Introduction to Oregon State Budgeting

This document is a high-level "nuts and bolts" tool for new agency budget staff who have responsibility for development and communication of budget information specifically to the: Department of Administrative Services, the Governor, Legislative Fiscal Office, and the Legislature. It focuses more on the technical aspects of the process rather than public policy or budget policy. As a staff technical budget person, it is important to know where to find and how to utilize reference materials often, such as those on our website, for the biennial budget process.

The Oregon Budget Information Tracking System (ORBITS) User's Manual is a reference and training document designed to facilitate statewide budget preparation in Oregon. It is a companion to the Budget and Legislative Concept Instructions distributed each biennium by the Department of Administrative Services. In addition, the ORBITS Reports Manual and Position Inventory Control System (PICS) User Manual provides detailed information on reports, screenshots, training on systems and processes, and query methods available in ORBITS and PICS. These following tools and guides, along with much more information on the budget process, can be found on the CFO and SABRS websites (http://www.oregon.gov/das/Financial):

- Position Inventory Control System User Manual
- Oregon Budget Information Tracking System User Manual
- Budget Glossary: http://www.oregon.gov/das/Financial/Documents/glossary.pdf
- Overview of the Budget Process: http://www.oregon.gov/das/Financial/Pages/Budgetprocess.aspx
- Budget and Legislative Instructions: http://www.oregon.gov/das/Financial/Pages/Budgetinstruct.aspx

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Budgeting in Oregon

State law requires budgets to be balanced within the estimate of available revenues. The General Fund and lottery revenue forecasts are used in budget preparation to determine the available revenues for the coming biennium. The state's financial administration policy is outlined in Chapter 291 of the Oregon Revised Statutes (ORS), which establishes the overall authority and guidelines for budget preparation and execution. While some of the language is specific and sets deadlines for certain budget-related events and delivery of various budget-related reports, other language is more general and allows for considerable flexibility in the budget development process. The legislative role in determining budgets is outlined in ORS Chapters 171 and 173.

Oregon's budget policy is based on following principles:

- Balancing estimated revenues and proposed expenditures
- Allocating resources to achieve desired outcomes
- Measuring program outcomes and progress toward desired outcomes
- Encouraging savings and investments that reduce or avoid future costs
- Providing accountability at all levels for meeting program outcomes
- Short term & long term planning, using consistent assumptions on demographics & other trends

The budget process is designed to develop a credible, complete expenditure plan for state government; to reflect both approved legislative policy and programs and the Governor's priorities; and to present the budget information in a format that is understandable to the general public.

Budget Preparation

Budget preparation refers to the process and time period when agencies are developing revenue and expenditure information. Budget preparation generally begins during the early months of even-numbered years and continues through printing the agency's Legislatively Adopted Budget in the fall of the next odd-numbered year. The Chief Financial Office (CFO) Budget and Management Division (BAM) continue working until late-November analyzing and compiling Agency Request budgets into the Governor's Budget.

Budget preparation involves four distinct cycles: Current Service Level (CSL) Agency Request Budget (ARB), Governor's Budget (GB), and the Legislatively Adopted Budget (LAB). Agencies have specific task requirements in each of these cycles. SABRS staff conduct audits at the completion of each of these budget cycles.

Budget Execution

Budget execution is the implementation of an adopted budget during the biennial period for which the budget is approved.

ORBITS LAB information is entered into the R*STARS allotment system at the appropriation levels by SABRS. The R*STARS allotment system is updated for all approved Emergency Board, supplemental session, special legislative session & administrative actions throughout the biennium.

A PICS execution file is created based on approvals from the Legislature. This file is used by the payroll and personnel systems, and serves as the control in maintaining an inventory of legislatively authorized positions. The PICS execution file is updated for all approved interim and administrative actions as well.

Automated Budget and Financial Systems

DAS CFO SABRS manages and maintains the following automated systems: the Oregon Budget Information Tracking System (ORBITS) and the statewide Position Inventory Control System (PICS). SABRS also oversees the expenditure allotment system on the Statewide Financial Management Application (SFMA), Relational Statewide Accounting and Reporting System (R*Stars) and the position reallocation process.

ORBITS

ORBITS is a PowerBuilder client server application that uses an Oracle database. It has a windows look and feel. You use menu paths, control keys and command buttons to navigate. You log into ORBITS via the Internet through a system called Citrix. SABRS staff work with agency LAN staff to establish connectivity for new users.

ORBITS is the central repository of data for the preparation of the ARB, GRB, and LAB budgets. All state agencies included in the budgeting process have direct computer access to the system. The agencies input the data into ORBITS, and SABRS audits the information and assists agencies to assure compliance with the Governor's instructions and applicable statues. ORBITS is updated after the legislature has adopted its budget and as adjustments are made during the interim between legislative sessions.

The information in ORBITS includes:
* Prior biennium actual expenditures for each agency
* Legislatively Approved Budgets for the prior and current biennia
* Current Service Level Budget
* Agency Request Budget
* Governor's Budget
* Legislatively Adopted Budget

Agencies will run a pre-audit report before sending in an audit transmittal. This allows the agency to fix basic problems (e.g. ending balance/beginning balance do not match) before the actual audit which expedites the auditing process for everyone.

PICS

PICS is used to develop and manage authorized positions at the statewide level. PICS contains two primary files: budget preparation and legislatively approved. It contains information needed to develop budgets for Personal Services and other payroll expenses. Position counts and Full Time Equivalent (FTE) values are also maintained in the system. This system generates ORBITS Personal Services budget requirements for agency budgets. PICS is a part of the Position Personnel Database (PPDB) System.

SFMA/R*STARS

R*STARS is the statewide accounting system used by most state agencies to issue state warrants (or checks), control expenditures within legislatively approved appropriations and cash accounts, and to administer the allotment system for state agencies. The system processes warrants, bank deposits, allotment transactions, and transfers of funds. The allotment request plans sent to SABRS are used to approve and process quarterly agency budget allotments. Information from the R*Stars accounting records is used in the development of budgets and is copied by SABRS from R*STARS into ORBITS as the first step in the budget preparation process known as Actuals.

ORBITS and the R*STARS accounting system "share" account and appropriated fund numbers. Account numbers in ORBITS line up with the R*STARS D09, Comptroller Source/Group. ORBITS uses the same appropriated fund structure as R*STARS. Accounting and budget structures are aligned between the two systems.

SABRS Commonly Referenced Material

- **Reports**: There are a number of different reports from various budget systems that will be utilized in budgeting and used to communicate with SABRS staff and agency CFO Analysts. For more information, reference the SABRS website along with system User Manuals for specific reports.
- **Transmittal Form/Checklist**: Various Transmittal Forms and checklists are required for different budget cycles, which are available on the SABRS website
- **Audits**: Audits performed at various points in the budget development process ensure that agency budgets adhere to policy, technical requirements, and approved funding levels.

- **ORBITS, R*STARS, and PICS Screens**: There are several screens, or windows, used during the budget preparation and budget execution cycles. Reference related User Manual for more information.

Revenues and Expenditures

REVENUES

Agencies develop and/or forecast revenue budgets sufficient to support requested expenditure budgets. Four summary fund types are used to record both revenues and expenditures: General Fund (GF), Other Fund (OF), Lottery Fund (LF) and Federal Fund (FF). ORBITS input is done at the appropriated fund level, providing a further distinction of the four summary fund types. Expected revenue and expenditures should be included in the agency's proposed budget. Revenue estimates should only reflect amounts expected to be received. The Oregon Accounting Manual (OAM) 20.50.00 provide revenue recognition criteria and instructions.

- **General Fund appropriation** is not true revenue. It is an amount authorized by the Legislature to be expended from the state General Fund held at Treasury.
- **General Fund revenues** are moneys collected by state agencies that are required by statute to be deposited in the state General Fund.
- **Lottery Fund revenues** are moneys that include any of the following:
    - Funds allocated to an agency by the legislature as LF.
    - LF revenue transfers between agencies. Lottery funds transferred by an agency must be receipted by the receiving agency as Lottery fund revenues.
    - All interest earned on LF while held by an agency.
    - LF lose their identity, for budget purposes, when expended. **Ballot Measure 66** requires agencies to track and report LF expenditures at a more detailed level.
- **Other Fund revenues** are moneys received by state agencies that are used to finance agency operations or are transferred to other entities.
- **Federal Fund revenues** are moneys received directly from various branches of the Federal government; revenues support programs approved with a Federal Funds expenditure limitation.

EXPENDITURES

Expenditures are the operating costs of legislatively approved programs. They are identified by account, fund type, and category. ORBITS input is done at the appropriated fund level, providing a further distinction of the four summary fund types.

Appropriation/Limitation Extensions

Agency budgets and estimates should reflect the total cost of products, goods, and services received **by or before June 30** of odd numbered years. Products, goods, and services expected to be received **after June 30** must be budgeted and charged to the following biennium. If payment for services received on or before June 30 has not been made by December 31st, it must be charged to the next biennium. OAM 20.30.00 PO/PR describes budgetary expenditure recording and statutory exceptions.

Appropriations and limitations are reverted or canceled as of December 31st following the end of the biennium except for certain capital construction projects or unusual circumstances.

Category Groups in ORBITS

Category groups are the same as budget categories. Accounts are summarized into Category Groups such as Personal Services, Services and Supplies, Capital Outlay, Special Payments and Debt Service. Another code in the ORBITS database, called default category, allows accounts to be subtotaled within a category group. For example, Personal Services (category group) is broken into Salaries and Wages and Other Payroll Expense (default categories).

Interagency Revenue Transfers and Special Payments

Interagency Transfers are a transfer of funds between agencies. Special Payments are generally transfers and payments to external entities such budgeted transfers and payments where goods and services are not received in return. Agencies must balance all interagency transfers before requesting an ORBITS audit. Transfers-In, -Out and Special Payments accounts carry the agency number as part of the account number in ORBITS. Transfers-In account numbers begin with a '1', Transfers-Out begin with '2' and Special Payments begin with a '6'. The last 3 characters of the account number are the agency number. For example, a Special Payment to the Department of Administrative Services is in account 6107.

Cross-Reference Numbers in ORBITS

Cross-reference (also referred to as X-Ref) numbers are formatted, meaningful numbers that are used by ORBITS and PICS to designate a specific hierarchy for selection, review, data entry and data aggregation purposes. Program Codes in R*STARS must align with the ORBITS B and A level cross reference numbers at a one-to-one basis. Two types of cross-reference numbers are used in ORBITS:

Detail Cross-Reference Number (DCRs)

The ORBITS DCR number represents the most basic budget building structure used in ORBITS and PICS. Agencies input budgets in PICS and ORBITS at the DCR level.

Summary Cross-Reference Number (SCRs)

The ORBITS SCR number summarizes agency budgets at a higher level for decision makers. This is the level presented to the Governor and Legislature. When a report is run at the SCR level, all related lower DCR data rolls-up to create the summary cross-reference reports. The SCR level is often used to help track an agency's budget at the program level.

A simple example of ORBITS Cross-Reference Numbers:

ORBITS Cross-Reference Level / Type		ORBITS Cross-Reference Number	Description
	Agency	12300-000-00-00-00000	Agency-wide
B	Summary	12300-100-00-00-00000	Program "1"
A	Detail	12300-100-10-00-00000	Section 1A
A	Detail	12300-100-20-00-00000	Section 1B
A	Detail	12300-100-30-00-00000	Section 1C
B	Summary	12300-200-00-00-00000	Program "2"
A	Detail	12300-200-10-00-00000	Section 2C

ORBITS Versions

A version is a collection of columns of data that can be detailed (contains data at the DCR level) or summarized (contains data at the SCR level). Agencies build budgets in "A" versions and the agency's BAM Analysts make changes to agency budgets in a "B" version.

A budget goes through many different phases. It is developed by an agency, audited by SABRS, passed on to BAM Analyst and finally the Legislature. The most familiar phases include Current Service Level, Agency Request, Governor's and Legislatively Adopted. Each budget phase and its components are captured and become a distinct **Version**.

A version is comprised of multiple columns of data that reflect prior biennium revenues and expenditures, the current biennium budget and estimates, changes required to support existing programs, and changes required to meet new/potential legislation. Each time a version is copied, all of the columns are copied to the new version as a starting point for the next budget phase or process.

Version ID

A **Version Id** uniquely identifies each "copy" of your agency budget data. The Version Id includes the biennium, version type, version sequence number and agency number. (Example: '2019-A-01-12000' is the 2017-2019 biennium budget development, Agency version type "A", version sequence number 01, Agency 12000 – Board of Accountancy.) Most reports and screens on ORBITS will default to the version you selected. You select the version through the Version Control window. ORBITS will bring you to this window when you log in if you have not already selected a version.

ORBITS Columns

Columns are used to house budget information changes at the various phases of the budget cycle. For instance: Prior biennium Actuals, Legislatively Adopted Budget, Emergency Board action, and Legislatively Approved Budget. SABRS controls which columns are open for agency input.

Column Descriptions

- **Actuals Column**: The most recent closed biennium accounting records are downloaded from R*STARS as the starting phase for Budget Preparation.
- **Prior Biennium Legislatively Adopted Budget Column**: This column is copied from the prior biennium M01 Version for Leg Adopted Budget. *This column is always locked*.
- **Emergency Boards Column:** This column is copied from the prior biennium M01 Version for Session and Emergency Board Actions that have occurred as of April 1 of every even numbered year.
- **Prior Biennium Legislatively Approved Budget Column**: This column is the calculated sum of the Legislatively Adopted Budget column and the Emergency Board column. *This column is always locked*.
- **Base Budget Column:** With the exception of position data this column is a copy of the Prior Biennium Legislatively Approved Budget Column. Position data is interfaced from PICS.
- **Summary of Base Adjustments Column**: This calculated column is the difference between the Base Budget and the Current Legislatively Approved Budget. *This column is always locked.*
- **Essential Packages Column:** Essential package data is entered into and summarized in this column.
- **Current Service Level Column:** This column is the calculated sum of the Base Budget column and the Essential Packages column. *This column is always locked*.
- **Policy Packages Column**: Policy package data is entered into and summarized in this column.
- **Total Budget Column:** This column is the calculated sum of the Essential Budget Level column and the Policy Packages column. The column will have different titles based on the version type. *This column is always locked*.
- **Emergency Boards Column:** Records for this column are input by SABR staff based on spreadsheets provided by agencies. The input is done in the "M" execution version. This information is copied to the the "A" agency working version at the start of each budget preparation cycle.
- **Biennium Legislatively Approved Budget Column**: This column is the calculated sum of the Legislatively Adopted Budget column and the Emergency Board column. *This column is always locked*.

Funds

Fund information is entered into ORBITS at a low level and presented to the Governor and Legislature at a summary level by fund type. Users input data at the appropriated fund level, (the same appropriated fund structure used in R*STARS reference D22 profiles). Appropriated funds are then rolled up to their primary fund type on presentation reports and screens in ORBITS. General Fund is the highest priority fund and will always appear first on screens and reports followed by Lottery Funds, Other Funds and then Federal Funds.

PICS on-line screens and reports use the four primary Fund Types. Programming in the PICS/ORBITS interface converts fund types to correct appropriated funds.

The table on the following page is a complete listing of all of the appropriated funds on ORBITS with the primary fund types highlighted in green.

Fund #	Fund Type	Description	Fund #	Fund Type	Description
8000	GF	General Fund	3010	OF	Other Funds Capital Improvement
8010	GF	General Fund Capital Improvement	3020	OF	Other Funds Capital Construction
8020	GF	General Fund Capital Construction	3200	OF	Other Funds Non-Limited
8030	GF	General Fund Debt Service	3230	OF	Other Funds Debt Service Non-Limited
8800	GF	General Fund Revenue	3400	OF	Other Funds Limited
6010	FF	Federal Funds Capital Improvement	3430	OF	Other Funds Debt Service Limited
6020	FF	Federal Funds Capital Construction	4010	LF	Lottery Funds Capital Improvement
6200	FF	Federal Funds Non-Limited	4020	LF	Lottery Funds Capital Construction
6400	FF	Federal Funds Limited	4400	LF	Lottery Funds Limited
6430	FF	Federal Funds Debt Service Limited	4430	LF	Lottery Funds Debt Service Limited

Position Reallocation Process (PICS)

Oregon statute allows agencies, with DAS Administrative approval, to reallocate positions as long as the changes do not create a future budget impact. This is carried out through either an equal reclassification of a position or through a permanent finance plan.

Permanent Financing Plan (PFP)

To change a legislatively authorized position the agency must identify the business reason for the change and have the request be approved by DAS. Common business reasons include:
- New agency programs or priorities based on a new law or other change in direction;
- An agency reorganization leading to different or new duties for an existing position; or
- A need for a new skill set because of a change in technology or business practice.

An executive branch agency may reclassify a position if it completes a number of steps, including:
- The proposed classification has been reviewed and approved by human resources;
- Resources have been identified in the current budget to fund the reclassification;
- A permanent financing plan has been prepared and validates that the reclass will not increase costs in future budget periods.

Limited Duration Financing Plan (LD Plan)

DAS may approve the creation of a limited duration position if:
- It can be financed with existing resources;
- Will not produce future budgetary increases; and
- Conforms to the approved salary policies.

Limited duration positions are **authorized only to the end of the biennium** in which they were established and can only become permanent with the approval of the Legislature (if applicable).

Allotment Process Basics (R*Stars)

R*Stars is used to create an allotment plan for state agencies each biennium. Allotments are required by ORS 291.234. The allotment process is completed quarterly each fiscal year (July-June) beginning, respectively, on the first days of July, October, January and April. Each quarter agencies send allotment plans to SABRS by email with a cc to both their CFO and LFO agency analysts. SABRS audits the plans and, once approved by CFO analyst, releases the allotment transactions on R*Stars.

Budget and Cross-Reference Review

To start the budget preparation cycle, an agency may first decide whether the SCRs used for the last budget structure are still appropriate for the upcoming biennial budget structure. BAM and LFO Analysts are available to work with agencies to ensure that SCRs adequately present the major policy issues and budget data. In some cases, agencies may have to revise their SCRs to better portray their programs and policy issues, or for cross-agency issues.

When reviewing cross reference structures for future development cycles, agencies should keep in mind how this may affect accounting structures on R*Stars during the execution cycle. Please consider and be prepared to answer the following questions if you request cross reference changes:

DCR/SCR name changes:
- Is the change cosmetic only or is it changing the use of the DCR/SCR? (A change in purpose usually requires a new number; if the DCR has never been used in the past, a purpose change may be allowed).
- How is this new cross reference going to be populated?
- When is the change effective?
- Does the agency expect to have data recorded in the new cross reference in the historical columns in the budget display on ORBITS?
- Are positions involved? If so, how (and when) do you plan to move them?
- How do you plan to handle position-associated S&S?
- If SCR changes are involved, what is the expected effect on appropriations?

DCR/SCR structures are copied forward in ORBITS and any cross reference marked as "inactive" for the prior biennium will be dropped. A cross reference is not inactivated or deleted from a biennium if it contains data in any ORBITS column for that biennium or is being used in PICS budget execution.