

Glossary

Agency Request: The budget prepared by state agencies for consideration by the Governor. It contains necessary revenues, expenditures and staffing to continue currently approved programs, plus a plan to reduce expenditures by 10 percent. It also may propose new programs or changes to existing programs (policy packages). Agencies send this budget to the Budget and Management Division (BAM) of the Department of Administrative Services (DAS). Oregon law requires submission of this budget by September 1 of even-numbered years. See Governor's Recommended Budget.

Appropriation: An amount of money from the General Fund approved by the legislature for a certain purpose.

Base Budget: This is the starting point for budgeting. For the 2009-11 biennium, the base budget includes the 2007-09 Legislatively Adopted Budget adjusted for Emergency Board and special session actions through April 2008. It is also updated to fully fund existing employee compensation into the next biennium.

Biennium: A biennium is a two-year period in which a budget is effective. It begins on July 1 of odd-numbered years and ends on June 30 of the next odd-numbered year. For example, the 2009-11 biennium will begin on July 1, 2009 and end on June 30, 2011.

Capital Construction: See Major Construction/Acquisition.

Capital Improvement: A project that costs less than \$500,000 to build, buy, renovate or modify the use of a facility or to buy land. Costs must add to the value of capital assets.

Capital Outlay: Expenditures for items not consumed in routine agency operations. These expenditures have a useful life of more than two years with an initial value of \$5,000 or more.

Capital Project Advisory Board: A seven-member board, including five public members, appointed by the DAS Director for the purpose of establishing a statewide planning and review process that evaluates the needs of the state's facilities; provides comparative information on the condition of the state's facilities; establishes guidelines and standards for acquiring, managing and maintaining state facilities; reviews siting of facilities in the Salem/Keizer area; and evaluates design submittals for Capitol Mall projects.

Certificates of Participation: Certificates of Participation (COPs) are tax-exempt government securities used to raise funds to improve and construct buildings or purchase equipment. COPs are used to finance capital costs related to construction or acquisition and may not be used to finance ongoing operating costs. COPs are sold to investors. In return, the investors receive COP payments, which include interest income that is exempt from federal and Oregon income tax. Oregon uses COPs very selectively to fund projects essential to delivering public services.

Debt Service: Expenditures for repaying the principal and interest on the state's debt. The state's debt is the General Obligation or Revenue Bonds and Certificates of Participation it has issued to raise money.

Emergency Board: The legislative board that makes budget decisions when the Legislative Assembly is not in session. Its members are legislators. The board is allowed by the Oregon Constitution. Its powers are set forth in the Constitution and in Chapter 291 of Oregon statutes.

Emergency Fund: The Emergency Board uses this fund to meet budget needs of state agencies that arise between legislative sessions. The Legislative Assembly appropriates General Fund revenues to this fund.

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Essential Budget Level: The calculated cost to continue current legislatively approved programs into the next biennium (2009-11). Essential budget level is built on the base budget plus essential packages.

Essential Package: An essential package is added to the base budget to build the essential budget level. Individual essential packages adjust the base budget for the following changes: program phase-ins or phase-outs, vacancy savings, inflation, price list changes, fund shifts and mandated caseload growth. It is not used to ask for new programs or to expand programs. The base budget and essential packages make up the essential budget level. See Program Package.

Executive Branch: The branch of state government that carries out and enforces state laws. It is made up of state agencies, and the Governor's Office, Secretary of State, State Treasurer, Superintendent of Public Instruction and Commissioner of the Bureau of Labor and Industries. The other two branches are Legislative and Judicial.

Expenditure Limitation: The maximum amount an agency can spend. Spending limits are set in budgets adopted by the Legislative Assembly and apply to Lottery Funds, Other Funds and Federal Funds. An agency can change the spending limits through requests to the interim Emergency Board or the Legislative Assembly in special session.

Federal Funds: Dollars from the federal government sent to state agencies to pay for specific services or programs.

Full-time Equivalent: Full-time equivalent is a formula for calculating the cost of positions. A position filled for all 24 months of a biennium is one full-time equivalent. The cost of a position filled part-time or for only part of a biennium is prorated. For example, an agency may have enough money to fill a position for only one year of the two-year budget cycle, which means the position is 0.50 full-time equivalent.

General Fund: General Fund is the only money that can be used for general purposes of state government. It is not dedicated to a specific agency or program. Most of this money comes from personal and corporate income taxes. Some revenues from liquor, cigarettes and other sales go into the General Fund.

Governor's Recommended Budget: The Governor's recommended budget is the budget the Governor proposes for state government, including specific programs and an amount of funding for each. The Governor's recommended budget is sent to the Legislative Assembly. It must be transmitted to the Legislature by December 1 of even-numbered years. If a new Governor is elected, it must be submitted by February 1 of the odd-numbered year after the general election.

Judicial Branch: The branch of state government that interprets the Oregon Constitution and state laws. It includes the courts of the state, with the Supreme Court having general power over all other courts. The other two branches are Legislative and Executive.

Legislative Branch: The branch of state government that creates state laws. It also decides how state government will be financed. It has a Senate of 30 members and a House of Representatives of 60 members, all elected. The other two branches are Executive and Judicial.

Legislatively Approved Budget: The Legislative Assembly decides on the legislatively adopted budget (LAB) when it is in regular session. When the Legislature is not in session, Emergency Board actions change the LAB. Legislative actions from a special session also may change the LAB. When these changes are made to the LAB, it is the Legislatively Approved Budget.

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Lottery Funds: Money the state receives when people play state lottery games is called Lottery Funds. By law, the state may use Lottery Funds for economic development, education, and natural resources. Part of the Lottery Funds is dedicated by law to specific uses. Ballot Measure 66 (1998) dedicates 15 percent of net Lottery proceeds to parks (7.5 percent) and salmon/stream restoration (7.5 percent). Of the 7.5 percent dedicated to salmon/stream restoration efforts, up to 35 percent may be spent on operations and at least 65 percent must be spent on capital expenditure type projects. The Education Stability Fund was created by a Constitutional Amendment. Effective July 1, 2003, the Education Stability Fund receives 18 percent of the net proceeds from the Oregon Lottery. Seventy-five percent of the interest earnings on the Education Stability Fund is used to pay debt service on Education Lottery Bonds. The balance of the earnings on the Fund is made available to the Student Assistance Commission for the Opportunity Grant Program. There are also dedicated distributions for sports programs in higher education, county economic development, county fairs, and gambling addiction treatment. The rest of the Lottery Funds is available to pay for Lottery bond debt service, the State School Fund and economic development programs.

Major Construction/Acquisition: A project that costs \$500,000 or more to build, buy, change a facility or workplace, or purchase land. Budget approvals of these projects have a life of six years from the effective date of the first approval of any element of the project. All major construction/acquisition projects are subject to the review of the Capital Projects Advisory Board.

Nonlimited Expenditures: The Legislative Assembly does not place a spending limit on Nonlimited expenditures. These expenditures must be approved in an agency's budget. They must be for a specific purpose and typically are for expenditures that are outside of the agency's control and have some other limitation factor, such as a contract.

Oregon Benchmarks: High level measures of societal well-being identified by the Oregon Progress Board to measure the state's social, economic and environmental progress are the Oregon Benchmarks. State agencies consider these Benchmarks when developing strategic plans and budget requests.

Other Funds: Money received by state agencies that does not come from the General Fund, Lottery Commission or the federal government is Other Funds. The money comes from sources such as gasoline taxes, professional license fees, building permits, hunting licenses, etc. This money is usually "dedicated," thus requiring that it must be spent for specific purposes. For example, a park user fee can only be used by the Parks and Recreation Department.

Performance Measure: Generic phrase for all measures used by agencies to assess progress toward the results they want. Agencies must link performance measures to Oregon Benchmarks when they can.

Personal Services: The cost of paying the state's employees. This cost includes salaries, benefits and other payroll costs.

Phase-In: New programs or services are sometimes started midway through a biennium. During the next biennium, the budget needs to include the full 24-month cost of that program. The additional cost to fully fund the program for 24 months is the "phase-in" amount.

Phase-Out: The opposite of phase-in. These costs in the current biennium are not required in the next biennium. Such costs include one-time expenditures for equipment, studies or start-up costs that are not reoccurring. It also includes costs for programs or services that end part way through the biennium, so a full 24 months of expenditures is not needed.

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Policy Package: A package that presents policy and program changes above or below the agency's essential budget level. An agency's total budget is the sum of its base budget, essential packages and policy packages.

Program Areas: Program areas are groups of agencies that have related programs. The name of the program area tells the purpose of the agencies. For example, the Public Safety Program Area includes agencies with public safety as a purpose.

Revenues: Dollars sent to state agencies from all sources appropriated for the payment of public expenses.

Services and Supplies: Services and Supplies is a budget category showing how much money is approved to pay the daily costs of operating the agency. Common expenses are for travel, rent, office supplies, contracts for services, telephone service, data processing, maintenance, etc.

Special Payments: These budgeted transfers and payments are made directly to eligible persons, contractors, or others. The payments also go to local governments, such as counties, or school districts.

State Agency: The Legislative Assembly creates a state agency. It is a unit of state government and may be a department, division, board, or commission. Its purpose is to carry out and enforce state laws. Some examples are the Department of Veterans' Affairs, Bureau of Labor and Industries, Board of Nursing and Commission on Children and Families.