



Work Session Orientation

Joint Committee on Ways – Human Services Subcommittee

May 2021

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, 2021.
- 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

Enrolled
Senate Bill 5537

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Oregon Department of Administrative Services)

CHAPTER

AN ACT

Relating to the financial administration of the Public Employees Retirement System; limiting expenditures; and declaring an emergency.

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

SECTION 1. 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, but excluding lottery funds and federal funds, collected or received by the Public Employees Retirement System, for the following purposes:

- (1) Administrative and operating expenses..... \$ 81,571,322
- (2) Debt service..... \$ 1,302,850

SECTION 2. For the biennium beginning July 1, 2013, expenditures by the Public Employees Retirement System for refunds, retirement benefits, deferred compensation and individual account program payments, health insurance premiums, health insurance premium subsidies, third party administrator costs for health and individual account programs and Public Employee Benefit Equalization Fund payments are not limited.

SECTION 3. This 2013 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect July 1, 2013.

Example of a Programmatically Structured Budget Measure

Enrolled House Bill 5032

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Oregon Department of Administrative Services)

CHAPTER _____

AN ACT

Relating to the financial administration of the Public Employees Retirement System; and declaring an emergency.

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

SECTION 1. Notwithstanding any other law limiting expenditures, the following amounts are established for the biennium beginning July 1, 2019, as the maximum limits for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts but excluding lottery funds and federal funds, collected or received by the Public Employees Retirement System, for the following purposes:

- (1) Central Administration
Division..... \$ 5,549,108
- (2) Financial and Administrative
Services Division..... \$ 33,101,014
- (3) Information Services Division .. \$ 26,144,003
- (4) Operations Division..... \$ 39,438,343
- (5) Compliance, Audit and Risk
Division..... \$ 8,524,534

SECTION 2. Notwithstanding any other law limiting expenditures, the amount of \$1 is established for the biennium beginning July 1, 2019, as the maximum limit for payment of expenses by the Public Employees Retirement System from the Employer Incentive Fund.

SECTION 3. Notwithstanding any other law limiting expenditures, the amount of \$11,539,471 is established for the biennium beginning July 1, 2019, as the maximum limit for payment of expenses by the Public Employees Retirement System from the School Districts Unfunded Liability Fund.

SECTION 4. Notwithstanding any other law limiting expenditures, the following amounts are established for the biennium beginning July 1, 2019, as the maximum limits for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts but excluding lottery funds and federal funds, collected or received by the Public Employees Retirement System, for the Core Retirement System Applications program and the implementation of chapter 355, Oregon Laws 2019 (Enrolled Senate Bill 1049):

- (1) Project management and
administration..... \$ 2,500,000
- (2) Quality assurance and
testing..... \$ 2,500,000

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 and work session report from the Oregon Budget Information Tracking System (ORBITS) available in OLIS prior to the meeting.
- Subcommittee will adopt an amendment to the primary budget measure that reflects the recommendations of the Subcommittee, which will be available in OLIS prior to the meeting.
- Subcommittee recommendations will advance by carrier and pony to the Joint Committee on Ways and Means and then both chambers.

Process and Procedures

- JWM Subcommittee follows the rules adopted by the Joint Committee on Ways and Means and which are posted to OLIS.
- Affirmative vote of a majority of the appointed members of each chamber of the Joint Committee is need to advance a measure from subcommittee.
- A Subcommittee does not have the power to table or hold legislation or an agenda item but must report it back to the Joint Committee for consideration.
- An amendment, prior to being considered, must be posted to OLIS 24-hours in advance of a work session.

Example of an LFO Recommendation Memorandum

Legislative Fiscal Office

Oregon State Capitol
900 Court Street NE, H-178
Salem, OR 97301
503-986-1828



Joint Committee on Ways and Means

Sen. Betsy Johnson, Senate Co-Chair
Sen. Elizabeth Steiner Hayward, Senate Co-Chair
Rep. Dan Rayfield, House Co-Chair

Sen. Fred Girod, Senate Co-Vice Chair
Rep. David Gomberg, House Co-Vice Chair
Rep. Greg Smith, House Co-Vice Chair

Laurie Byerly, Interim Legislative Fiscal Officer
Amanda Beitel, Deputy Legislative Fiscal Officer (Budget)
Paul Siebert, Deputy Legislative Fiscal Officer (Audit/IT)

To: Human Services Subcommittee
From: Zane Potter, Legislative Fiscal Office
Date: May 6, 2021
Subject: HB 5022 – Oregon State Board of Nursing Work Session Recommendations

Oregon State Board of Nursing – Agency Totals

	2017-19 Actual	2019-21 Legislatively Approved	2021-23 Current Service Level	2021-23 LFO Recommended
Other Funds	16,500,862	20,326,025	21,022,293	21,084,201
Total Funds	16,500,862	20,326,025	21,022,293	21,084,201
Positions	49	54	54	54
FTE	48.90	53.90	53.90	53.90

The 2021-23 LFO Recommended Budget is \$21.1 million and 54 positions (53.90 FTE). This is 3.7% more than the 2019-21 Legislatively Approved Budget and 0.3% more than the 2021-23 Current Service Level.

Adjustments to Current Service Level

See attached “Work Session Presentation Report.”

Package 801 increases the Board’s Other Funds expenditure limitation by \$100,000 to cover e-government transaction fees effective January 1, 2021. This fee would otherwise be paid by licensees.

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

Example of an ORBITS Work Session Report

Nursing, Board of

LFO Analyst Recommended

Agency Number: 85100

**LFO102 - Work Session Presentation Report
2021-23 Biennium**

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 85100-001-00-00-00000

Board Operations

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2019-21 Agy. Leg. Adopted	-	-	19,719,954	-	-	-	19,719,954	54	53.90
2019-21 Ebds, SS & Admin Act	-	-	606,071	-	-	-	606,071	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2019-21 Leg Approved Budget	-	-	20,326,025	-	-	-	20,326,025	54	53.90
2019-21 Leg Approved Budget (Base)	-	-	19,719,954	-	-	-	19,719,954	54	53.90
Summary of Base Adjustments	-	-	741,595	-	-	-	741,595	-	-
2021-23 Base Budget	-	-	20,461,549	-	-	-	20,461,549	54	53.90
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(37,913)	-	-	-	(37,913)	-	-
030: Inflation & Price List Adjustments	-	-	598,657	-	-	-	598,657	-	-
2021-23 Current Service Level	-	-	21,022,293	-	-	-	21,022,293	54	53.90
Adjusted 2021-23 Current Service Level	-	-	21,022,293	-	-	-	21,022,293	54	53.90
Total LFO Recommended Packages	-	-	61,908	-	-	-	61,908	-	-
2021-23 Legislative Actions	-	-	21,084,201	-	-	-	21,084,201	54	53.90
Net change from 2019-21 Leg Approved Budget	-	-	758,176	-	-	-	758,176	-	-
Percent change from 2019-21 Leg Approved Budget	0.0%	0.0%	3.7%	0.0%	0.0%	0.0%	3.7%	0.0%	0.0%
Net change from 2021-23 Adj Current Service Level	-	-	61,908	-	-	-	61,908	-	-
Percent change from 2021-23 Adj Current Service Level	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%

Work Session Reports for DHS and OHA are Typically Created Outside of ORBITS

OREGON HEALTH AUTHORITY: OREGON STATE HOSPITAL SB 5525 WORK SESSION

Includes Capital Improvement	GEN FUND	LOTTERY	OTHER	FEDERAL	NL Other Funds	NL Fed Funds	Total Funds	POS	FTE	Comments
2017-19 Legislatively Approved Budget (As of June 2019)	509,076,125	-	36,145,203	34,852,587	-	-	580,073,915	2,286	2,279.45	
2019-21 Current Service Level	494,313,354	-	70,340,663	38,792,314	-	-	603,446,331	2,283	2,282.82	
2019-21 Governor's Budget	500,754,610	-	68,740,488	38,653,318	-	-	608,148,416	2,345	2,314.32	
2019-21 LFO RECOMMENDED BUDGET	499,314,517	-	70,328,792	38,929,554	-	-	608,572,863	2,284	2,283.82	

2019-21 LFO RECOMMENDED BUDGET

1	2019-21 Current Service Level Estimate	494,313,354	-	70,340,663	38,792,314	-	-	603,446,331	2,283	2,282.82	
2	LFO Recommendations of Existing Packages										
3	Pkg 095: December 2018 Rebalance	459,634	-	(11,871)	137,240	-	-	585,003	1	1.00	Technical adjustments
4											
5	Other Recommended Adjustments										
6	Pkg 801: LFO Analyst Adjustments										
7	Suicide prevention / ligature removal	967,310	-	-	-	-	-	967,310	-	-	Maintains compliance with CMS and JCAHO
8	Nursing staff shift differentials	1,942,248	-	-	-	-	-	1,942,248	-	-	
9	Hepatitis C treatment	1,631,971	-	-	-	-	-	1,631,971	-	-	
10											
11	Total Adjustments from CSL	5,001,163	-	(11,871)	137,240	-	-	5,126,532	1	1.00	
12											
13	TOTAL 2019-21 Recommended Budget	499,314,517	-	70,328,792	38,929,554	-	-	608,572,863	2,284	2,283.82	
14											
15	Change from 2017-19 Approved	(9,761,608)	-	34,183,589	4,076,967	-	-	28,498,948	(2)	4.37	
16	Change from 2019-21 CSL Estimate	5,001,163	-	(11,871)	137,240	-	-	5,126,532	1	1.00	
17	Change from 2019-21 Governor's Budget	(1,440,093)	-	1,588,304	276,236	-	-	424,447	(61)	(30.50)	
18											
19	% Change from 2017-19 Approved	-1.9%	-	94.6%	11.7%	-	-	4.9%	-0.1%	0.2%	
20	% Change from 2019-21 CSL Estimate	1.0%	-	0.0%	0.4%	-	-	0.8%	0.0%	0.0%	
21	% Change from 2019-21 Governor's Budget	-0.3%	-	2.3%	0.7%	-	-	0.1%	-2.6%	-1.3%	

Example of an Amendment to a budget measure

SB 5536-1
(LC 9536)
4/21/21 (DFY/ps)

Requested by JOINT COMMITTEE ON WAYS AND MEANS

PROPOSED AMENDMENTS TO SENATE BILL 5536

1 On page 1 of the printed bill, delete lines 5 through 28 and delete page
2 2 and insert:

3 **SECTION 1.** Notwithstanding any other law limiting expenditures,
4 the following amounts are established for the biennium beginning July
5 1, 2021, as the maximum limits for payment of expenses from fees,
6 moneys or other revenues, including Miscellaneous Receipts but ex-
7 cluding lottery funds and federal funds, collected or received by the
8 Public Employees Retirement System, for the following purposes:

9 (1) Central Administration

10 Division \$ 18,389,692

11 (2) Financial and Administrative

12 Services Division..... \$ 25,509,775

13 (3) Information Services Division .. \$ 29,427,649

14 (4) Operations Division..... \$ 43,996,509

15 (5) Compliance, Audit and Risk

16 Division \$ 9,643,688

17 (6) Core Retirement System:

18 (a) Implementation of chapter 355,

19 Oregon Laws 2019:

20 (A) Project management and

21 implementation \$ 2,044,800

Budget Basis

- The budget basis or starting point for the LFO recommendations is the 2021-23 current service level
- During work session, LFO will review any change, positive or negative, to the current service level as a discrete policy package.
 - 070 package – revenue shortfall (i.e., eliminates budget authority unsupported by a revenue source).
 - 08X series packages – reflects ongoing interim activities of the Emergency Board/Special Sessions/Legislature.
 - 09X series packages – Governor's budget recommendations (e.g., Pkg. 099 Microsoft 365 Consolidation).
 - 100 series packages - agency requested and recommended by LFO (can be modified as part of recommendation).
 - 80X series packages - LFO added packages, including agency-specific adjustments or statewide adjustment.
 - Assessment and rate changes will come at the end of session.
- There can be revenue-only policy packages or packages that adjust beginning balance for Other Funds, 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.
 2. Key Performance Measurement targets for the years 2022 and 2023.
 3. Possible instructions to the agency.

Example KPM Report

Legislatively Proposed 2021 - 2023 Key Performance Measures

Published: 3/20/2021 2:31:14 PM

Agency: Public Employees Retirement System, Oregon

Mission Statement:

We serve the people of Oregon by administering public employee benefit trusts to pay the right person the right benefit at the right time.

Legislatively Proposed KPMs	Metrics	Agency Request	Last Reported Result	Target 2022	Target 2023
1. TIMELY RETIREMENT PAYMENTS - Percent of initial service retirements paid within 45 days from retirement date.		Approved	62%	80%	80%
2. TOTAL BENEFIT ADMIN COSTS - Total benefit administration costs per member.		Approved	\$172.00	\$165.00	\$165.00
3. MEMBER TO STAFF RATIO - Ratio of members to FTE staff.		Approved	983	1,055	1,055
4. ACCURATE BENEFIT CALCULATIONS - Percent of service retirement monthly benefits accurately calculated to within \$5 per month.		Approved	100%	100%	100%
5. LEVEL OF PARTICIPATION - Percent of state employees participating in the deferred compensation program.		Approved	37%	50%	50%
6. CUSTOMER SERVICE - Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved	89%	95%	95%
	Overall		89%	95%	95%
	Availability of Information		86%	95%	95%
	Timeliness		89%	95%	95%
	Accuracy		90%	95%	95%
	Expertise		90%	95%	95%
7. TIMELY BENEFIT ESTIMATES - Percent of benefit estimates processed within 30 days.		Approved	63%	95%	95%
8. BOARD OF DIRECTORS BEST PRACTICES - Percent of total best practices criteria met by the PERS board.		Approved	100%	100%	100%

LFO Recommendation:

The Legislative Fiscal Office recommends approval of the Key Performance Measures and updated targets.

SubCommittee Action:

Budget Note Recommendation

- Budget Note – Included in a Budget Report, it is a formal directive to a state agency expressing legislative intent for a particular budget issue. A budget note is technical in nature, directing an agency to take administrative and managerial action relating to the agency's execution of its biennial budget. A budget note is of limited scope, not intended to circumvent, supplant, or replace other substantive or policy measures or law. The directive of a budget note typically expires at the end of the biennium for which it pertains. Budget notes are neither required nor necessary for every Ways and Means measure. See JWM Rule #9

While In Work Session

- For work session there will be no agency or public testimony, unless approved by the Presiding 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 and will be prepared after Full Committee.
- Provides narrative to support Legislative intent of budget measure and explains the approved actions.
- Includes authorization for positions and full-time equivalents.
- Includes any budget notes or less formal instruction.
- Includes any request to unschedule funds, which is the administrative withholding of allotment authority for a portion of an agency's legally authorized budget until pre-defined criteria is met.
- Includes Key Performance Measure and target report as an addendum.

Budget Report Example

80th Oregon Legislative Assembly – 2019 Regular Session

SB 5520 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Rep. Nosse

Joint Committee On Ways and Means

Action Date: 05/31/19

Action: Do Pass the A-Eng bill.

House Vote

Yeas: 8 - Gomberg, Holvey, McLain, Nosse, Piluso, Rayfield, Smith G, Stark

Exc: 1 - McLane

Senate Vote

Yeas: 9 - Beyer, Frederick, Hansell, Heard, Johnson, Manning Jr, Roblan, Steiner Hayward, Wagner

Nays: 1 - Girod

Exc: 1 - Thomsen

Prepared By: Tamara Brickman, Department of Administrative Services

Reviewed By: Laurie Byerly, Legislative Fiscal Office

Long Term Care Ombudsman

2019-21

Budget Report Example (continued)

Budget Summary*

	2017-19 Legislatively Approved Budget ⁽¹⁾	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 6,401,552	\$ 7,212,903	\$ 7,212,903	\$ 811,351	12.7%
Other Funds Limited	\$ 908,057	\$ 954,159	\$ 853,177	\$ (54,880)	(6.0%)
Total	\$ 7,309,609	\$ 8,167,062	\$ 8,066,080	\$ 756,471	10.4%

Position Summary

Authorized Positions	27	27	27	0	0.0%
Full-time Equivalent (FTE) positions	25.50	26.50	26.50	1.00	3.9%

⁽¹⁾ Includes adjustments through December 2018

* Excludes Capital Construction expenditures

Summary of Revenue Changes

General Fund supports 89 percent of the budget for the Long Term Care Ombudsman (LTCO). Most of the remaining revenue is federal Older Americans Act funds and a small amount of Senior Medicare Patrol program funds received from the Department of Human Services (DHS), which LTCO spends as Other Funds. LTCO also receives civil penalty revenue from DHS to help cover costs of work under the Residential Facilities Ombudsman Program, which expanded LTCO's duties to include advocating for residents of care facilities; these residents have mental health conditions or intellectual and developmental disabilities. The Oregon Public Guardian program is fully supported with General Fund.

Summary of Human Services Subcommittee Action

The LTCO's mission is to protect individual rights, promote independence, and ensure quality of life for Oregonians living in long-term care and residential facilities and Oregonians with decisional limitations. The LTCO is made up of three programs: (1) Long Term Care Ombudsman; (2) Residential Facilities Ombudsman (RFO); and (3) the Oregon Public Guardian (OPG). The LTCO program, established per Title VII of the Older Americans Act, coordinates a network of trained and certified volunteer ombudsmen who regularly visit long-term care residents and monitor the facilities in which they reside. The program is led by the State Long Term Care Ombudsman, who also serves in the capacity of agency director. Additional professional staff provide technical support and training for these volunteers. The RFO program, created by Senate Bill 626 (2013), provides advocacy for persons with intellectual and developmental disabilities and/or a mental health diagnosis living in licensed community residential facilities. Volunteers for this program engage in complaint investigation, resolution, rights education, and advocacy for improvements in resident care and quality of life. The OPG program, established by Senate Bill 1553 (2014), serves adults in need of guardian

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

What Happens to an Enrolled Budget Bill

- After being signed into law by the Governor, budget measures become Oregon Law and establishes the maximum limits of an agency's budget authority.
- Oregon laws serve as the basis for allotment authority for Executive Branch agencies falling under the authority of the Governor.
- Budget execution then begins and actual expenditures are recorded in the accounting system and tracked against the legislatively **approved** budget.
- Variances from Oregon Laws, or emerging issues, may trigger agency requests to the Emergency Board or Legislature to modify existing Oregon Laws or create new Oregon Laws.

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 authorized by law
- = Legislatively **Approved** Budget



Questions or Comments?

Thank you!