

Phase III Work Session Primer

General Government Subcommittee

March 7th, 2019

Legislative Fiscal Office

Oregon Constitutional Framework

- Article III (Distribution of Powers) of the Oregon Constitution, the power to exercise budgetary control over all executive and administrative officers and agencies is granted to the Legislative Assembly.
- Under Article IX , Section 2, of the Constitution, the Legislature is required to enact a balanced budget.
- IX, Section 7, Oregon Constitution limits appropriation bills to state current expenses (no other subject allowed)
- Budget for bonding and capital construction, including information technology projects, must be separate from agency budget measures.

Primary Budget Measures

- Primary budget measures are agency-specific and are 5000 series (House = 5000 series and Senate = 5500 series)
- Primary agency budget measures have an emergency clause and are effective on passage, but not operative until July 1, 2019.
- Authority expires at the end of the biennium
- In somewhat rare situations, an agency's primary budget measure may also contain an adjustment to the current biennium's budget.
- Rarely contains funding for a policy measure unless tied to a policy package.

Legal Budgetary Control

- Appropriation bills are the budgetary control
- Appropriation bills are session law or Oregon Laws
- Appropriation bills are structured by fund-type and may be further delineated by source or type of funds and programs within the agency, which generally correlates to the size of the agency
- Appropriations bills are not detailed to the expenditure category level
- Action by either the Legislature or Emergency Board is needed to modify Oregon Law unless the measure provides for NonLimited authority, which can be modified administratively

Subcommittee Work Session

- Subcommittee will take action on the Legislative Fiscal Office recommendations for the agency's primary budget measure, any associated statutory fee measure, and Key Performance Measures.
- LFO recommendation memo available in OLIS prior to the meeting.
- Subcommittee will adopt an amendment to the primary budget measure that reflects the recommendations of the Subcommittee
- Subcommittee recommendations will advance by carrier and pony to the Joint Committee on Ways and Means and then both chambers

Budget Basis

- The budget basis or starting point for the LFO recommendations is the 2019-21 current service level
- During work session, LFO will review any change, positive or negative, to the current service level as a discrete policy package.
 - 100 series packages are agency requested and LFO recommended
 - 090 package is a DAS-CFO analyst package as part of the Governor's budget
 - 081 (September) and 082 (December) are for previously approved Emergency Board actions
 - 801 and above are LFO added packages
 - Assessment and rate changes will come at the end of session
- There can be revenue-only policy packages and a primary budget measure can, but rarely has, a revenue impact

Key Performance Measurement Recommendations

- Subcommittee will take action on the Legislative Fiscal Office recommendations for the agency's:
 1. Key Performance Measurements, including any recommended changes, and
 2. Key Performance Measurement targets for the years 2020 and 2021

Other Recommendation

- Subcommittee will take action on Joint Committee on Ways and Means co-chair approved budget notes.
 1. Provides budget execution direction to an agency
 2. Cannot be used in lieu of legislation
 3. Does not have the force of law
 4. Expires at the end of the biennium

While In Work Session

- For work session there will be no agency or public testimony, unless approved by the Subcommittee Chair
- The Department of Administrative Services will not make a recommendation, as that recommendation has already been made as part of the Governor's budget

Budget Report

- A budget report satisfies chamber rules by serving as both a Staff Measure Summary and a Fiscal Impact
- Provides narrative to support Legislative intent of budget measure and explain the numbers of approved actions
- Includes authorization for positions and full-time equivalents
- Includes any budget notes or less formal instruction
- Includes any request to unschedule funds
- Includes Key Performance Measure and target report, as an addendum
- Includes notation on supervisory span-of-control

Legislatively **Adopted** Budget

Primary agency budget measure

+ Policy measures w/budgetary impact

+ Omnibus budget reconciliation measure (e.g., statewide DAS assessment changes and Attorney General rate change)

+ Capital Construction measure

= Legislatively **Adopted** Budget

Legislatively **Approved** Budget

Legislative **Adopted** Budget

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

Questions, comments, or concerns?

Thank you!