

2025-27

Budget & Legislative Concepts Instructions

March 2024

State of Oregon
Department of Administrative Services
Chief Financial Office



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Executive Summary

Over the past several biennia, the state's fiscal environment has experienced significant fluctuations – from the fiscal uncertainty entering into the pandemic, to unprecedented federal funding, to unexpected, continued growth in state revenues along with some economic uncertainty. Going into the 2025-27 biennium, agencies will need to transition from the significant programmatic one-time investments made in the past two fiscal periods to a more sustainable level of spending for ongoing programs.

And over this last year, the Governor's focus has been on housing production and addressing needs of unsheltered/housing insecure Oregonians, improving education outcomes, and increasing behavioral health services, along with the overarching goals of advancing racial justice and equity and improving the customer service Oregonians receive from state government. Looking to the 2025-27 budget, the focus remains on the core priorities of housing, education, behavioral health, good governance, and enhanced customer service. Improving wildfire response and recovery efforts, advancing public safety, and boosting climate action efforts are also continued priorities.

The start of the 2025-27 budget development began earlier this year, with coordination between agencies, the Governor's Office, and the Department of Administrative Services (DAS) Chief Financial Office (CFO) in understanding potential Legislative Concepts and budget requests to address agency and programmatic needs. As agencies build their budget requests for the 2025-27 biennium, along with the Governor's Office and CFO, investment choices should remain focused on the core priorities and on improving core agency functions and deliverables to enhance customer service and reach agency strategic outcomes.

Agencies should leverage the efforts already undertaken through the strategic initiatives and enterprise accountability work, using their strategic plans and performance measures to inform budget development. Agencies should also engage key community partners so those discussions can inform policy decisions and budget planning.

While the below basic structure of budget development remains the same as prior biennia, the CFO is working to simplify the overall budget process with a focus on collaboration with agencies. The budget instruction document provides detailed information on each phase of the budget, but the basic structure is as follows:

1. The 2023-25 Legislatively Approved Budget provides the foundation for the Base Budget. To establish the 2025-27 Base Budget, the adopted budget is adjusted for the 2024 Legislative Session, Emergency Board actions (if any), and Nonlimited administrative actions through April 2024. The approved budget is also adjusted for projected personal services growth from ORPICS and scheduled debt service payments supplied by CFO. Capital Construction budgets approved in 2023-25 are not included in the 2025-27 Base Budget.
2. Essential packages are added to the Base Budget to develop the Current Service Level (CSL); *i.e.*, the cost of continuing legislatively approved programs through the 2025-27 biennium. As examples, this includes inflation and phase-ins of legislatively approved program changes.
3. Finally, policy packages reflect other program and policy changes that will affect the overall budget if adopted.

To determine the budget building blocks early in the process, there are a few items with upcoming due dates, these include:

- Proposed changes to program unit cross-reference numbers for preparation of the 2025-27 budget are due to the CFO by March 31, 2024. Changes to agency cross-references require the concurrence of the CFO, Legislative Fiscal Office and affected agency.

- Forecasts of all Lottery Funds (beginning balance only for Measure 76 agencies or other agencies that have a projected beginning balance of committed Lottery Funds from other lottery allocations), Other Funds, and Federal Funds revenues are due to CFO by March 31, 2024.
- While there will likely be fewer exception requests as in the past with updated, simplified processes, agencies will still be able to submit essential package exception request concepts. The concepts must include preliminary financial estimates and are due to CFO by March 31, 2024.

The standard biennial inflation factors are 4.2 percent for general inflation, 6.8 percent for non-state employee personnel costs, and 5.6 percent for medical services. Standard inflation factors and DAS [Price List of Goods and Services](#) will specify how to determine price changes and cost estimates. Non-standard inflation and cost increases will be evaluated on a case-by-case basis in accordance with the exception process.

To comply with ORS 291.206, each agency will identify 10 percent reduction options from the CSL for programs supported by General Fund and/or Lottery Funds. Additionally, 10 percent reductions from the modified CSL in Other Funds and Federal Funds will also be identified to comply with the statute.

Statewide employee compensation increases for the 2025-27 biennium, such as cost of living adjustments (COLAs), will not be included in Agency Request Budgets. Any proposed increase will be in the Governor's Budget as a statewide request. Pension Obligation Bonds, which were issued in 2003-05 to reduce the PERS unfunded actuarial liability, are repaid by agencies. Specific Pension Obligation Bonds budget information will be provided to agencies in a separate communication at a later date.

Agency budgets should be focused on achieving outcomes. Agencies will continue to develop and report Key Performance Measures, and other internal agency measures when appropriate. Agencies will include specific outcome measures with each policy package requested including information on how the investment advances Governor priorities and/or agency strategic plan goals.

Agencies should update their revenue estimates with the most current information available at the time they submit their Agency Request Budget. *This means that agencies can continue to update their revenues even after they have finished their CSL audit.*

Any agency proposing a policy package that impacts another agency's budget should coordinate with the affected agency early in the process. For instance, an agency planning its budget for vehicle purchases should coordinate with DAS, Enterprise Asset Management (EAM) so that DAS can also take those purchases into account. The same holds true if an agency is proposing an office expansion or move to a new location. Similarly, agencies should work with Data Center Services (DCS) when proposing IT projects that may affect workload or hardware needs in the Data Center.

In closing, CFO is looking forward to working closely with Governor's Office and agencies in development of both the 2025-27 Agency Request Budget and Governor's Budget. We hope a more collaborative process will not only create a more efficient budget process, but also result in a better recommended budget with investments focused on the areas of greatest need.

CHANGES FROM THE PRIOR BIENNIA BUDGET INSTRUCTIONS

- For the 2025-27 budget development process CFO will proactively address a series of exceptional inflationary requests that are anticipated for statewide issues. For each of these item's agencies will not be required to submit a formal exception request. Agencies should work with their CFO analyst to build the allowable inflationary rate into the appropriate CSL Package. Additional details are provided on page 20 of the budget instructions.
- As a new requirement for the 2025-27 budget development cycle, agencies will need to work with their CFO analyst to complete a CSL workbook by April 30, 2024. This should be a joint work product and is intended to gain a general understanding between agencies and their CFO analyst to

streamline the CSL Audit process. Additional information can be found on page 32 of the budget instructions.

- While not new for 2025-27, CFO is putting a focus on the revenue estimate process. Preliminary revenue estimates will still be required as part of the CSL development, but agencies should continue to work closely with their CFO analyst to refine revenue estimates through the budget development process. Revenue estimates can and should be modified at Agency Request Budget, prior to finalizing the Governor's Budget, and during the Legislative process.
- A streamlined approach to calculating vacancy savings will be new for 2025-27, with Statewide Audit and Budget Reporting Section (SABRS) auto populating a calculated vacancy savings rate for each agency in the Package 010. This calculation will be in an amount to bring the vacancy savings factor for each agency to five percent of the CSL for salaries and wages. Agencies will have the ability to work with their CFO analyst and provide adequate documentation for agency specific circumstances where additional adjustments are necessary. Additional information can be found on page 26 of the budget instructions.
- Agencies will no longer be required to include Budget Reports and Emergency Board Minutes for prior biennia legislative actions. For the 2025-27 budget cycle, agencies will instead fill out a Legislative Action Workbook, which is available on the CFO website, for inclusion in the agency budget document. This form will be a summarized list of legislative action.
- Agencies required to submit a Racial Equity Impact Statement (REIS) during the 2023-25 budget development process will continue that work as part of the 2025-27 budget development. Additionally, all agencies will be required to submit a copy of the agency Diversity, Equity, and Inclusion (DEI) plan as part of the ARB, as well as a memo responding to specific questions regarding the use of the DEI plan in development of the budget. As a follow up on the 2023-25 REIS submittals, agencies will also be required to provide a memo with an update on the program, in terms of racial equity, addressing a series of specified questions. Additional information can be found on page 41 of the budget instructions.

2025-27 BUDGET DEVELOPMENT SCHEDULE

Phase 1 – Budget and Legislative Concept Planning

January 22, 2024	Submit proposed Legislative Concepts (LC) and Policy Packages (POP) to Governor’s Office advisor and CFO analyst
February 2, 2024	Governor’s Office provides feedback on LC submittals
March 5, 2024	Actuals audit transmittals due to SABRS
March 14, 2024	Agency Budget Kickoff Meeting
March 26, 2024	February session actions (input spreadsheets) due to SABRS

Phase 2 – Pricing and Drafting

April 1, 2024	SCR/DCR changes due to CFO – Agency, CFO & LFO consensus needed for budget prep Revenue methodology and Preliminary Revenue Estimates due to CFO Current service level exception requests (for non-standard items identified on page 20) due to CFO
April 18, 2024	SABR Kickoff Meeting
April 19, 2024	ORPICS and ORBITS systems open Information on LCs for agencies with 10 or more concepts due to Governor’s Office and CFO
April 30, 2024	CSL workbook due to CFO (see page 32 for additional details) Last date for CFO approval on current service level exception requests Last date to submit Key Performance Measure changes to CFO, LFO Information on LCs and Policy Packages due to Governor’s Office and CFO
May 3, 2024	ORPICS start-up transmittals due – “Base” positions frozen in ORPICS for all agencies
May 29, 2024	June Revenue Forecast
May 31, 2024	ORPICS CSL information and audit transmittal due to SABRS - All agencies ORBITS CSL information and audit transmittal due to SABRS – early submittal agencies only Last day to submit Debt Financing Request forms
June 28, 2024	ORPICS ARB information and audit transmittal due to SABRS – all agencies ORBITS CSL information and CSL audit transmittal due to SABRS – all remaining agencies ORBITS ARB information and audit transmittal due to SABRS – early submittal agencies only DAS submits approved LCs to Legislative Counsel
July 1, 2024	Last day to submit Information Technology Business Cases, and Project Prioritization Matrices to Enterprise Information Services (EIS) for prioritization.
July 31, 2024	ORBITS ARB information and audit transmittal due to SABRS – all remaining agencies Agency Request Budget narrative due to CFO – early submittal agencies only Deadline to finalize placeholder language with Legislative Counsel

August 1, 2024	Agency Request Budget narrative due to CFO and IT project reporting due to EIS – early submittal agencies
August 28, 2024	September Revenue Forecast
August 30, 2024	Agency Request Budget narrative due to CFO and IT project reporting due to EIS – all remaining agencies

Phase 3 – Governor’s Budget and Legislative Concept Build Out

October 25, 2024	Legislative Counsel returns LCs to agencies
October – November	Governor’s Office advisor and CFO analyst develop budget briefings to advise final budget decisions

Phase 4 – Final Decisions

November 13, 2024	Agencies submit LC packets to DAS (LC, Fiscal Impact Statement, one-pager)
December 1, 2024	Governor’s Budget released
December 13, 2024	Pre-session filing deadline

After Governor’s Budget Release and Legislatively Adopted Budget

To Be Announced	Audit request(s) to SABRS for 2025-27 Governor's Budget Last date to submit Annual Performance Progress Report (as part of the GB) Agency's 2025-27 Governor's Budget document delivered to CFO and the Legislature
90 days after session	Audit request(s) to SABRS for 2025-27 Legislatively Adopted Budget
30 days after SABRS Audit is complete	Agency's 2025-27 Legislatively Adopted Budget document to CFO and LFO

EARLY SUBMITTAL AGENCIES

The agencies listed below are considered "early submittal" agencies for CSL audit and ARB submission. CSL audit transmittals are due to CFO no later than May 31, 2024, for agencies listed below. All others are due no later than June 28, 2024, Final Agency Request Budgets (ARB) are due from early submittal agencies on August 1, 2024, and all other agencies on August 30, 2024.

Accountancy, State Board of
Advocacy Commissions Office, Oregon
Aviation, Oregon Department of
Blind, Commission for the
Chiropractic Examiners, Board of
Clinical Social Workers
Columbia River Gorge Commission
Construction Contractors Board
Consumer and Business Services, Dept. of
Counselors and Therapists
Criminal Justice Commission
Dentistry, Board of
District Attorneys and their Deputies
Emergency Management, Dept. of
Employment Department
Employment Relations Board
Energy, Department of
Geology and Mineral Industries, Dept. of
Government Ethics Commission
Health Related Licensing Boards
Labor and Industries, Bureau of
Land Conservation & Dev., Dept. of

Land Use Board of Appeals
Library, State
Liquor Control Commission, Oregon
Marine Board
Medical Board, Oregon
Military Department, Oregon
Nursing, Board of
Parole and Post-Prison Supervision, Board of
Pharmacy, Board of
Psychiatric Security Review Board
Psychologist Examiners, Board of
Public Employees' Retirement System
Public Records Advocate
Public Safety Standards and Training, Dept. of
Public Utility Commission
Racing Commission
Real Estate Agency
State Lands, Department of
Tax Practitioners, State Board of
Teacher Standards and Practices Commission
Veterans' Affairs, Department of
Water Resources, Department of

Key Economic and Demographic Trends

ECONOMIC OUTLOOK

- The U.S. economy has currently transitioned from an inflationary economic boom into a sustained expansion with jobs available for most Oregonians. This is a marked departure from history when the so-called soft landing has been rarely achieved. Today, inflation has returned to near the Federal Reserve's target, and the labor market is no longer overheated as it was during the reopening phase of the pandemic.
- The baseline outlook for the 2025-27 budget period calls for ongoing economic growth at rates more closely tied to changes in the underlying population, and business investment. Economic growth is the combination of how many workers there are in the local economy, and how productive each worker is.
- Labor runs through everything. It is the single biggest constraint on the economy. The labor market is cyclically tight due to the strong economy today, with high rates of employment across different socio-economic groups, and low unemployment. And the labor market is structurally tight due to demographics. Workers will continue to be scarce going forward. Many in the large Baby Boomer generation will retire in the years ahead, and while the new entrants into the labor market outnumber retirees, the net increases in the workforce are expected to be slower than Oregon has become accustomed to over time. As a result, workers will remain in high demand and wage growth per worker will be relatively fast. Importantly, overall job gains will be restrained by the net labor force growth.
- Capital investments are expected to raise productivity in the economy, boosting overall economic and income growth in 2025-27. The combination of increased federal investment in things like infrastructure and semiconductors, along with the ongoing entrepreneurship boom and the more speculative impact of Artificial Intelligence (AI) are likely to make workers more productive in the years ahead. These increases will drive economic growth to a greater degree than has been the case historically, in part due to the investments, and in part out of necessity given the outlook for labor.
- Growth in rural Oregon will lag behind that in urban areas during the 2025-27 biennium due in large part to an older mix of workers. This marks a return to pre-pandemic patterns where stronger population gains and larger working-age cohorts lived in Oregon's metro areas.
- Although the baseline outlook calls for trend growth rates, other scenarios are likely as well. Inflationary booms of the sort we recently experienced do not end well. Today's high interest rate make ultimately chock off economic growth if the Federal Reserve does not pivot toward rate cuts in the year ahead. As such, the boom/bust scenario remains a possibility even if the probability is lower today than a year ago.
- Oregon's population is expected to continue growing at rates that will show recovery from the pandemic low in 2021-22. According to the March 2024 forecast, the total population is expected to increase by 48,900 during the 2025-27 biennium. Since the number of deaths will exceed the number of births, the entire population increase will come from net migration. Oregon's population is expected to approach 4.4 million by the end of the 2025-27 biennium.
- Although overall population gains will be modest during 2025-27 (1.1 percent), growth will be paced by older seniors (age 75-84 years old; 10.0 percent) as the baby boomers mature into this

age group and exit of smaller pre-baby boom cohort, followed by the oldest seniors (85 years and older: 8.0 percent) as the life expectancy continue to improve after the drop during the pandemic and post-Great Depression era birth cohorts continue to mature into this age group. The size of youngest seniors (age 65-74 years old: 0.0 percent) will remain unchanged as the tail end of the baby boom era cohorts of similar sizes replace one another. Change among other budget-driving population cohorts is as follows: Head Start/Childcare (0-4 years: 0.9 percent), TANF/Foster Care (0-17 years: -1.9 percent), K-12 Education (5-17 years: -2.8 percent), Youth Correctional (12-17 years: -1.4 percent), Higher Ed (18-24 years: 1.5 percent), Prison Inmate (Male 18-44 years: 1.2 percent).

- The prison inmate population is expected to increase modestly during the 2025-27 biennium, from 12,491 in July 2025 to 12,923 in July 2027. The male population is projected to increase 3.3 percent, while the female population is forecasted to increase 5.4 percent. These increases are based on the assumption the criminal justice system normalizes following the pandemic. Today the prison population is down, and intakes remain lower than measures of criminality.

REVENUE OUTLOOK

General Fund/Lottery

- Based on the March 2024 forecast, General Fund revenues are projected to grow to \$34,401.1 million. This represents an \$8.7 billion (34 percent) increase over the 2023-25 biennium. Much of that growth is due to the large kicker payout during the currently biennium holding down resources in 2023-25, and thus increasing the biennial rate of change in 2025-27. In 2025-27, personal income tax constitutes 86 percent of the General Fund, with corporate income tax contributing an additional nine percent.
- Much of the pandemic era swings in the economy are in the rearview mirror. Non-wage income has returned to earth. Moving forward revenues are expected to be more closely tied to underlying changes in the economy than they have been in recent memory. One exception is the underlying strength in corporate tax collections is expected to persist to a greater degree than previously thought. Additionally, potential federal tax changes from a new Congress and/or Administration could alter taxpayer behavior like it did with the Tax Cuts and Jobs Act a few years ago.
- Lottery resources are expected to be \$1,971.9 million for the 2025-27 biennium, an increase of 1.9 percent relative to the current biennium. Video lottery will account for around 89 percent of lottery revenues.

Tobacco & Marijuana Taxes

- Cigarette and Other Tobacco taxes dedicated to the General Fund are forecast to total \$95.1 million in the 2025-27 biennium. This is a decline of 1.5 percent from the current biennium, in keeping with declining tobacco usage and a stagnant population.
- Cigarette, Inhalant Delivery, and Other Tobacco taxes dedicated to the Oregon Health Plan are forecast to total \$195.3 million for the 2025-27 biennium. Tobacco-related revenues dedicated to the Oregon Health Authority will total \$374.3 million. An additional \$26.6 million in tobacco taxes will be available for Mental Health and \$52.5 million will be available to fund the Tobacco Use Reduction Account. All of these amounts are approximately 2 percent below the current biennium.
- Recreational marijuana taxes dedicated to Drug Treatment and Recovery are forecasted to total \$222.7 million for the 2025-27 biennium. Revenues dedicated to Mental Health, Alcoholism and

Drug Services are forecast to total \$21.6 million. An additional \$5.4 million in recreational marijuana taxes will be available for Alcohol and Drug Abuse Prevention, Intervention and Treatment. No recreational marijuana taxes are dedicated to the General Fund.

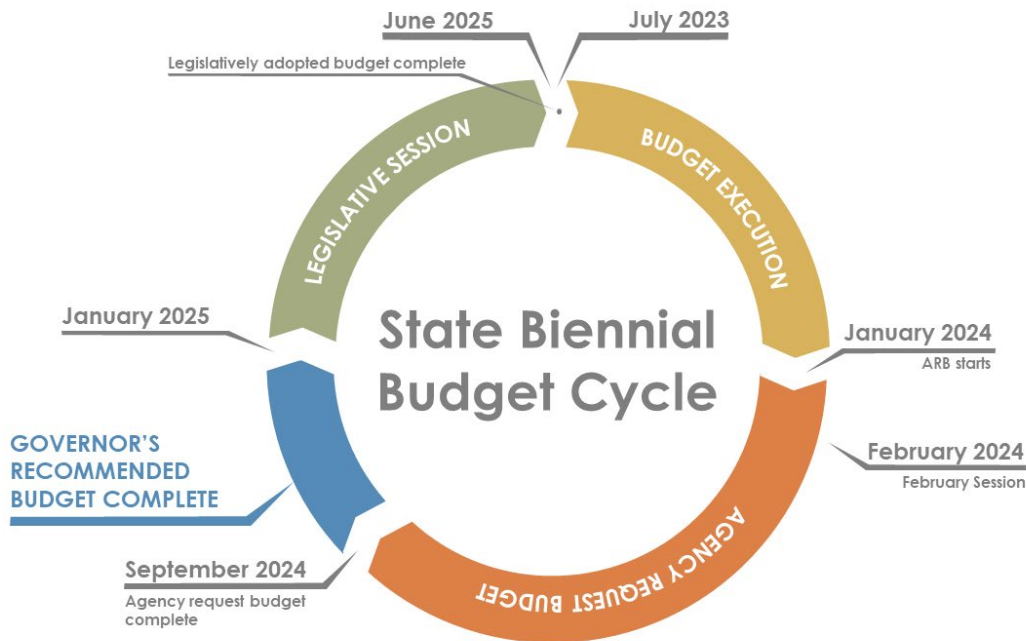
Corporate Activity Tax

Based on the March 2024 forecast, Corporate Activity Tax revenues are projected to grow to \$3,187 million. This represents a \$394 million (14 percent) increase over the 2023-25 biennium. Due to reductions in Personal Income Taxes and Corporate Income Taxes included in the Corporate Activity Tax bill, the General Fund revenue required for the State School Fund is expected to be reduced by \$822 million.

Budget Overview

PHASES OF THE BUDGET PROCESS

The budget development process has three major phases: the Agency Request Budget (ARB), the Governor's Budget, and the Legislatively Adopted Budget (LAB)—during the interim between ARB and LAB there are a number of budget execution tasks and many opportunities for adjustments (*e.g.*, Emergency Boards).



Agency Request Budget (ARB)

Agencies initiate the budget process early in even-numbered years. Under ORS 291.208, DAS requires agencies to submit a two-year budget by August 31 of each even-numbered year. The ARB is the first phase in the budget process. In the ARB, agencies describe their core mission, objectives, and program priorities and provide budget information on past, current, and future biennia. The ARB reflects the agency's policy agenda and the financial plan it would like the Governor to recommend to the Legislature. Prepared under guidelines set by the Governor through DAS, the document consists of descriptive narratives, budget forms, and audited ORBITS reports. As a part of this process, agencies will review their CSL budget to determine if there are any technical corrections or exceptions that need to be made to their current biennium budget.

Typically, agency budgets are organized by program unit. Program units align with an agency's major program and/or policy issues. In smaller agencies, a single program unit may cover an entire agency. Program units are represented in ORBITS (the state's budget system of record) by Summary Cross Reference (SCR) numbers and in lower level by Detail Cross Reference (DCR) numbers. The SCR and DCR numbers generally show the relationship between the agency organization and the budget structures.

It is important for agencies to consider how their program changes may impact other agencies. Agencies must communicate early in the budget process when inter-agency revenue transfers are involved. For example, the Department of Revenue collects tobacco taxes that are transferred to multiple agencies. To pass audit, the transfer amounts to and from the agencies must match in the budget system. This requires the two agencies to agree on both the amount of funds to transfer and the treatment of those funds within their respective budgets. In some cases, prior transfers may not continue unchanged into next biennium.

Generally, the agency sending the funds determines the transfer amount. However, each of the affected agencies' budget and program staffs should be engaged in the discussion.

Governor's Budget (GB)

The Governor and CFO review agency request budgets and other considerations in light of available revenues to compile the Governor's Budget. That budget reflects the Governor's priorities and the policies set in statute as well as any changes proposed by the Governor. Once final, the recommended budget and a series of statewide numbers are collected and printed as the Governor's Budget. ORS 291.218 requires transmission of the Governor's budget to each member of the Legislature by December 1, 2024. The Governor's Budget is the starting point for budget negotiations during the legislative session. A Tax Expenditure Report, compiled by the Department of Revenue, is published concurrently with the Governor's Budget.

ORS 291.216 requires the Governor's Budget to include specific information set out in varying levels of categorical detail. This list includes among many other details:

- A budget message prepared by the Governor describing the important features of the budget;
- A general budget summary that sets forth the aggregate figures and demonstrates a balanced relationship between the total proposed expenditures and the total anticipated revenues;
- Supporting schedules or statements classifying expenditures by program units, objects, and funds; the income by organization units, sources and funds, and the proposed amount of new borrowing; and proposed new tax or revenue sources, including a single comprehensive list of all proposed increases in fees, licenses, and assessments assumed in the budget plan; and
- A detailed estimate of expenditures and revenues including any statements of the bonded indebtedness of the state government, showing the actual amount of the debt service for at least the past biennium, and the estimated amount for the current biennium and the ensuing biennium.

Much of the detailed information agencies are required to submit in the ARB ensures the Governor's Budget meets these criteria.

After publication of the Governor's Budget, each agency prepares a Governor's Budget document to show the changes the Governor made to the ARB. This document is used for presentation of the agency budget during the legislative session.

Legislatively Adopted Budget (LAB)

The Governor's Budget is presented to the Legislature during the legislative session in odd numbered years. Committees, typically the Joint Committee on Ways and Means or one of its subcommittees, review agency programs and budget information. These committees hold public hearings to hear from each agency and the public. The committee recommendations for an agency's budget are presented in budget reports for each budget bill; an agency may be impacted by more than one bill. The budget bills set out General Fund appropriations; Lottery Funds allocations and expenditure limitations; and Other Funds and Federal Funds expenditure limitations. The budget report, while not a legal document, includes a summary of committee actions and provides a greater level of budget detail. This detail includes the assumed position authority for the agency in the budget.

Each agency prepares a LAB document to show the changes the Legislature made to the Governor's Budget. Agencies implement, or execute, the budget over the biennium. There are also several points in time when the Legislative body can meet and modify agency budgets. There is a short legislative session in February of even-numbered years. The Emergency Board meets between sessions and can make certain changes to the budget. Special sessions may also be called to deal with emergent budget issues.

BUDGET OUTLINE

2023-25 LEGISLATIVELY ADOPTED BUDGET

+ **Plus** Legislative & E-Board Actions through April of the even numbered year

= 2023-25 LEGISLATIVELY APPROVED BUDGET (LAB)

+ **Plus or** Statewide Administrative Adjustments

- **Less**
- Net Cost of Position Actions
 - Base Debt Service Adj.
 - Nonlimited Adj.
 - Capital Construction

= 2025-27 BASE BUDGET

+ **Plus or -** Essential Packages

- Less**
- Package 010
 - Vacancy Factor
 - Non-ORPICS Personal Service Adj.
 - Package 021 Phased-In Programs
 - Package 022 Phased-Out Programs
 - Package 030 Inflation
 - Cost of Goods & Services Adj.
 - State Gov't Service Charges Adj.
 - Package 040 Mandated Caseload
 - Package 050 Fund Shifts
 - Package 060 Technical Adjustments

= CURRENT SERVICE LEVEL (CSL)

- **Less** Revenue Reductions

- Package 070 Revenue Shortfall

= MODIFIED CURRENT SERVICE LEVEL

+ **Plus** Emergency Board Actions

- Package 081 May 2024
- Package 082 September 2024

Policy Packages – Package Nos. 100+

= 2025-27 AGENCY REQUEST BUDGET (ARB)

+ **Plus or** Updated Budgetary Adjustments

- **Less**

= PRELIMINARY BUDGET RECOMMENDATIONS

+ **Plus** Final Budget Decisions

= 2025-27 GOVERNOR'S BUDGET (GB)

+ **Plus or** Legislative Session Adjustments

- **Less**

= 2025-27 LEGISLATIVELY ADOPTED BUDGET (LAB)

EXPENDITURE CATEGORIES

Oregon's budget and accounting systems use defined expenditure categories and budget groupings. ORBITS has detail accounts for line item expenditures within those categories. Agency budget staff should review the categories and work with agency accounting staff to ensure expenditures are recorded appropriately and correcting entries are held to a minimum.

- **Personal Services** are employee gross compensation, also known as total compensation. This includes wages, benefits, temporary state staff, unemployment assessments, pay differentials, vacancy savings, and other personnel costs.

- **Services and Supplies** are non-personnel expenditures for agency operation and maintenance. This includes office supplies, professional services contracts, rent, telephones, personal computers, software, routine building repairs, and the like. Debt issuance costs related to bonds should be budgeted in the Services and Supplies category in the agency's operating budget, not in Capital Construction.
- **Capital Outlay** refers to expenditures for items not consumed in routine agency operations. These expenditures have a useful life of more than a single year with an initial value of \$5,000 or more.
- **Special Payments** are transfers and payments to external entities. They include benefits payments to individuals; distributions to governments and others; distributions of contributions, loans, deposits, or collections; and other transfers or payments where goods and services are not received in return.
- **Debt Service** includes expenditures for principal, interest, discounts, and premiums related to payment of state debt. Debt includes financing agreements such as a Certificates of Participation (COPs). Discretionary bond-related program expenditures may relate to debt but are not debt service. They include trust agreements, audit, and compilation fees; travel costs; Bond Counsel, and general financial consulting, and should be budgeted in Services and Supplies.
- **Capital Improvement** and **Capital Construction** are expenditures for land, buildings and support systems, and equipment/information technology-related projects or systems. (These categories should not include routine maintenance and repairs.) While these are not expenditure categories, they are treated as separate program units in agency budgets.
- **Nonlimited Expenditures.** As a rule, agencies can only spend within the limitations given them in the law enacting their budgets. General Fund and Lottery Funds expenditures are always limited. However, some Other Funds and Federal Funds expenditures are approved by the Legislature as Nonlimited expenditures. Nonlimited expenditures have been approved for cases when an agency's expenditures and corresponding revenues are driven by external factors. Examples are federal unemployment claim payments and repayment of bonded debt. Nonlimited expenditures may be reported in a separate program unit. Use the normal categories, such as Personal Services, Services and Supplies, Capital Outlay, and Special Payments. See the ORBITS/ORPICS User's Manual for more information.

Agency budgets are built using the Oregon's Position Information Control System (ORPICS) and the Oregon Budget Information Tracking System (ORBITS). These systems provide statewide data for decision makers. Agencies enter the data, which are then audited by the CFO/SABRS before final documents can be completed. Deadlines for agencies to request audits are outlined on pages 8- 9 of these budget instructions. ORBITS has audit tools for both agencies and audit staff to help speed up the processing of audits. However, agency actions are critical to make sure the process flows smoothly.

To help your audit process:

- Complete agency policy and program decisions well in advance of the deadlines. If needed, schedule board or commission meetings for discussion of budget issues early in the budget development process.
- Allow enough time, or overtime, for agency staff to enter detail into ORPICS and ORBITS.
- Make sure data input in ORBITS is correct before asking for your agency's audit.
- Respond promptly to requests from CFO analysts and SABRS staff during the audit process.

PROCESS RESOURCES

There are additional budgeting resources available on the following websites:

- ORBITS and ORPICS User's Manuals and SABR Coordinator Presentations ([Department of Administrative Services : Statewide Audit and Budget Reporting : Financial Programs : State of Oregon](#))
- The DAS Price List of Goods and Services details assessments, service charges, and other costs ([Department of Administrative Services : Budget Instructions : Financial Programs : State of Oregon](#))
- The Oregon Legislative Information System (OLIS) has links to budget bills, budget reports, and other actions for multiple sessions ([Oregon Legislative Information System \(oregonlegislature.gov\)](#)).

Budget Development

EARLY PREPARATION

JANUARY – MARCH

An Agency Request Budget (ARB) is built in three basic phases: the base budget, the Current Service Level (CSL) and finally the ARB. Before these phases can be undertaken, it is necessary to complete some early budget preparation including validating historical data in ORBITS, determining program units, submitting exception requests, and developing revenue estimates.

Historical Data in ORBITS

During January of even numbered years, SABRS prepares the ORBITS system for the upcoming budget prep cycle, creating new column headers, indexing the database for the new biennium, and loading data elements and budget drivers. ORBITS stores historical budget data in columns, including the 2021-23 Actuals (revenues and expenditures) and the 2023-25 Legislatively Approved Budget. The 2021-23 Actuals column data are downloaded directly from accounting data in the Statewide Financial Management Application (SFMA) and the agency will have the opportunity to review and modify the data. Agencies complete their review of the Actuals column and submit it to SABRS by March 5, 2024. SABRS staff will review each agency's Actuals column data for audit errors. If audit errors are found, the agency will have to correct them before they pass this audit phase. Agencies may request access to the raw data through the SABR section and their CFO analyst. At this point, the agency should not adjust any expenditures in the Actuals column between categories or programs. These changes will occur during the base budget phase.

During March, agencies will provide detail information to SABRS regarding the 2024 Legislative Session actions for input into ORBITS. SABRS will input all information related to the 2023-25 biennium into the Emergency Board Actions column, based on data provided by agencies.

Determining Program Units

Agency budgets are organized by program unit. Program units contain an agency's major program and policy issues. In some cases, one unit may cover an entire agency. An agency may also have program units for Capital Improvement, Capital Construction, Debt Service, and Nonlimited expenditures. Program units are represented in ORBITS by Summary Cross Reference (SCR) and Detail Cross Reference (DCR) numbers. SCR and DCR numbers generally show the relationship between the agency organization and the budget structure.

To start the budget preparation cycle, an agency must first decide whether the program units used for the last budget are still appropriate. Agencies should work with their CFO and Legislative Fiscal Office (LFO) analysts to ensure the program units adequately present the major policy issues and budget data. In some cases, agencies may have to revise their program units to better portray their programs and policy issues, or for cross-agency issues.

Accounting program structures should be aligned with ORBITS program units. When reviewing ORBITS detail cross references for the 2025-27 budget development, agencies should keep in mind that any requested changes to cross reference structures must be accompanied by the necessary accounting structure changes.

Proposed changes to program units are due to CFO analysts by April 1, 2024, for approval. CFO, LFO, and the agency must work on proposed changes in advance of the deadlines since they must concur on all changes.

Refer to the ORBITS/ORPICS User's Manual for the technical details for developing program units and the underlying cross reference numbers. Cross reference numbers must be in place early to allow the ARB to be submitted on time.

Exception Requests

Exception requests are appropriate when there is documented evidence of extraordinary conditions where costs are increasing at rates outside of defined inflation factors, and not funding such exceptions would prevent agencies from maintaining current operational levels in the next biennium. The Budget Instructions address standard conditions and cost drivers such as inflation, mandated caseloads, funding splits and phase-ins and outs.

A series of exceptional inflationary requests are anticipated for statewide items as well as agency specific issues. To proactively address these issues, CFO will evaluate each item and provide guidance to agencies if exceptional inflation is allowable and to what extent. **Agencies do not need to submit exception requests for the following:**

Statewide Items:

- DAS Data Processing Charges
- DAS Fleet Services Charges
- DAS Shared Financial Services Charges
- DAS Shuttle Service Charges
- DAS Financial Business Services Charges
- DAS IT Charges
- Uniform and Non-Uniform Rent
- Attorney General Rate
- Board Member Per Diem Costs
- Interagency funding of programs with Personal Services Costs
- Fuel and Utility Costs

Agency Specific Items:

- Behavioral Rehabilitation Service (BRS) Rates (ODHS, OHA, OYA)
- Non-ORPICS for 24/7 Facilities (ODHS, OHA, DOC, OYA)
- Shared Services Funding (OHA, ODHS, DEQ, ODF)
- Cost Per Case inflation for Mandated Caseload Programs (OHA, ODHS)
- Medical Inflation for PEBB/OEBB
- Medicaid and Non-Medicaid Medical Inflation (OHA)
- Agents Compensation and Credit Card Fees (OLCC)

Once CFO has completed its analysis of each of the above item, information will be provided on the CFO website (<https://www.oregon.gov/das/Financial/Pages/Budgetinstruct.aspx>) by April 18th, and agencies will be allowed to work with their CFO analyst to build the allowable inflationary costs into the appropriate CSL Packages.

Exceptions to Standard Inflation may be submitted by agencies for cost increases that:

- Arise from extraordinary conditions and cost drivers;
- Are specific to an agency or small group of agencies;
- Differ from generic drivers, which are applied via budget instructions, across all agencies and have been included in standard inflation factors;
- Are fact based and not reliant on worst-case scenarios or anticipation of what might or could occur; and
- Are beyond the control and authority of agency management.

Agencies should submit exception request concepts, including dollar estimates by fund type, before the end of March 2024. The Exception process begins with the formation of the CFO Exception Committee in March 2024. To receive an exception, agencies need to send the request to their CFO analyst.

The Exception Committee will review concepts early in April 2024 and will approve or deny the concept. If approved, the CFO analyst will request full documentation of proposed dollar amounts from the agency. Documentation must be provided by Summary Cross Reference, by Category, and by Fund Type. Account level detail may be necessary, as determined by the analyst. The analyst will fully review the documentation and work with the agency to clarify final dollars. The analyst is responsible for certifying the amount and communicating to both the agency and SABRS for audit purposes.

Only exceptions with sufficient documentation sent to agencies and SABRS before the CSL audit process can be included in the ARB. However, agencies may need to continue to work with analysts after the deadline to include or modify Essential Packages as part of the CSL budget for the Governor's Budget.

Exception requests may be submitted for items not addressed through the standard budget rules, as described later in this document. The following will not be accepted as an exception request:

- Annual inflation. The lone exception is for annual appropriations as directed in the Legislatively Adopted Budgets (State School Fund).
- Postage – now tied to inflation by the U.S. Postal Service.
- Attorney General above the maximum rate as established by the CFO.

This does not prohibit these requests from being submitted as policy packages. Significant disputes between CFO analysts, agencies, or SABRS regarding amounts and approval authority will be resolved by the Exception Committee.

Estimating Revenues and Available Resources

For purposes of current service level development and to ensure revenues cover expenditures all agencies must submit a spreadsheet with detailed revenue information, as well as an attached narrative document, to the CFO and LFO analysts by April 1, 2024. For each Other Funds and Federal Funds revenue source, the spreadsheet must include:

- Actual revenues for 2021-23.
- Updated revenue estimates for the 2023-25 biennium.
- Preliminary revenue estimates for the 2025-27 biennium.
- Estimated Beginning Balance for 2025-27.
- For fee-related revenues, data on rates and numbers of units expected for both 2023-25 and 2025-27.

Revenues must cover requested expenditures. Agencies receiving Other Funds or Federal Funds must project their revenues early in the budget process and update these estimates as needed. Agencies should continue to work with their CFO analyst for any necessary updates to revenue estimates based on the most current information available at the time they submit their Agency Request Budget. Revenue projections should be completed for both Limited and Nonlimited expenditures.

For Lottery Funds which do not revert, agencies need to report only estimated beginning balance for 2025-27. Agencies should include Lottery Funds on their final revenue form (107BF07) at ARB.

Templates are available for agencies to use if they choose (forms 107BF06a and 107BF06b). These templates might also be useful for budget staff who are requesting information internally. If agencies choose to use their own formats, the data reported should be at least as comprehensive as these templates.

For each Other Funds and Federal Funds revenue source, the attached narrative document should include:

- Highlight of major issues, if any;
- Forecast methods and assumptions;
- Fee schedules (if any), with any proposed fee increases or new fees;
- List of any program's where anticipated revenues are not expected to be sufficient to support current service level expenditures, if known this early; and
- Revenue trends through 2029.

Agencies should work with their CFO analyst to determine the level of detail reported, *i.e.*, which programs should be reported separately, and which can be combined. This is especially important for agencies with numerous revenue sources. If an agency has a few key programs with significant revenue issues or changes, these should be split out separately.

Work with your CFO analyst if your agency has special circumstances, such as federal entitlement revenues, which will not be known until later in the process.

Agencies can continue to update their revenues even after they have finished their CSL audit. Agency Request revenues should be consistent with the June 2024 state revenue forecast for those agencies producing General Fund revenues. If estimates change significantly between July and October, agencies should submit new information to their CFO analyst who can incorporate the changes into the Governor's Budget. Agencies should also be prepared to provide further updates to their LFO analyst during the legislative session.

There are four revenue categories used for budgetary purposes – General Fund, Lottery Funds, Other Funds, and Federal Funds. Agencies should estimate and budget all revenues at the program unit level. The CFO analyst must approve any request to combine revenues across program units or agencywide.

General Fund

General Fund revenues include revenues an agency collects, including tax collections and some fees and fines, which go into the state General Fund. These funds are recorded as General Fund revenue, in the ORBITS system by the collecting agency, with a matching revenue transfer to the General Fund.

General Fund appropriations are used for program operations. In ORBITS, they are accounted for separately from General Fund revenue.

General Fund appropriations must match the program expenditures they fund. Appropriations cannot cross biennia so General Fund beginning or ending balances are not allowed in any agency budget. General Fund for Capital Construction is appropriated for six years; however, it is shown in ORBITS as having been fully spent in the biennium in which it is appropriated. Unspent Capital Construction General Fund is not included in the beginning or ending balances in agency budgets.

Lottery Funds

Lottery Funds include any of the following: 1) funds allocated to an agency by the Legislature as Lottery Funds; 2) Lottery Funds revenue transfers between agencies, *i.e.*, Lottery Funds transferred by an agency must be received by the receiving agency as Lottery Funds; and 3) all interest earned on Lottery Funds while held by an agency.

Lottery Funds associated with Ballot Measure 76 (2010) require a greater level of reporting and accountability for the 15 percent of net lottery proceeds directed to parks and salmon

restoration.¹ Agencies receiving these funds should expect to provide additional detailed expenditure information beyond what is recorded in their budget. Of the 7.5 percent net lottery proceeds for salmon restoration, at least 70 percent must be spent as grants to entities other than state or federal government entities. Up to 30 percent may be spent for ongoing operations. Of the 7.5 percent net lottery proceeds for parks, at least 25 percent must be spent as local grants.

The Transfer-In from DAS or the Oregon Watershed Enhancement Board (OWEB) accounts are used to reflect new 2025-27 biennium revenue allocations. Unspent lottery fund balances proposed to be carried forward from earlier allocations should be shown in ORBITS as Lottery Funds beginning balance(s) in base budget. Lottery Funds beyond the June forecast for requested policy packages are budgeted as generic Transfers In – Lottery Proceeds at Agency Request, which is Account No. 1040 in ORBITS. By the Legislatively Adopted Budget, all these generic transfers must be replaced by transfers from specific agencies.

Other Funds

These are agency revenues, which can be spent directly under an Other Funds expenditure limitation or as Nonlimited Other Funds. They include revenues received from the public, other agencies, cities, or counties. Examples include licenses and fees, loan repayments, and charges for services. Federal Funds transferred from another agency are usually considered Other Funds in the receiving agency budget.

Agencies with programs supported by Other Funds revenues must retain enough ending balance to cover cash flow needs and contingencies. They must be sure to allow enough ending balance to accommodate any potential statewide salary and benefit increases that may be included in the Governor's Budget. An excessive ending cash balance, however, may suggest a need for revenue reductions. Agencies should work with their CFO analysts to determine ending balance needs.

Fee and assessment levels under current law are the basis for estimating revenues for existing Other Funds sources. These current law fee and assessment revenues should be budgeted in an agency's base budget. Any fees established or increased administratively during the 2023-25 biennium and were not approved by the 2023 or 2024 Legislatures must be estimated separately in the budget document's Revenue Forecast Narrative. In addition, any proposed new sources of Other Funds revenues and any proposed increases in existing fees must be called out in the Revenue Forecast Narrative, even if the proposed increases are within current legal limits.

New or increased fees anticipated in the budgeting process and were included in the Legislatively Adopted Budget for the agency are considered permanent. These revenues should be included in the base budget.

However, any fees established or increased through the proper administrative process during the 2023-25 biennium and were not included in the Legislatively Adopted Budget are still considered temporary, unless ratified during a Legislative session. **Do not include these revenues in base budget projections.** These revenues are to be included in a fee increase policy package, if applicable. They automatically cease at the end of the 2024 or 2025 Legislative Sessions (or July 1, 2025), whichever is later. They continue only if they are put into law or are "ratified." This includes fees established or increased through the Emergency Board process. (See ORS 291.055 for the requirements related to changing fees administratively.)

If an agency established or increased fees administratively during the 2023-25 biennium, which were not included in the Legislatively Adopted Budget, then a fee ratification bill will be drafted by DAS. This fee ratification bill will "accompany" an agency appropriation bill through the legislative process. However, if an agency's fees are explicitly listed in statute, then any proposal to establish or increase fees during the 2025 Legislative Session must be submitted to DAS in the legislative concept process (see pages 56-58).

Here are a few examples to help clarify the preceding discussion:

¹ Oregon Constitution, Article XV Section 4a (Parks) and Section 4b (fish and wildlife, watershed, and habitat protection).

- **Question:** My agency raised a fee administratively in January 2024. We had been planning this for a long time, and so the fee increase was already included in our 2023-25 Legislatively Adopted Budget. What do we do for 2025-27 budget development?

Answer: Include the 2025-27 revenue resulting from the fee increase in your base budget.

- **Question:** My agency raised a fee administratively in March 2024. We had not anticipated this increase during the 2023-25 budgeting process, and so the fee was not included in our 2023-25 Legislatively Adopted Budget. What do we do for 2025-27 budget development?

Answer: In your base budget, remove the 2025-27 revenue resulting from the fee increase. Include that revenue in a fee increase policy package. The CFO will draft a fee ratification bill (a budget bill) to accompany your regular budget bill through the legislative process.

- **Question:** My agency wants to raise a fee during 2025-27. We can do this administratively since our statutes already allow the increase. What do we do for 2025-27 budget development?

Answer: Include the 2025-27 revenue resulting from the fee increase in a fee increase policy package.

- **Question:** My agency wants to raise a fee during 2025-27. We need a change to our statutes in order to raise this fee. What do we do for 2025-27 budget development?

Answer: Submit a Legislative Concept to change your statute to allow the new fee level requested. Legislative Counsel will draft a substantive bill for you. Include the 2025-27 revenue resulting from the fee increase in a fee increase policy package.

Agencies must report detailed information on all fee increases, establishments, or decreases included in the 2025-27 Agency Request Budget, using form 107BF22 Fee Change Detail Report. The form and accompanying cover memo must be submitted electronically to the agency's CFO analyst at the same time the Agency Request Budget is submitted.

Note: By statute, DAS must report all current fees to the Legislature at the beginning of each legislative session. To do this, agencies will be required to update the statewide fee database during the fall of 2024. This will allow agencies to include any fees changed during the 2023 and 2024 Legislative Sessions or changed administratively during the interim. This database should not include fee changes being proposed in the 2025-27 budget but not yet implemented. Instructions for using the database will be posted to the CFO website. An email to SABR coordinators will be sent notifying agencies when the database is open.

Federal Funds

These are revenues received from the federal government. They are spent under a Federal Funds expenditure limitation or as Federal Funds Nonlimited expenditures. Federal Funds may come as direct revenue or as matching fund reimbursement for state expenditures. Federal Funds received from another agency instead of from the federal government, in general, are received and expended as Other Funds.

Use the most recently completed congressional action to estimate Federal Funds revenues. As soon as the funds are documented as authorized and appropriated, provide the information to the CFO analyst. Agencies must revise Federal Funds revenue estimates periodically as federal authorizations and appropriations change and notify the CFO analyst.

Because most Federal Funds are provided on a reimbursement basis, most agencies include the necessary Federal Funds revenues in each Essential and Policy Package. Most agencies will not have a beginning or ending balance in Federal Funds. However, there are a number of exceptions to this policy. Work with your CFO analyst and SABRS staff if you have questions.

Revenue Transfers and Special Payments between State Agencies

Agencies must communicate early in the budget process if they send revenues to or receive revenues from another agency. The two agencies need to agree on the amount of funding being transferred and the budget treatment of the transfer. Prior transfers might not continue unchanged into the next biennium. Generally, the agency sending the funds determines the transfer amount. However, budget and program staff from all affected agencies should be included in the discussions.

ORBITS has an on-line report (AUD004) to help agencies review transfers for budget development. Instructions for using this screen are in the ORBITS/ORPICS User's Manual. Agencies must balance, or at least have documented agreements with other agencies, on all interagency Revenue Transfers and Special Payments before requesting an ORBITS audit.

BASE BUDGET

APRIL - MAY

The budget for the new biennium is built in phases, the first phase being the base budget. The starting point for the base budget is the 2023-25 Legislatively Adopted Budget, as approved by the 2023 Legislature. Any 2024 Session, Special Sessions, Emergency Boards, or Nonlimited administrative changes approved by DAS, through April 2024, are added to the Legislatively Adopted Budget. The result is the 2023-25 Legislatively Approved Budget. The final step to calculating the base budget includes adjustments for Personal Services generated by ORPICS, scheduled debt service payments, Nonlimited expenditures, and Capital Construction expenditures.

- **Personal Services Adjustments** – ORPICS generates the Personal Services dollars for the Base budget. Salaries and related Other Payroll Expenses (OPE) expenditures are calculated from ORPICS position data on the ORPICS freeze date. The freeze date is projected to be mid-April 2024, after all changes are entered into the system for the February 2024 Legislative Session. ORPICS will base funding for vacant positions on the third step of the salary range. Do not include position reclassifications or other changes not yet administratively or legislatively approved in the CSL. There are situations when an agency may need to adjust the step in the ORPICS freeze for certain positions (i.e. seasonal positions). You will need to work with your CFO analyst to obtain approval for any necessary modifications.
- **Base Debt Service Adjustment** – This shows any expected change in scheduled debt service for the 2025-27 biennium, for financing already done or authorized by the Legislature. Changes to the Base budget debt service are provided by the DAS Capital Finance Section. The Base budget should not include debt service for any financing not already authorized. Requests for new debt service authority should be included in policy packages.
- **Base Nonlimited Adjustments** – Changes in programs with approved Nonlimited Other Funds and Nonlimited Federal Funds expenditures should be shown here. Requests for new Nonlimited expenditure authority should be requested in policy packages.
- **Capital Construction Adjustment** – Capital Construction expenditure authority approved by the 2023 Legislature, during the February 2024 Legislative Session, or by the Emergency Board prior to April 2024, should be eliminated here and not included in the base budget or CSL. Requests for new Capital Construction authority should be included in policy packages.

If necessary, agencies should use the base budget to move amounts among line items within the same expenditure category in order to “true up” their budget. This should **not** be done in Package 030. The net result of such moves must equal \$0, and generally must not affect the higher inflation line items of Attorney General, Rent, State Government Service Charges, and Professional Services accounts.

CURRENT SERVICE LEVEL (CSL)

MAY - JUNE

The CSL is required by law and is an estimate of the cost to continue current legislatively approved programs into the 2025-27 biennium—it is built agency by agency. The calculation starts with the agency's base

budget. For the 2025-27 biennium, agencies will need to complete a CSL workbook for submittal to the assigned CFO analyst, detailed instructions are included at the end of the section (additional information is provided on page 32).

Emergency Board actions or other changes after April 2024 are not included in the CSL during the agency request phase. Agencies may request continued funding for these actions in Policy Package(s) No. 08X. In some cases, adjustments to the CSL may be made at later phases of budget development, if the CFO, EIS (if IT-related), and LFO concur on the adjustment. The Summary of 2025-27 Budget form (ORBITS) presents the agency budget, including the CSL estimate. The form is presented at the program unit level and summarized at the agency-wide level. Although agencies have prepared this form manually in the past, ORBITS has been programmed to produce the form. Following is more detail on the CSL.

Essential Packages

The essential packages in budget development are assigned the ORBITS package numbers discussed below. Agencies are responsible for supplying supporting documentation for all packages to the CFO analyst. The documentation provided must include expenditures by SCR, budget category, and fund type. The CFO analyst may also require account level detail if necessary. Agencies should work with their CFO analyst to put issues in the correct packages and to document all packages by the end of May 2024. The documentation must be provided by SCR, Category, and Fund Type. In some cases, account level detail may be required, as determined by the CFO analyst.

Essential Package No. 010 | Vacancy Factor and Non-ORPICS Personal Services

The ORPICS system will automatically update position costs to include 24-month pricing and identified salary adjustments affecting the next biennium. In addition, SABRS will calculate and auto populate a vacancy savings factor for each agency to project budget savings reasonably expected from staff turnover in the 2025-27 biennium. This Package 010 adjustment will be in an amount to bring the vacancy savings factor for an agency to five percent of the current service level for Salaries and Wages. Agencies should work with their CFO analyst and provide adequate documentation for agency specific circumstances where additional adjustments are necessary to the standard vacancy savings rate. The change in projected vacancy factor savings will be entered into ORBITS as an adjustment to the vacancy factor amount already included in the 2025-27 base budget—it can be either an increase or decrease. It is also reported on the Summary of 2025-27 Budget form.

Non-ORPICS Personal Services cost are inflation adjustments for items not included in the ORPICS-generated total, including unemployment assessments, overtime, temporary employees, shift differentials and Mass Transit taxes. Apply the general inflation factor outlined in the Package 031 discussion for these items. Cost increases for these items, above the standard inflation rate, must be requested in a policy package. The one exception is for agencies with mandated caseload and 24/7 facilities, such as the Department of Corrections and Oregon Youth Authority. These agencies should work with their CFO analyst to negotiate adjustments based on specific bargaining units. A formal exception request is not required. For Pension Obligation Bonds (POB), the CFO will supply each agency the 2025-27 amount to use in the ARB. Agencies should not apply inflation factors. Package 010 will represent the difference between the 2025-27 base POB amount and the value supplied by the CFO. In the case of mass transit taxes, use the rate of .006 of Total Salaries and Wages by Fund Type excluding Federal Funds. There should be no ORPICS driven changes in this package.

Essential Package No. 021 & 022 | Costs of Phased-in/Phased-out Programs and One-time Costs

Agencies are responsible for identifying budget adjustments resulting from program phase-ins (programs funded for less than 24 months during 2023-25 biennium), phase-outs (programs to be suspended during the 2025-27 biennium) and other one-time costs. These will generally be found in Services and Supplies, Capital Outlay and Special Payments expenditures. A description of each program phase-in or phase-out must be included in the narrative portion of this package. Include the assumptions used to calculate the adjustment.

Agencies should enter phase-ins in Essential Package 021 and phase-outs and one-time cost eliminations in Essential Package 022.

Phased-in programs include new programs and expansions of non-mandated caseload programs funded for less than 24 months during the prior biennium but require a full 24 months in the next biennium. Package 021 should reflect the added cost of the program above the 2025-27 base budget level, after adjustments for program start-up costs and any other one-time expenditures funded in 2023-25. ORPICS will adjust for most legislatively approved position phase-ins or eliminations in its Personal Services calculation for the new biennium. To reflect full cost the agency calculates remaining adjustments for non-ORPICS OPE (if any) and for Services and Supplies. Agencies should *include* inflation on the phased-in programs as well. All other adjustments to reflect full costs are calculated by the agency. **Note: Include inflation on the phased-in programs in Package 021, NOT in Essential Package No. 031. Package 021 amounts are NOT part of the inflation auto-calculating function in ORBITS.**

Phase-outs are the result of decreased costs from the elimination of pilot or other programs and other one-time costs not funded in the 2025-27 biennium. ORPICS will adjust for legislatively approved position phase-outs in its Personal Services calculation. Find and deduct any other costs that should be phased out from the 2025-27 base budget level (for example, Services and Supplies costs associated with 2023-25 limited duration positions). Be sure to deduct programs approved by the Legislature under the expectation that a review would occur before further funding. Also deduct other one-time expenditures, like a new computer system or other large IT projects, which have been completed. Capital Construction expenditure authority established in the 2023-25 biennium should be eliminated as a Base budget adjustment rather than an Essential Package No. 022 adjustment. **Note: Package 022 entries must be entered into ORBITS prior to using the inflation auto-calculating function in ORBITS. Package 022 amounts are part of the ORBITS functionality.**

These packages require agency documentation and approval by CFO by the end of May.

Package 020 Tips:

- Most phase-in/out packages can be identified shortly after the end of session (sine die). Agencies are recommended to construct a list as soon as possible after the session ends while this information is fresh;
- If applicable, the LFO or Agency produced Fiscal Impact Statement corresponding to new partial biennium funded program increases should provide the amount necessary for the next biennium. However, this figure will NOT include inflation. Use this information and other budget report data to review proposed phased-in/out costs;
- Though not often, there may also be some phase-in/outs coming out of Emergency Board meetings;
- Remember, most position costs will be automatically priced at 24 months by ORPICS, so be sure not to double count these costs; and
- Make sure to adjust for any one-time costs when calculating the phase-in need.

Essential Packages No. 031, 032 and 033 | Inflation and Price List Adjustments

The inflation factors in these instructions and the DAS Price List of Goods and Services are the basis for calculating cost increases in Services and Supplies, Capital Outlay, and Special Payments. Changes in volume or usage are not allowed as part of inflation packages.

Biennial inflation factors for 2025-27 include 4.2 percent for general inflation, 6.8 percent for non-state employee personnel costs (contract providers), and 5.6 percent for medical services. **Agencies need to notify their CFO analyst if they plan to use the medical services inflation factor.**

Package 030 is broken into three parts in order to isolate the incremental impacts of certain inflation factors. This is unchanged from last biennium. Conceptually, Packages 031 and 032 are the same in that they both involve pre-determined allowable rate increases agencies can use. They are separated for audit purposes and Package 032 requires more documentation. Only a few agencies will need to use Package 032.

031 - Standard inflation and State Government Service Charge

This package will include the following “standard” inflation factors and do not require any special approval:

- A general inflation factor that applies to most Services and Supplies and non-ORPICS Personal Services costs, Capital Outlay, and some Special Payments. The standard inflation factor for 2025-27 development is **4.2 percent**.
- The non-state employee personnel costs (contract providers) rate, as applied to the *Professional Services* line item. The Professional Services inflation rate may also be applied to non-state employee personnel costs included in Special Payments; Agencies should work with their CFO analyst to apply this rate in the correct package. This rate is **6.8 percent** for 2025-27.
- Published rates for both uniform and non-uniform rent. As in the past, DAS EAM will identify a non-DAS office rent inflation factor for the biennium. With documentation, analysts can approve increases above standard inflation, up to this rate.
- All items reported in the State Government Service Charge line item (including Treasury charges that are usage based). This consists of certain Price List items including assessments and charges by DAS; Secretary of State; Minority, Women, and Emerging Small Business; State Library; the Law Library; Central Government Service Charges; the office of the Public Records Advocate, and the Oregon Government Ethics Commission.
- The standard rate portion (**4.2 percent**) of the following:
 - Medical cost increases.
 - Non-state employee personnel costs, as applied to Special Payments.
 - Usage-based Price List items.

032 - Above standard inflation with CFO Analyst Approval.

This package includes the amount above the inflation in Package 031 for a limited set of factors. The agency must provide detailed documentation in order to apply these inflation factors and approval by CFO analyst by the end of May.

This package will include factors such as:

- Medical services inflation applying to medical costs, such as Oregon Health Plan provider expenditures, amounts above standard inflation up to **5.6 percent**. It is also for medical service costs in child foster care, programs for the developmentally disabled, mental health services, and nursing homes. The medical services inflation factor will be allowed only in programs relying heavily on skilled medical staff (doctors, dentists, and registered nurses), advancements in medical technology, or high cost prescription drugs.
- For DAS Price List items that are usage-based such as motor pool and printing services, above standard inflation will only be approved in situations where the cost for services is increasing at a rate higher than standard inflation **on a price per unit basis**. Above standard inflation will not typically be approved for increased usage by agencies.
- Non-state employee personnel costs (contract providers), as applied to *Special Payments*, amounts above standard inflation up to **6.8 percent**.

033 - Exception Committee Decisions Above Analyst Approval

In certain circumstances, the standard inflationary factors may not be sufficient to cover agency cost increases. In these situations, CFO leadership may approve an exception to standard inflationary factors upon sufficient documentation by the agency. If the agency believes such an exception is necessary, work with your analyst regarding proper documentation.

If CFO leadership approves the request, it will be reflected in this package (033). For clarity, the exception in Package 033 includes inflation amounts over and above standard **and** analyst approved inflation amounts in Packages 031 and 032. These changes are above established maximums, such as medical inflation, and are limited to extraordinary factors as determined by the CFO Exceptions Committee. See the Exceptions section above for more information on Exceptions.

Inflation Summary

Below is a checklist summarizing the items included in each package:

- **Pkg 031 – Standard Inflation**
 - Standard (4.2 percent)
 - Non-state employee personnel costs (6.8 percent) applied to the *Professional Services* line item
 - All Attorney General
 - All Rent - Uniform and Non-uniform
 - All SGSC (including Treasury)
 - Standard portion of Medical
 - Standard portion of Non-state employee personnel costs applied to Special Payments
 - Standard portion of Price List items that are usage based
- **Pkg 032 – Above Standard Inflation**
 - Price List items that are usage based when the cost for services is increasing at a rate higher than standard inflation **on a price per unit basis.** - above standard inflation
 - Medical - above standard up to medical rate (additional 1.4 percent for a total of 5.6 percent)
 - Non-state employee personnel costs - applied to *Special Payments* above standard up to published rate (additional 2.6 percent for a total of 6.8 percent)
- **Pkg 033 – Exceptional Inflation**
 - Exceptions
 - Medical-above Medical rate

An example of how the inflation packages fit together:

The Oregon Health Plan (OHP) is required to use a rate set by an agreement with the federal government. Therefore, an additional inflation or utilization factor will be agreed upon for the OHP above the standard and medical inflation factor. Because it is above medical inflation, the agency would need to gain approval from the Exception Committee to include it in their budget. So, assuming standard inflation is 4.2 percent, medical inflation is 5.6 percent and the OHP inflation rate is approved at 14.0 percent, the agency would include in Package 031 the amount of 4.2 percent inflation, Package 032 would include the amount of 1.4 percent inflation and Package 033 would include 8.4 percent inflation for the Package 030 total of 14.0 percent.

Inflation Reporting

The Summary of 2025-27 Budget form (ORBITS) will report the total net change as a result of Packages 031, 032 and 033. This is reported in two separate parts. First, the Cost of Goods and Services increase/decrease is the net inflation calculation for everything except State Government Service Charges. This is the inflation amount above the 2025-27 base budget, excluding Personal Services and program phase-outs and one-time expenditures eliminated in Essential Package No. 022.

Second, the Summary of 2025-27 Budget form includes a State Government Service Charges line. This is the net amount, which agency-specific charges in that ORBITS account are more or less than the 2025-27 base budget amount. An inflation factor is not applied to these charges. Note: Not all Price List charges are State Government Service Charges. Rent and other costs budgeted under other ORBITS accounts are included on the Cost of Goods and Services line.

State Government Service Charges

DAS publishes the State's Price List of Goods & Services. The Price List includes assessments and charges from agencies across state government. An electronic version of the 2025-27 Price List will be available online. Note that items in the Price List may change, based on more current information, during the budget development period.

The following assessments should be budgeted in ORBITS account 4225 State Government Service Charges:

- Central Government Service Charges
- Secretary of State, Archives Division
- Secretary of State, Audits Division
- Certification Office for Business Inclusion and Diversity
- Oregon State Library
- State of Oregon Law Library
- Oregon Government Ethics Commission
- DAS Policy Functions:
 - Chief Operating Office
 - Chief Financial Office
 - Enterprise Information Services
 - Chief Human Resource Office
 - DAS Service Delivery Offices
 - EIS Data Center Services (assessment portion only)
 - Enterprise Asset Management
 - Enterprise Goods & Services
 - Risk Management Services
- Treasury Banking Services Charges
- Treasury Debt Management Services
- Office of the Public Records Advocate

Essential Package No. 040 | Mandated Caseload

Mandated caseload changes included in this essential package are based on caseload changes for programs required by the federal government (federal entitlement programs), the state constitution, or court actions. Mandated caseload costs include the cost of additional staff, although appropriate staffing levels are subject to further analysis. The budget instructions include an updated list of programs considered to fall within the mandated caseload definition.

Mandated caseload programs include:

- Oregon Health Plan – Medicaid only.
- Other Medicaid expenditures within medical assistance programs.
- Crisis services for adults with intellectual and developmental disabilities.
- Crisis services for children with intellectual and developmental disabilities.
- Non-crisis in-home care for adults with intellectual and developmental disabilities.
- Non-crisis, comprehensive care for adults with intellectual and developmental disabilities.
- Civil and criminal commitments for people with either mental illness or intellectual and developmental disabilities.

- Community-based and nursing home care.
- Adoption Assistance.
- Children's Foster Care (DHS & OHA only).
 - Other foster care placement alternatives: Subsidized Guardianship.
 - Statewide Residential Treatment Programs.
 - Treatment Foster Care.
 - Family Shelter Care.
 - Family Group Home.
 - Native American Relative Foster Care.
 - Other Tribal Programs.
- Food Stamps.
- State School Fund.
- Early Interventions/Early Childhood Special Education.
- Juvenile Corrections: DOC youth and Public Safety Reserve population only (at population forecast level).
- Adult corrections, including community corrections (at population forecast level).
- Department of Justice Criminal Appeals.
- Unemployment Insurance.

This list covers programs in the Executive Branch. The Judicial Branch reports its own mandated caseload programs.

Mandated caseload packages should reflect only the costs associated with caseload growth at the forecasted rate for the next biennium. Examples include changes in the number of clients served or in the cost of services purchased. Policy changes increasing or decreasing costs in mandated caseload programs should be included in a policy package. Examples of policy changes include adding services, restricting eligibility, or increasing reimbursement rates.

Methods used to forecast caseload and cost-per-case must be clearly articulated in the narrative portion of this package and discussed with/approved by CFO analysts prior to CSL finalization. Comparative data from other jurisdictions for similar caseloads is useful.

Adjustments for standard Mandated Caseloads listed in the Budget Instructions require agency documentation and CFO approval by the end of May 2024. Expanding to the approved mandated caseload list will not be considered. Additional adjustments based on updated information may be included by the analyst in the Governor's Budget.

Essential Package No. 050 | Fund Shifts

This package is for significant revenue changes in existing programs. The change may have occurred during the 2023-25 biennium or may be expected during the 2025-27 biennium. For example, a legislatively approved budget planned on Other Funds for a program, but Federal Funds are being used instead. These packages should be net-zero in Total Funds cost.

Agencies should request General Fund replacement of Lottery Funds, Other Funds or Federal Funds only for a mandated caseload program (see above) or if those funds have been interchanged with General Fund in past biennia. Any other request for General Fund backfill must be in a policy package, not this essential package.

Do not use this package to reduce expenditures below CSL due to revenue shortfalls. If revenues are insufficient to maintain current service level, reduce expenditures in Policy Package No. 070 (see Modified Current Service Level).

This package requires agency documentation and CFO approval.

Essential Package No. 060 | Technical Adjustments

This package is to be used for technical budget adjustments, such as agency reorganizations and expenditure category shifts that do not fit into the standard Essential Packages No. 010 - 050. For structure changes in ORBITS, SABRS approval is required. Agencies must provide documentation and obtain final CFO approval by the end of May 2024.

CSL Workbook

The CSL workbook was not previously required as part of the budget development process. This will be a new requirement in the 2025-27 budget development process intended to gain a general understanding between agencies and the CFO analyst to streamline the CSL audit process. This will be a communication and documentation tool for the agency and the CFO analyst to determine adjustments from base budget. Each agency must submit a CSL workbook detailing assumed adjustments from the following essential packages. A template of this workbook is available on the CFO website.

<https://www.oregon.gov/das/Financial/Pages/Budgetinstruct.aspx>

- 010 Vacancy Factor and Non-ORPICS Personal Services
- 021 & 022 Cost of Phased In and Phased Out Programs
- 031, 032 & 033 Inflationary Adjustments
- 040 Mandated Caseloads
- 050 Fund Shifts
- 060 Technical Adjustments
- 070 Revenue Reductions

The CSL workbook should be a joint work product completed with input from both the agency and CFO analyst and include information about the essential packages above, including package type, SCR title, amount of adjustment, number of positions and FTE, fund type and description of why adjustment is appropriate. This workbook should be completed by April 30, 2024. The CFO analyst will review information with CFO Leadership, provide feedback and work with the agency to determine final adjustments prior to CSL audit submission.

MODIFIED CURRENT SERVICE LEVEL – REVENUE SHORTFALLS

CSL is the estimated cost of continuing current programs into the next biennium, as required ORS 291. The modified CSL reduces current expenditures to accommodate available revenues. Expenditure reductions due to revenue shortfalls should be included in Policy Package No. 070. The Summary of 2025-27 Budget form (ORBITS) will include a subtotal for the modified CSL including base budget, Essential Packages No. 010 - 060 and Policy Package No. 070.

Policy Package No. 070 | Revenue Shortfalls

This package should include only Lottery Funds, Other Funds and Federal Funds expenditure reductions necessary to adjust CSL to available revenues which are normally budgeted in the base and/or Essential Packages 010-060 (for Federal Funds). Reductions should be sufficient to leave ending balances where appropriate. If an agency seeks restoration of some of all of the reductions, the agency will need to propose traditional policy packages to increase revenues and restore expenditures reduced in Policy Package No. 070.

AGENCY REQUEST BUDGET – POLICY PACKAGES

MAY – JULY

The final phase of the budget building process is to add policy enhancements on top of the Essential or Modified Essential Budget Level. Policy decision to reduce or increase programs or expenditures will be made through a series of policy packages described below.

Policy Packages No. 081 & 082 | Emergency Board actions after April

Agencies use this package to enter all expenditure and revenue actions taken by the Emergency Board not included in the base budget. Usually, this means all actions taken after April of the even-numbered year and will carry forward to the next biennial budget. The amount in the Policy Package No. 081 and No. 082 are biennialized and inflated using standard inflation rates. In some cases, changes to mandatory caseload figures may be adjusted in Package 040, or changes to fund shifts may be taken in Package 050 in order to keep the CSL “true.”

Policy Package No. 100+ | Program or other proposed enhancements

Policy packages reflect policy and program changes affecting an agency's budget. Requested policy packages should be coordinated with the Governor's Office and CFO. The sum of an agency's base budget, essential packages, and policy packages comprise its agency request budget. For policy packages impacting multiple agencies, the impacted agencies should coordinate to ensure the same policy package number and package title are used consistently across agencies.

Deferred Maintenance/Capital Improvements – Agencies that own state buildings and infrastructure should work with the Governor's Office and CFO to request policy packages to bring their budget to a level of deferred maintenance and capital improvements on existing state-owned buildings and infrastructure that is equivalent to at least two percent of the current replacement value of the agency's state-owned buildings and infrastructure per ORS 291.215. If the agency is funded by fees, it may be necessary to also propose a fee increase sufficient to cover the increased cost.

Audit Findings – To ensure the Governors' Budget complies with ORS 297.100, agencies must identify any new or enhanced funding requests as a result of implementation of Secretary of State audit findings or recommendations. The package narrative should indicate if a policy package is related to audit findings and clearly identify the components (by fund type) of the package that are directly associated with the audit findings.

Position Actions – When agencies are preparing requests for permanent positions, limited duration positions, or position reclassifications, they should prepare and have ready to submit upon request position descriptions, organization charts, and DAS Chief Human Resource Office (CHRO) approval memos. When the CFO analyst is considering approval of the positions requested, the analyst may request the state agency forward this supporting information.

The ORBITS/ORPICS User's Manual describes the process for entering data for policy packages into the ORPICS and ORBITS systems. The presentation of policy packages for the budget document is described in The Budget Document section of these instructions.

REDUCTION OPTIONS

The Governor or the Legislative Assembly may need to consider revenue or expenditure plans requiring program reductions. As required under ORS 291.206, agencies must include, in the agency request budget document, reduction options of 10 percent, preferably in five percent increments. **Please note that the reduction options do not apply to the debt service portion of the CSL.**

Reduction options are based on the Modified CSL (base budget plus Essential Packages, including Policy Package No. 070). Reductions should be presented separately for General Fund, Lottery Funds, Other Funds, and Federal Funds, and reported on form 107BF17. For each fund type, the reduction needs to be described in terms of activities or programs not being undertaken. Each activity or program not undertaken must be

ranked on the basis of lowest cost for benefit obtained. The criteria and method(s) used to determine costs and benefits obtained must be explained.

Explain the impacts if reductions would affect other revenues, expenditures, or programs. For example, would a General Fund reduction result in the loss of matching Federal Funds? For revenue transfers, discuss possible reduction options with any other entities that might be affected.

Agencies will not be required to submit Legislative Concepts to implement the proposed reduction options. However, agencies will need to provide the required legislative changes necessary to implement the reduction options if requested by the Governor or CFO analysts. Analysts may request more, or different, options if the options proposed are not feasible or are not consistent with other statewide efforts or policy.

Information on the budget reduction options must be included in the agency request narrative and should include summary information to allow consideration of each option. (See the Budget Document section for information on presentation.) ORBITS policy packages will be created if a reduction option is recommended by the Governor or adopted by the Legislature.

Finally, after the Governor's Budget document is released, agencies should update form 107BF17 to show which, if any, proposed reductions were used to develop the 2025-27 budget for the Governor. Agencies should use the strikethrough font format to indicate items and dollars that were used.

OTHER CONSIDERATIONS WHEN PREPARING THE BUDGET

- ***Federal Maintenance of Effort Requirements*** – The federal government is a significant partner in funding many of the services provided by state government to Oregonians. This partnership includes the federal government sharing in the costs of providing these services. Under these cost-sharing relationships, the federal government often requires the state to maintain a certain level of financial commitment to the programs. These relationships are often referred to as Maintenance of Effort (MOE) requirements. State agencies are required to maintain the documentation necessary to show the federal government that Oregon is complying with these requirements.

At various points in the budget development process, especially when reductions need to be considered, it is necessary for CFO and LFO analysts to review the MOE assumptions and calculations. It is impractical to require agencies to submit their MOE calculations at the time of submitting their ARBs because state and federal fiscal years are not aligned, and the calculations are fluid as agencies make actual expenditures. While it is impractical to require MOE submittals at the time of submitting the ARB, agencies are required to produce MOE documentation and assumptions upon the request of either CFO or LFO analysts. This requirement extends to both current biennium MOE reporting and planned expenditures for the upcoming biennium.

- ***Administrative Services*** – For many years, there have been efforts to more efficiently and effectively provide administrative services to state agencies. In general, these efforts have focused on the provision of Information Technology, Human Resources, Fiscal and Procurement services. While agencies are not required to budget these services into separate program units, agencies should be prepared to provide budget information for these services upon request.
- ***Ballot Measure 30 (1995)*** – Article XI, Section 15 of the Oregon Constitution requires the state pay the costs of new work the state requires of local governments, under certain circumstances.
- ***Ballot Measure 17 (1994)*** – Article I, Section 40 of the Oregon Constitution requires inmates to work and be engaged in workforce development. State agencies are required to give priority to inmate services and products. Visit the Oregon Corrections Enterprises website at www.OCE.oregon.gov for more information.
- ***Purchasing Printing and Copying Equipment*** – ORS 282.050 authorizes DAS to control and regulate the performance and production of state agency duplicating work and the purchase and use of related equipment. Requests for approval of agency purchase and use of state printing and

copying and equipment must be submitted to the DAS Publishing and Distribution program by June 30, 2024. Additional information regarding equipment subject to evaluation under this statute and approval guidance is available by emailing order.info@state.or.us.

- ***Purchasing Mailing Equipment*** – ORS 283.140 authorizes DAS to approve or disapprove all state agency mail equipment or mail service acquisitions. Requests for approval of agency purchase and use of state mailing equipment must be submitted to the DAS Publishing and Distribution program by June 30, 2024. Additional information regarding equipment subject to evaluation under this statute and approval guidance is available by emailing order.info@state.or.us.
- ***Acquiring or Modifying Fiscal Systems*** – Submit written requests to DAS for review as soon as the acquisition and/or modification of the fiscal system(s) are defined. DAS must review all new and proposed major modifications to existing fiscal systems. DAS defines fiscal systems as:
 - General ledger accounting and financial reporting systems duplicating any functionality currently provided by Statewide Financial Management Application (SFMA) or interface data into SFMA.
 - Payroll and/or time and attendance systems duplicating any functionality currently provided by Oregon Statewide Payroll Application (OSPA) or interface data into OSPA.
 - Financial data marts duplicating any functionality currently provided by the SFMA and OSPA data marts.

Call DAS as early as possible to consult on proposed systems or modifications. Call Statewide Financial Management Services (SFMS), Fabiola Flores at (971) 900-7635 for system application changes to accounting. Call Oregon Statewide Payroll Services (OSPS), Jason Robinson at (971) 900-7688 for system application changes to payroll.

- ***Compensation Plan Adjustments*** – Submit proposed compensation plan changes (represented, management service, unrepresented) to the DAS Chief Human Resource Office (CHRO). These are handled separately from the agency budget request. Approved changes will be included in a DAS compensation plan proposal. Do not add funding for these adjustments in the agency budget request. Call CHRO for help as early in the process as possible.
- ***“Interior Project Management*** - For information concerning interior project management and space planning services please refer to: State of Oregon: State facilities and land - Interior project management services
- ***Vehicle Purchases*** – When planning to make vehicle purchases, refer to the DAS Statewide Fleet Management Standards (DAS Policy 107-011-040) published by Enterprise Asset Management. DAS Fleet has statutory authority to control and regulate the acquisition, operation, use, maintenance, and disposal of, and access to motor vehicles used for State business. For additional information, contact the DAS Fleet and Parking Services Manager at (503) 373-7723, who can provide vehicle costing and delivery information.

If DAS Fleet provides vehicles for your agency, be sure to work with DAS Fleet Operations as you are planning your budget regarding any changes in agency program activities requiring additional new vehicles. Additional staff, reorganization, and increased field work, etc. triggering the need for more vehicles means the Fleet budget request will need a companion policy package to buy those additional vehicles.

Capital Budgeting & State Facilities Planning

CAPITAL BUDGETING

Capital budgeting refers to planning for and establishing General Fund appropriations or Other Funds and Federal Funds expenditure limitations for capital improvement projects and major construction or acquisition projects. Major capital projects require advance planning and may involve external financing, including bond financing of other financing agreements. Agencies that own state buildings or other infrastructure will need to include a Capital Budgeting section as part of the budget document. This section of the agency's budget document will include information on:

- Capital Improvements – total project cost of less than \$1 million including anticipated in future biennia.
- Capital Construction (Major Construction/Acquisition) – total projects costs of \$1 million or more for the acquisition, building, adaptation, replacement or change in use of a facility or group of facilities.
- Facilities Maintenance and Management – provides information about existing facilities and deferred maintenance needs.

To ensure the Governor's Budget complies with ORS 291.215, agencies that own state buildings and infrastructure should request policy packages to bring their budget to a level of deferred maintenance and capital improvements on existing state-owned buildings and infrastructure that is equivalent to at least two percent of the current replacement value of the agency's state-owned buildings and infrastructure. If the agency is funded by fees, it may be necessary to also propose a fee increase sufficient to cover the increased cost.

If your agency plans to finance capital improvement or construction projects through the use bond financing or other financing agreements (e.g. capital lease or other type of lease that functions as a vehicle to borrow funds) in an amount exceeding \$100,000, approval by the Governor's Office and the Legislature is required. These requests must be made via request form 107BF15 by May 17, 2024. Work with your assigned CFO Analyst and the Capital Finance Section to obtain debt service estimates for inclusion in the budget document.

Additional details for Capital Budgeting (including Financing Agreements and Bond Financing) are provided in a supplemental budget instructions document titled "2025-27 Capital Budgeting Instructions", which can be found here ([Department of Administrative Services : Budget Instructions : Financial Programs : State of Oregon](#)), additional resources are also available in the Statewide Facility Planning Process Manual ([Statewide Facility Planning Process Manual \(oregon.gov\)](#)). Reporting requirements on agency owned building and infrastructure are outlined in "The Budget Document" section of these instructions.

The Budget Document

THE BUDGET DOCUMENT

JULY – AUGUST

The budget document presents budget and policy issues to decision makers. It must be clear and understandable. Using the formats and forms in this manual gives all budgets a common framework, making it easier for readers to find and understand the information. Within this framework, agencies should tailor their documents to their needs. These instructions are presented in the traditional “hard copy” form. Agencies should convert to electronic form for customer ease of use. For instance, use of hyperlinks on table of contents and tabs.

The “Agency Summary” section of the budget document identifies the major issues and context of the agency's activities. The “Program Unit” sections provide supplemental budget and program detail.

It is helpful to review past budget documents and legislative presentation materials early in the budget development cycle, which allows time to make changes before the budget document is due. Graphics can replace or explain text to help decision makers understand complex or controversial issues or programs. The goal is a concise presentation making complex facts and issues easy to understand.

Agencies submit three separate budget documents in the budget process: the ARB, the Governor's Budget, and the Legislatively Adopted Budget. All are public records when published. Agencies will need to update the ARB at the right times to reflect changes and decisions by the Governor and the Legislature.

The budget document is a compilation of narrative, ORBITS reports, budget forms, and agency-supplied information. Agencies may enter budget narrative directly into ORBITS or may choose to use the old narrative form 107BF02. The applicable ORBITS component(s) and/or budget form(s) are noted in the instructions for each section of the document.

All of the CFO-supplied materials are available in ORBITS, from CFO, or on the web at

<http://www.oregon.gov/DAS/Financial/Pages/Budgetinstruct.aspx>.

The following pages explain how to assemble the budget documents.



The icon pictured to the left means the electronic document should contain major section identifiers and hyperlinks at this point in the file.

DOCUMENT FORMAT

Budget documents are submitted at three points in the process. See below and on the following page for details on when to submit. These guidelines will help you prepare your document.

- All budget pages should be oriented as “landscape.”
- Side margins should be a minimum of ½ inch.
- Budget forms are available at: <http://www.oregon.gov/DAS/Financial/Pages/Budgetinstruct.aspx>.
- Do not write or type on ORBITS reports other than to add page numbers.

Electronic Document

Agencies should submit budget document electronically using Box, which is an online secured file transfer service. A link to upload budget document will be sent out to SABR Coordinators and Budget Directors at each budget phase (ARB, GB, LAB, Etc.) A hard copy of the budget document is not required unless requested by your CFO or LFO analyst.

- All electronic documents should be digitized (created from source documents and not scanned) utilizing optical character recognition (OCR), in order for printed text to be searched electronically.
- PDF documents should be bookmarked at each section.
- Electronic files should contain appropriate hyperlinks to important sections of the document.
- Embed fonts and create a printable PDF prior to saving your document.
- PDF must be submitted as one combined document.

DUE DATES, DOCUMENT TITLES AND COPY REQUIREMENTS

Agencies must update forms, narratives, and graphics in the agency request document at each step to reflect decisions by the Governor and the Legislature. The document format remains the same. The due dates, document titles, and copy requirements for each are:

Agency Request Budget

- Due to the CFO by August 30, 2024, from all agencies.
- Title: "Agency Name" 2025-27 Agency Request Budget.
- **An electronic copy (PDF) of the document should be uploaded using Box, which is an online secured file transfer service. A link to upload budget binders will be sent out to SABR Coordinators and Budget Directors.** The document must include certification page with an authorized signature. The agency is also required to publish the ARB on its website and forward the hyperlink to the document to CFO.

Governor's Budget

- Due to CFO in early 2025. Actual due date will be supplied before then.
- Title: "Agency Name" 2025-27 Governor's Budget.
- **An electronic copy (PDF) of the document should be uploaded using Box, which is an online secured file transfer service. A link to upload budget binders will be sent out to SABR Coordinators and Budget Directors.** The document must include certification page with an authorized signature.

Legislatively Adopted Budget

- Due to CFO within 30 days of the date the agency is through SABRS audit process and receives ORBITS budget support documents.
- Title: "Agency Name" 2025-27 Legislatively Adopted Budget.
- **An electronic copy (PDF) of the document should be uploaded using Box, which is an online secured file transfer service. A link to upload budget binders will be sent out to SABR Coordinators.** The document must include certification page with an authorized signature.

BUDGET OUTLINE



INTRODUCTORY INFORMATION

Table of Contents

Certification (107BF01)



LEGISLATIVE ACTION

A summarized list of Budget Report(s) and Emergency Board Actions using the Legislative Action Workbook available on the CFO website.

(<https://www.oregon.gov/das/Financial/Pages/Budgetinstruct.aspx>)



AGENCY SUMMARY

Agency Summary Narrative (107BF02)

- a. Budget Summary Graphics
- b. Mission Statement and Statutory Authority
- c. Agency Strategic Plan
- d. Criteria for 2025-27 Budget Development
- e. Racial Equity Impact Statements and Diversity, Equity, and Inclusion Plan
- f. State-Owned Buildings and Infrastructure
- g. IT Strategic Plan
- h. IT Project Prioritization Matrix

Summary of 2025-27 Budget (Agency-wide and Program Unit levels) (ORBITS BDV104)

Program Prioritization for 2025-27 (107BF23)

Reduction Options (107BF02 and 107BF17)

2023-25 Organization Chart

2025-27 Organization Chart (if changes proposed)



REVENUES

Revenue Forecast Narrative/Graphics (107BF02)

Detail of Fee, License, or Assessment Revenue Proposed for Increase (107BF08)

Detail of Lottery Funds, Other Funds, and Federal Funds Revenue (107BF07)



PROGRAM UNITS

Program Unit Organization Chart(s).

Program Unit Executive Summary (107BF02).

Program Unit Narrative (107BF02).

Essential and Policy Package Narrative and Fiscal Impact Summary (ORBITS BPR013).



CAPITAL BUDGETING

Financing Agreements and COPs.

Capital Improvement.

- Capital Improvement Narrative (107BF02).
- Detail of Lottery Funds, Other Funds, and Federal Funds Revenue (BPR012).

Capital Construction (Major Construction/Acquisition).

- Major Construction/Acquisition Narrative (107BF02 and 107BF11).
- Major Construction/Acquisition Six-Year Plan (107BF13).

- Capital Financing Six-Year Forecast Summary (107BF12).
- Project Narrative.
- Detail of Lottery Funds, Other Funds and Federal Funds Revenue (ORBITS BPR012 and 107BF07).

Facilities Maintenance and Management

- Facilities Maintenance Narrative (107BF02).
- Facilities Maintenance Summary Report (107BF16a).
- Facilities Operations and Maintenance and Deferred Maintenance Report (107BF16b).



SPECIAL REPORTS

IT Project Prioritization Matrix – Supporting Documentation and Submission Via PPM

IT Strategic Plan (required for agencies with 50 FTE or More)

Information Technology Report

Annual Performance Progress Report

Audit Response Report.

Affirmative Action Report.

Supervisory Ratio.

BUDGET DETAIL



INTRODUCTORY INFORMATION

The first two items in the budget document are the Table of Contents and the Certification. They precede the Legislative Action tab.

Table of Contents (no form).

Certification page (use form 107BF01). With this form, the agency certifies the accuracy of the budget document.

This certification must be completed and signed by the agency head or, if the agency is under control of a board or a commission, by the chairperson. The agency head or chairperson must sign the certification **each** time the budget document is updated (electronic signature is acceptable).



LEGISLATIVE ACTION

This section should provide a summarized list of budget reports, bill numbers, and emergency board actions that impacted your agencies 2023-25 budget or will have a direct budget impact to your agency in the 2025-27 biennium. As a resource the BSM002a in ORBITS will provide a summary of all budgetary legislative actions. The Legislative Action Workbook available on the CFO website.

(<https://www.oregon.gov/das/Financial/Pages/Budgetinstruct.aspx>)



AGENCY SUMMARY

1. Agency Summary Narrative (107BF02)

This section presents policy issues and agency business plans for the 2025-27 biennium. An outline can be used if the information is complete.

The following headings and information must be in the narrative:

a. Budget Summary Graphics

This section must provide pie charts or other graphics depicting the proposed budget, including:

- How the budget is allocated among programs or activities.
- Distribution by fund type.
- Comparison of 2023-25 Legislatively Approved Budget (as of April 2024) with the 2025-27 Agency Request Budget.

Update these graphics for the Governor's Budget and the Legislatively Adopted Budget.

b. Mission Statement and Statutory Authority

This section explains the authority and direction of the agency. It must:

- Clearly and concisely state what the agency seeks to achieve.
- Cite Oregon Revised Statutes and Oregon Administrative Rules chapters containing the agency's authorities and duties.

c. Agency Strategic Plan

Agencies are required to develop and follow a strategic plan using goals outlined by the Governor's office. Plans should be developed with agency leadership and in partnership with direct service employees, community partners, tribes, underrepresented communities, and applicable boards and commissions responsible for oversight of the organization. Plans should include a section that aligns with the agency's information technology strategy to include how modernization efforts will support the goals of the organization.

Agencies are required to have a Diversity, Equity, and Inclusion Plan (DEI Plan), updated every two years. An agency's DEI Plan serves as an overarching DEI strategy tool.

d. Criteria for 2025-27 Budget Development

Using the short-term and long-term plans, identify the goals, objectives and/or outcomes used as a basis to develop the budget proposal.

e. Racial Impact Statements

During the 2023-25 budget process, several agencies were asked to provide a Racial Equity Impact Statement (REIS) for programs based on the 2021 Racial Equity Toolkit from the State of Oregon Diversity, Equity and Inclusion Action Plan. To continue the work already attained, as well as to advance the consideration of racial equity in the budget process a hybrid process will be used for the 2025-27 budget build. Each agency will be required to submit a copy of their Diversity, Equity and Inclusion (DEI) plan, as well as a cover memo addressing several questions as part of the ARB. All programs included during the 2023-25 budget build will also be required to provide an update on those programs through a series of questions.

If agencies have questions on the DEI plan or responding to the required questions, they may reach out to the DAS Office of Cultural Change at Cultural.Change@das.oregon.gov. Additionally, the Racial Equity Toolkit from the State of Oregon Diversity, Equity and Inclusion Action Plan, released in 2021, is available as a reference tool (https://www.oregon.gov/das/Docs/DEI_Action_Plan_2021.pdf). Agencies are not required to use the Toolkit but may use it as a resource while considering equity in the budget process for new or existing programs.

Information received as part of this process will be reviewed in consultation with the DAS Office of Cultural Change and provided to the Racial Justice Council (RJC) for review. Agencies may receive a request to present information to the RJC.

Diversity, Equity, and Inclusion Plan and Cover Memo – All Agencies

As part of the ARB each agency is required to submit a copy of the agency DEI plan. In addition to the submittal of the plan, each agency needs to provide a cover memo addressing the following five questions:

1. Who benefits from agency programs, both directly and indirectly?
2. Who will be burdened by agency programs?
3. How does the agency increase or decrease racial equity? Do proposed new programs have potential unintended/racial equity consequences? What benefits may result from the program?
4. Whose voices and perspectives are not at the table? Why?
5. What does the agency do to ensure multiple perspectives are part of our decision-making process?

Follow Up on 2023-25 REIS Submittals

All agencies required to submit a REIS as part of the 2023-25 ARB process will also be required to provide a memo with an update on the program in terms of racial equity (a full list of programs is provided below). The submitted memo should provide an overview of the program, funding made available as part of the 2023-25 LAB, and progress towards reaching racial equity goals. If the program was not funded as part of the 2023-25 LAB, please provide an update on any work done within current resources or if the agency was unable to perform work due to resource constraints.

While completing the memo please consider the following questions:

- What outcomes did the agency anticipate and what were the actual outcomes of the program? How did you measure the impact? What was the impact of this program on our communities? Share what you learned?
- How does the program increase or decrease racial equity? Does the program have potential unintended racial equity consequences? What benefits may result from the program?
- How do we use these results to continually reevaluate and improve our efforts?
- How did you engage communities during the process? What was the frequency of engagement? Did conversations lead to program or process changes?
- What were the challenges the program encountered during implementation?
- Is the agency planning to continue the program?

Below is the list of agency programs required to provide a follow up on REIS submittals included in the 2023-25 ARB.

- **Business Oregon**: Certification Office for Business Inclusion and Diversity Program (COBID)
- **Criminal Justice Commission**: Justice Reinvestment Initiative; Restorative Justice Grants funded to implement HB 2204 (2021)
- **Department of Administrative Services**: Enterprise Goods and Services - Procurement Services
- **Department of Agriculture**: Food Safety Program

- **Department Consumer and Business Services**: Oregon OSHA, Enforcement Program; Division of Financial Regulation, Consumer Education and Advocacy Program
- **Department of Corrections**: Health Services - Substance Use Disorder Treatment; Community Corrections - Measure 57 Commission and Grant in Aid
- **Department of Environmental Quality**: Clean Vehicles Rebate Program
- **Department of Human Services**: Self Sufficiency Programs - Temporary Assistance for Needy Families (TANF)
- **Department of Land Conservation and Development & Oregon Housing and Community Services**: Regional Housing Need Analysis
- **Department of Land Conservation and Development**: Climate Friendly and Equitable Communities Program
- **Early Learning Division**: Early Learning Programs - Preschool Promise; Early Learning Programs - Baby Promise; Early Learning Programs - Preschool Wages & Capital Projects
- **Higher Education Coordinating Commission**: Oregon Youth Employment Program; Oregon Opportunity Grant Program; Oregon Promise; Public University Summer Bridge Programs
- **Marine Board**: Boating Safety Program
- **Department of Emergency Management**: Oregon Individual Assistance Program
- **Oregon Department of Education**: Social-Emotional Learning Standards & Frameworks (HB 2216); State School Fund; Grant-In-Aid Policy Measure 98
- **Oregon Department of Energy**: Oregon Solar and Storage Rebate Program
- **Oregon Department of Fish & Wildlife**: Recruitment, Reactivation, and Retention of Hunters and Anglers Program
- **Oregon Department of Transportation**: Safe Routes to School Program
- **Oregon Department of Revenue**: Taxpayer Advocate Program; Expansion of the Earned Income Tax Credit – to include ITIN filers
- **Oregon Department of Veterans' Affairs**: Rural Veterans Healthcare Transportation Grant Program
- **Oregon Employment Department**: Paid Family & Medical Leave Program
- **Oregon Health Authority**: Health Systems Division - Medicaid Dental; Public Health - Chronic Disease Prevention; Public Health - Tobacco Cessation; Health Policy and Analytics - Medical and Behavioral Health Workforce Incentives
- **Oregon Housing and Community Services**: Statewide Training and Technical Assistance Program
- **Oregon Youth Authority**: Youth Programs and Services; Office of Inclusion and Intercultural Relations
- **Teacher Standards and Practices Commission**: Non-Traditional Pathways to Teacher Licensure Program
- **Water Resources Department**: Place-Based Planning Program
- **Youth Development Division**: Grant-In-Aid Policy - Oregon Statewide Reengagement System

f. State-Owned Buildings and Infrastructure

This section should identify buildings and infrastructure owned by the agency and include information on the current replacement value of the assets. Summary level information will be sufficient for the budget document; however, agencies should have detailed information available if requested by your CFO analyst.

This section should also identify the amount of deferred maintenance funding (by fund type) included in the agency base budget.

As ORS 291.215(2), buildings and infrastructure owned by or for use by a public university or community college as well as transportation infrastructure do not need to be reported.

g. Agency IT Strategic Plan

This submission is required for agencies with 50 FTE (Full Time Equivalent) or more. The agency IT strategic plan should cover three to five (3-5) years in duration, and outline enabling technologies needed to achieve agency goals and objectives. The table below outlines the required elements, descriptions, and examples of supporting items for the Agency IT Strategic Plan.

Required Element	Description	Example Supporting Items
1 - Agency Drivers	Identification of the organization's overall mission and goals.	Agency Mission, Vision, Values, Goals, Objectives, Initiatives
2 – Current IT Landscape	Overview assessment of the agency current IT situation with regards to performance, effectiveness, and value.	Agency Value Realization, SWOT Analysis, Mission Critical Application Inventory, Project Portfolio, Current Maturity level, Budget, Customer/User Feedback, Service catalog, current standards
3 - IT Context	Establish the tone and scope of the IT strategic plan and establish the mandate and cultural guideposts of the IT function.	IT Vision, Mission, and Guiding Principles, Goals, Target Maturity level, Required Capability, Architecture, IT Operating Model
4 – IT Strategic Initiatives	IT implications of the Agency Context and identification of initiatives that further improve IT current state towards target state and Enterprise alignment.	Identification of innovation initiatives, Improvements, DEI plans, Strategic IT initiatives, Operational Strategy, IT aligned Goals/Outcomes, Cloud Strategy, Open Data, Cyber Security, Mainframe Deprecation, Data Center Services Adoption
5 – Metrics and Targets	Identification of metrics that measure the success of the IT strategic plan and linkages to agency measures	IT Metrics and related goals, alignment to agency metrics
6 – IT Roadmap	Articulates specific IT projects with a high degree of detail over the course of the planning horizon and directly links IT goals to business goals and demonstrates where and how IT supports them.	Initiative prioritization criteria, Risks, Dependencies – People/Process/Technology, Budgetary Implications, Timing, Accountability, Roadmap Gantt Chart
7 – IT Strategy Communication	Structured approach for communicating IT Strategy to both internal and external stakeholders	IT Strategy Executive Presentation, Public posting of IT strategic plan, formal Communication Plan
8 - IT Strategy Continuous Lifecycle	Refresh Strategy and Accountability	IT Strategy Refresh Schedule and IT Strategy RACI

h. IT Project Prioritization Matrix

This section includes the Information Technology (IT) Project Prioritization Matrices developed for submission to Enterprise Information Services (EIS). As part of the EIS review and prioritization process for IT investments of \$1,000,000 or greater (regardless of Fund Type) agencies will work with their EIS Senior IT Portfolio Manager (SIPM) and be required to complete a Business Case, and Project Prioritization Matrix for each investment.

Every Project Prioritization Matrix must be included in the Special Reports section of the budget document. The agency narrative section should summarize these documents and describe how the investment:

- Aligns with and supports agency strategic/business/IT plans.
- Aligns with the racial equity vision and values outlined in the *Diversity, Equity, and Inclusion (DEI) Action Plan: A Roadmap to Racial Equity and Belonging for the State of Oregon*—supporting its racial equity goals and action plan objectives.
- Aligns with and supports the Governor’s goals, priorities and initiatives, the *EIS Strategic Framework, Cloud Forward. A Framework for Embracing the Cloud in Oregon, Oregon’s Data Strategy. Unlocking Oregon’s Potential*, and the *EIS Modernization Playbook*.
- Supports the analysis presented in the Project Prioritization Matrix.

2. Summary of 2025-27 Budget (ORBITS)

This form is produced directly out of ORBITS and should be ran at the **agencywide level** (should not include each individual SCR). It reports the base budget, the essential packages bringing the budget to the Current Service Level and any policy packages in the budget. This report will need to be reran at each stage of the budget development process (Governor’s Budget and the Legislatively Adopted Budget).

3. Program Prioritization for 2025-27 (form 107BF23)

This form is required for the Agency Request Budget. Priorities are listed for each Program Unit/Division as well as agency wide.

4. Reduction Options

Present General Fund, Lottery Funds, Other Funds, and Federal Funds reduction options (see page 33 for details). Rank them in order, by lowest cost for benefit obtained. Number the first option to be implemented as number one, the second as two, etc.

10% Reduction Options Form (107BF02, and form 107BF17). For each option, provide:

- Activity or Program – Describe the activity or program that would not be undertaken if the reduction were adopted.
- Describe Reduction – Describe the reduction and tell how it would be implemented. Describe program impacts from the option, including how the proposed action would affect the agency’s mission, strategic plan, other agencies, and local governments. Identify any statutory changes needed to implement the reduction and whether a legislative concept has been filed. List positions and full-time equivalent positions affected by the option. If the option would be phased in, show the 2025-27 impact and the full 24-month projected 2027-29 impact.
- Amount and Fund Type – Identify the amount of the reduction and the fund type. If Other Funds or Federal Funds are affected, identify the amount and source, and indicate if there are restrictions on use of the funds for other activities or programs.
- Rank and Justification – Each activity or program not undertaken must be ranked on the basis of lowest cost for benefit obtained. Explain the criteria and methods used to determine costs and benefits obtained.

If one option includes multiple elements, provide this information for each element.

Although dollar amounts for reduction options are not entered into ORBITS in the ARB, agencies should be prepared to provide their CFO and LFO analysts detailed information by category. This will allow analysts to form policy packages quickly if the options are recommended by the Governor or adopted by the

Legislature. See page 33 for instructions on displaying reduction options actually used in the Governor's Budget.

5. Organization Chart(s) 2023-25

Include a copy of the agency's current organization chart.

6. Organization Chart(s) 2025-27

If the 2023-25 budget includes organizational changes, include a chart of the proposed structure.

- A chart should summarize the agency structure in one or two pages.
- Include the number of positions and full-time equivalent (FTE) in each unit of the agency.
- Note any positions eliminated from or added to the 2023-25 Legislatively Adopted Budget to date.
- Show proposed 2025-27 biennium changes by shaded or dashed boxes.
- Use summary footnotes to save space. More detailed charts will be included in the program unit sections of the budget.



REVENUES

This section presents revenues at the agency-wide level.

1. Revenue Forecast Narrative (107BF02)

Explain the total estimated Lottery Funds, Other Funds, and Federal Funds revenues. For each source of Lottery Funds, Other Funds, and Federal Funds describe:

- The source of funds. For Federal Funds, name the federal program and agency.
- Any required matching funds, including the percentage and type of match.
- Agency programs funded with the revenue.
- General limits on use of funds.
- Basis for 2025-27 biennium estimates. For fees or assessments, describe who pays, the number of payers, and rates.
- Proposed changes in revenue sources or fees.
- Proposals for new legislation.

Include graphics or other aids to provide a clear, concise report. A more detailed revenue narrative is required for each program unit.

2. Detail of Fee, License, or Assessment Revenue Proposed for Increase (107BF08)

Describe the fees, licenses, and assessments to be established or increased in the 2025-27 budget. Include those established or increased administratively during the 2023-25 biennium, only if they were not approved by the Legislature and included in the Legislatively Adopted Budget. In the explanation section, describe and contrast any increases in volume versus any increases in rate.

Use form 107BF22 (Fee Change Detail) to report detailed information on all fee increases, establishments, or decreases included in the 2025-27 Agency Request Budget. The form and accompanying cover memo must be included in your Agency Request Budget.

3. Detail of Lottery Funds, Other Funds, and Federal Funds Revenue (Form 107BF07 or ORBITS Report BPR012 must be included.)

Itemize Lottery Funds, Other Funds, and Federal Funds for the agency as a whole by type of funds and source. Entries must match fund sources in the Revenue Forecast Narrative.



PROGRAM UNITS

Present each program unit under a separate tab in the budget. Generally, a program unit has a base budget and may have essential or policy packages.

An agency presenting its entire budget as a single program unit may combine this section with the Agency Summary section as long as all required information is included.



Program Unit (Title)

Organize each program unit under its tab as follows:

1. Program Unit Organization Charts

Include a copy of the current organization chart for each program unit. If the 2025-27 budget makes organizational changes, include a chart of the 2023-25 structure and one of the proposed 2025-27 structure.

- Charts should summarize the program unit's structure in one page if possible.
- Include the number of positions and FTE in each unit of the program unit.
- Note any positions eliminated, added, or transferred during the 2023-25 biennium to date between program units from the 2023-25 Legislatively Adopted Budget.
- Show proposed 2025-27 biennium changes by shaded or dashed boxes.
- Use summary footnotes to save space.

2. Program Unit Executive Summary (107BF02)

For the 2025-27 biennium, agencies will continue to incorporate the information contained in the prior biennia's Program Unit Executive Summary. Agencies should limit this executive summary to no more than four pages. This Executive Summary should orient readers to the core functions of the program unit, summarize the requested funding level for the upcoming biennium, and articulate the expected performance to be achieved if the requested funding level is approved.

The Program Unit Executive Summary should include the following specific sections:

- a. What is the long term focus of the program and how does it align with the agency's Strategic Plan
- b. Primary Program Contact. Identify a person who can answer questions about program operations.
- c. Graphical representation of the program unit's total funds budget over time and the program performance corresponding for the same period. This graphic is designed to provide historical and future context for decision-makers so they can see the relationship between funding levels and program performance. Most programs should be able to provide five biennia of history, the current biennium, and at least the funding and performance levels expected in the 2025-27 biennium if the agency proposal is approved. If your agency cannot provide this history, work with your assigned CFO analyst to determine an appropriate graphical representation.

While the information provided above is the minimum expected of agencies, it will be most helpful to decision-makers if an estimate of future costs is also included through the 2029-31 biennium. This is especially important for program changes being proposed for 2025-27 that may need to roll-up in future

biennia. Providing this information now will avoid surprises in future biennia if increased funding is requested at a later time. In preparing future cost estimates, use the same methodology used to develop the agency CSL. As a general guideline, the following inflation factors should be used:

	Standard Inflation	State Employee Personnel Costs	Non-State Employee Personnel Costs	Medical Inflation
2025-27	4.2	14.5	6.8	5.6
2027-29	4.1	9.0	6.6	5.5
2029-31	4.1	9.0	6.7	5.4

d. **Program Overview.** In one or two sentences, describe what the program does and why it is important.

e. **Program Funding Request.** Summarize the proposal you are submitting to the Governor. Include the amount of resources you are requesting for this program and the performance you will achieve if this proposal is funded. Include the proposal costs and performance for the 2025-27 biennium and estimated costs and performance through the 2029-31 biennium.

f. **Program Description.** Provide a description of the program, the clients it serves and the frequency at which those clients receive service. Describe the purpose of the program and how it achieves that purpose. Describe how the program is delivered and what partners are necessary to guarantee success of the program. Describe the major cost drivers affecting this program, and whether there are opportunities to improve performance through alternative delivery methods.

g. **Program Justification.** Describe linkage between program performance and the agency strategic plan to achieve desired outcomes. At a minimum, there must be a logical connection between the performance of this program and the strategic plan. At best, the program can provide research or nationally recognized best practices to justify the argument that investment in this program will help Oregon achieve its long-term goals. If there are long-term performance indicators directly impacted by the performance of this program, identify those indicators and how they move with changes in program performance.

h. **Program Performance.** In this section, provide tables or charts showing the performance of the program over time. Preferably, the performance should have 10 years of history and at least the projected performance during 2025-27 if the program proposal is accepted by the Governor. Optimally, the program would be able to provide information for all four of the following performance indicators over time:

- Number of people served/items produced
- Quality of the services provided
- Timeliness of services provided
- Cost per service unit

For whichever performance metrics are used, describe the metric, what it measures, and why the metric is important for understanding the program performance. Where trends or data anomalies exist, explain the nature of the anomalies. At a minimum, report the same information used for 2023-25 budget.

i. **Enabling Legislation/Program Authorization.** Describe if the program is mandated by the U.S. Constitution, Oregon Constitution or Federal Law. Cite the enabling legislation that mandates the program. If the program is authorized, but not mandated by federal law or if the program is mandated by Oregon law, cite the enabling legislation.

j. Describe the various funding streams that support the program. Include a description of leveraged funds and the nature of how Oregon qualifies to receive the additional resources (competitive grant, federal matching program, private donation, performance bonuses, etc.). If the program has a dedicated funding stream, describe the dedicated source and the nature of the dedication (constitutional or statutory) providing legal citations to the dedication.

k. Describe how the 2025-27 funding proposal advanced by the agency compares to the program authorized for the agency in 2023-25. Describe if the funding proposal maintains the program at CSL, or increase/decreases it. If the proposal alters the program from the CSL, describe the nature of the change and why the agency is proposing to make changes.

3. Program Unit Narrative (107BF02)

This section provides additional information beyond the Program Unit Executive Summary mentioned above. This section will cover more detailed information related to the budget information for the major program and policy issues of the program unit. Discuss the base budget, essential packages, and policy packages for the unit. Agencies with questions about writing the narrative should check with their CFO analyst for examples or suggestions.

The narrative must concisely describe:

- Expenditures by fund type, positions, and full-time equivalents
- Activities, programs, and issues in the program unit base budget that may require further explanation than allowed in the Program Unit Executive Summary
- Any additional important background for decision makers not mentioned above. Include trends in caseload, workload or other external factors that may influence the operation of the program
- Revenue sources and proposed revenue changes. For Lottery Funds, Other Funds, and Federal Funds revenues, discuss:
 - The source of funds. For Federal Funds, name the federal program and agency;
 - Any required matching funds. Include the percentage and type of match;
 - Programs in the program unit funded with each revenue source;
 - General limits on use of funds;
 - Basis for 2025-27 estimates. For fees or assessments, describe who pays, the number of payers, and the rates
- Proposed new laws that apply to the program unit

Balance the amount of detail against the need to be brief and to discuss key issues. An outline format can be used if it provides complete information. Use graphics or charts as aids to understanding.

4. Packages (107BF02 and BPR013)

Packages propose budget, policy, and program changes. Packages are of two kinds: essential or policy packages. Place the unit's essential packages first and then its policy packages. Rank and present policy packages in overall agency-wide priority order. number one would be the highest priority to the agency, number two next, etc.

- A package based on new or increased Federal Funds should be based on completed congressional action with documentation stating the funds are authorized and appropriated. Exceptions may be made if funding is reasonably certain.
- Highlight any actions that would:
 - Produce substantial matching revenues from other jurisdictions;
 - Generate new or increased revenues;

- Eliminate revenues received by the agency during the 2025-27 biennium; and
- Note whether package revenues are available only for the purposes described or could be used to finance other programs.

Descriptions of a program unit's essential packages can be combined on one or two pages, but each policy package should be on its own page. The policy package narrative should summarize the agency's business case for new funding proposals. The narrative should describe the issue to be addressed, the solution proposed by the agency, the resources needed to implement the solution, and how the agency proposes to quantify its success if the package is approved. Each package should be presented as follows:

- a. Package Narrative (107BF02) – Include these headings and information:
 - Purpose – Describe the issue or problem, which needs to be addressed and the agency's proposed solution. Explain how the proposed action advances our long-term goals, key change initiative, agency's mission, strategic plan, and any applicable benchmarks or key performance measures.
 - How Achieved – Explain how the proposed action will address the problem. This explanation should include the agency's implementation strategy with a detailed timeline for key activities. Summarize the planning activities leading to the development of the proposal, including employee or stakeholder involvement in the planning process. Describe the alternatives considered and why the agency's proposed action is preferred. If the proposal requires new statutory changes, include them in the legislative concept process. Describe any impacts on other agencies or governments and how the proposal is being coordinated with them.
 - Staffing Impact – List positions and full-time equivalents required for the proposed action. For phased actions, show the 2025-27 impact and the full 24-month projected impact for 2027-29.
 - Quantifying Results – Describe how your agency will quantify your results if the proposal is approved (policy packages only). Once the method of quantifying the results has been described, include a timeline with periodic performance target milestones. These measurements do not need to be limited to agency Key Performance Measurements but could include agency operational measures.
 - Revenue Source – Show the revenue sources that would fund the package and the amount assumed from each source. Highlight any new revenues expected, any revenue savings, or any change in fees assumed in the package.

If a package includes multiple elements, provide this information for each element.

- b. Essential and Policy Package Fiscal Impact Summary (BPR013) – Show fiscal details for each package by category and fund type. Include Personal Services, Services and Supplies, Capital Outlay, Special Payments, Positions, FTE, and all related costs of the package. Estimate the fiscal impact in the 2027-29 biennium for any phased actions or if the funding base will change.
- c. Policy packages involving IT projects/initiatives. A The IT Project Budget Spreadsheet of all new or continuing IT Project investments which are part of an IT policy package and with total costs of \$150,000 or greater must be submitted, along with any IT related policy package material, to the agency's Enterprise Information Services (EIS) Senior IT Portfolio Manager (SIPM). A completed Business Case and Project Prioritization Matrix must be submitted in the Enterprise Project Portfolio Management (PPM) system for all new and continuing IT investments with total costs of \$1,000,000 or greater, regardless of fund source or IT policy package inclusion.

5. Detail of Lottery Funds, Other Funds, and Federal Funds Revenue (107BF07)

Itemize Lottery Funds, Other Funds, and Federal Funds revenues for the program unit by type of funds and source. The total revenues described for all program units should equal the totals in the Revenue section of the agency budget document.



CAPITAL BUDGETING & FACILITIES MAINTENANCE

Capital Budgeting & Facilities Maintenance Forms

XI-Q Bonds and Financing Agreements

Article XI-Q Bond Financing and Other Financing Agreements Request Form for 2025-27 Biennium (107BF15) – If your agency is requesting XI-Q bond financing or capital lease financing, this form must be completed and returned to Rhonda Nelson, on or before **May 17, 2024**. Bond financing may be for capital acquisition, construction or improvement of real property, equipment, or IT systems.

Lottery Revenue Bond Financing Request Form for 2025-27 Biennium (107BF09) – If your agency is requesting lottery revenue bond financing, this form must be completed and returned to Rhonda Nelson, on or before **May 17, 2024**.

Capital Improvements

- **Capital Improvement Narrative (107BF02)** – See form for instructions.
- **Detail of Lottery Funds, Other Funds, and Federal Funds Revenue (ORBITS BPR012 and 107BF07)** – List each source and amount of Lottery Funds, Other Funds, or Federal Funds.

Major Construction/Acquisitions

- **Major Construction/Acquisition Narrative (107BF02 and 107BF11)** – Provide a general description of the agency's business plan or facilities master plan that is the basis for the request. Describe the basic assumptions supporting the request. Provide a description of the project purpose, project scope and alternates considered, and project budget for each major construction or acquisition project. These might include demographic changes, trends, economic factors, federal mandates, etc. Complete a separate form for each project. A separate form is included for the Higher Education Coordinating Commission for reporting public university and community college plans (form 107BF11a). All other agencies will continue to use form 107BF11.
- **Major Construction/Acquisition Ten-Year Plan (107BF13)** – Show each requested project by biennium. List them in numbered priority (No. 1 being highest). Include the estimated cost to complete, list all costs by fund source (General, Lottery, Other, Federal), and show totals. For projects in future biennia, list a planning cost estimate in the appropriate biennium. Include a discussion of operating and maintenance costs. A cost breakdown by program or institution is acceptable.
- **Capital Financing Six-Year Forecast Summary (107BF12)** – There is a separate summary form for each biennium of the forecast. Show the total principal amount of XI-Q bonds to be issued for major construction/acquisition projects costing over \$1 million, equipment/information technology-related projects or systems costing over \$500,000, and loan and grant programs. Show your issuance plans for each financing program. For each category, provide total project costs to be repaid by General Fund, Other Funds, or Lottery Funds. Do not show debt service on this form.

Please attach a sheet to the summary form detailing your planned debt issuance. Include specific information on the source of Other Funds used to repay debt. For example, you might show Other Funds - loan repayments, or Other Funds - licensing fees, if applicable.

This information will show planned use of debt capacity. It will be compared to the debt capacity recommendations issued by the State Debt Policy Advisory Commission.

Detail of Lottery Funds, Other Funds, and Federal Funds Revenue (ORBITS BPR012 and 107BF07) – List each source and amount of Lottery Funds, Other Funds, or Federal Funds.

Facilities Maintenance Forms Descriptions

- **Facilities Maintenance Narrative** (107BF02) – Discuss the key drivers for your agency’s facility needs and how the agency measures space/facility demand. Discuss the key facility related challenges over the next 10 years, including maintenance needs. Discuss the agency approaches and strategies to meet these needs.
- **Facilities Maintenance Summary Report** (107BF16a) – Provide summary data on owned facilities valued at over \$1 million, under \$1 million, and leased facilities. For facilities valued over \$1 million, provide a measure of the space utilization of the facility per the instructions. Provide facility and lease data as reported to the CPAB.
- **Facilities Operations & Maintenance Budget and Deferred Maintenance Plan** (107BF16b) – Provide information on your operations and maintenance (O&M) budget and deferred maintenance plan by biennium and fund type. This **does not** include Capital Improvements. Use the definition of maintenance described in the *Budget Instructions* above. If staff performing maintenance functions also performs other duties, make your best estimate of the portion of time and costs to allocate to maintenance. **Include amounts for janitorial and utilities costs by biennium for state-owned facilities.** If maintenance costs are not included in a distinct DCR, please retain worksheets used to estimate your O & M budget. The Legislatively Approved column should reflect approved amounts as of April 2024. Provide O&M and Short and Long Term Deferred Maintenance data by priority as reported to the CPAB.



SPECIAL REPORTS

Under this tab of the budget document, agencies should include the reports described below.

IT Project Prioritization Matrix – Supporting Documentation and Submission via PPM

A completed Business Case and Project Prioritization matrix must be submitted in the Enterprise Project Portfolio Management (PPM) system for all new and continuing IT investments with total cost of \$1,000,000 or greater, regardless of fund source or IT policy package inclusion. These documents must be submitted no later than July 1, 2024. IT investments which are not ready for submission for oversight review should be submitted in the “ideas” area of the PPM system. Agencies without access to the PPM system should work with their SIPM to ensure this information is submitted. These documents should be included in the budget document under special reports.

The Business Case should clearly describe how the project/initiative:

- Aligns with and supports agency strategic/business/IT plans.
- Aligns with the racial equity vision and values outlined in the Diversity, Equity, and Inclusion (DEI) Action Plan: *A Roadmap to Racial Equity and Belonging for the State of Oregon*—supporting its racial equity goals and action plan objectives.
- Aligns with and supports the Governor’s goals, priorities and initiatives, the *EIS Strategic Framework*, *Cloud Forward. A Framework for Embracing the Cloud in Oregon*, *Oregon’s Data Strategy*, *Unlocking Oregon’s Potential*, and the *EIS Modernization Playbook*.
- Supports the analysis presented in the Project Prioritization Matrix.

Business Case and Project Prioritization Matrix templates and guidance are available on the EIS website: <https://www.oregon.gov/eis/project-portfolio-performance/Pages/guidance-and-forms.aspx>

Information Technology Project Budget Spreadsheet

A spreadsheet of all new or continuing IT Project investments which are part of an IT policy package and with total costs of \$150,000 or greater should be submitted, along with any related IT policy package material, to the agency's Enterprise Information Services (EIS) Senior IT Portfolio Manager (SIPM). Investment data should be submitted using the IT Project Budget spreadsheet template available on the EIS website:

<https://www.oregon.gov/das/OSCIO/Pages/OSCIO-templates-and-forms.aspx>

Annual Performance Progress Report/Key Performance Measures

In 1993, the Legislative Assembly required agencies to include benchmark-based planning in performance measurement and budget policy. In 2001, the Legislative Assembly added specific requirements for how performance measures should be developed and reported. ORS 291.110 specifies that DAS, in consultation with the Legislative Fiscal Office, shall ensure the development of a statewide system of performance measures designed to improve the efficiency and effectiveness of state programs and services. State agencies are expected to continue to track and report annually on a set of Legislatively Approved Key Performance Measures (KPMs), and request changes to improve their KPMs as part of the budget development process.

The process for proposing and approving agency KPMs for the 2025-27 biennium will be the same as for previous biennia. KPM resources can be found: <https://www.oregonlegislature.gov/lfo/Pages/KPM.aspx>

Step 1: March – April 2024

Agencies who wish to make changes to their KPMs need to initial change requests in the automated KPM system and notify their CFO/LFO analysts that they are requesting changes by April 30, 2024. CFO and LFO analysts will review the requests and provide feedback. Agencies can adjust proposed changes based on feedback received.

Step 2: August – December 2024

Agencies will submit the appropriate version (either with or without proposed changes) of their Annual Performance Progress Report (APPR) for 2024, with both their ARB and Governor's Budget binders (Special Reports Section).

It is possible that agencies will not have complete data on some measures when these submissions are due; agencies should note that data are not yet available in the "How we are Doing" section for the relevant KPM(s). When the information is complete, agencies need to update the automated system as soon as possible and email a copy of the updated APPR to the agency's CFO and LFO analysts.

Independent of budget binder requirements, agency APPRs are also due to LFO on October 1, 2024; please check the LFO KPM website for more information and submission instructions. Agencies are required to post a copy of the APPR on the agency's website. Annual reports are also posted centrally on the LFO Website.

Step 3: January – June 2025

Agencies include KPM information as part of their budget presentation to the appropriate Subcommittee of the Joint Committee on Ways and Means. Each Subcommittee reviews the KPMs, their targets and any proposed changes to measures and their targets, and then makes its recommendation to the full Joint Ways and Means Committee as part of the budget approval process.

Step 4: June 2025

A list of legislatively approved KPMs for 2025-27 will be attached to each agency's final Budget Report.

Audits Response Report

To ensure the Governors' Budget complies with the requirements of ORS 297.100, agencies must report on the status of implementation of action plans in response to the Audits Division audit findings and recommendations.

The Audits Report does not have a prescribed format but should identify any Secretary of State audits currently being conducted and include a brief description of the scope of the audit (if known). In addition, provide a written summary of responses to any financial or performance audits completed by the Secretary of State since February 2022. Report on work completed to date and provide any updated information on agency actions or proposed actions to respond to audit findings and recommendations.

This report must identify any new or enhanced funding or savings included in the agencies budget (base budget as well as agency request budget) as a result of implementation of audit findings or recommendations. Additionally, identify any policy packages in the ARB that are intended to address audit findings and recommendations from completed audits, regardless of when the audit occurred. Update this information in each subsequent budget binder throughout the budget process and, if a policy package intended to address audit findings or recommendations is not included in the budget, explain how the agency intends to address the audit findings or recommendations.

Affirmative Action Plan and Statewide Report

Agencies must budget resources to support agency affirmative action goals. Oregon Revised Statute 659A.012 – 659-015 requires agencies to carry out policy against discrimination in employment. The DAS Office of Cultural Change will partner with agencies to track these efforts by providing Affirmative Action Plan (AAP) guidance and support. Agencies must include their AAP with their ARB. Your agency's AAP is required to report:

1. An evaluation of all management personnel, and their effectiveness in achieving affirmative action objectives as a key consideration of their performance.
2. Affirmative action objectives and agency performance of the current biennium and those for the following biennium.
3. Information concerning its awards of construction, service and personal service contracts awarded to minority businesses.

The DAS Cultural Change Office will use each agency's plan to prepare a statewide report to the Legislature that includes progress toward goals for the 2023-25 biennium and projected goals for the 2025-27 biennium. Refer to the Affirmative Action Plan Guidelines for further details on the Affirmative Action Plan development process.

If you have questions or would like additional support in the development of your agency's Affirmative Action Plan, contact the Office of Cultural Change at cultural.change@das.oregon.gov or call the Affirmative Action Manager at 971-375-8408.

Maximum Supervisory Ratio Report

As required in ORS 291.227, each state agency employing more than 100 employees must report to the Joint Committee on Ways and Means on the state agency's maximum supervisory ratio for the biennium. Agencies should include the report in their GB and LAB binders, agencies should also be prepared to present the supervisory ratio information during 2025 session budget hearings.

This statute allows each state agency employing more than 100 employees, as part of their biennial budget process, to determine the state agency's maximum supervisory ratio for the biennium by starting from a baseline ratio of one to 11 and adjusting the ratio based on some or all the following factors:

- Safety of the public or of state agency employees;
- Geographic location of the agency's employees;
- Complexity of the agency's duties;
- Industry best practices and standards;
- Size and hours of operation of the agency;
- Unique personnel needs of the agency, including the agency's use of volunteers or seasonal or temporary employees, or the exercise of supervisory authority by agency supervisory employees over personnel who are not agency employees; and
- Financial scope and responsibility of the agency.

Each state agency employing more than 100 employees is also required to provide a copy of the report to all labor organizations representing employees of the state agency before submitting the report to the Joint Committee on Ways and Means.

Tools and guidance may be found at the CHRO Span of Control website below;

<http://www.oregon.gov/das/HR/Pages/Span.aspx>

Should you have any additional questions or need assistance, contact Mike Garcellano at Michael.R.Garcellano@das.oregon.gov or 503-871-0720.

Legislative Concept Procedures

For a successful 2025 Legislative Session, legislative concepts (LC) and budgets should be developed together, both of which must be measured against the Governor's policy priorities. The budget and legislative concept processes should be used to examine priorities, look for solutions and outcomes rather than programs and activities, and look for partnerships that can achieve outcomes more effectively and economically than going it alone.

To ensure a smooth and efficient process, DAS will facilitate the legislative concept drafting process; before submission to Legislative Counsel and before formal legislative introduction, all draft requests must be reviewed and approved by DAS and the Governor's Office.

Agencies requesting legislative concepts should communicate regularly with their assigned Governor's Office Policy Advisor, CFO analyst, and other stakeholders, as prudent, to ensure clarity of purpose and clear understanding of implementation and funding needs. Contact Meliah Masiba (503) 931-7267, if you have questions.

The last day to submit legislative concepts to DAS is April 30, 2024.

Agencies with 10 or more requests must submit by April 19, 2024.

PLACEHOLDER DRAFTS

Placeholders are generally discouraged and will be accepted only when it can be demonstrated that the concept is essential and timely completion was beyond the control of the agency and its governing body. For example, placeholders may be necessary to respond to potential changes made during an upcoming election, provide for anticipated changes in federal laws, or pending outcome of an ongoing task force. Placeholder drafts will require an explanation of the general policy objective of the concept, and draft language. Final placeholder information must be submitted to LC by July 31, 2024. Agencies with five or more placeholders must submit this final placeholder information by July 19, 2024. All information submitted for placeholders must be within the scope of the placeholder as originally described.

Agencies may ask the Department of Justice to collaborate on proposed language. Please note this does not affect the legislative concept drafting schedule in any way; deadlines will not be waived or otherwise modified to accommodate DOJ review or feedback. While DOJ input may be helpful to the requesting agency, DAS, and the Governor's Office, Legislative Counsel may choose not to use the DOJ proposal when preparing the legislative concept draft.

LEGISLATIVE CONCEPT POLICY GUIDELINES

No executive branch agency may cause a bill or measure to be introduced before the Legislative Assembly without the approval of the Governor. This includes bills introduced at the request of the Governor on behalf of an agency, and bills introduced by a legislative committee or individual legislator on behalf of an agency. Legislative concepts approved during the early stages of the process may be subsequently disapproved at any point prior to pre-session filing.

A legislative concept should accomplish some of these goals:

- Achieving the Governor's policy priorities.
- Achieving solutions without adding programs and activities unless necessary.
- Replacing systems and programs that do not produce results.
- Achieving more effective and economical essential services.
- Developing or expanding partnerships across levels of government to achieve better results.

- Making necessary changes required by court decisions and federal changes.
- Fostering public trust and participation in government.

No concept should be proposed if it:

- Moves or creates programs without needed resources.
- Contains needless red tape.
- Charges fees or assessments without comparable benefit.
- Puts power in one agency when collaboration among entities is needed.
- Will not be supported by adequate data in time for the session.

Concepts usually fall into three categories:

- 1) major policy and program creation, deletion, or changes,
- 2) minor program changes, and
- 3) housekeeping; purely technical adjustments or corrections with no policy changes.

The estimated fiscal and revenue impact of a legislative concept must be identified at the time the concept is proposed. If the concept is approved for introduction, the amount of the fiscal impact must be included in the Agency Request Budget. **Legislative concepts with a fiscal impact must be included in the Governor's Budget for the concept to be approved for legislative introduction, even if the concept has been approved conceptually.**

This includes concepts with fiscal impacts on other state agencies. For example, proposals to create new criminal penalties or increase the penalties for existing crimes that would increase populations in the Department of Corrections or Oregon Youth Authority must be linked to policy packages in those agencies. Conversely, policy packages that require statutory changes for which legislative concepts have not been submitted will not be included in the Governor's Budget.

All approved agency-requested legislative concepts will be pre-session filed by the Governor, on behalf of the requesting agency. Agency budget bills and other budget-related measures will be filed by DAS.

LEGISLATIVE CONCEPT FORM INSTRUCTIONS

To produce a bill that meets an agency's intent and need, the agency must provide a clear and detailed explanation of the desired outcome(s). Agencies should work closely with their assigned Governor's Office Policy Advisor, CFO analyst and other stakeholders, as prudent, in developing their legislative concepts and corresponding policy packages. Agencies should obtain all internal reviews and approvals before submitting a concept to DAS.

The Concept Form

All Legislative Concepts must be submitted to DAS via the Agency Legislative Concept Request Form within BillTracker. Include all the detailed information necessary to draft a bill, including a narrative of the problem that is being solved, how the proposed concept will address the identified problem, any estimated fiscal and revenue impacts, and draft statutory language.

Merely submitting proposed statutory changes alone does not substitute for a clear explanation of the problem and the proposed solution. Draft language can be a photocopy of the statute with hand-written changes or a digital version of the current statute with formatted text indicating proposed changes (similar to any bill); the draft need not be in perfect format. Be sure any proposed statutory changes are based on the most recent version of the Oregon Revised Statutes. Please include contact information for your

agency's legislative liaison(s), as well as program individuals in your agency who have direct information about the problem and solution the concept intends to address.

Notes on Concept Contents

Be sure to read the instructions as you fill out the form in BillTracker. They are not repeated here.

Fees and Assessments

If a concept would increase a fee or assessment, you must attach form 107BF22 providing detailed information on the fee increase. Attach required narratives (see form instructions). Explain whether the agency can make the change by rule or only through legislation.

Fiscal Impacts

Include a complete Fiscal Impact Estimate form and attachments for each concept. **Be sure approved concepts with a fiscal impact are included in the Agency Request Budget.**

The Concept Process

After agencies submit their legislative concept draft requests by April 30, 2024, DAS will send approved concepts to Legislative Counsel for bill drafting by June 28, 2024. Counsel will return drafts to DAS; DAS will send the initial drafts to requesting agencies by October 25, 2024.

After receiving Legislative Counsel's first draft, the agency may request changes to the draft only ONCE. This request for revision must be made by November 8 or 14 calendar days from the date on the bill draft, whichever is sooner. DAS will receive final versions of agency legislative concepts and will send the final draft to the requesting agency.

Agencies must return this final draft, along with final versions of additional materials (one page summaries, fiscal impacts, fee forms, etc.) to DAS for final review and approval by the Governor's Office by November 13, 2024. Upon final approval, DAS will coordinate pre-session filing of agency bills by December 13, 2024. DAS will file major budget related concepts. Agencies will not file any measures directly.

Read the development schedule on the next page carefully! Meeting the deadlines is the only way to ensure that a concept becomes part of a legislative package supported or authorized by the Governor

Key Legislative Concept Dates

LC dates are included in the 2025-27 Budget Development schedule, but a list of key dates are included below as well:

- Phase 1 – Budget and LC Planning
 - January 22, 2024 – submittal of proposed LCs to Governor's Office advisor and CFO analyst
 - February 2, 2024 – agencies receive feedback on LCs from Governor's Office
- Phase 2 – Pricing and Drafting
 - April 19, 2024 – last day to submit LCs to DAS for agencies with 10 or more requests
 - April 30, 2024 – last day to submit LCs to DAS
 - June 28, 2024 – DAS submits approved LCs to Legislative Counsel for drafting
 - July 31, 2024 – Deadline to submit placeholder language for LCs
- Phase 3 – Governor's Budget and LC Build Out
 - October 25, 2024 – Legislative Counsel stops drafting agency bills and LCs are returned to agencies
- Phase 4 – Final Decisions
 - November 13, 2024 – Agencies submit LC packets to DAS (LC, Fiscal Impact Statement, and one pager on LC)
 - December 13, 2024 – Pre-session filing deadline

Appendix A. Glossary

Adaptation, adapt <i>(in facilities)</i>	Changes to the interior arrangements or other physical characteristics of a facility or permanent installation of equipment enabling a building to be better used for its current purpose or adapted to a new one. Adaptation can include code compliance.
Allocation	Allocations refer specifically to revenues. An allocation is a cash transfer of either Lottery or Criminal Fine Account (CFA) funds to an agency by the Legislature. Allocated funds cannot be spent without expenditure limitation.
Allotment	An allotment is an agency's plan of estimated expenditures, revenues, cash disbursements, and cash receipts for each month of the biennium. It is used to monitor quarterly spending of an agency. Agencies must submit their allotment to the Department of Administrative Services each quarter for review. Upon approval, the requested funds are made available to the agency.
Analyst	The Department of Administrative Services Chief Financial Office (Budget and Management section) analyst assigned to an agency.
Appropriated Funds	A coding structure that reflects revenues and expenditures by funding source and purpose.
Appropriation	An amount of money from the General Fund approved by the Legislature for a certain purpose.
Approved Spending Level	The actual amount of spending authority an agency has for a particular budget cycle. Typically, this is called the legislatively approved budget; however, the Governor may lower the General Fund amount that can be spent if the revenue forecast falls to the point of putting the state in a deficit situation. In that case, the Governor does not actually reduce the statutorily approved amounts, but simply reduces the amount that agencies will be allowed to spend. The approved spending level is the amount approved by the Legislature, less any allotment reductions implemented by the Governor to balance the budget.
Article XI-Q Bond	A bond authorized to be issued to finance real and personal property owned or operated by the state. Article XI-Q bonds, for which enabling legislation was approved in 2011, have replaced Certificates of Participation (COPs) for financing projects.
Authorization	The substantive legislation establishes the purpose and guidelines for a given activity and usually sets a limit on the amount that can be appropriated or spent. The authorization does not provide actual dollars for a program.
Backfill	One-time funds used to replace discretionary funding in an agency's budget. These are typically Other or Federal Funds used to replace General or Lottery Funds. They are used extensively when General and Lottery Funds are at a premium and continue programs, which would otherwise be eliminated. While one-time funds continue the program for a certain period, the program must then revert to the original funding source once the "backfilled" funds go away.
Base Budget	The starting point for budgeting. To budget for the upcoming biennium, the base budget begins with the current biennium Legislatively Adopted Budget (LAB). The LAB is adjusted for Emergency Board, February even-year session, special session, and

administrative actions through a designated date in the current biennium, and personal services changes from Oregon's Position Information Control System (ORPICS). The result is the base budget.

Biennium	A period of two fiscal years. Oregon state government's biennium runs from July 1 of an odd-numbered year through June 30 of the next odd-numbered year. Regular sessions convene twice per biennium: for 160 days in the odd-numbered year, and 35 days in the even-numbered year.
Bond	A debt instrument issued through a formal legal procedure and secured either by the pledge of specific properties or revenues or by the general credit of the state.
Budget Document	The detailed material prepared by agencies as directed by the Department of Administrative Services Chief Financial Office for all phases of budget development.
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.
Budget Report	An official report on any bill approved by the Joint Committee on Ways and Means that appropriates General Fund or establishes expenditure limitation for Lottery Funds, Other Funds, and Federal Funds. The report summarizes any discussion by the Committee and contains the recommendations to the Legislature on the bill. In addition to the recommended expenditures and revenues, it also lists the recommended number of positions and full-time equivalent positions.
Capital Assets	Tangible or intangible assets held and used in state operations which have a service life of more than one year and meet the state's capitalization policy. Capital assets of the state include land, infrastructure, improvements to land, buildings, leasehold improvements, vehicles, furnishings, equipment, collections, and all other tangible and intangible assets that are used in state operations.
Capital Outlay	Expenditures for the acquisition or major repair of fixed assets intended to benefit future periods. As an expenditure category, capital outlay is limited to items that: (i) are not consumed in the usual course of agency operations; (ii) can normally be used more than once; (iii) have a useful life of more than two years and, (iv) have an initial value of \$5,000 or more.
Certificates of Participation (COP's)	A financing agreement used to finance real and personal property owned and operated by the state. Article XI-Q bonds have replaced COPs for financing projects.
Cross Reference Number	A computerized table in ORBITS that specifies the organizational structure under which an agency builds and presents its budget. A Summary Cross Reference (SCR) is a program unit and is composed of two or more Detail Cross References (DCRs).
Construction	Building, installing, or assembling a new structure. Adding to, expanding, altering, converting, or replacing a structure. Moving a structure to a new location. Includes site preparation and equipment installed and made part of the structure.

Construction Costs	Direct costs, including labor, materials, and equipment rental. For total related costs, see <i>Project Costs</i> .
Current Service Level	A projected expenditure level representing the estimated cost of providing currently authorized services in the ensuing biennium. It is calculated using current appropriations, the bow wave of legislative intentions assumed in existing appropriations (costs or savings), Emergency Board actions through May and adjustments for trends in entitlement caseload/enrollment, inflation and other mandatory expenses, less one-time costs, program phase-outs and pilot programs. This number establishes a theoretical base from which changes are made to create a new budget.
Debt Service	Expenditures for principal, interest, discounts, and premiums related to payment of state debt.
Deferred Maintenance	Facilities Maintenance that was not performed when it should have been or a backlog of activities that agencies deem necessary to bring facilities into good repair. Deferred maintenance is generally work that is left undone due to the lack of resources or perceived lower priority than projects funded. Failure to perform deferred work may result in the progressive deterioration of the facility condition or performance, and if not addressed, will significantly increase restoration cost. It may also include maintenance needs resulting from unforeseen circumstances such as wind storms, premature failure of facilities components, etc.
Emergency Board	The legislative committee with constitutional and statutory authority to make fiscal decisions for the legislature when the legislature is not in session.
Emergency Fund	A fund from which the Emergency Board can provide General Fund appropriations to agencies for needs that arise after their budget is approved, or for programs approved but not funded during the legislative session.
Essential Package	A package to adjust the base budget, not to request new programs or expansions. Essential Packages may adjust for one-time costs, programs phased in or out, vacancy factors, non-ORPICS Personal Services costs, inflation, price list cost changes, fund shifts, and mandated caseload changes. An agency's base budget, plus essential packages, is its current service level.
Executive Branch	The branch of state government that carries out and enforces state laws. In common use, refers to all of state government outside the Legislative Branch and the Judicial Branch. Sometimes refers only to the governor and agencies that answer directly to the governor. Rarely used in statute. The state constitution actually names four "departments": the Executive, Administrative, Judicial, and Legislative.
Executive Service	Commonly used for certain unclassified or exempt employees. Most are department heads, administrators, and deputies; their executive assistants; and certain principal assistants.
Expenditures	Decreases in net current financial resources. Expenditures include disbursements and accruals for the current period. Encumbrances are not included.
Expenditure Limitation	A spending limit set by the legislature identifying the maximum amount of Lottery Funds, Other Funds, or Federal Funds an agency may spend. Defined in an agency's budget. If an

agency receives more Other Funds or Federal Funds than the Legislature approved them to spend, they must obtain an increase in their expenditure limitation from the Legislature or the Emergency Board in order to spend the revenue.

Facility	A building or structure, including utility and other support systems. A real property improvement. A campus or group of structures. See <i>Real Property Improvements</i> .
Emergency Board	The joint committee of Senators and Representatives that meets during the interim periods to address state fiscal and budgetary matters.
Federal Funds	Money a state agency receives directly from the federal government. It is spent under a Federal Funds expenditure limitation or as Nonlimited Federal Funds.
Fee	A fee is a charge, fixed by law, for the benefit of a service or to cover the cost of a regulatory program or the costs of administering a program for which the fee payer benefits. For example, professional license fees which cover the cost of administering and regulating that category of professions are fees. Other charges that are categorized as fees include tolls and tuition. Fees must be authorized in statute. The Legislature may set the rates in statute or authorize a state agency to set rates using administrative procedures.
Financing Agreement	Any agreement to finance real or personal property, which is or will be owned and operated by an agency. Includes lease-purchase, installment sale, or loan agreements and Certificates of Participation.
Fiscal Year	The state government fiscal year runs from July 1 of one calendar year to June 30 of the next. See <i>Biennium</i> .
Full-Time Equivalent (FTE)	The standard unit for budgeting positions. An FTE is the number of months in the biennium for which the position is budgeted, divided by 24. One FTE equals one full-time position budgeted for the entire biennium. A permanent, part-time position budgeted for 12 months is 0.50 FTE. A full-time, limited duration position phased in 6 months after the start of the biennium (or budgeted for 18 months) is 0.75 FTE.
General Fund	Money available for the state budget that is not dedicated to a specific agency or purpose and that can be used for general purposes of state government. Most General Fund money in Oregon derives from personal and corporate income taxes. Some revenue from liquor, cigarettes, and other sources also go into the General Fund. See <i>Appropriation</i> .
Governor's Budget	The constitutionally required budget recommended to the legislature by the Governor. The Governor first reviews and decides on agencies' requests for funding. The Governor's Budget must be submitted by December 1 of even-numbered years. A newly elected Governor has until the following February 1 to publish a budget.
Interagency Transfer	A transfer of funds between agencies. Agencies must balance all interagency transfers before requesting an ORBITS audit.
Joint Committee on Ways and Means	A standing committee of senators and representatives appointed by their presiding officers. The Committee reviews the management and recommended budgets of entities that receive or administer state funds. It recommends the amounts of revenues and expenditures for the legislatures approved budget.

Judicial Branch	The branch of state government that interprets all state laws. Includes state courts. The Chief Justice of the Supreme Court is the chief executive of the branch.
Legislative Branch	The Legislative Assembly and its staff. The branch of state government that enacts state laws, grants agencies statutory powers and duties, and adopts the state budget. The Legislative Branch in Oregon consists of a Senate with 30 elected members and a House of Representatives with 60 elected members.
Legislative Fiscal Office	Analyzes and presents a wide range of budget and related data on state programs to the legislature. Staff to the Joint Committee on Ways and Means, the Joint Legislative Audit Committee, the Joint Legislative Committee on Information Management and Technology, and the state Emergency Board.
Legislative Concept	Relating to an agency or statute. Major or minor policy and program changes and non-policy technical adjustments or corrections to the current Oregon Revised Statutes. Approved concepts are sent to Legislative Counsel for bill drafting.
Legislative Session	The Legislative Assembly convenes annually in February. Sessions may not exceed 160 days in odd-numbered years and 35 days in even-numbered years. Five-day extensions are allowed by a two-thirds vote in each house. Special sessions can occur at other times.
Legislatively Adopted Budget	The budget approved by the legislature during the regular legislative session. It sets maximum spending and staffing levels. It can be modified by actions of the Emergency Board or special sessions.
Legislatively Approved Budget	The legislatively adopted budget as modified by Emergency Board or other legislative action.
Lottery Funds	Money received by a state agency from lottery proceeds. The Legislature decides how much to provide and for what purpose. The state constitution restricts use of these funds. Lottery Funds include any of the following: (1) funds allocated to an agency by the legislature as Lottery Funds; (2) Lottery Funds revenue transfers between agencies, i.e., Lottery Funds transferred by an agency must be received by the receiving agency as Lottery Funds; (3) all interest earned on Lottery Funds while held by an agency. Lottery Funds lose their identity, for budget purposes, when expended. Ballot Measure 66 requires that certain Lottery Funded agencies track and report Lottery Funds expenditures at a more detailed level.
Maintenance	Keeping property in good operating condition. Does not add value to or extend the economic life of a property. Commonly includes inspecting, calibrating, lubricating, and cleaning. Maintenance costs are categorized as Services and Supplies expenditures.
Maintenance of Effort	A requirement contained in certain legislation, regulations, or administrative policies that a recipient must maintain a specified level of financial effort in the area for which federal funds will be provided in order to receive federal grant funds. This requirement is usually given in terms of a previous base-year dollar amount.
Management Service	Supervisory, confidential, or managerial employees excluded from collective bargaining.
Modified Current Service Level	Current service level less adjustment for revenue reductions.

Non-add Expenditures

Generally, these are inter-agency and intra-agency expenditures that fund administrative functions and are paid for by other programs. This results in a double count in total statewide expenditures. While the expenditures are included for both programs for reporting purposes, the non-add expenditures are usually shown as an informational tool to indicate where the budget contains expenditures that are counted twice. Many of the programs at the Department of Administrative Services (DAS) are considered non-add because they assess agencies for the costs of the programs. The agency shows an expenditure to DAS for their services and DAS then has expenditures to provide those services.

Nonlimited Expenditures

Expenditures for which the legislature defines purposes but sets no dollar limits. They are subject to allotment control and the appropriation bill defines their allowed purposes. These expenditures can only be supported by Other and Federal Funds and revenue may be continuously appropriated for them. The expenditures are for programs that have a single source of revenue and support programs that have expenditures that are often outside of the agency's control, as other factors often limit their ultimate costs.

An example would be Unemployment Insurance during the 2019-21 biennium. Nonlimited expenditure limitation for the Oregon Employment Department was increased by almost \$3.3 billion from the adopted budget because of federal legislation and the economic situation. The Department was able to increase its limitation and pass those payments through without having to wait for a legislative hearing.

Other Payroll Expenses (OPE)

Expenses other than salaries paid for state employees. These include retirement payments, Social Security taxes, and health insurance costs.

ORBITS

Oregon's Budget Information Tracking System (ORBITS) is a system used to prepare budget requests. It compiles, maintains, and reports revenue, expenditure, and position data for budget preparation and execution.

ORPICS

Oregon's Position Information Control System (ORPICS) is a system used to establish and maintain budgeted positions and related expenditures at the detail level. This information is summarized and added into ORBITS for use in budget preparation and execution actions.

Other Funds

Money received by state agencies that does not come from the General Fund or from the federal government. Other Funds come from sources such as gasoline taxes, driver licenses fees, and fishing license fees. Other Funds may be dedicated, requiring the revenue to be spent for specific purposes. Examples of dedicated funds are park user fees dedicated to park programs and gasoline taxes dedicated to highway programs.

Package

A component of a program unit that presents proposed budget, policy, and program changes for an agency. The two types are essential and policy packages.

Pass-through Expenditures

Expenditures that are not directly for state use. While an agency has an appropriation or limitation for a particular program, the funds may be "passed through" to non-state entities. Some examples include funding for education programs such as the State School Fund, Community Colleges, and Higher Education, as well as many social programs that provide cash and food assistance.

Personal Services	Employee gross compensation (salary, pay differentials, other payroll expenses). Includes state temporary personnel services.
Planning Study <i>(in capital budgeting)</i>	Provides enough data for full project development. Normally includes siting, feasibility, and preliminary design studies. Includes cost estimates and all else that is needed to do a capital project budget request.
Policy Package	<p>A package that presents policy and program changes above or below the agency's current service level budget. An agency's total budget is the sum of its base budget, essential packages, and policy packages. Examples of a policy package could include:</p> <ul style="list-style-type: none"> • Forming new programs or expanding existing programs. • Reducing or ending programs. • Requesting enhanced funding for existing programs. • Transfer Programs between agencies (if not previously approved) • Shifting from one fund source to another. • Establishing or increasing fees. • Implementing a reorganization of an agency. • Funding of legislative concepts. • Proposing Capital Construction Projects
Price List of Goods and Services	Identifies projected state assessments and user fees. Compiled for budgeting by the Department of Administrative Services (DAS). Includes assessments and fees of DAS, Department of Justice, Correction Industries, Secretary of State, Treasurer of State, and Central Government Services (certain costs of the legislative assembly, Legislative Fiscal Office, Legislative Council, and Governor's Office). Also allocates other shared statewide costs for services of the PEBB Employee Assistance Program, State Library, Law Library, Government Ethics Commission, and Capitol Mall security functions.
Program Unit	A budget structure containing similar services or functions for deliberation of major policy issues and budget information. Agency activities may be grouped into one or more program units.
Project Costs <i>(in capital budgeting)</i>	The total of all necessary costs to construct the complete facility. Includes site acquisition, direct construction costs, furnishings, equipment, and contingencies allowance. Includes all indirect costs, such as design consultants, material testing services, special inspection services, project management, One Percent for Art, and others.
Real Property Improvements	Property that is fixed, immovable, and permanent. Real property includes land, structures affixed to the land, property affixed to the structures, and in some cases, trees etc., growing on the land. Includes sidewalks, landscaping, drives, tunnels, drains and sewers.
Rebalance	Sometimes it becomes necessary to realign budgets during the biennium. Because appropriations and limitations are specified in statute, legislative action is needed to rebalance the budget. A rebalance can be done on a statewide basis (usually when revenues are below forecast) or can be done at the agency level. In either case, the term generally refers to the increases and decreases necessary to better align the budget with the expected needs.
Reclassification	A change in position classification because duties, authority, and responsibilities are significantly changed, but the required knowledge and skills remain similar.

Revenues	Cash receipts and receivables of a governmental unit derived from taxes and other sources.
Repairs	Work done to restore worn or damaged property to normal operating condition. Repairs are usually Services and Supplies expenditures.
Replacement <i>(in capital budgeting)</i>	Putting one facility component in place of another to gain equal or greater performance or economy or to comply with codes. It performs the same function. Usually required by wear or by accidental damage.
Roll-up Costs	<p>The full costs associated with expenditures that were not fully charged in the previous biennium. Typically, these are personal services and debt service costs that are implemented as the biennium progresses. Increases in salary and/or benefits are usually phased-in during the biennium as part of a collective bargaining agreement. Debt is usually issued during the biennium. Many times, it is issued late in the biennium to minimize the costs for that period.</p> <p>During the following biennium, the full 24-month costs for both categories need to be accounted for. The additional amount is considered the roll-up cost. While roll-up costs are usually associated with personal services and debt service costs, they also apply to any program costs that were implemented in the middle of the biennium.</p>
Salary Adjustment Allocations	Money or limitation allocated by the Emergency Board to fund approved compensation plan increases.
Services and Supplies	Expenditures for business operations. Examples include personal service contracts, consumable materials, publishing, office supplies, travel, utilities, rent, and maintenance and repair of equipment and buildings.
Space Planning	Analyzing workflow, space, and equipment needs of work units to plan efficient equipment, furnishings, and support systems.
Special Payments	Budgeted transfers and payments where goods and services are not received in return. Paying out contributions, loans, deposits, or collections. Also, paying federal or state funds to eligible people, cities, counties, quasi-public agencies, and others.
Special Purpose Appropriation	A General Fund appropriation to the Emergency Board for a specific purpose. When the appropriation is established, it states the agency and specific purpose for the funds. The Emergency Board can only allocate funds to that agency and for that purpose. There is also an expiration date for the appropriation. After that date, any remaining funds become available for any purpose for which the Emergency Board may lawfully allocate funds.
Special Session	Meeting of the Legislature between regularly scheduled sessions. May be called by the Governor or the Legislature.
State Agency or Agency	Variously defined in state statutes. Commonly, a department, office, board, or commission created by state law to carry out duties assigned by law. Agencies range in size from thousands of employees with billion dollar budgets to one employee with a tiny budget. They are funded by license and user fees, state and federal taxes, fines, and fees for service. Some agencies report to a board or commission.

Tentative Budget	A document that is used to estimate the state’s relative fiscal position for the coming two-year budget period, assuming the continuation of all current law programs and services.
Unfunded Mandate	A requirement that a lower level of government provides a program or performs an activity within existing resources. Under a federal mandate, the federal government may require a state or local government to provide a service and not provide additional federal funding to pay for it. Under a state mandate, the state may require a local government to provide a service. However, under the Oregon Constitution, a local government is not required to comply with certain new state mandates unless the state pays the costs of the new services. The Constitution provides exceptions.
Vacancy Factor	A calculation to project budget savings expected from staff turnover during the biennium.