

Hugo Neighborhood Association & Historical Society

P.O. Box 1318
Merlin, Oregon 97532
541-471-8271
Email: hugo@jeffnet.org
Web Page: <http://www.hugoneighborhood.org/>
PSS Archives Index #53

June 10, 2016 Letter/Email

Finance, Taxation and Exemptions Unit
Oregon Department of Revenue (ODR)

P.O. Box 14380
Salem OR 97309-5075
503-945-8293

Email: finance.taxation@oregon.gov

Web Page: <https://www.oregon.gov/DOR/programs/property/Pages/local-budget.aspx>



Subject: Request Assistance Clarifying Oregon Local Budget Law's (ORLBL) Application To Josephine County (JO CO) Budget Process

Dear Finance, Taxation and Exemptions Unit:

The Hugo JS&PSS Exploratory Committee (Committee) has been actively researching JO CO's Justice System & Public Safety Services (JS&PSS) Problem/Issue (i.e., public safety issue) since 2013 (Appendix A).

As part of the public safety issue, we have been studying the local budget process for the JO CO FY 2015-16 Budget with the goal of understanding. It provides, in part, in its budget message: 1. Goal #2 - Develop a sustainable plan for all 'mandated and essential' county government programs, and 2. Directive #2 - Budget 'only for mandatory' and/or self-supporting programs (Appendix A). We assume mandatory programs means mandatory services and mandatory level of services (LOS). However, also in the budget message, under Special Revenue Funds, was the following: "*Josephine County requires the majority of County programs to be self-sustaining through fees, grants, state contracts, and other revenue sources that don't rely on property taxes or general fund support.*" How does 'only for mandatory' program fit with 'requires the majority' of programs? We assume these are some of the 'standards and budget parameters' (S&BP) required by the governing body in the budget message - financial policies (*Local Budgeting in Oregon (LBIO)*; Appendix B)?

We contact you requesting assistance to better understand the ORLBL. Our specific request is based on the LBIO that identifies you as the work unit where we can direct questions regarding budget committees and budget processes (Appendix B).

Our question is about the required S&BP financial policies of the ORLBL procedures for preparing a local budget, specifically as they are applicable to the responsibilities of a local government in defining the purposes of activities and/or program appropriations. It appears from the definitions of "Organization Unit" and "Program" (e.g., Oregon Revised Statutes (ORS) 294.311(31) charged with carrying on one or more specific functions; ORS 294.311(33) accomplish a major service or function for which the local government is responsible, etc.) that a

local budget is require to identify the purposes and/or responsibilities of its allocations. That is our assumption. For example, the LBIO glossary identifies a “fund” in its glossary as follows: *“Fund. A division in a budget segregating independent fiscal and accounting requirements. An entity within a government’s financial plan designated to carry on specific activities or to reach certain objectives.”*

The JO CO FT 2015-16 Budget uses “purpose” as the umbrella term for a substantial number of ORLBL terms not necessarily solidifying around the idea that local government is responsible (see Attachments 1 & 2 for the ORS/OAR fuzziness). Please correct or clarify our assumptions as needed throughout this communication. Corrections and advice would be much appreciated.

In 2014 the Josephine County Management Team (JOCOMT) recommended strategy elements to the JO CO Board of County Commissioners (BCC) for the purpose of identifying mandated (i.e., ORS 294.311(31) and ORS 294.311(33)?), and elective services. According to the JOCOMT, its recommendation was not explicitly implemented. However, for the FY 2015-16 budget, the BCC directed managers to budget for programs similar to the FY 2014-15 year, and directed that those programs only be those that are ‘mandated’ or self-supporting (Appendix A). We do not understand how JOCOMT could follow the commissioners direction to budget for only ‘mandated’ or self-supporting programs when the its recommended strategy elements to identify mandated and elective services were not implemented (i.e., without methodologies). We continue to assume that mandatory programs means mandatory services and mandatory LOS. We further assume the BCC ‘mandated’ services and LOS are part of the S&BP established by the governing body (LBIO; Appendix B)? True?

The Committee’s review of the FY 2015-16 budget finds that there are legitimate PSS LOS budget questions from the ORS and Oregon Administrative Rules (OAR) that are identified as mandating PSS (Appendix A). However, it has come to the conclusion that there are very few ORS/OAR mandatory “LOS,” and therefore, very few identified in the FY 2015-16 budget. The majority of LOS in the budgets appear to be “necessary,” or “elective.” A mandatory LOS might be the “minimally adequate level of public safety services” (MALPSS), but we are not sure.

To further our confusion, beyond the variety of LBIO and ORS/OAR terms, is that most local news articles in The Grants Pass Daily Courier on the JO CO public safety issue state, or strongly imply, that JO CO budget programs priorities are mandated by the State of Oregon, or are self-supporting. This is in line with the FY 2015-16 budget message. A 2016 news article, *Budget Committee Member Bashes Budgeting Process* reported that Margaret Goodwin, Member, JO CO Budget Committee, stated that *"In county budgeting, the 'must haves' are the mandated services, but the level at which you fund them is also important."* (Appendix A). The JO CO FT 2015-16 budget is pretty good at referencing some ORS in its program summaries, but it generally lacking in: 1. being comprehensive in addressing all applicable mandated ORS and OAR services in its program descriptions, 2. identifying what portions of the identified ORS/OAR are applicable, and 3. in identifying the type of responsibility priorities and LOS, including funding (e.g., mandated, essential, necessary, elective, etc.).

In summary, please clarify ORLBL for its requirement to identify in local budgets a summary of the purposes/responsibilities of functions and/or programs. We believe what is also needed is a breakdown of programs where the public, budget committee, governing body, and the media can understand the budget allocations and LOS funding in terms of priorities (e.g., mandated, essential, necessary, elective, etc.). What is a budgeted mandated service and a mandated funding LOS as required by ORLBL? What are the detailed requirements of ORLBL in identifying a budgeted mandated service and/or a mandated funding LOS beyond professional opinion and political decisions?

Sincerely,

Mike and Jon :)

Mike Walker, Chair
JS&PSS Exploratory Committee
Hugo Neighborhood Association & Historical Society
P.O. Box 1318
Merlin, Oregon 97532
541-471-8271
Email: hugo@jeffnet.org
Web Page: <http://www.hugoneighborhood.org/justicesystemexploratorycommittee.htm>



Jon Whalen, Member
JS&PSS Exploratory Committee
Hugo Neighborhood Association & Historical Society
326 NE Josephine Street
Grants Pass, Oregon 97526
541-476-1595
Email: bear46@charter.net
Web Page: <http://www.hugoneighborhood.org/justicesystemexploratorycommittee.htm>



Appendices

- Appendix A. Justice System Exploratory Committee
- Appendix B. Local Budget Law

Attachments:

- Attach. 1. What Do Oregon Revised Statutes (ORS) 294.11, Definitions for ORS 294.305 to 294.565, Provide Concerning Questions About Required Or Mandatory Public Safety Services & Levels Of Service?
- Attach. 2. What Does The Local Budget Law Training Handout “Glossary” Provide Concerning Questions About Required Or Mandatory Public Safety Services & Levels Of Service?

Email copies:

JO CO Budget Committee

Appendix A. Justice System Exploratory Committee

JUSTICE SYSTEM & PUBLIC SAFETY SERVICES STUDY DESIGN: 2015

Justice System Exploratory Committee
Hugo Neighborhood Association & Historical Society
<http://www.hugoneighborhood.org/justicesystemexploratorycommittee.htm>

PUBLIC SAFETY SERVICES (PSS)

Justice System Exploratory Committee
Hugo Neighborhood Association & Historical Society
<http://www.hugoneighborhood.org/pss.htm>

BUDGETS: JOSEPHINE COUNTY, OREGON

Justice System Exploratory Committee
Hugo Neighborhood Association & Historical Society
<http://www.hugoneighborhood.org/budgets.htm>

JOSEPHINE COUNTY BUDGET COMMITTEE

<http://www.co.josephine.or.us/page.asp?navid=1730> Budget Committee. This committee is composed of three members of the public and the Board of Commissioners. The Budget Committee meets three or four times in a public setting each spring to review and approve proposed budget documents by the Budget Officer for the County. Budget Committee members should have an interest in County operations and an understanding of governmental budget processes.

JOSEPHINE COUNTY FINANCE DEPARTMENT

<http://www.co.josephine.or.us/SectionIndex.asp?SectionID=152> The Finance Department is responsible for the financial management and planning of the County.

Budget Message in JO CO FY2015-16 Budget: Proposed Budget Goals and Directives

The Board of County Commissioners set goals to provide direction related to the “big picture” rather than listing individual actions or activities. Each department has detailed in their budget how their **programs** (emphasis added) meet the following goals approved by the Board of County Commissioners on 02-12-2015:

1. Improve community outreach and communication to the public by investing in technology that will improve efficiencies within County departments and provide enhanced service to citizens.
2. Develop a sustainable plan for **all mandated and essential** (emphasis added) County government programs.
3. Provide access to County services to the citizens of Josephine County in a transparent, open, and professional manner.

The Board of County Commissioners also provided several directives to be used in preparing department budgets. As you review the narratives, you will see how the directives are being addressed by the **individual programs** (emphasis added). Main directives are:

1. Budget at a level consistent with current operational service levels.
2. Budget **only for mandatory** (emphasis added) and/or self-supporting programs.
3. Address County goals and clearly define program purpose and expected outcomes.

JOSEPHINE COUNTY MANAGEMENT TEAM

<http://www.hugoneighborhood.org/budgets.htm> JO CO Management Team. August 19, 2014. Exhibit A. *Managers Recommendation on Strengthening County Services*. September 3, 2014 *Approved Minutes of August 19, 2014 JO CO BCC's Weekly Business Session*. Grants Pass, OR. http://www.hugoneighborhood.org/JSPSS_Studies.htm

Identify what county services are mandated by state law and what level of those services is optimal. Determine what it would cost to provide these mandated services at an appropriate and sustainable level. Identify what other county services may be desired by the citizens of the county. Determine what it would cost to provide these elective services at an appropriate and sustainable level.

JO CO Management Team Meeting With Exploratory Committee: March 7, 2016

<http://www.hugoneighborhood.org/budgets.htm> Minutes of March 7, 2016 Meeting What the Committee members heard from the JO CO Management Team was that any necessary or mandated services their organizational units identified were in their submitted budget documents, and they had not offered any supplemental documentation to the JO CO Board of County Commissioners as a result of Commissioner Cheryl Walker's urging of August 19, 2014.

MALPASS - MINIMALLY ACCEPTABLE LEVEL OF PUBIC SAFETY SERVICES

Justice System Exploratory Committee

Hugo Neighborhood Association & Historical Society

<http://www.hugoneighborhood.org/malpss.htm>

Appendix 4B. Josephine County's Minimally Adequate Level of Public Safety Services Standards

- Walker, Mike; Whalen, Jon, Members JS&PSS Exploratory Committee, Hugo Neighborhood Association & Historical Society. Very Draft December 15, 2015. *Appendix 4B. JO CO's Minimally Adequate Level of Public Safety Services (MALPSS) Standards, Including Law Enforcement Staffing & Deployment.* Supporting Justice System & Public Safety Services Study Design: 2015. Hugo, OR.

Standards For Public Safety Services

- Walker, Mike; Whalen, Jon, Members JS&PSS Exploratory Committee, Hugo Neighborhood Association & Historical Society. Very Draft February 1, 2015. *Standards For Public Safety Services.* Element of Appendix D2. Conditions, Indicators & Standards. Supporting Justice System & Public Safety Services Study Design: 2015. Hugo, OR.

Budget Committee Member Bashes Budgeting Process

Shaun Hall. May 26, 2016. TGPDC. *Budget Committee Member Bashes Budgeting Process* - The highlights of interest to the Exploratory Committee follow.

- But county officials are pushing back, saying many services already have been cut to the bone and that **priorities often are mandated by the state.**
- "The problem is a general disagreement with what funds are available," he continued. "People, I think, want to say the money is available and they don't believe only the most **essential services are being funded.**
- Ironically, Goodwin is suggesting a return to a budget approach the county has used in the past, called **"budgeting for outcomes," which focuses on funding top priorities first.** Heck, Commissioner Simon Hare and Finance Director Arthur O'Hare said that, **in the four years since the method was used, the county's priorities have not changed so there is no need to reset them.**
- **"We're not doing it (budgeting for outcomes) because we don't need to reinvent the wheel," he said. "We went through the process. Our priorities are the same."**
- "The whole theory that we should reassess our priorities this year is Margaret's personal opinion," O'Hare said. "The Board (of Commissioners) already knows we are **putting our money in the most important places.**"
- **"You fund the 'must-haves' first, then the 'should haves' and, if there's any money left over, you fund the 'nice to haves,'" she said. "In county budgeting, the 'must haves' are the mandated services, but the level at which you fund them is also important.**
- **"Simply asking the department heads how much it costs to fund a mandated service is the easiest way to decide how much it costs, but there are always savings that can be realized by requiring justification for each expense."**
- In preparing the budget for the coming fiscal year, **commissioners directed managers to budget for service levels similar to this year,** and directed that those **services only be those that are mandated or self-supporting.**

Appendix B. Local Budget Law

Oregon Department of Revenue

<https://www.oregon.gov/DOR/programs/property/Pages/local-budget.aspx>

Finance, Taxation and Exemptions Unit
Oregon Department of Revenue (ODR)
P.O. Box 14380
Salem OR 97309-5075
Email: finance.taxation@oregon.gov

Most local governments in Oregon must prepare and adopt an annual or biennial budget. Schools, counties, cities, rural fire protection districts, and special districts are subject to budget law. Read our "Citizen overview of local budget law" for more information. Download forms, publications, and budget detail sheets by searching "local budget" in our forms center. Budgets must be prepared in a format prescribed by statute.

Local budget law training handouts (TH)

- TH1 Training PowerPoint.
- TH2 Sample budget (Office document - go to ODR web page).
- TH3 Statutory references.
- TH4 Budget committee and pre-meetings.
- TH5 Changes after adoption.
- TH6 Glossary.
- TH7 Property tax worksheet (Office document - go to ODR web page).

Other resources (OR)

- OR1 The Local Budgeting Manual, 150-504-420.
- OR2 Local Budgeting in Oregon, 150-504-400
- OR3 Administrative rules, see chapters 294 and 310.

Local Budgeting in Oregon (LBIO) Oregon's Local Budget Law does two important things (LBIO, page 1).

1. *It establishes **standard procedures for preparing** (emphasis added), *presenting, and administering the budget.**
 2. *It requires citizen involvement in the preparation of the budget and public disclosure of the budget before its formal adoption.*
- Organizational unit. Any administrative subdivision of the local government, especially one **charged with carrying on one or more specific functions** (emphasis added) such as a department, office or division. [ORS 294.311(31)]. (LBIO, page 1).
 - Program. A group of related activities to accomplish a **major service or function for which the local government is responsible** (emphasis added) [ORS 294.311(33)]. (LBIO, page 1).
 - The Budget Cycle. Budgeting is not something you do once a year. It's a continuous operation and it takes 12 months to complete a cycle.
 - Besides outlining programs for the coming year, the budget controls the local government's spending authority. Since the budgeting process encourages citizen input, the budget is also a vehicle for **obtaining public opinion about proposed programs and fiscal policies of your district** (emphasis added). (LBIO, page 1).
 - *What is a fund?* A fund is a fiscal and accounting entity with self-balancing accounts set aside to carry on a specific activity or to **meet certain objectives in accordance with a specific regulation** (emphasis added). The requirements and resources of a fund must always balance. Every budget has at least one fund (commonly called the General Fund) which is used for everyday operation of the local government (LBIO, page 3).

Depending on the size and complexity of your local government and the services it provides, your district may also have a number of special funds. The most common reason for establishing a special fund is to account for a revenue source whose use is limited to a particular kind of expenditure (LBIO, page 3).

- *How is the material that is presented by the budget officer at the first meeting prepared?* **The budgeting process is a continuous cycle that generally begins long before the budget committee meets.** (emphasis added). Each district has its own procedures for budget review and development. In larger districts, each part of the organization may have its own budget preparation process, in which funding requests for the upcoming fiscal year are developed and then “rolled up” into the total agency budget requirements. By the time the budget committee receives the budget message and budget document, many hours of work have been put into budget development. The budget officer coordinates these efforts with district staff and other administrators. (LBIO, Q&A, page 10).
- *May I ask questions other than at budget committee meetings?* It could be very helpful and a courtesy to other budget committee members **if inquiries are not restricted to committee meetings** (emphasis added). Checking with the administrator and/or budget officer between meetings allows members to explore budget items of interest in greater detail than might be practical during committee meetings. Questioning also assists the administration/budget officer by giving an indication of concerns, making it possible to highlight issues that may be of interest to the entire budget committee. (LBIO, Q&A, page 11).
- *Can the budget committee add or delete programs or services?* Generally, the budget committee’s role is not to directly establish or eliminate specific programs or services. **Standards and budget parameters established by the governing** (emphasis added) body give the budget officer and administrative staff general guidelines for budget development. The budget officer then prepares a **budget which reflects the governing body’s parameters** (emphasis added) . This proposed budget is what the budget committee considers during its meetings. Budget committee influence on programs and services is most often exerted at a higher level, when it approves the overall budget and establishes the tax levy. (LBIO, Q&A, page 11).

Pre-meeting Topics for Budget Committee Discussions

Local Budget Law

Oregon Department of Revenue

<https://www.oregon.gov/DOR/programs/property/Documents/local-budget-budget-committee-pre-meeting.pdf>

We are sometimes asked whether the budget committee can be called together for “preliminary” discussions prior to their first “official” meeting under ORS 294.426 at which the budget message is delivered and for which notice must be published. The following is a list of the types or topics of discussion that can be conducted prior to that first official meeting:

- **Training on the budget committee process** (emphasis added), calendar, expectations for committee members, etc.
- Committee members’ preferences for ground rules, rules of order, conduct of meetings, voting/reaching consensus, **fact finding process** (emphasis added), etc.
- **Orientation on the organization and its various departments, programs, staffing, etc., and on the activities or services provided by each.** (emphasis added)
- **Orientation on the budget document** (emphasis added), the fund structure and the types of activities or programs and expenditures made from each fund in the budget.
- **General discussion of vision and goals, spending priorities, or philosophy** (emphasis added) on how to allocate scarce resources or make trade-off decisions as to which programs get funded and which don’t.
- General economic projections by the finance officer of possible changes in resources or requirements expected next year.
- Any and all discussion of the current year budget or prior year budgets, including what, in general, might be done differently next year.

What cannot be discussed before the formally “noticed” meeting? ORS 294.426(6): “The budget committee may not deliberate on the budget document as a body before the first meeting.” So, we recommend that you do not talk about:

- Specific estimates or appropriation amounts associated with any fund or line item, resource or requirement.
- The question of whether to fund specific programs or expenditures.
- The question of whether to impose any tax levy, or the amount of any levy.