

# 2027-2029

Budget and Legislative Concepts Instructions

**March 2026**

Chief Financial Office



**Department of Administrative Services**

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# Department of Administrative Services

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# 2027-29 Executive Summary

## Fiscal Context

Significant fiscal fluctuations over the past several biennia continue to shape the state's financial outlook as we begin developing the 2027–29 biennial budget. During the February 2026 legislative session, the 2025-27 Legislatively Adopted Budget was rebalanced to address a projected revenue shortfall created from impacts of H.R. 1, the 2025 federal budget reconciliation act. The 2027-29 budget is expected to be constrained, and agencies will need to prepare assuming there are no revenues available to expand or propose new programs. Our focus must remain on programs core to each agency's mission and prioritize the Governor's focus on affordability, economic prosperity, and protecting Oregon's values. When developing budget requests, agencies should look to existing resources. Proposed investments should be budget neutral, meaning the package does not request additional revenue and, for General Fund and Lottery Funds supported requests, an equivalent reduction must be proposed to fund any packages put forward.

Given the current budget landscape, budget-neutral policy packages for the 2027-29 biennium should include the following priorities:

- **Economic development:** Prioritize investments that support job creation, spur business growth, and expand the state's revenue base.
- **Affordability:** Prioritize investments that make everyday life more affordable for Oregonians, including strategies to reduce the cost of housing, health care, childcare, food, transportation, and utilities.
- **Improving customer service and agency program efficiencies:** Modernize service delivery, streamline processes, and eliminate duplicative or low-value activities to improve outcomes within existing budgets.
- **Protecting Oregon values:** Focus resources on upholding civil rights, access to essential services, and state authority.

Proposed packages meeting the above guidelines are due on April 17, to the Chief Financial Office (CFO) and Governor's Office for review and approval before officially submitting requests in the Agency Request Budget (ARB).

## Budget Structure

The basic structure of budget development remains the same as prior biennia. This budget instruction document provides detailed information on each phase of the budget, but the basic structure is as follows:

1. The 2025–27 Legislatively Approved Budget serves as the starting point for building the Base Budget. To create the 2027–29 Base Budget, we adjust the adopted budget to reflect actions from the 2026 Legislative Session, any Emergency Board decisions, and Nonlimited administrative actions through April 2026. We also update the budget for projected personal services costs and scheduled debt service payments provided by CFO. Capital Construction budgets approved for 2025–27 are not carried forward into the 2027–29 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 2027-29 biennium. This includes, but is not limited to, inflation and phase-ins of legislatively approved program changes.
3. Finally, policy packages reflecting other programs and policy changes that will affect the overall budget if adopted.

## Key Budget Development Requirements and Consistent Practices for 2027–29

Several elements are consistent across prior biennia: outcome-focused budgeting, coordination with partner agencies, revenue estimate updates, and adherence to statewide budget policies.

We continue to experience increased inflationary pressures. As part of the development process and in consultation with the Office of Economic Analysis (OEA), the following standard biennial inflation factors are applied: 4.9% for general inflation, 9.3% for non-state employee personnel costs, and 6.5% for medical services. As with previous budget development, 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% reduction options from the Current Service Level (CSL) for all programs.

Consistent with developing previous budgets, statewide employee compensation increases for the 2027-29 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 Recommended Budget as a statewide request through a salary and compensation increase package, (commonly referred to as the Salary Pot).

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

While not new to this budget cycle, there will be an increased emphasis on how agencies project revenues. Agencies should update their revenue estimates with the most current information available at the time they submit their Agency Request Budget.

Note: Agencies can continue to work with the CFO to update their revenues even after they have finished their CSL audit.

# Budget and Legislative Concept Development Schedule

## Phase 1 – Budget and Legislative Concept Planning

### Date Due

March 5, 2026  
March 17, 2026  
During March 2026

### Content Due

Actuals audit transmittals due to SABRS  
Agency Budget Kickoff Meeting  
EIS to deliver program-area presentations to agencies on the IT Readiness Policy and Procedures  
2026 session actions (input spreadsheets) due to SABRS

## Phase 2 – Pricing and Drafting

### Date Due

April 1, 2026

### Content Due

Information on Legislative Concepts (LCs) for agencies with 10 or more concepts due to the Governor’s Office and CFO

April 6, 2026

SCR/DCR changes due to CFO – Agency, CFO and 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 25) due to CFO

April 10, 2026

Information on LCs for agencies with 10 or fewer concepts due to the Governor’s Office and CFO

April 17, 2026

POPs to Governor’s Office and CFO for review

April 23, 2026

SABRS kickoff meeting online via Teams meeting

April 24, 2026

ORPICS and ORBITS systems open

April 30, 2026

Last date to submit Key Performance Measure (KPM) changes to CFO, LFO

DRAFT Agency IT Readiness Workbook Due

May 1, 2026	CSL workbook due to CFO (see page 32 for additional details)
	Last date for CFO approval on current service level exception requests
May 8, 2026	ORPICS start-up transmittals due – “Base” positions frozen in ORPICS for all agencies
May 15, 2026	Capital Project Bond Financing requests due to CFO (107BF09 and 107BF15)
Between May 16 and 29, 2026	Feedback received from CFO on POPs
May 20, 2026	June Revenue Forecast
May 29, 2026	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 1, 2026	Updated Agency IT Readiness Workbook Due
June 26, 2026	ORPICS Agency Request Budget (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 31, 2026	ORBITS ARB information and audit transmittal due to SABRS – all remaining agencies
	ARB narrative due to CFO – early submittal agencies only
	Deadline to finalize placeholder language with Legislative Counsel
August 26, 2026	September Revenue Forecast

August 31, 2026

ARB narrative due to CFO – all remaining agencies

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

**Date Due**

October 23, 2026

**Content Due**

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**

**Date Due**

October 26, 2026

**Content Due**

Agencies submit LC packages to DAS (LC, Fiscal Impact Statement, one-pager)

December 1, 2026

Governor’s Recommended Budget (GRB) released

December 11, 2026

Pre-session filing deadline

### **After Governor’s Recommended Budget Release and Legislatively Adopted Budget**

**Due Date**

To Be Announced

**Content Due**

Audit request(s) to SABRS for 2027-2029 GRB

Last date to submit Annual Performance Progress Report (as part of the GRB)

Agency’s 2027-29 GRB document delivered to CFO and the Legislature

90 days after session

Audit request(s) to SABRS for 2027-2029 Legislatively Adopted Budget (LAB)

30 days after SABRS Audit is complete

Agency’s 2027-20 LAB 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 29, 2026, for agencies listed below. All others are due no later than June 26, 2026. Final ARBs are due from early submittal agencies on June 26, 2026, and all other agencies on July 31, 2026.

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Accountancy, State Board of	Licensed Social Workers, Board of
Advocacy Commissions Office, Oregon	Liquor and Cannabis Commission, Oregon
Aviation, Oregon department of	Marine Board
Blind, Commission for the	Medical Board, Oregon
Chiropractic Examiners, Board of	Mental Health Regulatory Agency
Columbia River Gorge Commission	Military Department, Oregon
Construction Contractors Board	Nursing, Board of
Consumer and Business Services, Dept. of	Parole and Post-Prison Supervision, Board of
Criminal Justice Commission	Pharmacy, Board of
Dentistry, Board of	Psychiatric Security Review Board
District Attorneys and their Deputies	Public Employees' Retirement System
Emergency Management, Dept. of	Public Records Advocate
Employment Department	Public Safety Standards and Training, Dept. of
Employment Relations Board	Public Utility Commission
Energy, Department of	Racing Commission
Geology and Minerals Industries, Dept. of	Real Estate Agency
Government Ethics Commission	State Lands, Department of
Health Related Licensing Boards	Tax Practitioners, State Board of
Labor and Industries, Bureau of	Teacher Standards and Practices Commission
Land Conservation and Development, Dept. of	Veterans' Affairs, Department of
Land Use Board of Appeals	Water Resources, Department of
Library, State	

# Key Economic and Demographic Trends

## Economic Outlook

The U.S. economy appears to be in the middle stages of a longer-than-average economic cycle, in large part due to tax cuts and interest rate reductions that are supporting growth. The post-pandemic inflation surge has not been fully tamed -- but with central bankers increasingly focused on fostering stronger labor conditions, the “last mile” of inflation containment is unlikely to be realized. Policymakers are favoring an extended economic cycle at the cost of more persistent inflation.

The major question economic forecasters are facing over the near-to-medium term pertains to labor conditions. The pace of hiring has been sluggish, and forecasters are uncertain about the degree to which this can be attributed to cyclical, short-term factors. These include right-sizing workforces in a more-balanced, slower-growing economy, versus structural, long-term issues, including sharply reduced immigration flows and AI-related job displacement.

It is the view of the Office of Economic Analysis (OEA) that the current labor malaise is more attributable to short-term factors, and so firming growth dynamics will stabilize labor conditions heading into the 2027-29 biennium. As such, while Artificial Intelligence (AI) holds tremendous potential to disrupt labor market dynamics over a longer time horizon, potentially spanning the next decade, we do not think it is an impediment to hiring at present.

The baseline outlook for the 2027-29 budget period calls for continued economic expansion, albeit at a more moderate pace compared to the post-pandemic biennia. The economy is poised to grow close to its natural, or potential, rate (of about 2%). This means that factors such as underlying population changes and business investment and productivity gains will dominate growth outcomes, particularly across states. Economic growth is largely determined by the combination of the number of workers in the local economy and their productivity.

**Labor Market** - The labor market is currently experiencing a period of malaise characterized by a slowdown in hiring and slower job churn. While announced layoffs were elevated at the start of the current biennium, those separations have since moderated and returned to typical levels. These factors have contributed to a gradual rise in the unemployment rate and a small decline in total employment over the past 12 months. The current labor malaise is expected to subside as the 2025–27 biennium progresses, supported by firming growth dynamics and stabilizing labor conditions heading into the 2027–29 biennium. As such, the unemployment rate is expected to decline through the remainder of this biennium and into the 2027–29 biennium. Oregon total nonfarm employment is expected to grow 1.3% in the 2027–29 biennium, which is slower than what

the state has been accustomed to over time, yet still above the expected growth of 0.4% in the current biennium. Underpinning the economic outlook is a continued rebound of in-state migration, leading to slow but positive population gains.

**Capital Investment** - The economy has experienced a substantial capital investment boom since 2022, much of which has been directed toward hyperscalers (i.e. AI, datacenters, tech, etc.). Typically, capital investment cycles drive productivity cycles, thereby boosting economic output and income on a per capita basis. While the economy has indeed experienced a surge in productivity in recent quarters, it is not clear that this is attributable to AI just yet; rather may be continued normalization of labor conditions post-pandemic. However, just because the productivity gains of late are not clearly attributable to AI does not mean that AI won't pose a substantial disruption to labor conditions over the medium term. It also holds the capacity to roil financial conditions. Either the massive investment over the past decade will yield a dividend from a substantial productivity enhancement, or it will strain financial conditions as a massive cohort of investments prove unprofitable

**Employment** - Employment growth varies across the state due to differences in industry composition and regional demographics. In general, employment in rural counties is expected to trail behind urban and metro areas during the 2027-29 biennium. This is in large part driven by an older population base residing in rural areas. Historically, most of the state's population gains have occurred in or around metro areas, which have a larger working-age cohort and stronger labor force growth. The distribution of the anticipated job gains for the state in the 2027-29 biennium depends on area specific business investments, the available workforce, and underlying population changes. Following the pandemic, most of the employment growth has occurred in Oregon's secondary metros.

**Inflation** - Consumer price inflation has diminished appreciably over the past few years due largely to a restrictive stance of interest rates. However, in its effort to avert a hard landing for the economy, the Federal Reserve has lowered interest rates as it placed greater emphasis on stabilizing labor conditions. This appears to have left the "inflation fight" unfinished. Tariff pass-through effects and rising energy prices due to geopolitics threaten continued upward pressure on inflation, which in turn constrain the Fed's ability to further reduce interest rates. For multiple decades prior to the pandemic, low interest rates and low inflation were the norm. A return to this trend looks elusive given the current landscape of tariffs, energy price pressures, and anticipated Federal Reserve policy.

**Demographics** - Oregon's population is expected to continue growing at rates that will show slow recovery from the pandemic-era low in 2020-21. According to the March 2026 forecast, the total population is expected to increase by 46,600 during the 2027-29 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 2027-29 biennium.

- Although overall population gains will be slow during the 2027-29 biennium (1.1%), growth will be paced by the oldest seniors (85 years and older; 13.2%) as life expectancy continues to improve after the drop during the pandemic and as post-Great Depression era birth cohorts continue to mature into this age group.
- The next fastest growing group will be older seniors (age 75-84; 8.8%) as the baby boomers mature into this age group and the smaller pre-baby boom cohort exit. The size of the youngest seniors (age 65-74 years old; -1.3%) will decline as the smaller baby-bust cohorts replace the tail end of the baby boom era cohorts.
- Change among other budget-driving population cohorts is as follows:
  - Head Start and Childcare (0-4 years: 0.6%)
  - TANF and Foster Care (0-17 years: -2.1%)
  - K-12 Education (5-17 years: -2.9%)
  - Youth Correctional (12-17 years: -1.7%)
  - Higher Ed (18-24 years: 1.5%)
  - Prison Inmate (Male 18-44 years: 0.8%)

**Corrections Population** - The Adults-in-Custody population supervised by the Department of Corrections is expected to increase 1% from 12,067 between July 1, 2025, and July 1, 2027. The low growth is attributable primarily to issues present in the public defense system, which are not expected to resolve within this timeframe. Most of the growth is attributable to the women’s cohort, which is expected to grow 3.2%, while the male population is expected to increase just 0.8%.

## Revenue Outlook

### General Fund/Lottery Funds

For the 2027-29 biennium, General Fund revenues are expected to grow to \$41.5 billion, a 17.3% increase from the current biennium. That growth is somewhat higher than the historical average due to a kicker credit and the impact of H.R.1 suppressing revenues in 2025-27. Currently, there is no personal income tax kicker projected for the 2025-27 biennium

Personal and Corporate Income Taxes, which have historically fluctuated significantly along with business cycles, currently comprise approximately 94% of General Fund revenues. This introduces considerable uncertainty into the revenue forecast.

The March 2026 forecast for Lottery earnings in 2027-29 is \$1,894.7 million. This constitutes a 4.2% increase from the current biennium. Video lottery is the sole contributor to this growth as traditional games and sports betting sales are projected to soften in the

coming years. Historically, earnings have grown closer to 10%. However, the introduction of slot-style Video games and the Mega Millions game elevates this average.

## **Tobacco and Marijuana Taxes**

Cigarette and Other Tobacco taxes dedicated to the General Fund are forecast to total \$71.5 million in the 2027-29 biennium. This is a decline of 9.8% from the current biennium, in keeping with declining tobacco usage, increased prevalence of oral nicotine, and a stagnant population.

Cigarette, Inhalant Delivery, and Other Tobacco taxes dedicated to the Oregon Health Plan are forecast to total \$143.51 million for the 2027-29 biennium. Tobacco-related revenues dedicated to the Oregon Health Authority will total \$272 million. An additional \$19.3 million in tobacco taxes will be available for Mental Health, and \$38.4 million will be available to fund the Tobacco Use Reduction Account. These amounts are approximately 10% below the current biennium.

Recreational marijuana taxes dedicated to Drug Treatment and Recovery are forecast to total \$210.1 million for the 2027-29 biennium. Revenues dedicated to Mental Health, Alcoholism and Drug Services are forecast to total \$23 million. An additional \$5.8 million in recreational marijuana taxes will be available for Alcohol and Drug Abuse Prevention, and Intervention and Treatment. No recreational marijuana taxes are dedicated to the General Fund.

## **Corporate Activity Tax**

The March 2026 forecast projects Corporate Activity Tax revenues to reach \$3,413.2 million in the 2027-29 biennium. This represents a 12.6%, \$382 million increase from the current biennium. Although the tax is relatively new, it has demonstrated less volatility than its income-based brethren. The projected General Fund backfill distributed to the State School Fund in 2027-29 is \$921.7 million.

## IT Budget and Project Request

Senate Bill 1090 (2025) requires the State Chief Information Officer (CIO) to create rules for how state agencies should ask for funding information technology (IT) budgets and projects. This includes projects such as the replacement, modernization, upgrades, or expansions of IT systems.

Any agency requesting funding for a covered project must send their request to both the CIO and the Office of Enterprise Information Services (EIS). Agencies must comply with the deadline the CIO sets every two years.

The IT Readiness policy addresses direction provided in [Senate Bill 1090 \(2025\)](#) to adopt a policy and a procedure for state agencies to follow when requesting funding for IT budget and projects. The CIO and EIS leveraged and improved on prior processes such as the project prioritization matrix and the input sheet used for the Senate Bill 1090 October 31 statutory reporting.

Agencies requesting funding for IT budget and projects are required to follow [Statewide IT policy 107-004-180 \(IT Readiness\)](#). The policy and accompanying procedure ([107-004-180 PR](#)) provide direction to the agency to submit an [IT Readiness Workbook](#), located on [the CFO website](#), for IT budget and project requests

# Budget Overview

## Phases of the Budget Process

There are three major phases in the budget development process: the Agency Request Budget (ARB), the Governor’s Recommended Budget (GRB) and the Legislatively Adopted Budget (LAB). These phases are described in more detail below.

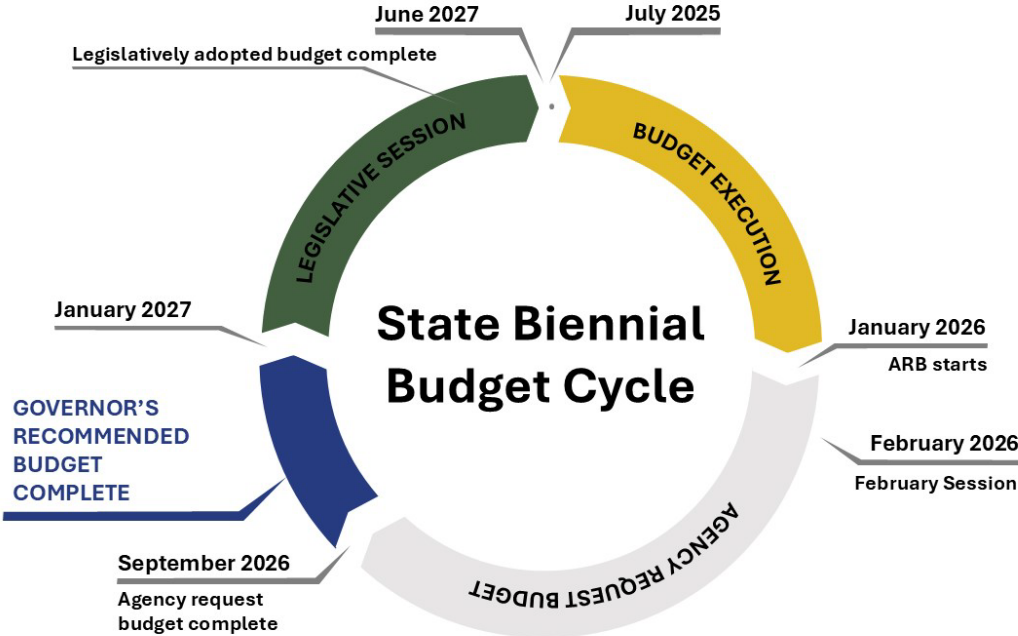


Diagram of biennial budget cycle

## Agency Request Budget (ARB)

The ARB is the first phase of the biennial budget process, with the budget development process starting early in even-numbered years. ORS 291.208 requires all agencies to submit a two-year budget before September 1, in even numbered years. To balance workload for audit and review of agency budget submissions, the Chief Financial Office requires some agencies to submit materials earlier than the statutory deadline. Early submittal agencies must submit their ARB by August 1, and all remaining agencies must submit by August 31 to the Department of Administrative Services (DAS).

As a part of the ARB process, agencies will develop a Current Service Level (CSL), which is the projected cost of continuing on-going programs for next biennium. Agencies will develop the CSL by pricing phase-in and phase-outs, accounting for appropriate inflationary amounts, changes to mandated caseloads, and any technical corrections that need to be made from their current biennium budget. The ARB includes requested budget

or policy changes from the agency's CSL and is prepared under guidelines set by the Governor through DAS. The ARB document should include the following information:

- Description of the agency's core mission, objectives, and program priorities
- Budget information for past, current, and future biennia
- Descriptive narratives
- Budget forms
- Audited ORBITS reports

Agency budgets are structured as follows:

- Agency budgets are organized by program unit. Program units align with major program or policy areas.
- In smaller agencies, a single program unit may represent the entire agency.
- Program units are identified in the ORBITS system as Summary Cross Reference (SCR) numbers and, at a lower level, by Detail Cross Reference (DCR) numbers.
- SCR and DCR numbers illustrate the relationship between how the agency is organized and its budget structure.

## **Governor's Recommended Budget (GRB)**

The Governor's Budget is the first step in the budget process to balance to available state General Fund and Lottery Fund resources. The Governor and CFO review agency request budgets and other factors while considering available revenues to balance the GRB. That budget reflects the Governor's priorities and policies set in statute as well as any changes proposed by the Governor. Once final, the recommended budget, including statewide tables, is printed in the GRB. ORS 291.218 requires transmission of the Governor's budget to each member of the Legislature by December 1, 2026. The GRB 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 GRB.

ORS 291.216 requires the GRB to include the following features:

- A formal message explaining fiscal policies for the next biennium
- Expenditures and revenues are required to be balanced and show total proposed expenditures and anticipated revenues, drawing comparisons with the previous and current biennia. All assumptions -- such as borrowing plans, inflation, caseload trends, and compensation agreements -- must be clearly explained. Detailed schedules or statements, including the following information:
  - Expenditures classified by program units, objects, and fund types
  - Revenue by organizational units, sources, and fund types
  - Proposed new borrowing
  - New tax or revenue sources, including a comprehensive list of proposed increases in fees, licenses, and assessments

- Detailed estimates of expenditures and revenues, including statements of bonded indebtedness for past and projected debt service
- Actual debt service for the past biennium
- Estimated debt service for the current and ensuing biennia
- Tax expenditure recommendations as required under ORS 291.214
- Program outcomes as per ORS 291.217(2) and 291.217(3)
- Racial Equity Impact Statements (REIS) under ORS 291.206
- Deferred Maintenance/Capital Improvement policy packages per ORS 291.215

After publication of the GRB, each agency prepares a GRB document at budget detail levels. This document is used for presentation of the agency budget during the legislative session.

## **Legislatively Adopted Budget (LAB)**

The GRB is presented to the Legislature during the legislative session. Typically, the Joint Committee on Ways and Means and its subcommittees review agency budgets, hold public hearings, and pass agency budget bills. The Governor introduces a legislative budget bill for each agency. These bills set appropriations for General Fund, allocations for Lottery Funds, and expenditure limits for Other Funds and Federal Funds. Committee recommendations for an agency's LAB are presented in budget reports, which provide a greater level of detail and include an agency's position authority. It is important to note that an agency may be impacted by more than one bill.

Agencies prepare LAB documents showing legislative changes and implement budgets over the biennium. Adjustments may occur during short sessions, Emergency Board meetings or special sessions.

# Budget Process Outline

<b>Timeframe</b>	<b>Budget Adjustments</b>	<b>Budget Section and Content</b>
2025-2027	+ Plus	<b>Legislatively Adopted Budget</b> <b>Legislative and E-Board Actions</b> through April of the even numbered year
2025-2027	= + Plus or – Less	<b>Legislatively Approved Budget (LAB)</b> <b>Statewide Administrative Adjustments</b> <ul style="list-style-type: none"> <li>• Net Cost of Position Actions (ORPICS driven)</li> <li>• Base Debt Service Adjustments</li> <li>• Nonlimited Adjustments</li> <li>• Capital Construction Adjustments</li> </ul>
2027-2029	= + Plus or – Less	<b>Base Budget</b> <b>Essential Packages</b> <ul style="list-style-type: none"> <li>• Package 010 <ul style="list-style-type: none"> <li>○ Vacancy Factor</li> <li>○ Non-ORPICS Personal Service Adjustments</li> </ul> </li> <li>• Package 021 Phased-In Programs</li> <li>• Package 022 Phased-Out Programs</li> <li>• Package 030s Inflation <ul style="list-style-type: none"> <li>○ Cost of Goods and Services Adjustments</li> <li>○ State Gov’t Service Charges Adjustments</li> </ul> </li> <li>• Package 040 Mandated Caseload</li> <li>• Package 050 Fund Shifts</li> <li>• Package 060 Technical Adjustments</li> </ul>
	=	<b>Current Service Level (CSL)</b>
	- Less	<b>Revenue Reductions</b> <ul style="list-style-type: none"> <li>• Package 070 Revenue Shortfall</li> </ul>
	=	<b>Modified Current Service Level</b>
	+ Plus	<b>Emergency Board Actions</b> <ul style="list-style-type: none"> <li>• Package 081 June 2026</li> <li>• Package 082 September 2026</li> </ul>
		<b>Policy Packages – Work with CFO analyst to determine package numbers</b>
2027-2029	= + Plus or – Less	<b>Agency Request Budget (ARB)</b> Updated Budgetary Adjustments Governor’s Budget Adjustments
2027-2029	= + Plus or – Less	<b>Governor’s Recommended Budget (GRB)</b> Legislative Session Adjustments
<b>2027-2029</b>	<b>=</b>	<b>Legislatively Adopted Budget</b>

## Expenditure Categories

Oregon's budget and accounting systems use defined expenditure categories and budget groupings. Agency budget staff must review these categories and work with accounting staff to ensure expenditures are recorded accurately, with minimal correcting entries. These budget categories include the following areas:

### Personal Services

- Employee gross compensation (total compensation)
- Includes wages, benefits, temporary staff, unemployment assessments, pay differentials, vacancy savings, and other personnel costs

### Services and Supplies

- Non-personnel expenditures for agency operation and maintenance
- Includes office supplies, professional services contracts, rent, telephones, computers, software, and routine building repairs
- Debt issuance costs related to bonds must be budgeted in Services and Supplies and not in Capital Construction.

### Capital Outlay

- Expenditures for the acquisition of major repair of fixed assets intended to benefit future periods, such as items not usually consumed in the usual course of agency operations and normally used more than once
- Must have a useful life of more than one year and an initial value of \$10,000 or more

### Special Payments

- Transfers and payments to external entities
- Includes benefit payments to individuals, distributions to governments and other entities, contributions, loans, deposits, collections, and other transfers where goods and services are not received in return

### Debt Service

- Expenditures on principal, interest, discounts, and premiums related to state debt
- Bond issuance-related program expenditures (e.g., trust agreements, audit fees, travel, Bond Counsel, financial consulting) should be budgeted in Services and Supplies.

## Capital Improvement, Capital Construction, and Nonlimited Expenditures

Capital Improvement and Capital Construction expenditures are not for routine maintenance or repairs. These expenditures are for land, buildings, support systems, equipment, and information technology-related projects or systems. In general, both Capital Improvements and Capital Construction are separate programs in most agency budgets. While these are not separate expenditure categories, they are distinct appropriated fund types in ORBITS (for example, the appropriated fund code in ORBITS for Capital Improvements Other Funds is 3010 and for Capital Construction Other Funds is 3020).

Capital Construction is appropriated for six years, though the funds will show in ORBITS as being fully spent within the biennium in which they were appropriated. Unspent Capital Construction is not included in an agency's beginning or ending balance.

The Legislature approves some Other Funds and Federal Funds expenditures as Nonlimited expenditures, typically when driven by external factors (e.g., federal unemployment claim payments, repayment of certain bonded debt). Nonlimited expenditures may be reported in a separate program unit. Agencies should use the standard categories such as Personal Services, Services and Supplies, Capital Outlay, and Special Payments. See the [SABRS website](#) for more information.

## Process Resources

See additional budgeting resources available on the following websites:

- [SABRS Coordinator Presentations](#)
- The 2027-2029 DAS Price List of Goods and Services details assessments, service charges, and other costs to be released in April
- [The Oregon Legislative Information System \(OLIS\) has links to budget bills, budget reports, and other actions for multiple sessions.](#)

# Budget Development

## Early Preparation

**JANUARY -- MARCH**

The Agency Request Budget (ARB) process includes three phases: Base Budget, Current Service Level (CSL), and Policy Packages. Before these phases begin, agencies must complete early preparation tasks such as validating historical expenditure data in ORBITS, determining program unit levels, submitting exception requests, and developing revenue estimates.

## Historical Expenditure Data in ORBITS

In January of even-numbered years, SABRS prepares ORBITS for the upcoming biennium by loading historical data expenditures (actuals). For budget preparation, SABRS downloads this information directly from the Statewide Financial Management Application (SFMA). ORBITS displays this data along with historical budget data in separately displayed columns, which includes a 2023-25 Actuals (revenues and expenditures) column and the 2025-27 Legislatively Approved Budget column. Agencies must review 2023-25 Actuals and submit corrections to SABRS by March 5, 2026. No expenditure adjustments should occur between categories or programs at this stage.

## Determining Program Units

Agency budgets are organized by program units, which contain the agency's major policy and program areas. In addition to an agency's specific programmatic budget structure units, referred to as a Summary Cross Reference (SCR) or Detail Cross Reference (DCR), agency budgets may also include budget structure units for Capital Improvement (088), Capital Construction (089), Debt Service, and Nonlimited expenditures.

The first step in budget preparation is for agencies to confirm or revise their program units to reflect major policy changes or program restructuring that occurred in the last biennium. Proposed changes are due by April 6, 2026, and the agency must work on proposed changes with CFO and LFO prior to this deadline to verify consistency and receive approval of all changes.

Accounting structures must align with the program units reflected in ORBITS. Refer to the [SABRS website](#) for more information on developing program, and keep in mind that cross reference numbers must be in place early to ensure the ARB is submitted on time.

## Exception Requests -- Inflationary Issues

Exception requests address extraordinary cost increases beyond standard inflation factors. A series of exceptional inflationary requests are anticipated for statewide items, as well as some agency-specific items. To proactively address these items, CFO will evaluate each request and provide guidance to agencies on whether exceptional inflation is allowable and to what extent.

Agencies should submit conceptual exception requests with dollar estimates by fund type before April 6, 2026. CFO will review requests in April. Approved exceptions require that full documentation, detailed by SCR, Category and Fund Type, is submitted to the agency's CFO analyst. Only documented exceptions finalized before the CSL audit can be included in the ARB; however, agencies may need to continue working with analysts after this deadline to modify Essential Packages as part of the CSL for the Governor's Recommended Budget.

**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
- Oregon Health Plan (OHA)
- Agents Compensation and Credit Card Fees (OLCC)

Exception requests may be submitted for items not addressed through standard budget rules, as described later in this document. The following will **not** be accepted as an exception request; however, this does not prohibit the following requests from being submitted as policy packages:

- Annual inflation: 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: For increased usage.
- Additional funding: For increased usage of previously listed statewide items

Once CFO has completed its analysis of each of these items, information will be provided on the [DAS CFO website](#) by April 22, and agencies will be able to work with their CFO analyst to build the allowable inflationary costs into the appropriate CSL Packages.

## **Estimating Revenues and Available Resources**

Agencies must submit detailed revenue spreadsheets and narratives to CFO and LFO analysts by April 6, 2026. Include actual revenues for 2023-25, updated estimates for 2025-27, and preliminary estimates for 2027-29. Revenue projections must equal agency expenditures, at a minimum, and be updated as needed. Templates 107BF06a and 107BF06b are available for use and can be found on the DAS CFO website.

Be sure to include the following information in the narrative document, categorized by revenue source:

- Summary of major issues, if any
- Methods and assumptions used in budget forecasts
- Fee schedules (if any), with proposed fee increases or new fees
- List of programs for which anticipated revenues are not expected to be sufficient to cover current service level expenditures, if known
- Revenue projections through 2031

## **Fund Type Definitions**

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 following information details the types of revenues typically associated with each fund type and provides other useful information, such as how to account for a fund type in ORBITS.

### **General Fund (GF)**

- GF is revenue an agency collects, including taxes and some fees and fines. The collecting agency will record these funds as GF revenue (8800 fund type in ORBITS) and enter a matching revenue transfer to GF.
- GF expenditures (appropriations) used for agency operations are recorded separately from the GF revenue account (8000 fund type in ORBITS) and must be recorded for the program expenditures they fund, such as Personal Services,

Services and Supplies, Capital Outlay, and Special Payments. Note that GF appropriations cannot cross biennia.

## Lottery Funds (LF)

- LF allocations are awarded by the Legislature, including all interest earned while held by an agency.
- LF revenue transfers between agencies are recorded as LF by the sending agency and receiving agency in the agency's budget.
- LF associated with Ballot Measure 76 (2010), which provide for 15% of net lottery proceeds to parks and salmon restoration, require more detailed reporting. Agencies receiving these funds should expect to provide additional expenditure information in accordance with the required allocations.
  - At least 70% of LF for Salmon Restoration (7.5% of net lottery proceeds) must be distributed as grants to entities other than state or federal government. Up to 30% may be used for ongoing operations.
  - At least 25% of LF for Parks (7.5% of net lottery proceeds) must be distributed as local grants.
  - Transfers-In of Lottery Funds from DAS or the Oregon Watershed Enhancement Board (OWEB) are used to reflect new 2027-29 biennium revenue allocations.
  - Unspent LF balances proposed for carry-forward must be included as LF beginning balance(s) in the Base Budget.
- At ARB, LF beyond the June forecast requested in policy option packages must be budgeted as generic Transfers-In Lottery Proceeds (Account 1040 in ORBITS).
- At LAB, all generic transfers must be replaced by transfers from the respective agencies (e.g., Accounts 1107 from DAS and 1691 from OWEB).

## Other Funds (OF)

- Other Funds are agency revenues that can be spent under an OF expenditure limitation or as Nonlimited Other Funds. These revenues may come from the public or from 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 OF in the receiving agency budget.
- Agencies with OF-supported operations must maintain adequate ending balances for cash flow and contingencies, including potential statewide salary and benefit increases to the Governor's Recommended Budget.
  - **OF Revenue Estimation and Budgeting**
    - ✓ Base revenue estimates for existing OF sources on current law fee and assessment levels.

- ✓ Budget current law fee and assessment revenues in the agency's Base Budget.
- ✓ Estimate separately any fees established or increased administratively during the 2025-27 biennium that were not approved by the 2025 or 2026 Legislatures in the Revenue Forecast Narrative.
- ✓ Call out any proposed new sources of OF revenues or proposed increases in existing fees in the Revenue Forecast Narrative, even if within current legal limits.

## **Fees**

### **Fee Changes, Clarification for Budget Development, and Legislative Requirements**

- New or increased fees that were included in the LAB are permanent, and the fee revenue should be included in the Base Budget.
- Fees established or increased administratively during the 2025-27 biennium but not included in the LAB are temporary unless ratified during the 2026 Legislative session. Any revenue from fees that has not been ratified by the legislature is not to be included in the Base Budget.
- Do not include temporary fee revenues in Base Budget projections. Temporary fees, which the agency plans to continue, should be in a fee increase policy package. This includes fees approved through the Emergency Board process.
- Submit proposals for fee changes (including those requiring statutory amendments) through the Legislative Concept process.

### **Fee Reporting Requirements**

- Agencies must report all fee changes included in the 2027-29 ARB using form 107BF22 Fee Change Detail Report. Submit the form and cover memo electronically to the agency's CFO analyst along with the ARB.
- Agencies must update the statewide fee database during fall 2026 to reflect fees changed during the 2025 and 2026 Legislative Sessions or administratively during the interim. Do not include proposed fee changes for 2027-29 that are not yet implemented. Instructions will be posted on the CFO website, and SABR coordinators will be notified when the database is open.

## **Federal Funds (FF)**

- FF are revenues received from the federal government spent under FF expenditure limitation or as FF Nonlimited expenditures.

- These funds may be received as direct revenue or as matching fund reimbursement for state expenditures.
- FF received from another agency, rather than directly from the federal government, are generally treated as OF in the receiving agency budget.
- Agencies must follow FF Revenue Estimation guidelines when estimating Federal Funds revenues.
- Use the most recently completed congressional action to estimate Federal Funds revenues.
- Provide documentation to the CFO analyst as soon as funds are authorized and appropriated.
- Revise Federal Funds revenue estimates periodically as federal authorizations and appropriations change and notify the CFO analyst immediately.

### **Budgeting and Packaging Requirements**

Because most FF are provided on a reimbursement basis, agencies must include necessary FF revenues in each Essential and Policy Package. Most agencies will not have a beginning or ending balance in FF; however, exceptions exist. Agencies should consult with their CFO analyst and SABRS staff if questions arise.

### **FF Compliance and Audit-Sensitive Procedures**

- Maintain accurate documentation for all FF estimates, authorizations, and appropriations.
- Records must be retained for audit purposes and made available upon request. Ensure all updates to revenue estimates and package submissions meet DAS deadlines to avoid compliance issues.

### **Revenue Transfers and Special Payments**

Agencies engaged in any type of interagency fund transfer must coordinate with one another early in the budget process. Agencies must also agree on the transfer amount(s) and determine how the transfer(s) will be treated within their respective budgets.

The AUD004 ORBITS report can assist in reviewing transfers for budget development. Further, instructions for this step can be found on the [SABRS website](#). Note that all transfers must be documented before requesting an ORBITS audit.

## Base Budget

APRIL -- MAY

The Base Budget is the starting point for the new biennium. It begins with the 2025-27 LAB, adjusted for actions approved through April 2026, including the 2026 Session actions, Emergency Board actions, and DAS-approved Nonlimited changes. The Base Budget also includes the following adjustments for Personal Services, Debt Service, Nonlimited expenditures, and Capital Construction expenditures.

### Personal Services Adjustments

ORPICS generates Base Budget Personal Services costs using position data as of the freeze date (mid-April 2026). Salaries and Other Payroll Expenses (OPE) are calculated based on each employee's base salary in Workday. Positions are then adjusted to include cost-of-living adjustments (COLAs) and step increases through the end of the current biennium, June 30, 2027. Vacant positions are frozen at the fifth step of the salary range, already adjusted for COLAs. Limited duration positions are not included in the base budget and are removed during the freeze process.

Agencies should include only reclassifications or position changes that have administrative or legislative approval. SABRS will attempt to load bargained changes, class studies, and approved administrative adjustments into ORPICS before the freeze. However, agencies should review classification changes and ensure all updates are entered correctly.

In some cases, agencies may need to adjust the step used in the ORPICS freeze for specific positions (for example, seasonal positions). Agencies should work with their CFO analyst to make any necessary modifications during the Start-up period.

### Base Debt Service Adjustments

Include only scheduled debt service projects already financed through Legislative action. Changes to the Base Debt Service budget will be provided by the DAS Capital Finance Section. New Debt Service requests must be submitted as policy packages.

### Base Nonlimited Adjustments

Changes for programs with approved Nonlimited Other Funds and Federal Funds expenditures must be shown. Requests for new Nonlimited authority must be included in policy packages.

### Capital Construction Adjustments

Remove Capital Construction expenditure limitation from the budget for projects approved in the 2025 and 2026 sessions or by the Emergency Board prior to April 2026. These expenditures do not carry forward in the Base Budget. New requests must be submitted as policy packages.

## Other Base Budget Adjustments

Agencies should use the Base Budget to move amounts among accounts within the same expenditure category to “true up” their budget, as necessary. This should **not** be done in Package 030. These adjustments must be net zero and generally should not affect protected accounts such as Attorney General, Rent, State Government Service Charges, and Professional Services accounts. Agencies should also update revenues not associated with packages in the Base Budget.

## Current Service Level (CSL)

**MAY – JUNE**

### Base + Essential Packages

CSL is required by law. It estimates the cost to continue legislatively approved programs into the 2027-29 biennium. The CSL is built by the agency in coordination with CFO, beginning with the agency’s Base Budget.

Agencies must complete a [CSL workbook, located on the CFO website](#), and submit it to their CFO analyst using the template provided by CFO (see [page 39](#) for more information on the workbook).

Be sure to apply the following key requirements:

- Emergency Board actions or changes after April 2026 are excluded from CSL during the agency request phase.
- Agencies may request continued funding for these actions in Policy Package(s) No. 08X.
- Adjustments to CSL may occur later if CFO, EIS (for IT-related items), and LFO approve.

The Summary of 2027-29 Budget form in ORBITS displays the agency budget, including CSL estimates and it is presented at the program unit level and summarized at the agency-wide level. ORBITS now generates this form automatically.

## Essential Packages

Essential packages in budget development are assigned ORBITS package numbers. Agencies must provide supporting documentation for all packages to their CFO analyst.

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 items in the correct packages and to document all packages by the end of May 2026. 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. The following are the package numbers and titles of each essential package:

- 010: Vacancy Factor and Non-ORPICS Personal Services
- 021 and 022: Phase-ins, Phase-outs, and One-time Costs
- 031, 032 and 033: Inflationary Adjustments
- 040: Mandated Caseloads
- 050: Fund Shifts
- 060: Technical Adjustment

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

Package 010 covers vacancy factor adjustments and non-ORPICS driven personal services costs for the 2027-29 biennium. These adjustments ensure accurate projections for salaries, wages, and related costs.

### **Vacancy Factor Adjustments**

The ORPICS system automatically updates position costs to include 24-month pricing and salary adjustments for the next biennium. Agencies with more than 70 FTE will apply a 5% vacancy savings factor to account for anticipated staffing-related savings from turnover. Please work with your CFO Analyst if applying less than the 5% vacancy savings factor. The following vacancy savings factors apply to agencies with 70 or fewer FTE:

- 0.00-30.00 FTE: 0%
- 30.01-50.00 FTE: 1.5%
- 50.01-70.00 FTE: 3%

Refer to the following requirements when creating vacancy factor adjustments:

- The vacancy savings factor is calculated on the CSL for Salaries and Wages.
- Agencies must work with their CFO analyst to review and document any circumstances requiring adjustments to the standard rate.
- Changes to projected vacancy factor savings must be entered into ORBITS as an adjustment to the amount included in the 2027-29 Base Budget. Adjustments may increase or decrease the amount.
- All changes are reported on the Summary of 2027-29 Budget form BDV104 in ORBITS.

### **Non-ORPICS Personal Services Costs**

Non-ORPICS personal services costs include inflation adjustments for items not calculated by ORPICS, such as unemployment assessments, overtime, temporary employees, shift differentials, and Mass Transit taxes. There should be no ORPICS driven changes in this package.

Refer to the following requirements when creating Non-ORPICS personal service costs:

- Apply the general inflation factor outlined in Package 031 below for these items.
- Cost increases 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 agreements. A formal exception request is not required.
- No adjustment will be necessary for the state’s Pension Obligation Bonds (POB) liability because it will be paid off during the 2025-2027 biennium.
- For Transit taxes use the rate of .006 of Total Salaries and Wages by fund type, excluding federal funds.

## **Essential Package No. 021 and 022 | Costs of Phased-In/Phased-Out Programs and One-Time Costs**

Agencies must identify budget adjustments for program phase-ins, phase-outs, and one-time costs during the 2025–27 biennium. These adjustments typically occur in Services and Supplies, Capital Outlay, and Special Payments. Each package must include a narrative description and assumptions used to calculate the adjustment.

Enter phase-ins in Essential Package 021 and phase-outs or one-time cost eliminations in Essential Package 022.

### **Phase-In Programs (Package 021)**

Phase-in programs include new programs and expansions of non-mandated caseload programs funded for fewer than 24 months in the prior biennium but requiring a full 24 months in the next biennium. Agencies with program Phase-Ins of programs should provide the following information:

- The added costs above the 2027–29 Base Budget level after removing prior start-up or one-time costs
- ORPICS adjustments for legislatively approved positions not addressed in the freeze process (ORPICS OPE)
- Adjustments to Services and Supplies related to the amount of FTE being phased from a position not funded as a full FTE in the previous biennium
- **Include inflation for phased-in programs within Package 021 (do not include in Package 031). Package 021 amounts are NOT part of the inflation auto-calculating function in ORBITS.**

### **Phase-Out Programs and One-Time Costs (Package 022)**

- Phase-outs reduce costs by eliminating pilot programs, temporary initiatives or one-time expenditures funded in the 2025–27 biennium but not meant to be funded in the 2027-29 biennium. ORPICS will adjust for legislatively approved position phase-outs in Personal Services calculations.

Agencies are responsible for providing the following information:

- Phase-out services and supplies costs associated with Limited Duration positions.
- Remove programs approved with legislative review requirements before further funding.
- Eliminate completed one-time expenditures such as IT projects or new systems.

- Enter Package 022 amounts into ORBITS before applying auto inflation calculations.

**Both 021 and 022 packages require agency documentation and CFO approval by the end of May.**

### **Package 021 and 022 Tips**

- Identify phase-in and phase-out packages shortly after the legislative session ends.
- Read current budget reports with an impact on the agency carefully to identify Package 20 needs.
- If a budget report is unclear, reach out to the CFO analyst.
- Use Fiscal Impact Statements for new programs funded for part of the biennium as a reference (inflation not included).
- Avoid double counting position costs automatically priced by ORPICS.
- Adjust out one-time costs from the previous biennium when calculating phase-in needs for the next biennium.

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

Inflation packages ensure accurate budgeting for Services and Supplies, Capital Outlay and Special Payments during the 2025–27 biennium. These packages use DAS Price List rates and published inflation factors. Changes in volume or usage are not allowed as part of inflation packages.

Refer to the following biennial inflation factors for 2027–29 when creating packages:

- 4.9% for general inflation
- 9.3% for non-state employee personnel costs (contract providers)
- 6.5% for medical services (notify CFO analyst if used)

Package 030 is broken into three parts (031, 032, and 033) to isolate the incremental impacts of certain inflation factors.

### **Package 031 – Standard Inflation and State Government Service Charges**

This package includes standard inflation factors, as follows, and does not require special approval:

- General inflation factor (4.9%) for most Services and Supplies, non-ORPICS Personal Services, Capital Outlay, and some Special Payments
- Non-state employee personnel costs applied to Professional Services and Special Payments for state employee costs (9.3%)
- Published rates for uniform and non-uniform rent (DAS EAM provides non-DAS office rent factor)
- State Government Service Charges (SGSC), including Treasury charges and DAS assessments

- Standard rate portion of medical cost increases, non-state employee personnel costs as applied to Special Payment, and usage-based Price List items

### **Package 032 – Above Standard Inflation (Requires CFO Analyst Approval)**

This package includes inflation amounts above Package 031 for limited factors. Agencies must provide documentation and obtain CFO analyst approval by the end of May for the following amounts:

- Medical services inflation above standard up to 6.5% for programs with high medical costs (e.g., Oregon Health Plan, foster care, mental health services); the medical services inflation factor will only be allowed for programs relying heavily on skilled medical staff, advancements in technology, or high-cost prescription drugs.
- Usage-based DAS Price List items (e.g., motor pool, printing) when cost per unit increases are beyond standard inflation
- Non-state employee personnel costs applied to Special Payments above standard inflation up to published rate

### **Package 033 – Exceptional Inflation (Requires CFO Leadership Approval)**

This package applies when standard and above-standard inflation factors are insufficient. CFO leadership may approve exceptions through the exception process, based on agency documentation.

Include the following costs and see the [Exceptions section](#) above for more information on exceptions:

- Inflation amounts exceeding Packages 031 and 032 maximums
- Extraordinary cost increases determined by CFO

### **Inflation Summary Checklist**

#### **Package 031 – Include the following Standard Inflation components:**

- General inflation (4.9%)
- Non-state employee personnel costs (9.3%)
- Attorney General costs
- Uniform and non-uniform rent
- SGSC (including Treasury)
- Standard portions of medical and usage-based Price List items

#### **Package 032 – Include the following Above Standard Inflation components:**

- Usage-based Price List items above standard inflation
- Medical inflation, such as Oregon Health Plan provider expenditures, above standard up to 6.5%
- Non-state employee personnel costs above standard up to published rate as applied to Special Payments; amounts above standard inflation up to 9.3%

**Package 033 –Include the following Exceptional Inflation components:**

- Exceptions for medical inflation above published rates
- Extraordinary cost increases approved by CFO leadership

**Inflation Reporting**

The Summary of 2027-29 Budget form in ORBITS reports net changes from Packages 031, 032 and 033 in two parts: (1) Cost of Goods and Services increase/decrease excluding SGSC, and (2) SGSC line showing net changes from the Base Budget. Inflation factors are not applied to SGSC charges.

**State Government Service Charges**

DAS publishes the State’s Price List of Goods and Services. The Price List includes assessments and charges from agencies across state government. An electronic version of the 2027-29 Price List will be available on the DAS website in April. 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 and 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 adjustments are based on changes in programs required by federal law, the state constitution or court actions. These costs may include additional staff, subject to further analysis. Agencies must follow compliance requirements and provide documentation for all adjustments.

### Programs Included in Mandated Caseload

- 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 individuals with mental illness or intellectual and developmental disabilities
- Community-based and nursing home care
- Adoption Assistance
- Children's Foster Care (DHS and 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, High School Success 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
- Adult criminal indigent public defense services

### Package Requirements

Mandated caseload packages must reflect only costs associated with caseload changes 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 that increase or decrease costs should be included in a policy package, not in this essential package. Examples of policy changes include adding services, restricting eligibility, or increasing reimbursement rates.

## Documentation and Approval

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

Adjustments for standard mandated caseloads listed in the Budget Instructions require agency documentation and CFO approval by the end of May 2026. Expanding beyond the approved list will not be considered. Additional adjustments based on updated information may be included by the analyst in the Governor's Recommended Budget.

## Essential Package No. 050 | Fund Shifts

Essential Package 050 addresses significant revenue changes in existing programs during the 2025-27 or expected during the 2027-29 biennium. These adjustments ensure accurate funding alignment without changing total program costs.

### Key Requirements

- Use this package only for revenue source changes that result in a net-zero Total Funds cost.
  - Example: A legislatively approved budget planned for Other Funds, but Federal Funds are now being used instead.
- Request General Fund replacement of Lottery Funds, Other Funds or Federal Funds only for mandated caseload programs or if these funds have historically been interchanged with General Fund.
- Any other request for General Fund backfill must be submitted in a policy package, not in this essential package.
- Do not use this package to reduce expenditures below CSL due to revenue shortfalls. If revenues are insufficient to maintain CSL, reductions must be included in Policy Package No. 070 (Modified Current Service Level).

This package requires complete agency documentation and CFO approval before submission. Ensure all changes comply with statutory requirements and audit-sensitive procedures.

## Essential Package No. 060 | Technical Adjustments

Essential Package 060 is used for technical budget adjustments that do not fit within Essential Packages 010-050. These adjustments are typically for agency reorganizations and expenditure category shifts.

### Key Requirements

- Use this package only for technical adjustments, such as organizational changes or expenditure category realignments.
- For structure changes in ORBITS, SABRS approval is required before implementation.
- Provide complete documentation for all adjustments to ensure compliance with statutory and audit-sensitive requirements.

- Obtain final CFO approval by the end of May 2026.

## CSL Workbook

The CSL workbook serves as a communication and documentation tool between agencies and CFO analysts to streamline the CSL audit process and ensure clarity on adjustments from the Base Budget.

### Purpose and Requirements

Each agency must submit a CSL workbook detailing assumed adjustments from specific essential packages using this [CSL Workbook](#), which is available on the [CFO website](#).

Essential packages include the following information:

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

Workbook content requirements include the following information:

- Package type and SCR title
- Amount of adjustment
- Number of positions and FTE
- Fund type
- Description explaining why the adjustment is appropriate

### Deadlines and Review Process

The CSL workbook must be completed by May 1, 2026. It should be a joint product developed with input from both the agency and the CFO analyst. After submission, the CFO analyst will review the information with CFO Leadership, provide feedback and work with the agency to finalize 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 by ORS Chapter 291. The modified CSL reduces current expenditures to balance to available revenues. Expenditure reductions due to revenue shortfalls should be included in Policy Package No. 070. The Summary of the 2027-29 Budget form (BDV104 in ORBITS) will include the 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 only include Lottery Funds, Other Funds, and Federal Funds expenditure reductions necessary to adjust CSL to available revenues that are normally budgeted in 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 or all the reductions, they will need to propose a policy package to increase revenues and restore expenditures.

## Agency Request Budget

**MAY -- JULY**

### CSL + Policy Packages

The final phase of the budget development process adds policy enhancements to the Current or Modified Current Budget Level. Policy decisions to reduce or increase programs or expenditures are implemented through policy packages as described below. For the 2027-29 biennium policy packages should be net neutral and not require new revenue. The same applies to legislative concept development -- concepts should not require additional resources.

- For General Fund and Lottery Funds, packages must be funded within existing resources available to the agency in the CSL.
- For Other Funds, policy packages should not require increased fees, assessments or rates; this does not limit agencies from requesting fee increases to cover costs of current service level.
- Agencies may request packages to utilize additional Federal Funds where available, however no new revenue can be requested to satisfy state match or maintenance of effort requirements.

Agencies may request certain policy packages to be reviewed through the initial approval process related to the following:

- Capital projects that must go through the Capital Projects Advisory Board process
- IT projects as they relate to SB 1090 (2025) review, especially projects already in process
- Legislative or Ballot Measure mandates

## Policy Packages No. 081 and 082 | Emergency Board Actions After April

Use these packages to enter all expenditure and revenue actions taken by the Emergency Board that are not included in the Base Budget. Typically, this includes actions taken after April of the even-numbered year that will carry forward to the next biennium. Amounts in Policy Packages 081 and 082 must be 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 to keep the CSL “true.”

## Policy Packages | 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 Agency Request Budget (ARB) consists of the Base Budget, essential packages, and policy packages.

**NOTE:** Package requests for 2027-29 are restricted to revenue-neutral proposals or approved exceptions, such as capital projects requiring review by the Capital Projects Advisory Board, IT projects as they related to SB 1090 (2025) review (especially projects already in process), and legislative or ballot measure mandates.

### Guidelines for Policy Packages

- **Packages impacting multiple agencies:** For policy packages impacting multiple agencies, consult with all agencies and ensure consistent package numbers and titles across agencies.
- **Deferred Maintenance/Capital Improvements:** Agencies owning state buildings and infrastructure should request policy packages for deferred maintenance and capital improvements per ORS 291.215. These requests should be for at least 2% of the current replacement value of state-owned assets. Packages requiring fee increases are allowed to cover CSL costs only.
- **Audit Findings:** Identify any funding requests resulting from Secretary of State audit findings or recommendations. Clearly indicate if a policy package is related to audit findings and specify components by fund type.
- **Position Actions:** Prepare supporting documentation for position actions, including position descriptions, organization charts and CHRO approval memos. Submit these upon request to the CFO analyst.

### System Guidance

Refer to the [SABRS website](#) for instructions on entering policy package data into ORBITS and ORPICS. Presentation requirements for policy packages in the budget document are outlined in the Budget Document section of these instructions.

## Reduction Options

As required by ORS 291.206, agencies must include reduction options totaling 10% of the CSL, to be completed in two 5% increments. These options support the Governor and Legislative Assembly when they consider expenditures requiring reductions. Reduction options do not apply to the debt service portion of the CSL.

### Calculation Basis

- Calculate reduction options using the Modified CSL (Base Budget plus essential packages, including Policy Package No. 070).
- Present all reductions separately for each type of fund: General Fund, Lottery Funds, Other Funds, and Federal Funds.

## **Fund Type Presentation**

- Report reduction options on Form 107BF17 for each fund type.
- Describe the activities or programs that will not be undertaken for each reduction.
- Rank each activity or program by lowest cost for benefit obtained.
- Clearly explain the criteria and methods used for cost-benefit analysis.

## **Impact Analysis**

- Explain how reductions may affect other revenues, expenditures, or programs.
- Identify if a General Fund reduction will result in the loss of matching Federal Funds.
- For revenue transfers, describe reduction options with other affected entities.
- Verify that reduction is possible under Federal rules and law.

## **Submission Requirements**

- Include reduction option information in the ARB narrative.
- Provide summary details for each option to facilitate evaluation.
- Legislative Concepts (LCs) are not required for proposed reductions. However, the agency should be prepared to provide necessary legislative changes upon request from the Governor or CFO analysts.
- Analysts may request additional or alternative reduction options if those proposed are not feasible or do not align with statewide policies.

## **Review and Updates**

- After release of the Governor's Recommended Budget, agencies must update the reduction options Form 107BF17 to indicate which reductions were used in the development of the 2027-29 budget.
- Use strikethrough formatting to show items and dollars incorporated into the GRB.

# Capital Budgeting and State Facilities Planning

## Capital Budgeting

- Major capital projects require advance planning and may involve external financing, including bond financing or other financing agreements. Agencies that own state buildings or other infrastructure must include a Capital Budgeting section as part of the budget document. This section of the agency's budget document will include information on the following:
  - Capital Improvements -- project costs less than \$1 million including potential costs in future biennia
  - Capital Construction (Major Construction/Acquisition) -- project costs more than \$1 million for acquisition, building, adaptation, replacement, or change in the use of a facility or group of facilities
- Request policy packages to ensure deferred maintenance and capital improvements reach at least two percent of the current replacement value, as required by ORS 291.215.
- Governor's Office and Legislative approval is needed if the agency plans to finance more than \$100,000 of the project with bonds or other financing agreements. Requests meeting these criteria must be submitted by May 15, 2026, using Form 107BF15, and the agency must obtain estimates from the Capital Finance Section.
- Refer to supplemental instructions and manuals provided by DAS for further guidance on capital budgeting and facility planning. Additional details for Capital Budgeting (including Financing Agreements and Bond Financing) are provided in the supplemental 2027-29 Capital Budgeting Instructions. Additional resources are also available in the [Statewide Facility Planning Process Manual](#). Reporting requirements on agency-owned building and infrastructure are outlined in "The Budget Document" section of these instructions.

# The Budget Document

# JULY -- AUGUST

The budget document provides clear instructions for preparing agency submissions for the biennium. Agencies must use the formats and forms in this manual to ensure consistency and compliance. This standard structure helps decision-makers review information efficiently.

Agencies should prepare documents electronically for ease of access. Include hyperlinks in the table of contents and section tabs. Graphics may be used to explain complex issues. The goal is a concise, accurate presentation that supports informed decisions.

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

Agencies submit three versions of the budget document during the process: Agency Request Budget (ARB), Governor’s Recommended Budget (GRB), and Legislatively Adopted Budget (LAB). All versions become public records once published. Agencies must update the ARB as decisions are made by the Governor and Legislature.

The budget document combines narrative, ORBITS reports, budget forms and agency-supplied information. Narrative may be entered directly into ORBITS or by using form 107BF02. Instructions for each section identify the required ORBITS components and forms.

All CFO-provided materials are available in ORBITS, from CFO, or [online](#). The following pages explain how to assemble the budget documents. Visit the DAS CFO website for [budget instruction forms](#).



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. Refer to the following guidelines to help prepare the document:

- Orient all budget pages as “landscape.”
- Side margins should be a minimum of ½ inch.
- [Budget forms](#) are available on the CFO website.
- Do not write or type on ORBITS reports other than to add page numbers.

## Electronic Document

Agencies should submit the budget document electronically using Box, which is an online secured file transfer service. A link to upload the budget document will be sent 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 the CFO or LFO analyst.

- All electronic documents should be digitized (created from source documents and not scanned) utilizing optical character recognition (OCR) for printed text to be searched electronically.
- Bookmark PDF documents at each section. Please be mindful regarding the use of bookmarks to ensure the document is reader friendly.
- Ensure electronic files contain appropriate hyperlinks to important sections of the document.
- Embed fonts and create a printable PDF prior to saving the document.
- Submit PDF as one combined document.
- Agencies are responsible for ensuring their final budget document complies with all applicable [DAS accessibility standards](#) before it is published online.

## Due Dates, Document Titles and Copy Requirements

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

### Agency Request Budget Document

- Due to the CFO by August 31, 2026, from all agencies (early submittal agencies due by July 31, 2026)
- Title: "Agency Name" 2027-29 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 the certification page with an authorized signature. The agency is also required to publish the ARB on its website and forward the document hyperlink to the CFO.

### Governor's Recommended Budget

- Due to CFO in early 2027; actual due date will be supplied before that time
- Title: "Agency Name" 2027-29 Governor's Recommended 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 the 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" 2027-29 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 the 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](#)



### Agency Summary

Agency Summary Narrative (107BF02)

1. Budget Summary Graphics
2. Mission Statement and Statutory Authority
3. Agency Strategic Plan
4. Criteria for 2027-29 Budget Development
5. Racial Equity Impact Statements and Diversity, Equity, and Inclusion Plan
6. State-Owned Buildings and Infrastructure
7. IT Strategic Plan
8. IT Project Prioritization Matrix

Summary of 2027-29 Budget (Agency-wide and Program Unit levels) (ORBITS BDV104)

Program Prioritization for 2027-29 (107BF23)

Reduction Options (107BF17)

2025-27 Organization Chart

2027-29 Organization Chart (if changes proposed)



### Revenues

1. Revenue Forecast Narrative/Graphics (107BF02)
2. Detail of Fee, License or Assessment Revenue Proposed for Increase (107BF08)
3. 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 the agency's 2025-27 budget or will have a direct budget impact on the agency in the 2027-29 biennium. As a resource, the BSM002a in ORBITS will provide a summary of all budgetary legislative actions. The [Legislative Action Workbook](#) is available on the [CFO website](#).



## Agency Summary

### 1. Agency Summary Narrative (107BF02)

This section presents policy issues and agency business plans for the 2027-29 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 the following:

- How the budget is allocated among programs or activities
- Distribution by fund type
- Comparison of 2025-27 LAB (as of April 2026) with the 2027-29 ARB

Update these graphics for the GRB and the Legislatively Adopted Budget.

#### **b. Mission Statement and Statutory Authority**

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

- 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 must create and maintain a strategic plan that follows the goals set by the Governor's Office. The plan should be developed with agency leadership and in partnership with direct service employees, community partners, tribes, underrepresented communities, and any boards or commissions that oversee the organization.

The strategic plan must include a section that aligns with the agency's information technology strategy. This section should explain how modernization efforts will support the agency's goals and improve operations.

Agencies are also required to have a Diversity, Equity, and Inclusion (DEI) Plan. The DEI Plan must be updated every two years and serves as the main tool for guiding and tracking equity strategies across programs and services.

### **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. 2027-29 Racial Equity Impact Statement Instructions**

Developed in consultation with the Racial Justice Council pursuant to ORS 291.206, the Racial Equity Impact Statement (REIS) describes how proposed programs, policies, and budgets may impact Oregonians who are Black, Indigenous, and other people of color.

The purpose of the REIS is to ensure racial equity impacts are evaluated during the budget build process so communities of color, who have been historically harmed, underserved or excluded, are not disproportionately burdened by budget decisions. It is a mechanism to assist agencies in bringing resource and policy decisions into alignment with federal and state civil rights laws and agency missions.

### **Requirements for Agencies**

- Complete the [REIS worksheets on the CFO website](#) for the agency as they apply to agency-wide strategic mission, goals, and programs, *and* each policy option package (POP) proposed.
- If the agency has no POPs this budget cycle, choose one Program or division (Summary Cross Reference) to evaluate, and use the Program REIS worksheet.
- If additional revenue becomes available for the agency through the Governor's Recommended Budget, complete the REIS for POPs.
- Submit a copy of your diversity, equity and inclusion (DEI) action plan with the ARB. Include it in the appendix. It will be considered alongside the agency's REIS in the budget review process.

- A copy of the agency’s affirmative action plan is required by statute as part of the ARB under “Special Reports.” This will also be considered alongside the REIS in the budget review process.

### **Who Is Responsible for Completing the REIS?**

The REIS carries shared accountability across executive leadership, program, and budget staff.

- Executive leadership is required to provide the direction and guidance to complete the full agency budget REIS section.
- Program managers are required to provide the direction and guidance to fill out the REIS for POPs or programs related to their scope of work.
- The REIS needs to be completed in collaboration with the agency’s DEIB practitioner(s), if the agency has one. DEIB practitioners can provide expertise on racial disparities, relevant data, and community context.

We recommend agencies collaborate with the following groups:

- Community engagement managers to help support input and feedback from the community in developing the REIS, budgets, and policies
- Data analysts to support research and analysis when exploring disparate impacts

Executive Leadership is required to review the REIS prior to submission to ensure racial equity analysis is considered in budget decisions.

### **Review Process**

Information received for this REIS process will be reviewed by Chief Financial Office (CFO) policy and budget analysts in consultation with the Department of Administrative Service’s Office of Cultural Change (OCC). If additional information or clarification is needed, CFO analysts will follow up with agencies. This analysis will be provided to the Governor’s Racial Justice Council (RJC).

Agencies may receive a request to present their REIS analysis to the RJC before the ARB is due. This will be an opportunity for the RJC to advise agencies on their process and for agencies to update their ARB as necessary based on this feedback.

Access [REIS Worksheets on the CFO website](#).

### **f. State-Owned Buildings and Infrastructure**

This section must list all buildings and infrastructure owned by the agency and include the current replacement value of those assets. A summary is sufficient for the budget document; however, agencies must keep detailed information available for review by the CFO analyst if requested.

The section must also show the amount of deferred maintenance funding included in the agency's Base Budget, broken down by fund type.

Under ORS 291.215(2), agencies do not need to report buildings or infrastructure owned by or for use by public universities, community colleges, or transportation infrastructure.

### **g. IT Readiness Workbook**

Agencies requesting funding for information technology (IT) budget and projects, including replacements, modernizations, upgrades and expansion of IT systems, must follow [Statewide IT policy 107-004-180](#) (IT Readiness). The policy and accompanying procedure ([107-004-180\\_PR](#)) provide direction to the agency to submit an [IT Readiness Workbook located on the CFO website](#) for IT budget and project requests.

## **2. Summary of 2027-29 Budget (ORBITS)**

This report is produced directly out of ORBITS and should be completed at the **agencywide level** (DO NOT include each SCR). It reports the Base Budget, the essential packages bringing the budget to the CSL, and any policy packages in the budget. This report will need to be completed at each stage of the budget development process (GRB and LAB).

## **3. Program Prioritization for 2027-29 (form 107BF23)**

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

## **4. Reduction Options**

Agencies must present General Fund, Lottery Funds, Other Funds, and Federal Funds reduction options (see [page 41](#) for details). Rank each option in order, by lowest cost for benefit obtained. Number the first option to be implemented as one, the second as two, etc.

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

- **Activity or Program** -- Describe the activity or program that would not be undertaken if the reduction were adopted.
- **Describe Reduction** -- Explain the reduction and how it would be implemented. Describe the option's impacts on the agency's mission, strategic plan, other agencies, local governments, and impacts on Oregonians who are Black, Indigenous, or other people of color. Identify any statutory changes required by the reduction option 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 2027-29 impact and the full 24-month projected 2029-31 impact.
- **Amount and Fund Type** -- State the reduction amount and the fund type. If Other Funds or Federal Funds are affected, identify the amount and source, and note any restrictions on use of the funds for other activities or programs.
- **Rank and Justification** -- Rank each option based on lowest cost for benefit obtained. Explain the criteria and methods used to determine costs and benefits.

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 allows the analysts to create policy packages quickly if the options are recommended by the Governor or adopted by the Legislature. See [page 41](#) for instructions on displaying reduction options used in the GRB.

## 5. Organization Chart(s) 2025-27

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

## 6. Organization Chart(s) 2027-29

If the 2079-29 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 2025-27 LAB to date.
- Show proposed 2027-29 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 describe the following:

- The source of funds, and 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 2027-29 biennium estimates, and 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 all fees, licenses, and assessments that will be **established or increased** in the 2027-29 budget. Include any fee changes made administratively during the 2025-27

biennium, only if they were not approved by the Legislature and included in the LAB. In the explanation section, clearly distinguish between increases in volume and increases in rate.

Use form 107BF22 (Fee Change Detail) to report detailed information on all fee increases, establishments, or decreases included in the 2027-29 ARB. The form and accompanying cover memo must be included in the ARB submission.

### **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 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 if 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 2027-29 budget makes organizational changes, include a chart of the 2025-27 structure and one of the proposed 2027-29 structure.

- Charts should summarize the program unit's structure on one page if possible.
- Include the number of positions and FTE in each unit.
- Note any positions eliminated, added, or transferred during the 2025–27 biennium to date, compared to the 2025–27 LAB.
- Show proposed 2027-29 biennium changes by shaded or dashed boxes.
- Use summary footnotes to save space.

##### **2. Program Unit Executive Summary (107BF02)**

For the 2027-29 biennium, agencies must continue using the Program Unit Executive Summary format from prior biennia, limited to four pages. The summary should give readers a clear understanding of the program unit's core functions and outcomes. Summarize the requested funding level for the upcoming biennium and explain the expected performance if the funding request is approved.

The Program Unit Executive Summary must include the following:

- a. Long-Term Focus -- Describe the program's long-term goals and how they align with the agency's Strategic Plan.
- b. Primary Program Contact -- Identify the person who can answer questions about program operations.

- c. **Budget and Performance Graphics** -- Provide a graphic showing the program unit's total funds budget over time and corresponding performance, including the number of persons served or other units of service provided. The graphic should display at least five biennia of history, the current biennium, and projected funding and performance for 2027-29. If this history is not available, agencies should work with their CFO analyst to determine an appropriate alternative.

Agencies should also include estimated future costs through the 2031-33 biennium, especially for proposed changes that may roll up in future biennia. This helps avoid unexpected funding needs later. Use the same methodology applied to develop the agency's Current Service Level (CSL). As a general guideline, the following inflation factors should be used:

	<b>Standard Inflation</b>	<b>State Employee Personnel Costs</b>	<b>Non-State Employee Personnel Costs</b>	<b>Medical Inflation</b>
<i>2027-29</i>	4.9	11.5	9.3	6.5
<i>2029-31</i>	4.3	10.5	8.8	5.9
<i>2031-33</i>	4.1	9.5	8.2	5.5

- d. **Program Overview** -- In one or two sentences, describe what the program does and why it is important.
- e. **Program Funding Request** -- Summarize the funding request for the Governor's Office. Include the total resources requested for this program and the performance outcomes expected if this proposal is funded. Provide the projected proposal costs and performance for the 2027-29 biennium, as well as estimated costs and performance through the 2031-33 biennium.
- f. **Program Description** -- Provide a clear description of the program, including the clients it serves and how often they receive services. Explain the program's purpose and how it achieves that purpose. Describe how services are delivered, and identify the partners needed to ensure success. Include the major cost drivers for the program and note opportunities to improve performance through alternative delivery methods.
- g. **Program Justification** -- Explain how the program's performance connects to the agency's strategic plan and supports the desired outcomes. At a minimum, show a clear link between program results and strategic plan. Ideally, include research or nationally recognized best practices to demonstrate that investing in this program will help Oregon achieve its long-term objectives. If the program affects long-term performance indicators, identify those indicators and how they change with program performance.

- h. Program Performance -- Provide tables or charts showing performance and outcomes over time. If possible, include 10 years of historical data and projected performance during 2027-29 if the program proposal is accepted by the Governor. When possible, include data for all four of the following key performance indicators:
- Number of people served or items produced
  - Quality of services provided
  - Timeliness of services delivered
  - Cost per service unit
  - For each metric, explain what it measures and why it is important for understanding the program performance. If trends or data anomalies exist, describe them clearly. At a minimum, report the same information used for the 2025-27 budget.
- i. Enabling Legislation/Program Authorization -- State whether 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 it is mandated by Oregon law, provide the relevant statutory citation.
- j. Funding Streams -- Describe all funding streams that support the program. Include details on leveraged funds and explain how Oregon qualifies for the additional resources, such as competitive grant, federal matching program, private donation, and performance bonuses. If the program has a dedicated funding source, identify the source and whether the dedication is constitutional or statutory. Provide legal citations for the dedication.
- k. Proposal Comparison -- Explain how the 2027-29 funding proposal compares to the program authorized in 2025-27. State whether the proposal maintains the program at CSL or increases or decreases funding. If the proposal changes the program from the CSL, describe the nature of the change and why the agency is recommending it.

### **3. Program Unit Narrative (107BF02)**

This section provides detailed information beyond the Program Unit Executive Summary. It should address major program and policy issues and include budget details for the Base Budget, essential packages, and policy packages. Agencies with questions should consult their CFO analyst for examples or guidance.

The narrative must clearly describe the following budget details:

- Expenditures by fund type, positions, and full-time equivalents
- Activities, programs, and issues in the Base Budget that may need more explanation than allowed in the Program Unit Executive Summary
- Additional background for decision makers including trends in caseload, workload, or other external factors that affect program operations
- Revenue sources and proposed revenue changes; for Lottery Funds, Other Funds, and Federal Funds revenues, provide the following information:

- The source of funds, and for Federal Funds, name the federal program and agency
- Any required matching funds including the percentage and type of match
- Programs funded by each revenue source
- General limits on use of funds
- Basis for 2027-29 estimates, and for fees or assessments, describe who pays, the number of payers, and the rates
- Proposed new laws that apply to the program unit

Balance detail against brevity and focus on key issues. Use an outline format if it provides complete information and provide graphics or charts to improve clarity.

#### **4. Packages (107BF02 and BPR013)**

Packages propose budget, policy, and program changes. There are two types: **essential packages** and **policy packages**. List the essential packages first, followed by policy packages. Rank policy packages in overall agency-wide priority order with “1” as the top priority and subsequent numbers in order.

- A package based on new or increased Federal Funds must be supported by completed congressional action and documentation showing the funds are authorized and appropriated. Exceptions may be made if funding is reasonably certain.
- Highlight any actions that would do the following:
  - Produce substantial matching revenues from other jurisdictions
  - Generate new or increased revenues
  - Eliminate revenues received by the agency during the 2027-29 biennium
  - Indicate whether package revenues are restricted to the purposes described or can be used for other programs

Descriptions of a program unit’s essential packages can be combined on one or two pages. Each policy package must have its own page. The narrative should summarize the agency’s business case for new funding proposals and describe the issue, the proposed solution, resources required, and how success will be measured if approved. For each package, include the following information:

- Package Narrative-- Include the following headings and information:
  - Purpose* -- Describe the issue and the agency’s proposed solution. Explain how the action supports long-term goals, key initiatives, the agency's mission, strategic plan, and applicable benchmarks or key performance measures.
  - How Achieved* -- Explain how the proposed action will address the issue. Include the agency’s implementation strategy, timeline, planning activities, stakeholder involvement, and alternatives considered. If statutory changes are needed, include them in the legislative concept process. Describe any impacts on other agencies or governments and coordination efforts.

- Staffing Impact -- List positions and full-time equivalents required. For phased actions, show the 2027-29 impact and the full 24-month impact for 2029-31.
- Quantifying Results -- Explain how results will be measured if approved (policy packages only). Measures include operational metrics beyond Key Performance Measures (KPMs). Also include a timeline with performance milestones.
- Revenue Source -- Identify revenue sources and amounts for the package, and highlight new revenues, savings, or fee changes.

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

- 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 related costs. Estimate the fiscal impact in the 2029-31 biennium for any phased actions or if the funding base will change.
- Policy packages involving IT projects/initiatives -- Submit to the agency's Enterprise Information Services (EIS) Senior IT Portfolio Manager (SIPM) the following information:
  - The IT Project Budget Spreadsheet for all new or continuing IT Project investments that are part of an IT policy package and cost \$150,000 or more
- All related IT policy package materials
  - A completed Business Case and Project Prioritization Matrix in the Enterprise Project Portfolio Management (PPM) system, regardless of fund source or policy package inclusion, for IT investments costing \$1,000,000 or more

## 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 and Facilities Maintenance

### Capital Budgeting and Facilities Maintenance Forms

#### XI-Q Bonds and *Financing Agreements*

**Article XI-Q Bond Financing and Other Financing Agreements Request Form for 2027-29 Biennium (107BF15):** If the agency requests XI-Q bond financing or capital lease financing, this form must be completed and returned to Rhonda Nelson on or before **May 15, 2026**. Bond financing may be for capitalizable costs related to capital acquisition, construction or improvement of real property, equipment, or IT systems.

**Lottery Revenue Bond Financing Request Form for 2027-29Biennium (107BF09):** If the agency requests lottery revenue bond financing, this form must be completed and returned to Rhonda Nelson on or before **May 15, 2026**.

## **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** <sup>1</sup>

- **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/ or acquisition projects costing over \$1 million, equipment and information technology-related projects or systems costing over \$500,000, and loan and grant programs. Show the agency's 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 the agency's planned debt issuance. Include specific information on the source of Other Funds used to repay debt, such as for 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.

Please be sure to provide a detailed source list and amount of Lottery Funds, Other Funds, and Federal Funds Revenue (ORBITS BPR012 and 107BF07).

### **Facilities Maintenance Forms Descriptions**

- **Facilities Maintenance Narrative (107BF02):** Describe the key drivers for the agency’s facility needs and how the agency measures space and facility demand. Include the key facility-related challenges, including maintenance needs over the next 10 years. Also describe 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. Include facility and lease data as reported to the CPAB.
- **Facilities Operations and Maintenance Budget and Deferred Maintenance Plan (107BF16b):** Provide information on the agency’s operations and maintenance (O and M) budget and deferred maintenance plan by biennium and fund type. This **does not** include Capital Improvements. Be sure to use the definition of maintenance described in the Budget Instructions above, and if staff performing maintenance functions also perform other duties, make the best estimate of the 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 the O and M budget. The Legislatively Approved column should reflect approved amounts as of April 2026. Provide O and 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 Readiness Workbook**

Senate Bill 1090 (2025) requires the State Chief Information Officer (CIO) to create rules for how state agencies should ask for funding technology (IT) budgets and projects. This includes projects including the replacement, modernization, upgrades, or expansions of IT systems.

Agencies requesting funding for information technology (IT) budget and projects are required to follow [Statewide IT policy 107-004-180 \(IT Readiness\)](#). The policy and accompanying procedure ([107-004-180 PR](#)) provide direction to the agency to submit an [IT Readiness Workbook](#) for IT budget and project requests.

## **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, additional requirements were added for developing and reporting performance measures. ORS 291.110 directs DAS, in consultation with the Legislative Fiscal Office, to maintain a statewide system of performance measures that improves the efficiency and effectiveness of state programs and services. State agencies must continue to track and report annually on Legislatively Approved Key Performance Measures (KPMs) and request changes as part of the budget development process.

The process for proposing and approving agency KPMs for the 2027-29 biennium remains the same as for previous biennia. See [KPM resources](#) for more information on the Oregon State Legislature website.

### **Step 1: March – April 2026**

Agencies must enter initial KPM change requests in the automated KPM system and notify their CFO/LFO analysts that they are requesting changes by April 30, 2026. CFO and LFO analysts will review the requests and provide feedback. Agencies may adjust proposed changes based on feedback received.

### **Step 2: August – December 2026**

Agencies must submit the appropriate version of their Annual Performance Progress Report (APPR) for 2026 (either with or without proposed changes) along with both their ARB and GRB binders (Special Reports Section).

If data for some measures is incomplete, note this in the “How we are Doing” section for the relevant KPM(s). Update the automated system when data becomes available and email the updated APPR to the agency’s CFO and LFO analysts.

APPRs are also due to LFO on October 1, 2026. Be sure to check the LFO KPM website for more information, including 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 2027**

Agencies must include KPM information in their budget presentation to the appropriate Subcommittee of the Joint Committee on Ways and Means. Each Subcommittee reviews the KPMs, targets, and proposed changes to measures and their targets before making recommendations 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 2027-29 will be attached to each agency's final Budget Report.

### **Audits Response Report**

To comply with ORS 297.100, agencies must report on the status of action plans developed in response to audit funding and recommendations from the Audits Division.

The report does not have a prescribed format but must include the following:

- Any Secretary of State audits currently in progress, with a brief description of the scope if known
- A summary of responses to financial or performance audits completed by the Secretary of State since February 2024
- Include work completed to date and any updates on actions taken or planned to address audit findings and recommendations

The report must also identify the following:

- Any new or enhanced funding or savings included in the agency's Base Budget or ARB as a result of implementing audit recommendations
- Any policy packages in the ARB intended to address audit findings and recommendations, regardless of when the audit occurred

Update this information in each budget binder throughout the budget process. If a policy package intended to address audit findings is not included in the budget, explain how the agency plans to resolve the 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 and present affirmative action objectives and performance of the current and following biennium. 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 and email a copy of their AAP to [cultural.change@das.oregon.gov](mailto:cultural.change@das.oregon.gov). Each agency's AAP is required to report the following information:

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 collective enterprise goals for the current biennium and projected goals for the following biennium. Refer to the [Affirmative Action Plan Guidelines](#) for further details on the Affirmative Action Plan development process.

For questions or additional support in the development of the agency's Affirmative Action Plan, contact the Office of Cultural Change at [cultural.change@das.oregon.gov](mailto: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 with more than 100 employees must report its maximum supervisory ratio for the biennium to the Joint Committee on Ways and Means. Include this report in both the GRB and LAB binders and be prepared to present the information during 2027 session budget hearings.

Agencies must determine their maximum supervisory ratio starting from a baseline of 1:11 and adjust 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 agency duties
- Industry best practices and standards
- Size and hours of operation of the agency
- Unique personnel needs, including use of volunteers, seasonal or temporary employees, or supervisory authority over non-agency personnel
- Financial scope and responsibility of the agency

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

Tools and guidance may be found on the [CHRO Span of Control website](#).

For any additional questions or assistance, contact CHRO Compliance at [chro.compliance@das.oregon.gov](mailto:chro.compliance@das.oregon.gov) or 971-719-3099.

# Legislative Concept Procedures

For a successful 2027 Legislative Session, legislative concepts (LC) and budgets must be developed together and aligned with the Governor’s policy priorities. Both processes should focus on achieving outcomes rather than maintaining programs and should seek partnerships that deliver results more effectively and efficiently.

To ensure a smooth process, DAS will manage the legislative concept drafting process. Before submission to Legislative Counsel formal legislative introduction, DAS and the Governor’s Office must review all draft requests.

Agencies requesting legislative concepts should communicate regularly with their assigned Governor’s Office Policy Advisor, CFO analyst, and other stakeholders to ensure clarity of purpose and understanding of implementation and funding needs. Contact Jessica Poppinga-Fleer (971) 518-0438, or at Jessica.POPINGA-FLEER@das.oregon.gov, for questions.

**The last day to submit legislative concepts to DAS is April 10, 2026.**

Agencies with 10 or more requests must submit by April 1, 2026.

## Placeholder Drafts

Placeholder legislative concepts are generally discouraged and will only be accepted when the concept is essential and timely completion was beyond the agency’s control. Examples include responding to potential changes from an upcoming election, anticipated federal law changes, or the outcome of an active task force.

Each placeholder draft must include an explanation of the general policy objective and draft language. Agencies with five or more placeholders must submit additional placeholder and suggested language requests to DAS by **May 20, 2026**. Final placeholder information must be submitted to Legislative Counsel by **July 3, 2026**. All submitted information must remain within the scope of the original placeholder description.

Agencies may request assistance with drafting language from the Department of Justice (DOJ). However, this does not change the legislative concept schedule -- deadlines will not be waived or extended for DOJ review. While DOJ input may be helpful, Legislative Counsel may choose not to use DOJ language when preparing the final draft.

## Legislative Concept Policy Guidelines

**No executive branch agency may introduce a bill or measure before the Legislative Assembly without the Governor’s approval.** This includes bills introduced at the Governor’s request on behalf of an agency and bills introduced by a legislative committee or individual legislator on behalf of an agency. Legislative concepts approved early in the process may still be disapproved at any time before pre-session filing.

A legislative concept should aim to accomplish some of the following goals:

- Support the Governor’s policy priorities

- Achieve solutions without adding programs and activities unless necessary
- Replace systems and programs that do not produce results
- Deliver essential services more effectively and economically
- Build or expand partnerships across levels of government for better outcomes
- Make changes required by court decisions or federal law
- Promote public trust and participation in government

A concept should not be proposed if it includes any of the following:

- Moves or creates programs without adequate resources
- Adds unnecessary red tape
- Imposes fees or assessments without clear benefit
- Concentrates power in one agency when collaboration is needed
- Lacks sufficient data to support it before the session

Concepts generally fall into one of the three following categories:

- Major policy and program creation, deletion, or changes
- Minor program changes
- Housekeeping -- technical corrections with no policy changes

An LC's estimated fiscal and revenue impact must be identified when the concept is proposed. If approved for introduction, the fiscal impact must be included in the Agency Request Budget (ARB). **Legislative concepts approved to move forward that have a fiscal impact must be included in the Governor's Recommended Budget (GRB) for the concept to be approved for legislative introduction, even if conceptually approved.**

This requirement applies to concepts that affect other agencies. For example, proposals to create new criminal penalties or increase the penalties for existing crimes, impacting populations in the Department of Corrections or Oregon Youth Authority, must be linked to policy packages in those agencies. Conversely, policy packages requiring statutory changes without submitted legislative concepts will not be included in the GRB.

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

## Legislative Concept Form Instructions

To create a bill that meets an agency's goals, the agency must provide a clear and detailed explanation of the intended outcome. 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. All internal reviews and approvals must be completed before submitting a concept to DAS.

## The Concept Form

Submit all LCs to DAS using the [Agency Legislative Concept Request Form](#) in BillTracker. Include enough detail to allow drafting of a bill, such as the following:

- A narrative describing the problem the concept addresses
- How the proposed concept solves the problem
- Any estimated fiscal and revenue impacts
- Draft statutory language

Agencies must explain the problem and the solution. Submitting only proposed statutory changes is insufficient, yet the draft does not need to be in final format. Draft language can be a photocopy of the statute with handwritten edits or a digital version showing proposed changes. Ensure all proposed changes use the most recent version of the Oregon Revised Statutes and be sure to include contact information for the legislative liaison and program staff who can provide details about the problem and solution.

### Notes on Concept Contents

**Be sure to read the [instructions](#) when filling out the form in BillTracker. They are not repeated here.**

## Fees and Assessments

If a concept includes an increase to a fee or assessment, attach form 107BF22 providing detailed information on the fee increase. This form provides detailed information about the proposed increase. Include all required narratives as outlined in the form's instructions. Clearly state whether the agency has authority to make the change by administrative rule or if legislation is required.

## 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 ARB.**

## The Concept Process

Agencies must submit their legislative concept draft requests by April 10, 2026. Agencies with 10 or more concepts must submit their legislative concept draft by April 1, 2026, DAS will send concepts to Legislative Counsel for bill drafting by **May 29, 2026**.

After receiving Legislative Counsel's first draft, agencies may request changes only ONCE. This revision request must be submitted by October 9, 2026, or 14 calendar days from the date on the bill draft, whichever comes first. DAS will then receive final versions of the legislative concept and send the final draft to the agency in November 2026.

Agencies must return this final draft, along with all required materials (one-page summaries, fiscal impacts, fee forms, etc.) to DAS for approval by the Governor's Office by October 26, 2026. Once approved, DAS will coordinate pre-session filing of agency bills by

December 11, 2026. DAS will file major budget related concepts. Agencies will not file any measures directly.

Review the following development schedule carefully! Meeting the deadlines is the only way to ensure that a concept is included in a legislative package supported or authorized by the Governor.

## **Key Legislative Concept Dates**

LC dates are included in the 2027-9 Budget Development schedule, but a list of key dates is included below as well:

- Phase 1 -- Pricing and Drafting
  - April 1, 2026 -- last day to submit LCs to DAS for agencies with 10 or more requests
  - April 10, 2026 -- last day to submit LCs to DAS for agencies with 9 or fewer requests
  - May 29, 2026 -- DAS submits approved LCs to Legislative Counsel for drafting
  - July 3, 2026 -- last day for DAS to submit placeholder language and information for LCs to Legislative Counsel for drafting
- Phase 3 -- Governor's Recommended Budget and LC Build Out
  - October 23, 2026 -- Legislative Counsel stops drafting agency bills
- Phase 4 -- Final Decisions
  - October 26, 2026 -- Agencies submit LC packets to DAS (LC, Fiscal Impact Statement, and one pager on LC)
  - December 11, 2026 -- Pre-session filing deadline

# Things for Agencies to Consider

## Statewide Budget Systems

All agency budgets are built using the Oregon Position Information Control System (ORPICS) and the Oregon Budget Information Tracking System (ORBITS). Data entered into these systems is audited by the CFO/SABRS before final documents are completed. Be sure to do the following to **ensure a smooth audit process**:

- Complete policy and program decisions well in advance of deadlines.
- Schedule board or commission meetings early for discussion of budget issues.
- Allow sufficient time for staff to enter detail into ORPICS and ORBITS.
- Ensure all data input in ORBITS is correct before requesting an agency audit.
- Respond promptly to requests from CFO analysts and SABRS staff during the audit process.

When proposing changes to programs or new programs, it is important that agencies consider how those proposals may impact other agencies and the proposing agency reaches out to other impacted agencies. As an example, if an agency requesting a new or expanded program that would require additional IT capacity, the requesting agency should confer with DAS Enterprise Information Services (EIS) to determine costs related to the data center if DAS would be required to enhance services for the agency proposing the new or expanded program.

## Additional Compliance Considerations

### Federal Maintenance of Effort (MOE) Requirements

- The federal government is a significant partner in funding many of the services provided by state government to Oregonians, including sharing in the costs of providing services. The federal government often requires the state to maintain a certain level of financial commitment to the programs, which are called Maintenance of Effort (MOE) requirements.
- Agencies must maintain documentation demonstrating compliance with federal MOE requirements.
- Agencies must also provide MOE documentation and assumptions upon request from CFO or LFO analysts for both current and upcoming biennia.
- If reductions need to be considered, CFO and LFO analysts will be required to review the MOE assumptions and calculations.

### Administrative Services Information

- Be prepared to supply budget details for proposals relating to the provision of administrative services to an agency, including Information Technology (IT), Human Resources (HR), and Fiscal and Procurement Services upon request.

## Ballot Measures

1. Ballot Measure 30 (1995): The state must pay the costs of new work required by local governments under Article XI, Section 15 of the Oregon Constitution.
2. Ballot Measure 17 (1994): Agencies must prioritize inmate services and products per Article I, Section 40. Refer to the [Oregon Corrections Enterprises website](#) for more information.

## Equipment and System Acquisition

- DAS has authority to control the performance and production of state agency work duplication and purchase of printing and copying and mail equipment and mail service acquisitions.
- Requests for printing and copying equipment (ORS 282.050,) and mailing equipment (ORS 283.140), need to be submitted to DAS Publishing and Distribution by June 30, 2026. Additional information regarding equipment subject to evaluation under this statute and approval guidance is available by emailing [order.info@state.or.us](mailto:order.info@state.or.us).
- DAS is required to review new or major modifications to fiscal systems and submit written requests to DAS for review as soon as defined. As soon as possible, contact [Fabiola Flores](#), DAS Deputy State Controller at (971) 900-7635 for accounting system proposals. Contact Renee Royston at (971) 208-2251 or [Renee.R.Royston@das.oregon.gov](mailto:Renee.R.Royston@das.oregon.gov) for payroll system related changes. Fiscal systems as defined by DAS are the following:
  - 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

## Compensation Plan Adjustments

- Submit proposed compensation changes to DAS Chief Human Resource Office (CHRO) separately from the agency budget request. Approved changes will be included in DAS compensation plan proposals. Funding for compensation changes should not be included in the ARB. Contact CHRO as early as possible in this process.

## Interior Project Management

- For information concerning interior project management and space planning services, refer to the [State of Oregon: State facilities and land - Interior project management services](#).

## **Vehicle Purchases**

- Follow DAS Statewide Fleet Management Standards in DAS Policy 107-011-040 (for all vehicle purchases).

If DAS Fleet provides vehicles for the agency, coordinate with DAS Fleet Operations for any changes requiring new vehicles as DAS Fleet may need to include a companion policy package to accommodate DAS Fleet operational needs associated with the request. For information, contact the DAS Fleet and Parking Services Manager at (503) 373-7723 for pricing and delivery information.

## Appendix A. Glossary

<b>Adaptation, adapt</b> <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.
<b>Allocation</b>	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.
<b>Allotment</b>	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 by 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.
<b>Analyst</b>	The Department of Administrative Services Chief Financial Office (Budget and Management section) analyst assigned to an agency
<b>Appropriated Funds</b>	A coding structure that reflects revenues and expenditures by funding source and purpose
<b>Appropriation</b>	An amount of money from the General Fund approved by the Legislature for a certain purpose
<b>Approved Spending Level</b>	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.
<b>Article XI-Q Bond</b>	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.

<b>Authorization</b>	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.
<b>Backfill</b>	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.
<b>Base Budget</b>	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.
<b>Biennium</b>	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.
<b>Bond</b>	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.
<b>Budget Document</b>	The detailed material prepared by agencies as directed by the Department of Administrative Services Chief Financial Office for all phases of budget development
<b>Budget Note</b>	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.

<b>Budget Report</b>	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 (FTE) positions.
<b>Capital Assets</b>	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.
<b>Capital Outlay</b>	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 one year and, (iv) have an initial value of \$10,000 or more.
<b>Certificates of Participation (COPs)</b>	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.
<b>Cross Reference Number</b>	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).
<b>Construction</b>	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.
<b>Construction Costs</b>	Direct costs, including labor, materials, and equipment rental; for total related costs, see <i>Project Costs</i> .
<b>Current Service Level</b>	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.

<b>Debt Service</b>	Expenditures for principal, interest, discounts, and premiums related to payment of state debt
<b>Deferred Maintenance</b>	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.
<b>Emergency Board</b>	The legislative committee with constitutional and statutory authority to make fiscal decisions for the legislature when the legislature is not in session
<b>Emergency Fund</b>	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
<b>Essential Package</b>	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.
<b>Executive Branch</b>	The branch of state government that carries out and enforces state laws; in common use, it refers to all of state government outside the Legislative Branch and the Judicial Branch. Sometimes it refers only to the governor and agencies that answer directly to the governor. Rarely used in statute. The state constitution names four “departments:” the Executive, Administrative, Judicial, and Legislative.
<b>Executive Service</b>	Commonly used for certain unclassified or exempt employees; most are department heads, administrators, and deputies; their executive assistants; and certain principal assistants.

<b>Expenditures</b>	Decreases in net current financial resources; expenditures include disbursements and accruals for the current period. Encumbrances are not included.
<b>Expenditure Limitation</b>	A spending limit set by the legislature identifying the maximum amount of Lottery Funds, Other Funds, or Federal Funds an agency may spend; it is 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 to spend the revenue.
<b>Facility</b>	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> .
<b>Emergency Board</b>	The joint committee of Senators and Representatives that meets during the interim periods to address state fiscal and budgetary matters
<b>Federal Funds</b>	Money a state agency receives directly from the federal government is spent under a Federal Funds expenditure limitation or as Nonlimited Federal Funds.
<b>Fee</b>	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 that 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 by statute. The Legislature may set the rates in statute or authorize a state agency to set rates using administrative procedures.
<b>Financing Agreement</b>	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
<b>Fiscal Year</b>	The state government fiscal year runs from July 1 of one calendar year to June 30 of the next. See <i>Biennium</i> .
<b>Full-Time Equivalent (FTE)</b>	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.

<b>General Fund</b>	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 goes into the General Fund. See <i>Appropriation</i> .
<b>Governor's Recommended Budget</b>	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 Recommended 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.
<b>Interagency Transfer</b>	A transfer of funds between agencies must balance all interagency transfers before requesting an ORBITS audit.
<b>Joint Committee on Ways and Means</b>	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 legislature's approved budget.
<b>Judicial Branch</b>	The branch of state government that interprets all state laws and includes state courts; the Chief Justice of the Supreme Court is the chief executive of the branch.
<b>Legislative Branch</b>	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.
<b>Legislative Fiscal Office</b>	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
<b>Legislative Concept</b>	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.

<b>Legislative Session</b>	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.
<b>Legislatively Adopted Budget</b>	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.
<b>Legislatively Approved Budget</b>	The legislatively adopted budget as modified by Emergency Board or other legislative action
<b>Lottery Funds</b>	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 such 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.
<b>Maintenance</b>	Keeping property in good operating condition; does not add value to or extend the economic life of a property. This commonly includes inspecting, calibrating, lubricating, and cleaning. Maintenance costs are categorized as Services and Supplies expenditures.
<b>Maintenance of Effort</b>	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 to receive federal grant funds; this requirement is usually given in terms of a previous base-year dollar amount.
<b>Management Service</b>	Supervisory, confidential, or managerial employees excluded from collective bargaining
<b>Modified Current Service Level</b>	Current service level less adjustments for revenue reductions
<b>Non-add Expenditures</b>	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 to 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.

<b>Package</b>	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.
<b>Pass-through Expenditures</b>	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.
<b>Personal Services</b>	Employee gross compensation (salary, pay differentials, other payroll expenses) that includes state temporary personnel services
<b>Planning Study</b> <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.
<b>Policy Package</b>	<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 the following:</p> <ul style="list-style-type: none"> <li>• Forming new programs or expanding existing programs</li> <li>• Reducing or ending programs</li> <li>• Requesting enhanced funding for existing programs</li> <li>• Transfer Programs between agencies (if not previously approved)</li> <li>• Shifting from one fund source to another</li> <li>• Establishing or increasing fees</li> <li>• Implementing a reorganization of an agency</li> <li>• Funding of legislative concepts</li> <li>• Proposing Capital Construction Projects</li> </ul>
<b>Price List of Goods and Services</b>	Identifies projected state assessments and user fees; This is compiled for budgeting by the Department of Administrative Services (DAS) and 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). It 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.

<b>Program Unit</b>	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
<b>Project Costs</b> ( <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; also includes all indirect costs, such as design consultants, material testing services, special inspection services, project management, One Percent for Art, and others.
<b>Real Property Improvements</b>	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
<b>Rebalance</b>	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 occur 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.
<b>Reclassification</b>	A change in position classification because duties, authority, and responsibilities are significantly changed, but the required knowledge and skills remain similar
<b>Revenues</b>	Cash receipts and receivables of a governmental unit derived from taxes and other sources
<b>Repairs</b>	Work done to restore worn or damaged property to normal operating condition; repairs are usually Services and Supplies expenditures.
<b>Replacement</b> ( <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 and is usually required by wear or by accidental damage

<b>Roll-up Costs</b>	<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>
<b>Salary Adjustment Allocations</b>	Money or limitation allocated by the Emergency Board to fund approved compensation plan increases
<b>Services and Supplies</b>	Expenditures on business operations; examples include personal service contracts, consumable materials, publishing, office supplies, travel, utilities, rent, and maintenance and repair of equipment and buildings
<b>Space Planning</b>	Analyzing workflow, space, and equipment needs of work units to plan efficient equipment, furnishings, and support systems
<b>Special Payments</b>	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
<b>Special Purpose Appropriation</b>	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.
<b>Special Session</b>	Meeting of the Legislature between regularly scheduled sessions; may be called by the Governor or the Legislature
<b>State Agency or Agency</b>	Variously defined in state statutes and 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