elderly Rental Housing Assistance Program to the Housing and Community Services Department (HCSD) during the second year of the biennium (\$1 million). This policy package was approved in the Governor's budget even though HCSD only has a one-year budget. However, the proposed statutory language for this change was withdrawn from consideration by the Governor.

LFO Recommendation Deny policy package.

LFO Analyst Notes SB 5538 (2013); Also see package #104 under the General Services program.

LFO Recommended	-	-	-	-	-	-	-	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	-	-	-	-	-	-	-
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	-	-	-	-	-	-	-
Net change from 2011-13 Leg Approved Budget	-	-	-	-	-	-	-	-	-
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	-	-	-	-	-	-	-
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget (Base)	-	-	-	-	-	-	-	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
2013-15 Base Budget	-	-	-	-	-	-	-	-	-
2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Adjusted 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Total LFO Recommended Packages	-	-	-	-	-	-	-	-	-
2013-15 Legislative Actions	-	-	-	-	-	-	-	-	-
Net change from 2011-13 Leg Approved Budget	-	-	-	-	-	-	-	-	-
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net change from 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	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 811 Core System Replacement

Package Description This package was added at the direction of the Co-Chairs of the Joint Committee on Ways and Means as this project was not included in the Governor's budget. This package adds resources to begin the implementation of the replacement of the agency's core business information technology applications. The estimated one-time cost of implementation totals \$70.9 million and is scheduled to be fully completed by the 2017-19 biennia. The project will be funded with \$12.5 million of General Fund and \$58.3 million of Article Q bonds issued by the state. General Fund Debt Service repayment will total \$70.1 million. Ongoing costs are roughly estimated at 2-3 times the initial one-time costs.

This package establishes the Core System Replacement Program in the Oregon Budget Information Tracking System. For the 2013-15 biennium, The impact to this program increases Personal Services by \$7.2 million Other Funds (31 positions/31.00 FTE) and adds \$3.6 million General Fund and \$17.6 million Other Funds to Services and Supplies and \$1.7 million to Capital Outlay. General Fund Debt Service will total \$1.6 million for the 2013-15 biennium.

Final approval of this policy package is dependent upon SB 5506, the bonding measure, and HB 5008, the Emergency Fund measure.

LFO Recommendation Recommend to the Joint Committee on Ways and Means - Capital Construction Subcommittee that the Core System Replacement project be approved and that SB 5506, the bonding measure, include \$26.5 million in Article Q bonding for the Core System Replacement Project.

Additionally, the recommendation is that SB 5508, the Emergency Fund measure, include a \$3.6 million General Fund appropriation, Other Funds expenditure limitation of \$26.5 million, and authority for 31 positions (31.00 FTE) for the project.

LFO Analyst Notes SB 5538 (2013); Also see SB 5506 (Bonding measure) and HB 5008 (Emergency Fund).

<u>LFO Recommended</u>	-	-	-	-	-	-	-	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	-	-	-	-	-	-	-
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget (Base)	-	-	-	-	-	-	-	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
2013-15 Base Budget	-	-	-	-	-	-	-	-	-
2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Adjusted 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Total LFO Recommended Packages	-	-	-	-	-	-	-	-	-
2013-15 Legislative Actions	-	-	-	-	-	-	-	-	-
Net change from 2011-13 Leg Approved Budget	-	-	-	-	-	-	-	-	-
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net change from 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	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 812 Core System Replacement Debt Service

Package Description This package was added at the direction of the Co-Chairs of the Joint Committee on Ways and Means (JWM) as this project was not included in the Governor's budget. This package adds General Fund Debt Services and Other Funds expenditure limitation for bond financing costs required to fund the Core System Replacement Project added by the JWM Co-Chairs (see Policy Package #811).

This package establishes the Capital Debt Service and Related Costs in the Oregon Budget Information Tracking System. The Debt Service Program is to track payments on principal, interest, and financing costs associated with the issuance of Article Q bonds, which are tax exempt government securities.

This policy package provides for \$1,554,716 General Fund Debt Service and \$521,182 in Other COP Costs for the 2013-15 biennium. General Fund Debt Service for the 2015-17 biennium will total \$4.95 million.

Final approval of this policy package is dependent upon SB 5506, the bonding measure, and HB 5008, the Emergency Fund measure.

LFO Recommendation Recommend to the Joint Committee on Ways and Means - Capital Construction Subcommittee that the Core System Replacement project be approved and that \$1.6 million of General Fund Debt Service and \$521,182 Other Funds of financing costs be added to the agency's budget in HB 5008, the Emergency Fund measure, if SB 5506 is amended to include the bonding authority for the Core System Replacement project.

Budget Instructions

LFO Analyst Notes SB 5538 (2013); Also see SB 5506 (Bonding measure) and HB 5008 (Emergency Fund).

LFO Recommended - - - - -

Legislatively Proposed 2013-2015 Key Performance Measures

Agency: REVENUE, DEPARTMENT of

Mission: We make tax systems work to fund the public service that preserve and enhance the quality of life for all citizens.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
1 - Dollars Collected Per Revenue Agent Per Month (Personal Income Tax)		Approved KPM	114,141.00	125,000.00	128,750.00
2 - Percent of Property Taxes Collected.		Approved KPM	93.70	95.00	95.00
3 - Percent of Assessor's Maps Digitized in a GIS Format.		Approved KPM	75.00	90.00	95.00
5 - Personal Income Tax Nonfiler Assessments Issued Per Employee Per Month.		Approved KPM	60.00	55.00	55.00
6 - Personal Income Tax and Corporation Tax Cases Closed Per Revenue Agent Per Month.		Approved KPM	137.00	170.00	170.00
7 - Delinquent Returns Filed After Compliance Contact Per Filing Enforcement Employee Per Month.		Approved KPM	23.00	26.00	26.00
8 - Average Days to Process Personal Income Tax Refund.		Approved KPM	10.00	12.00	12.00
9 - Percent of Personal Income Tax Returns Filed Electronically		Approved KPM	78.60	80.00	82.00
10 - Employee Work Environment (based upon a scale of 1-6)		Approved KPM	4.15	5.00	5.00
11 - Employee Training Per Year (percent receiving 20 hours per year).		Approved KPM	27.40	60.00	60.00
12 - Customer Service: 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.	Accuracy	Approved KPM	95.10	98.00	98.00
12 - Customer Service: 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.	Availability of Information	Approved KPM	95.40	98.00	98.00

Agency: REVENUE, DEPARTMENT of

Mission: We make tax systems work to fund the public service that preserve and enhance the quality of life for all citizens.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
12 - Customer Service: 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 KPM	96.10	98.00	98.00
12 - Customer Service: 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.	Helpfulness	Approved KPM	97.40	98.00	98.00
12 - Customer Service: 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.	Overall	Approved KPM	97.00	98.00	98.00
12 - Customer Service: 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.	Timeliness	Approved KPM	95.90	98.00	98.00
13 - Effective Taxpayer Assistance: Provide the most effective taxpayer assistant services by a data-driven combination of direct assistance and electronic self-help services.		Approved KPM	50.96	56.00	56.00

LFO Recommendation:

The Legislative Fiscal Office recommends that the Subcommittee approve the Department of Revenue's key performance measures and targets.

Sub-Committee Action: