

Internal Operations Manual

SUBJECT: Biennial Budget Development

NUMBER: 107-02-010

DIVISION: Operations Division

EFFECTIVE DATE: August 1, 2007

APPROVED:

Lindsay A. Ball

**POLICY/
PURPOSE:** The purpose of this policy is to assure coordinated and timely development of a biennial budget for the Department of Administrative Services

AUTHORITY: ORS 291.190 – 291.226; BAM Budget Instructions

APPLICABILITY: All DAS Divisions and Offices

ATTACHMENTS: 1) Budget Development Cycle Summary
2) Summary of Division Administrator Responsibilities

GUIDELINES:

- I. ORS 291.208 and Budget and Management instructions require each agency to submit a biennial budget request by September 1 in each even-numbered year.
- II. A Governor's Budget report is to be completed before the Legislature convenes the second Monday of January of each odd-numbered year, if practical.
- III. A Legislatively Adopted Budget report is to be completed as soon as practical after the close of each legislative session.
- IV. The Department of Administrative Services, Operations Division, is responsible for ensuring a coordinated budget request that clearly supports department goals and objectives. This includes:
 - Developing, coordinating, managing, and reporting on the department biennial budget development process.
 - Accurate and timely input of data into ORBITS and PICS.
 - Preparing and collecting information and documentation in support of the department's budget request including rate schedules, interagency transfers, narratives and other required data and reports.
 - Compiling and completing the Agency Request, Governor's Recommended, and Legislatively Adopted budget documents. Ensuring that approved budget information is entered into the Statewide Financial Management Application.
- V. DAS Division administrators are responsible for submitting information as required by the Operations Division to ensure timely and accurate completion of the budget request.

<u>Step</u>	<u>Responsible Party</u>	<u>Action</u>
<u>Odd Numbered Years</u>		
1.	Operations Division, Financial Services Section	<p>By the first of October, 1) develop a preliminary budget strategy for the next biennium, 2) develop inflation, personal service compensation adjustments and other standard assumptions for the preliminary budget forecast, 3) develop criteria for Policy Package (POP) proposals. Have these approved by the Director's Office.</p> <p>By the end of October, estimate Department overhead and service costs. Allocate to Divisions. Identify other internal revenue transfer requirements.</p>
2.	Division Administrators	<p>By the end of October, submit budget policy package concepts to the Operations Division, Financial Services Section. Identify those packages proposed to be financed by COP's. The Fiscal Analysts will develop an initial projected budget and the resulting rates for each division. The analysts will use Project #1 forms and other tools and will work closely with program managers and administrators. By the end of November, the division administrators will certify the preliminary budget projections and preliminary assessments/rates for the upcoming biennium to the Operations Division.</p>
3.	Operations Division, Financial Services Section	<p>By December 1, finalize agency FTE counts for use in allocating assessment costs in price list. Notify "Price List" agencies to develop next biennium rates by end of January. Also develop template for Price List document.</p>
4.	Director's Office	<p>By December 1 Identify group of agency stakeholders to take part in rate/assessment finalization and to review/recommend policy packages to be included in DAS Agency Request Budget.</p>
5.	Operations Division, Financial Services Section	<p>By the end of December, 1) itemize amount of assessment/rate change related to each factor (inflation, POP...), 2) display assessment/rate changes over time, 3) coordinate review by the Director's Office of POP proposals and assessment/rate changes. The Director's Office will approve or deny each POP proposal. Those that have an impact on assessments/rates will be presented to a review group of selected agency heads for their approval.</p>
<u>Even Numbered Years</u>		
6.	Division Administrators	<p>Fiscal Analysts will recalculate preliminary budgets and assessments/rates based on Director's Office decisions. Before the fourth week in January, the Division Administrators will certify the revised preliminary budget projections and assessments/rates to Operations Division.</p>

<u>Step</u>	<u>Responsible Party</u>	<u>Action</u>
7.	Operations Division, Financial Services Section	By the middle of January , begin reviewing assessment/rates with Budget & Management Division (BAM) so that they understand the rates and have an opportunity to raise concerns.
8.	Division Administrators	In January , begin developing policy packages for services not related to fees/assessments/charges published in the Price List of Goods and Services.
9.	Operations Division, Financial Services Section	In January of even-numbered years, begin assembling the Price List of Goods & Services. By February 1 , obtain Director and Budget & Management Division approval of DAS assessments/rates. By the first week in February , publish Price List of Goods & Services. In middle February , begin development of essential budget level spreadsheets. Apply BAM inflation and rules to LAB. Identify exceptions to standard inflation rate and other essential package issues. By March 1 , work with Administrators to finalize organization structures and program units for the upcoming biennium. Also, identify any major changes in revenue sources.
10.	Division Administrators	By the middle of March , certify all essential budget level exception requests and other essential package issues (phase-in, phase-out, one-time costs...) to Operations Division. The Fiscal Analysts will work with administrators/managers to identify these. By the end of March , complete all position reclassifications in anticipation of the April PICS freeze.
11.	Operations Division, Financial Services Section	In late March , define templates and organization for the Agency Request Budget narrative. By the end of March , obtain Operations Division approval of organization structures and send to BAM. Also send revenue changes if needed. Before mid-April , verify accuracy of PICS and make any necessary adjustments. Attempt to use up available permanent financing prior to PICS freeze.
12.	Division Administrators	By mid-April , finalize the need for COP financing in next biennium and certify to Operations Division.

<u>Step</u>	<u>Responsible Party</u>	<u>Action</u>
13.	Operations Division, Financial Services Section	<p>By mid-April, obtain Director's Office approval of exception requests and other essential package issues and send to BAM.</p> <p>By the end of April, complete vacancy savings worksheets and return to BAM.</p> <p>By the end of April, enter prior biennium actual revenue, expenditure and transfer information into ORBITS and request BAM audit.</p>
14.	Division Administrators	<p>By the end of April, submit all POP narratives to the Operations Division. Submit to DAS HR the position descriptions for all new and reclassified positions in packages. This Section will complete a classification review of these proposals during the month of May. Fiscal Analysts will develop Fiscal Impact Summaries for each POP. Operations will organize peer review meetings (budget roundtables) during the month of May. The purpose of these meetings is to: 1) eliminate packages that may not be needed, where alternative actions can be taken to solve a problem or issue, 2) refine the written presentation so that a favorable recommendation will be made by the BAM analyst, LFO and the Ways & Means subcommittee, 3) assign priorities to the POPs.</p> <p>By the first week in May, certify current biennium estimated revenue, expenditures and transfers to the Operations Division. The Fiscal Analyst will work with the Administrators/Managers to complete this estimate.</p>
15.	Operations Division, Financial Services Section	<p>By the second week in May, submit COP Finance Agreement Request Forms to BAM for all COP financing proposals that are approved by the Director's Office.</p> <p>By the third week in May, enter current biennium estimates and E-boards into ORBITS and request BAM audit.</p>
16.	Division Administrators, Operations Division, Financial Services Section	<p>By late May – or whenever BAM notifies us on our exception requests, finalize essential budget level and submit to the Operations Division.</p>
17.	Operations Division, Financial Services Section	<p>By the first week in June, obtain Director's Office final approval of essential budget level, policy packages, POP priorities, reduction options and all other policy issues related to the Agency Request Budget. No more program/policy changes are allowed. Any changes identified after this date will be included in an "Adjustment List" for consideration during the Governor's Recommended process.</p>

<u>Step</u>	<u>Responsible Party</u>	<u>Action</u>
18.	Employee Services	By the first week in June , certify to the Operations Division the appropriate classifications for all proposed new and reclassified positions.
19.	Division Administrators	By the second week in June , submit proposed budget reductions to the Operations Division. The Financial Services Section will establish the target amount of this reduction exercise for each division. It will be equal to 10% of the essential budget level for both General Fund and Other Funds. Administrators will provide narrative description and the Fiscal Analyst will develop a corresponding Fiscal Impact Summary.
20.	Operations Division, Financial Services Section	During the month of June , enter agency request information for upcoming biennium into PICS and request BAM audit.
21.	Division Administrators	By the last day of June , submit draft budget narrative to the Operations Division. Facilities Division to submit the Major Construction section; EISPD to submit the Technology Plan section; Director's Office to submit Audits section; DAS HR to submit Affirmative Action section.
22.	Operations Division, Financial Services Section	<p>During July, edit draft budget narratives for department-wide consistency. Develop organization charts; Essential package narratives; EBL summaries; Fee detail; Other Fund summaries; Agency Summary section; Miscellaneous Distribution section.</p> <p>During the months of June & July, enter agency request information for upcoming biennium into ORBITS and request BAM audit. Target completion by mid-July.</p> <p>By the last day of July, assemble budget narratives into a draft budget document.</p> <p>By the first week in August, obtain Director's Office approval of the draft budget document.</p> <p>By the second week in August, submit budget document to printer. If BAM has not completed their ORBITS audit, this step may be delayed. However, if the audit won't be completed by the third week in August, have a "Pre-Audit Edition" of the budget printed so that a Budget Document can be delivered to BAM before the September 1 deadline. A limited printing of a revised Agency Request document will be produced when the audit is completed.</p>

<u>Step</u>	<u>Responsible Party</u>	<u>Action</u>
23.	Division Administrators	By the second week in August , submit HB 3182 reduction options to Operations Division. Divisions will identify reductions totaling 15%. Operations Division will calculate the amount of each division's reduction. The Director's Office will conduct a cost/benefit exercise to develop a department-wide list totaling 10% of each fund type.
24.	Operations Division, Financial Services Section	<p>By the third week in August, assemble the Agency Request Budget documents and submit them to BAM.</p> <p>By the end of August, develop a submittal for the HB 3182 exercise, obtain Director's Office approval, and send to BAM.</p> <p>By September 1 obtain approval from Director's Office for all adjustments to Agency Requested Budget that have been identified since the June "lock down" of Agency Request. Submit adjustment requests to BAM analyst.</p> <p>Respond to BAM questions and recommendations during Governor's Recommended Budget development phase.</p>
25.	Communications Officer, Operations Division, Financial Services Section	By the third week in September , obtain Director's Office approval for the Ways & Means budget presentation document format.
26.	Division Administrators	By the third week in October , submit draft division presentation documents to the Communications Officer.
27.	Communications Officer, Operations Division, Financial Services Section	<p>By mid-November, compile division submittals; edit and produce a draft presentation document. Obtain Director's Office approval.</p> <p>By mid-December, or as soon as the information is known, adjust presentation document to reflect changes of in-coming Governor, if applicable.</p>
28.	Operations Division, Financial Services Section	<p>Before the end of December, change ORBITS/PICS to reflect Governor's Recommended Budget. This step may be delayed if the Governor-Elect requires numerous changes or makes final decisions after early December.</p> <p>Before the end of December, revise budget narrative to reflect Governor's Recommended Budget. This step may be delayed if the Governor-Elect requires numerous changes or makes final decisions after early December.</p>

Step Responsible Party**Action****Odd Numbered Years**

Operations Division

Before the second Monday in January, coordinate presentation practice for agency.

Before the second Monday in January, submit Governor's Recommended Budget document to BAM. This step may be delayed if the Governor-Elect requires numerous changes or makes final decisions after early December.

January through July, Coordinate responses to requests for information during legislative review of budget request. Coordinate development of Fiscal Impact Statements on substantive legislation.

As soon as practical after close of legislative session, complete new biennium ORBITS/PICS audit and revise budget narrative to produce a Legislatively Adopted Budget document for submittal to BAM and department administrators.

Special Sessions

Operations Division

In the event of special legislative sessions or other out of the ordinary events, the Operations Division administrator will work with the Executive Team to develop schedules, templates, or other necessary documents.

DAS Budget Development Cycle Summary

September – November (odd-numbered years)

- Develop preliminary strategy, assumptions, and POP criteria
- Review position vacancies
- Preliminary POP discussions

November - December

- Divisions submit POP and Legislative concepts
- Develop preliminary expenditure projections, revenue requirements, rates, & assessments.
- Notify other agencies that participate in the Price List of the timelines for submission

January (even-numbered years)

- Analyze POPs & projections – Director's approval on rates and assessments
- Collect agency information for Budget Price List
- Selected agency heads review DAS POP's affecting rates/assessments

February

- **Complete Price List document**, print and distribute
- Begin working on essential package issues, exception requests

March

- Identify Budget structure changes & submit EBL exceptions
- Complete position reclassifications
- Define budget document organization

April

- **Zero-out permanent financing**
- Finalize budget structures and verify PICS accuracy
- Enter prior biennium actuals into ORBITS
- Prepare COP Financing Requests for proposed COP-funded projects
- Submit position descriptions for new positions in packages to DAS HR for review

May

- Finalize EBL & POPS
- Enter current biennium estimates into ORBITS

June

- **Lock down Agency Request** – begin list of adjustments for GRB
- Finalize reduction options
- Complete a draft of division budget narrative
- Enter Agency Request into PICS

July

- Complete draft budget document
- Enter Agency Request into ORBITS

August

- Complete HB 3182 reduction exercise
- Finalize document. Submit to printer and to BAM

September – November

- Work with BAM to help complete Governor's Recommendations
- Begin developing Presentation Document

December

- Revise PICS/ ORBITS/ budget narrative to reflect GRB
- Finalize Presentation Document – Presentation practice

January – July (odd-numbered years)

- Print and distribute GRB document
- **W&M presentation**
- Track legislation for fiscal impact
- Establish accounting structures for next biennium

July – September

- Convert total LAB to execution budget
- Enter ORBITS/PICS revisions and publish LAB budget document

Summary of Division Administrator Responsibilities

October - December (odd-numbered years)

- Submit Policy Option Package proposals by end of October.
- Certify the preliminary budget projection and rates/assessments

January (even-numbered years)

- Certify revised preliminary budget projection and rates/assessments
- Refine POPs

March

- Finalize organization structures and program units
- Certify EBL exception requests and other essential package issues
- Complete all position reclassifications in anticipation of PICS freeze

April

- Identify potential need for COP financing
- Submit all POP narratives
- Participate in "Budget Roundtable" sessions

May

- Certify current biennium revenue, expenditures and transfers estimates

June

- Certify current services level
- Submit budget reduction options
- Submit draft budget narrative

August

- Submit HB 3182 reduction options

October

- Submit draft presentation documents

January (odd-numbered years)

- Presentation practice
- Ways & Means hearings