

Oregon Budgeting Process-101

The process has historically involved creating a two-year (biennial) budget according to the following process:

(1.) The Governor's office gathers budgetary information from agencies, offices and programs, and with the assistance of his or her "Budget And Management" (BAM) analysts, an Agency Request Budget is created. From that initial compilation of agency requests, the Governor in conjunction with BAM compiles the Essential Budget Level (EBL) budget. Generally, the EBL is the anticipated cost of maintaining the "current service level" (CSL) of government for the subsequent biennium. The EBL includes the current legislatively approved budget, adjusted for additional costs due to inflation, new laws and constitutional requirements, increases in salaries, health and retirement benefits (PERS), union negotiated contract costs, human services caseload increases/decreases, and other increases in expenses and overhead. Based on the EBL and updated revenue forecasts, the Governor develops a proposed budget for the subsequent biennium compiled in the "Governor's Recommended Budget" (GRB). The GRB is released in December of each even year—one month before the next Legislative Session begins. If there is a newly-elected Governor, the GRB is often delayed a month or two.

(2.) The GRB and the EBL/CSL are based on the same underlying financial estimates, forecasts and information, but are not the same. The GRB will contain two components: a balanced budget, and policy proposals for additional programs, benefits and proposed tax increases to pay for them. Since the 2009-11 GRB included "puts and takes" that assumed new or expanded programs and new tax proposals to pay for them, and then the Oregon economy and revenue forecasts went into recession, the '09-11 GRB was of limited value in drafting a balanced budget for the next biennium.

(3.) After reviewing the GRB and updating the EBL/CSL budget, the Ways and Means Committee and Sub-Committees hold public hearings during the first 3-4 months of each Legislative Session. These hearings are to receive presentations explaining what each department, agency, program, commission, board, and office does and why its piece of the proposed budget pie is justifiable. During these hearings, committee and sub-committee members are free to ask questions and request additional information to aid them in making recommendations to the Co-Chairs regarding approval or changes in the budget requests made by each presenter.

(4.) Between the third and fifth month of each Legislative Session, the Co-Chairs of the Joint Senate-House Ways and Means Committee with the assistance of their Legislative Fiscal Office (LFO) advisors, draft and release the Co-Chair's Budget (CCB). With revenue adjustments based on the most recent Revenue Forecast, the CCB becomes the new starting point for the subsequent biennium's Oregon State Budget.