

**JOINT COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON PUBLIC SAFETY
Subcommittee Orientation Information**

INFORMATIONAL & PROCEDURAL ISSUES

Attendance

- Please be in attendance at the 3 p.m. starting time. If you are unable to attend a meeting, please notify the Ways and Means front desk at 986-1828.

Subcommittee Rules

- The Subcommittee will use the Joint Committee on Ways and Means rules (attached).
- Two Senate members and two House members are required to make a quorum and report legislation from the Subcommittee to the Joint Committee. Ways and Means Co-Chairs and Co-Vice chairs may also participate and vote when in attendance, as described in Rule 5.

Meeting Operations

- Subcommittee members, staff, presenters and audience members should turn off audible pagers, cell phones or other electronic devices.
- The microphones in this room are very sensitive, and may pick up side conversations.
- Most votes will be on a voice vote only with the chair calling for any objections. If a roll call is needed, the roll will be called by the Subcommittee Assistant.

Agendas

- Meeting Notice is required 72 hours before the first public hearing on a bill and 48 hours for subsequent public hearings and work sessions.
- Bills can be carried over to the next day in cases where the work is not completed if the Subcommittee co-chair announces that the bill will be carried over and it is carried over for the same purpose as originally scheduled (e.g., public hearing must be carried over as a public hearing).

BUDGET HEARINGS AND WORK SESSION PROCESS

Agency Budgets

- An overview of Oregon's budget process is available at the following link:
http://www.leg.state.or.us/comm/lfo/2012_MainPage/LFOBudgetBasics.pdf
- During an agency's budget hearings, the Subcommittee will review agency performance measures, program priorities, and program reductions or alternatives. There will be time scheduled for public testimony on each agency. Work sessions will be scheduled with the approval of the Ways and Means Co-Chairs.
- The following outlines the tentative order of agency budget hearings beginning on February 11th:
 - Department of Corrections
 - Oregon Youth Authority
 - Department of Justice
 - District Attorneys and their Deputies
 - Board of Parole and Post-Prison Supervision

- Department of Public Safety Standards and Training
 - Oregon State Police
 - Criminal Justice Commission
 - Oregon Judicial Department
 - Public Defense Services Commission
 - Commission on Judicial Fitness and Disability
 - Oregon Military Department
- The Subcommittee will use work sessions to review and act on budget issues, performance measures, and prioritized program lists. LFO will provide a summary memo and work session forms to Subcommittee members in advance of the work session. Based on the Subcommittee's action, staff will develop proposed amendments to the budget bill. A budget report is prepared to document the Subcommittee's recommendations.
 - Budget notes may be included in the budget report if essential to clarify or expand upon administrative requirements which are directly related to the execution of budgets during the fiscal period covered by the appropriation and expenditure limitation. Proposed budget notes should be channeled through the Subcommittee co-chairs and must be approved by the Ways and Means Co-Chairs.
 - The Subcommittee co-chairs will assign members to carry the Subcommittee's recommendations to the Joint Committee on Ways and Means and to the floor of each chamber. Carriers must be members of the Full Committee. LFO will prepare a summary "pony" of the budget bill for carriers for the Full Committee and for each chamber. LFO will be at the side aisle to provide staff support for floor discussions.

OTHER SUBCOMMITTEE WORK

- The Subcommittee will also deal with:
 - Budget-related fee bills
 - Federal grant application requests
 - Agency reports
 - Substantive legislation with fiscal impact, as assigned by the Co-Chairs

**Joint Committee on Ways and Means
2013 Subcommittee Assignments**

PUBLIC SAFETY

3:00 – 4:30 p.m.
Monday-Thursday
Hearing Room H-170

Sen. Winters, Co-Chair
Sen. Devlin
Sen. Whitsett

Rep. Williamson, Co-Chair
Rep. Barker
Rep. Hanna

Bill No.	Agency	LFO Analyst
HB 5005	Corrections, Department of	Brown
HB 5007	Criminal Justice Commission	Brown
SB 5517	District Attorneys and Their Deputies	Brown
HB 5016	Judicial Department	Bender
HB 5017	Judicial Fitness and Disability, Commission on	Bender
HB 5018	Justice, Department of	Brown
SB 5534	Military Department	Borden
HB 5035	Parole and Post-Prison Supervision, Board of	Brown
HB 5038	Police, Department of State	Brown
HB 5041	Public Defense Services Commission	Bender
HB 5042	Public Safety Standards and Training, Department of	Brown
HB 5050	Youth Authority, Oregon	Gilbert

Public Safety Program Area

Agencies work to insure the safety of Oregonians through law enforcement, prosecution services and support, incarceration, and treatment related services. They also support services in response to natural disasters, homeland security, victims' assistance, resolution of civil matters, and training.

PUBLIC SAFETY (Millions of Dollars)	2009-11 Actuals		2011-13 Leg. Approved		2013-15 Current Service Level		2013-15 Co-Chairs' Budget (1.0)		% Change 2011-13 LAB to 2013-15 CSL	
	GF/LF	TF	GF/LF	TF	GF/LF	TF	GF/LF	TF	GF/LF	TF
Corrections, Dept of	\$1,206.1	\$1,603.5	\$1,362.8	\$1,597.1	\$1,536.7	\$1,578.7	\$0.0	\$0.0	12.8%	-1.2%
Criminal Justice Commission	\$4.9	\$15.2	\$4.8	\$24.6	\$4.8	\$24.9	\$0.0	\$0.0	0.2%	1.3%
District Attorneys and Their Deputies	\$10.4	\$10.4	\$10.3	\$10.3	\$10.7	\$10.7	\$0.0	\$0.0	3.4%	3.4%
Justice, Dept of	\$51.8	\$393.3	\$59.0	\$419.4	\$61.1	\$436.5	\$0.0	\$0.0	3.5%	4.1%
Military Department	\$22.9	\$319.7	\$28.6	\$456.3	\$25.2	\$325.4	\$0.0	\$0.0	-11.7%	-28.7%
Oregon Youth Authority	\$251.2	\$290.5	\$256.1	\$300.3	\$277.3	\$328.2	\$0.0	\$0.0	8.3%	9.3%
Parole & Post Prison Supervision, Bd. of	\$3.7	\$3.7	\$3.6	\$3.7	\$4.0	\$4.0	\$0.0	\$0.0	10.5%	10.5%
Police, Dept of State*	\$222.8	\$313.0	\$228.6	\$332.1	\$246.5	\$349.5	\$0.0	\$0.0	7.8%	5.2%
Public Safety Standards & Training, Dept of	\$11.4	\$42.5	\$11.3	\$70.8	\$10.1	\$44.8	\$0.0	\$0.0	-10.2%	-36.8%
PUBLIC SAFETY TOTAL	\$1,785.2	\$2,991.8	\$1,965.1	\$3,214.6	\$2,176.5	\$3,102.6	\$0.0	\$0.0	10.8%	-3.5%
Percent of State Budget	13.2%	5.2%	13.3%	5.3%	12.7%	5.4%	0.0%	0.0%		
State Government Employment	Positions	FTE	Positions	FTE	Positions	FTE	Positions	FTE	Positions	FTE
	9,215	8,967.78	8,881	8,531.46	8,926	8,668.01	0	0.00	0.5%	1.6%

Major Revenues	Budget Environment	Comparison by Fund Type																
<ul style="list-style-type: none"> Lottery Funds (M76) - \$7.6 million supports OSP F&W. This is the only Lottery Funds directly budgeted in this program area. AG Billable Rate - \$174 million Other Funds Criminal Fines Account - \$23.2 million DPSST & \$16.7 million DOJ ODF&W Fee support - \$24 million for OSP enforcement Fire Insurance Premium Tax - \$15.9 million, plus \$2.7 million in proposed fee increase 9-1-1 Emergency Communication Tax - \$82 million \$474M Federal Funds supports: \$270.6 million - Military Department; \$128.8 million - DOJ child support, crime victims, & Medicaid fraud programs; and \$36.9 million - OYA from Title XIX Medicaid 	<ul style="list-style-type: none"> Incarceration and supervision costs represent the largest share of this program's expenditures including a \$67.4 million General Fund increase in mandated caseload for DOC and OYA at CSL. This amount is revised to \$47.7 million based on the October 2012 population forecast. Pending the work from the Commission on Public Safety, the Governor's budget assumed that the prison population would be held flat, and investments would be needed in Community Corrections. The final report from the Governor's Commission on Public Safety and an Alternative Report to the Commission were issued on December 17, 2012. http://www.oregon.gov/CJC/Pages/2012ComPubSaf.aspx 	<table border="1"> <caption>PUBLIC SAFETY - Funding by Fund Type (Millions of Dollars)</caption> <thead> <tr> <th>Year</th> <th>General Fund/Lottery</th> <th>Other Funds</th> <th>Federal Funds</th> </tr> </thead> <tbody> <tr> <td>2009-11</td> <td>\$1,785</td> <td>\$721</td> <td>\$485</td> </tr> <tr> <td>2011-13</td> <td>\$1,965</td> <td>\$762</td> <td>\$488</td> </tr> <tr> <td>2013-15 CSL</td> <td>\$2,176</td> <td>\$454</td> <td>\$473</td> </tr> </tbody> </table>	Year	General Fund/Lottery	Other Funds	Federal Funds	2009-11	\$1,785	\$721	\$485	2011-13	\$1,965	\$762	\$488	2013-15 CSL	\$2,176	\$454	\$473
Year	General Fund/Lottery	Other Funds	Federal Funds															
2009-11	\$1,785	\$721	\$485															
2011-13	\$1,965	\$762	\$488															
2013-15 CSL	\$2,176	\$454	\$473															

MAJOR CHALLENGES AND DECISION POINTSBonding/Capital Financing

1. The State Radio Project (SRP) project budget is \$155.5 million, which is replacing aging public safety communications systems statewide. Efforts to complete the project extend into 2013-2015 and include completing microwave modernization, trunked radio repeater installations, and final site work for narrow banding and microwave components.

Oregon State Police is a partner in this project and plans to transfer operating staff officially to the Department of Transportation (ODOT) during the 2013-15 biennium. A funding allocation model has not been finalized for this project.

ODOT will request \$39.9 million bond funding in 2013-15. Debt Service is half General Fund and half highway funds. Total project expenses will be higher than originally estimated. ODOT is evaluating project scope, timing, and resource options and will likely make an additional resource request of up to \$25 million.

2. Based on the corrections population forecast, DOC estimates the need to complete a new 532-bed minimum-prison in Junction City (co-located with the OHA hospital facility) at an estimated cost of \$89.2 million. Depending on the outcome of correctional reform discussions, this need may need to be revisited.
3. DOC estimates deferred maintenance needs totaling \$58.9 million for its 14 institutions. In 2007, the agency received \$21.6 million and has completed those projects. The 2013-15 request totals \$47.9 million. *The Governor's budget includes approximately \$5 million in debt financed, deferred maintenance projects.*
4. OYA estimates deferred maintenance needs totaling \$22 million for its 103 facilities. The 2007 Legislature authorized about \$8 million in certificates of participation for the same purpose. The agency is requesting additional borrowing. *The Governor's budget includes approximately \$5 million in debt financed projects.*

5. DOJ is requesting funding to replace the Child Support Enforcement Automated System that is antiquated and lacks what they believe is critical functionality. The total project is estimated at \$151 million with 66% supported by federal funds. The 2013-15 request is \$14.1 million General Fund or bonding, with an additional \$37.2 million in future biennia. *The Governor's budget includes debt financing for this project.*
6. The Military Department's Seismic Rehabilitation Grant Program is responsible for seismic rehabilitation of public education and emergency services buildings. The Oregon Constitution authorizes the issuance of Article XI-M (education) and XI-N (emergency services) bonds. A total of \$30M of these bonds has been issued, beginning with the 2009-11 biennium. The Military Department receives General Fund Debt Service to repay bondholders. The Governor's budget adds \$15 million of education and \$15 million of emergency services bonding authority with approximately \$14.5 million of expenditure limitation (2 positions/2.00 FTE). However, the Governor's budget then transfers the entire program, including existing debt service, to the Oregon Business Development Department.
7. The Military Department has a long-run renovation plan to extend the useful life of approximately 22 existing armories, which are more cost effective to renovate rather than replace. Improvements generally relate to electrical, mechanical, and structural issues. The Legislature has previously authorized the issuance of certificates of participation to fund service life extensions at select armories. For the 2013-15 biennium, the Department is seeking \$7.5 million in new bonding authority for three armories (Portland, Grants Pass and Roseburg). *The Governor' includes this request.*

MAJOR CHALLENGES AND DECISION POINTS (continued)Tax and Fee Proposals

8. * The 9-1-1 emergency communication tax (\$0.75) will sunset on December 31, 2013. The reauthorization of the tax will need to be considered and may include the tax rate, expansion of the tax to include prepaid cellular devices, the transition to Next Generation technology, and a plan to consolidate local public safety answering points. The estimated fiscal impact is \$80 to \$100M for the biennium. *The Governor's budget includes the continuation of the \$0.75 tax.*
9. Assistant Attorney General billing is based on \$167/hour in the current service level budget. This reflects a \$24/hour (17%) increase over the 2011-13 biennium.
10. The Fire Insurance Premium Tax is proposed to increase to 1.15% from 1%, generating an additional \$2.7 million. Without the increase, service reductions would be needed in State Fire Marshal fire prevention services, DPSST training, and/or OSP arson investigations. The Governor's budget includes this tax increase.
11. The Petroleum Load Fee is proposed to increase from \$4/load (typically 9,000 gallons), to \$6/load on 7/1/2013; to \$7/load on 7/1/2014; and \$8/load on 7/1/2015. Increases are expected to generate \$1.3 million in 2013-15 and \$2.2 million in 2015-17. Without the increase, the State Fire Marshal anticipates reducing up to eight of the 13 emergency response teams. *The Governor's budget includes the fee increases.*
12. The Hazardous Substance Possession Fees are proposed to increase on a weighted average by \$52/facility plus annual adjustments of 6% through July 2016. The new fee schedule is expected to generate an additional \$1.1 million in 2013-15 and \$1.5 million in 2015-17. Without the new fee schedule, the State Fire Marshal anticipates reducing support the Community Right-to-Know Program. The proposed fee schedule does not impact the fees assessed by DEQ for

Toxic Use Reduction and Orphan Site accounts. *The Governor's budget includes the fee increases.*

Corrections & Oregon Youth Authority

13. DOC rebalance for 2011-13 – The agency submitted, and later withdrew, a rebalance plan to the Emergency Board to address three key areas. First is the on-going discussion with the Legislature concerning budget balancing efforts to address the \$48.8 million General Fund “hole” included in the 2011-13 legislatively adopted budget plus DOC's share (\$7.9 million) of the budget balancing efforts from the 2012 session; second is acknowledging an internal reorganization implemented by the new director effective April 2012; and finally, addressing increases to Other Funds and Federal Funds expenditure limitations for Community Corrections and other technical adjustments. The General Fund backfill request totaled \$2.9 million, but will need to be updated during session. As of November 2012, DOC estimates reflect a minimal surplus, so additional funding may not be needed.
14. Based on the corrections population forecast, DOC anticipates opening four new permanent units at Deer Ridge Correctional Institution along with 100 permanent beds at Shutter Creek and additional temporary and emergency beds at Warner Creek, Two Rivers, Powder River, and Coffee Creek at a total cost of \$34.2 million.
15. Based on the April 2012 corrections population forecast, DOC anticipates the felony probation and parole/post-prison supervision caseload to total 34,871 by the end of the 2013-15 biennium, resulting in a mandated caseload increase of \$21.3 million (revised to \$10.9 million based on October 2012 forecast). Further, DOC is required, under ORS 423.486, to complete a cost study for community corrections every six years. Preliminary information from the 2012 study estimates increased costs of \$31.1 million (amount has been

MAJOR CHALLENGES AND DECISION POINTS (continued)

revised to 27.46 million). *The Governor's budget did not fund the results from the cost study nor mandated caseload. However, his budget does include a placeholder for community correction investments in anticipation of the work from the Commission on Public Safety.*

16. While the Prison Rape elimination Act (PREA) was authorized in 2003, the U.S. DOJ has released implementation rules in 2012 which apply to public and private institutions that house adult or juvenile offenders. Both DOC and OYA have submitted policy packages to address requirements for safety, facility oversight, training, and audits. *The Governor's budget did not provide funding for PREA, but he has directed the agencies to develop compliance plans. Funding may need to be addressed once those plans are available.*
17. Among youth offenders in OYA facilities (2012), 77% will have mental health disorders; 43% will have co-occurring substance abuse and mental health disorders. The belief is that treating the disorder should help drive a lower recidivism rate. OYA is requesting one part-time Clinical Psychologist to meet assessment and care standards in two facilities. The Governor's budget does not include this request.

Department of Justice

18. Defense of criminal conviction mandated caseload is projected to total 3,207 non-capital cases, or an increase of \$2 million. Updates will be needed on total number of cases pending as well as any changes to the AAG hourly rate (projection based on \$167/hour). The Governor's budget includes this funding.
19. DOJ and DHS are forming a work group with local partners to discuss improvements to juvenile dependency proceedings. Key issues include limited or declining district attorney resources to address consistent processes, and the need for legal representation or support for case workers. No financial estimate at this time.

Foreclosure Avoidance Mediation Program authorized by SB 1552 (2011) - DOJ received \$1.8 million General Fund for start-up costs. However, case volume has not materialized at the original projected levels. Participation from the banking industry has been limited.

Oregon State Police

20. OSP anticipates needing to recruit and train 70 new troopers during 2013-15 to cover attrition. The agency is requesting an additional 49 troopers to move towards the goal of 24/7 statewide coverage. The request would phase in the positions across the biennium for a total of \$7.4 million in 2013-15 and \$14.9 million in 2015-17 with full implementation. *The Governor's budget does not include this request.*

Criminal Justice Commission

21. The Criminal Justice Commission current service level budget is overstated by \$12.7 million Federal Funds which previously supported grants for drug courts. The balance of \$13.5 million in ARRA funding must be spent by July 2013. CJC estimates \$8.9 million General Fund would be needed to continue the 27 drug court operations. The Governor's budget includes this funding

Military Department

22. The Military Department will likely require funding related to the Japanese Tsunami marine debris cleanup efforts. The Department estimates the budget impact to be \$20,000. The total impact across all state agencies is currently estimated at \$1.2 million, but could increase depending upon the amount of debris reaching Oregon's coast. This request was not included in the Governor's budget.

* See attachment for additional information on this item.

	2007-09 Actual	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Governor's Budget
	\$	\$	\$	\$	\$
PUBLIC SAFETY					
Corrections, Dept of					
General Fund	1,258,729,939	1,206,075,833	1,362,844,564	1,536,727,437	1,485,510,100
Other Funds	82,826,944	72,089,447	31,298,404	33,936,401	38,767,828
Other Funds Nonlimited	-	213,420,172	193,906,622	-	-
Federal Funds	17,625,085	111,346,702	7,816,182	6,761,556	6,761,556
Federal Funds Nonlimited	-	598,088	1,262,826	1,262,826	1,262,826
Total Expenditures	1,359,181,968	1,603,530,242	1,597,128,598	1,578,688,220	1,532,302,310
Criminal Justice Commission					
General Fund	6,287,416	4,945,096	4,761,327	4,771,471	13,668,122
Other Funds	67,003	185,220	299,950	283,422	283,422
Federal Funds	178,872	10,110,865	19,499,190	19,823,048	7,135,887
Total Expenditures	6,533,291	15,241,181	24,560,467	24,877,941	21,087,431
District Attorneys and Their Deputies					
General Fund	10,481,366	10,381,113	10,339,261	10,694,849	10,439,473
Justice, Dept of					
General Fund	49,089,856	51,826,581	59,016,098	61,103,471	64,428,072
Other Funds	212,129,591	215,839,684	227,269,372	238,339,853	265,734,530
Other Funds Nonlimited	6,174,218	6,755,838	10,622,670	8,790,380	8,790,380
Federal Funds	96,755,005	103,125,708	107,173,021	112,967,948	139,626,602
Federal Funds Nonlimited	15,083,540	15,714,157	15,285,103	15,281,798	15,281,798
Total Expenditures	379,232,210	393,261,968	419,366,264	436,483,450	493,861,382
Military Department					
General Fund	24,068,731	22,898,158	28,582,492	25,228,745	21,209,237
Other Funds	126,912,134	87,693,107	130,697,308	29,861,062	101,303,932
Other Funds Nonlimited	-	1,172,023	1,072,370	-	-
Federal Funds	274,234,096	207,961,728	295,951,938	270,300,364	280,784,135
Federal Funds Nonlimited	-	-	-	-	-
Total Expenditures	425,214,961	319,725,016	456,304,108	325,390,171	403,297,304
Oregon Youth Authority					
General Fund	249,785,623	251,231,118	256,050,831	277,323,757	272,802,423
Other Funds	28,127,294	10,625,938	13,173,713	14,008,787	19,120,131
Federal Funds	26,415,309	28,624,903	31,107,231	36,887,629	36,702,390
Federal Funds Nonlimited	-	-	1	1	1
Total Expenditures	304,328,226	290,481,959	300,331,776	328,220,174	328,624,945
Parole & Post Prison Supervision, Bd. of					
General Fund	3,896,669	3,695,294	3,641,093	4,023,123	3,964,912
Other Funds	1,424	6,280	10,289	10,536	10,536
Total Expenditures	3,898,093	3,701,574	3,651,382	4,033,659	3,975,448
Police, Dept of State*					
General Fund	215,083,395	216,286,946	221,721,695	238,950,711	238,147,884
Lottery Funds	6,669,667	6,511,667	6,855,630	7,525,757	4,924,882
Other Funds	153,784,453	82,597,416	93,876,661	93,688,910	91,310,297
Federal Funds	18,649,062	7,627,721	9,644,097	9,285,514	9,158,454
Total Expenditures	394,186,577	313,023,750	332,098,083	349,450,892	343,541,517

	2007-09 Actual	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Governor's Budget
	\$	\$	\$	\$	\$
Public Safety Standards & Training, Dept of					
General Fund	10,979,575	11,360,288	11,283,810	10,136,429	10,136,429
Other Funds	36,677,979	31,047,286	32,962,299	34,590,446	33,566,260
Other Funds Nonlimited	-	-	26,480,955	-	-
Federal Funds	54,635	52,524	107,513	58,893	58,893
Total Expenditures	47,712,189	42,460,098	70,834,577	44,785,768	43,761,582

PUBLIC SAFETY PROGRAM AREA					
General Fund	1,828,402,570	1,778,700,427	1,958,241,171	2,168,959,993	2,120,306,652
Lottery Funds	6,669,667	6,511,667	6,855,630	7,525,757	4,924,882
Other Funds	640,526,822	500,084,378	529,587,996	444,719,417	550,096,936
Other Funds Nonlimited	6,174,218	221,348,033	232,082,617	8,790,380	8,790,380
Federal Funds	433,912,064	468,850,151	471,299,172	456,084,952	480,227,917
Federal Funds Nonlimited	15,083,540	16,312,245	16,547,930	16,544,625	16,544,625
Total	2,930,768,881	2,991,806,901	3,214,614,516	3,102,625,124	3,180,891,392

* The OWIN Project was transferred from OSP to ODOT during the Feb. 2010 special session; no budget changes are included in this table

**STATE OF OREGON
LEGISLATIVE FISCAL OFFICE**

900 COURT STREET NE
STATE CAPITOL, ROOM H-178
SALEM OR 97301-4048
PHONE 503-986-1828
FAX 503-373-7807



KEN ROCCO
LEGISLATIVE FISCAL OFFICER

DARON HILL
DEPUTY LEGISLATIVE FISCAL OFFICER

Date: November 16, 2012
To: Agency Heads and Budget Officers
From: Ken Rocco, Legislative Fiscal Office
Subject: Presentation Guidelines for Ways and Means Subcommittees (2013 Session)

The following information outlines general presentation guidelines for the Joint Committee on Ways and Means Subcommittees (2013). The format has been modified somewhat from prior sessions, but will, in part, draw on the work you have already completed as part of the Governor's 10-year planning process. Agencies are expected to follow the presentation outline. This will help provide a consistent delivery of agency information with respect to budget requests.

We are anticipating the Ways and Means schedule to be divided into three phases with all agencies participating in phases one and three, and holding the second phase by invitation of the Co-Chairs and Subcommittee on specific topics. The first phase will focus on why the agency exists, how the agency has been performing, how the agency uses its budget, and what outcomes can be expected from its budget request. This phase will also include public testimony and a presentation from the DAS' Budget and Management Division and/or the Governor's policy advisor(s) concerning the Governor's budget.

The order in which specific agencies will present to the Subcommittee has not yet been determined. However, each agency should prepare as if they will be scheduled early in session and have its presentation materials ready by mid-February 2013. The completed, *electronic presentation document* will be shared in advance with Subcommittee members to facilitate the public hearing process. A tentative hearing schedule will be provided as soon as possible after the Legislature organizes for the 2013 legislative session.

In addition to agency-specific presentations, Legislative Fiscal Office (LFO) analysts are developing a list of high-level, topical presentation concepts that may be instructive for Subcommittee members. Agencies will be contacted by mid-January 2013 if they need to be involved in these presentations as part of Phase 2. Not all agencies will be included, depending on the specific budget issues to be addressed. Please also note that additional budget-related information may be requested once the Ways and Means Co-Chairs are appointed and the Committee is formed.

Further, agencies will be expected to provide an update of Other Funds ending balances. The form, which is attached, should reflect the effect of the Governor's proposed budget. Forms are due by January 18, 2013.

Please contact your LFO analyst with any questions on the Ways and Means presentation guidelines.

Ways and Means Presentation Guidelines

A. General Principles and Guidelines

- Presentations should have general consistency in content and format, but agencies will be allowed to tailor presentations to best present information to the Subcommittee on their programs. The order and content may be different for large multi-program agencies than for small agencies.
- Agencies should present information relating to short term and long term goals and desired program outcomes before presenting detailed budget information. Agencies should describe how the agency mission and programs will achieve the desired outcomes and how the proposed budget supports those outcomes. The goal is to have legislators understand the agency and its programs before being presented with budget details.
- Agencies should work with LFO analysts in preparing their presentation, especially to confirm major budget drivers, environmental factors, budgetary issues, and recent program changes. Completed, electronic copies must be available to the LFO analyst at least one week prior to presentation.
- Presentation materials must concentrate on the most important information. Supporting materials should be placed in appendices and can be referred to during the presentations. It is important to note that different Subcommittee Chairs may require greater or lesser detail during public hearings, and may not want to cover all presentation material during Subcommittee time.
- LFO's role is to set the stage for the budget presentation, point out important policy and budget issues, make budget recommendations, and lead the work session. DAS' role is to briefly convey the rationale behind the Governor's decisions regarding an agency's budget, which may include identifying important issues and outlining major budget and policy issues that led to the Governor's decisions.
- The Legislative Branch continues its efforts to move to a paperless Committee process. Agency presentation materials are to be submitted to LFO in an electronic format with the exception of the submittal of two hard copies in binders to LFO.

B. Phase 1: (Approximately early-February through late-March to early-April; timing depends on Subcommittee schedules and needs)

- **LFO Staff**
 - i. Work with Subcommittee chair(s) on what specific information to present, and tailor presentations to Subcommittee membership needs.
 - ii. Describe to the Subcommittee what to look for in terms of major policy and budget issues.
 - iii. Briefly describe significant budget note reports, Emergency Board actions, and audit findings. Specifically address those important issues the agency might not bring up.
 - iv. Present very high level budget information such as revenue sources and how funds are spent.

- v. Attach the LFO analysis of current budget issues for the agency and other useful documentation to the presentation.

- **Agency Presentation**

- i. In presenting budget information, the agency should focus on the agency's short and long term goals and the desired program outcomes to achieve those goals as defined in the Governor's recommended budget. The agency should: 1) describe their programs and how those programs achieve desired program outcomes; 2) explain the programs' importance and significance in achieving outcomes; and 3) describe how the agency manages the programs to achieve the desired outcomes from the agency's short and long term goals. The goal is for a concise presentation that makes complex facts and issues easy to understand. Discussion of specific policy packages should be kept to a very high level, as they will be addressed in Phase 2.
- ii. The agency presentation should include the following information. Agencies have the flexibility to tailor the presentation to best present program and budget information as well as educate and assist Subcommittee members in making decisions. For larger agencies, the content and general order should be presented for the entire agency, and next for each major division or program area. For smaller agencies, the entire agency may be covered at the summary level.
 1. Describe the agency's mission, goals, and historical perspective.
 2. Summarize programs and target groups.
 3. Provide agency organization (i.e., organizational chart) and describe how programs are delivered.
 4. Provide an overview of performance measures and other agency outcome measures. The agency should explain how performance measures and other outcome measures are used as part of their management and budget development. The agency should describe progress being made toward achieving performance measure targets. A copy of the Annual Performance Progress Report should be included as an appendix. An agency may wish to use portions of this progress report as part of the presentation.
 5. Provide perspective on major budget drivers and environmental factors (for larger agencies, present specific detail in program discussion).
 6. Describe the major changes to the agency in the past 10 years, including program changes, new programs, and budget cuts. Concentrate on the last three to four years, including budget reductions recently taken (2009-11 and 2011-13). Include the impact of these reductions and new programs on clients and program delivery.
 7. Describe the specific actions the agency has taken in the past, and is currently taking, to contain costs and to improve program delivery. Include options for realigning/consolidating programs with other agencies and any efforts taken to reduce duplication

with other agencies and programs. Describe what additional actions the agency could do and is planning to do, including discussion of statutory changes, agency rule changes, and investments that would lead to greater program efficiency and effectiveness. Data should be included to support these actions, including the amount of any estimated savings.

8. Detail major budgetary issues, including caseloads, fees, construction, and major cost increases unique to the agency. Identify any proposed changes in revenue sources or fees. This should contain discussions of past spending history and, where appropriate, future spending potential for programs.
 9. If applicable, describe the specific actions the agency has taken to comply with the requirements of HB 2020 (2011) and HB 4131 (2012) regarding the ratio of employees to supervisory employees in the agency.
 10. If applicable, describe the results of all audits on the agency conducted by the Secretary of State under ORS 297.070 and provide the report required under HB 3291 (2011) describing changes the agency has made, or is making, to implement the audit recommendations.
 11. Provide (in the appendix) a listing of all position reclassifications completed during the 2011-13 biennium including the position classifications involved and the change in salary associated with the reclassification and provide a listing by classification of all new hires made during the 2011-13 biennium including the salary step the position was hired at along with justification for any position hired above salary step 2.
 12. Provide a summary of proposed legislation affecting agency operations, the status of this legislation, and the effect on the budget.
 13. Provide a summary of all proposed information technology and capital construction projects.
 14. Update, as needed, the Phase 2 buy sheets from the Governor's 10-year planning process. In particular, remove the "Program Funding Request" section from the forms and update the section on "Significant Proposed Program Changes from 2011-13" to reflect the most recent information. Forms should be submitted as an appendix to be used as background material for the Subcommittee and should be arranged in the order the programs will be presented regardless of Outcome Area.
- **Budget and Management (BAM) Staff and/or Governor's Policy Advisor (presented at the conclusion of the agency presentation)**
 - i. Overall role is to briefly provide context for how and why the Governor determined his budget for the agency and how the agency budget fits into the Governor's current long term plan and overall larger budget picture.
 - ii. Include a brief description of the major components of the agency budget and the major policy issues specifically addressed by the

- Governor's budget. Include any alternatives that were considered for major budget decisions.
- iii. For small agencies/boards/commissions, the presentation should remain at a higher level. The presentation should only cover the major issues facing the agency/board/ commission and how those issues are addressed in the Governor's budget.
 - iv. The BAM analyst should describe the policy rationale on how the Governor arrived at the budget for this agency. The Governor's policy advisors may be requested to participate in this part of the presentation for larger agencies.
 - v. Presentations should include only high level policy and contextual information relevant to how the Governor's budget was crafted. *Specific budget package information is to be presented by the agency during Phase 2.*

C. Phase 2: (approximately late-March/early-April through early May)

- The goal of this portion of the presentation is to set the stage for the work session and to remind the Subcommittee of the major budget issues and decisions that need to be made regarding the agency's budget. Some agencies may not participate in this phase if the Co-Chairs and Subcommittee have sufficient information to move to work session.
- Review the budget detail, including descriptions of essential and policy option packages. Limit the discussion of essential packages to those changes that are unique to the agency (e.g., caseload increases or specific price increases).
- If applicable, review the list of high-level, topical presentations developed in conjunction with LFO analysts describing major budget drivers, environmental factors, budgetary issues, and recent program changes.
- Review the Other Fund balances, including the agency's rationale for the minimum ending balance amount the agency requires. The ending balance form should be submitted to the LFO analyst by January 18, and included in an appendix.
- The agency should also discuss their latest quarterly long-term vacancy report data, and 10% reduction options.

D. Phase 3: (may begin as early as mid-April for some agencies)

- This is the work session phase. LFO will present recommendations for Subcommittee action.
- The Subcommittee could also consider fee bills or substantive bills.

E. Other Issues

- Responses to questions by Subcommittee members should be submitted to LFO for distribution within two working days unless specifically granted an extension.
- Agency presentations should be given by agency directors and program area managers. Although agency directors have flexibility to determine which staff

should attend, generally only those staff with expertise on the programs, and who are required for responses to questions during the presentation, should be present.

- Subcommittee presentations should build in sufficient time at the end of the presentation to allow for a "Question and Answer" period with Subcommittee members.

LEGISLATIVE FISCAL OFFICE

900 COURT ST. NE, RM. H-178
SALEM, OR 97301
(503) 986-1828
FAX (503) 373-7807

KEN ROCCO, LEGISLATIVE FISCAL OFFICER
DARON HILL, DEPUTY FISCAL OFFICER



JOINT COMMITTEE ON WAYS AND MEANS

SEN. RICHARD DEVLIN, SENATE CO-CHAIR
REP. PETER BUCKLEY, HOUSE CO-CHAIR

SEN. BETSY JOHNSON, SENATE CO-VICE CHAIR
REP. NANCY NATHANSON, HOUSE CO-VICE CHAIR
REP. DENNIS RICHARDSON, HOUSE CO-VICE CHAIR

To: Agency Heads and Agency Budget Managers

From: Ken Rocco, Legislative Fiscal Office

Date: January 22, 2013

Subject: Federal Grant Applications and Agency Reports

The following is the process that will be used to deal with agency grant requests and other Emergency Board type issues (reports) during the 2013 regular legislative session.

- Submit an official agency request letter along with the grant application or other supporting materials to the Chief Financial Office (CFO) of the Department of Administrative Services and to the Legislative Fiscal Office (LFO) in an e-mail.
- As required during the interim for 10-day notification letters, send this material in electronic form to George Naughton at CFO and Ken Rocco at LFO with a copy sent to your assigned CFO and LFO analysts; no additional hard copies will be required.
- The letter should be addressed to the Co-Chairs of the Joint Committee on Ways and Means, Senator Richard Devlin and Representative Peter Buckley.
- Once an official agency request letter is received, CFO and LFO staff will review the request; LFO staff will prepare a brief analysis and recommendation for the co-chairs of the Joint Committee on Ways and Means.
- The co-chairs will review the recommendation and request and, if approved, will authorize the appropriate subcommittee to schedule the item.
- LFO staff will work with the subcommittee chair to schedule a hearing and work session on the item.
- The request will be handled in subcommittee with a presentation of the item by the agency, followed by analyses and recommendations by the CFO analyst and the LFO analyst (the same process used during the interim for Emergency Board action).
- The subcommittee will make a recommendation to the Full Committee.
- The item will appear on the next possible Full Committee agenda with the subcommittee's recommendation.
- If the item is a grant request, it needs the Full Committee's approval and can then be submitted to the federal agency (with the timing exception discussed below).
- If the item is a report, it is acknowledged by the Full Committee.

Agencies will be expected to submit federal grant request letters to the co-chairs with adequate time to meet federal grant submittal deadlines (i.e., there is no excuse for retroactive approval requests

since the Legislature is in session). However, since Full Committee meetings are held sporadically at various points during the session, subcommittee approval to submit the grant will be considered sufficient for grant submittal in cases where the deadline occurs before the next scheduled Full Committee meeting. In such cases, the request to submit a federal grant will not be considered retroactive if the subcommittee process has been completed in a timely fashion. If the Full Committee subsequently decides to not approve the grant application request, the agency will be instructed to withdraw the application.

Since the Legislature is in session, there should be no retroactive grant application approval requests submitted. Agencies will need to provide sufficient advance notice to the Joint Committee on Ways and Means to allow this process to work.