

Hugo Neighborhood Association & Historical Society

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PSS Archives Index #53

November 26, 2016 Email/Letter

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

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Subject: Request For Assistance In Clarifying Oregon Local Budget Law (LBL)¹

Dear Finance, Taxation and Exemptions Unit:

This is a followup communication to our June 10, 2016 letter/email to you (Appendix A). We are disappointed that the ODR has not responded to our original request, especially as we had several telephone calls and emails in June from a ODR representative who stated she was working on a response to our information request, and we would receive it soon.

This is a continuing request for assistance to better understand LBL. Our specific request to the ODR is still based on the ODR publication, *Local Budgeting In Oregon*, that identifies you as the work unit where we can direct questions regarding LBL and the budget process. Our budget process research of LBL, which we did not have last June 10, 2016, is now documented in our draft publication, *Citizen Participation In The Josephine County Budget Process* (CP in Budget; Appendices B & C – excerpts from Chapter II LBL and Chapter III Josephine County (JO CO) Budgets: FY 2006-07 to FY 2016-17). It is based on our continuing research of LBL (i.e., ORS and OAR) and ODR's formal public interpretations (i.e., *Manual* and LBIO).

- Oregon Revised Statutes: 294.305 to 294.565.
- Oregon Administrative Rules: 150-294.175 to 150-294.920.
- Oregon Department of Revenue's *Local Budgeting Manual* (150-504-420) Rev. 05-12 (*Manual*).
- Oregon Department of Revenue's *Local Budgeting in Oregon* (LBIO).

A major idea we wish to share before focusing on the details of our concerns and request for assistance follows. After studying JO CO budgets, we found the county can be proud of its budget program to produce its annual budgets: the budgets are balanced, and the JO CO leaders of the budget process are a professional and honest team, as evidenced by our own observations and interactions with them, and the county receiving the Government Finance Officers Association's (GFOA) Distinguished Budget Presentation Award several times.

1. Request for assistance in clarifying LBL is about the budget process' financial policies and citizen involvement (CI)/citizen participation (CP) opportunities in the budget process. It is not about accounting methodologies nor about specific allocations.

The minimal legal LBL citizen involvement (CI) level of “apprising” the public appeared to work just fine in the past. Historically, the O & C counties rarely asked for increased taxes and the public rarely wanted to become involved in the budget. During the heyday of O&C pass-through money, when the counties were not getting into your wallet or purse, it was just too much work to get involved in the budget, and we believe that most citizens felt that government was doing a reasonable job. Rational ignorance was traditional for the public in refraining from acquiring knowledge when the cost of educating oneself on an issue exceeded the potential benefit that the knowledge would provide. We admit we had practiced this strategy as the local budget process was very complex and information held by the government, while not secret, was just too much work to figure out under the “apprise” LBL CI level of sharing (Chapter VI, Issues, CP in Budget).

Many of our questions to the ODR about the budget process are documented in our *Citizen Participation In The Josephine County Budget Process* research project (Chapter IV, CP in Budget). They originate from two of its chapters (Appendices B - D).

1. Chapter II Oregon Local Budget Law Excerpts.
2. Chapter III Excerpts from Josephine County Budgets: FY 2006-07 to FY 2016-17.

Our draft final research chapters, V – analysis and VI – issues identification, finds us believing that today the use of the minimalist traditional Oregon LBL by local governments is not good for most of its citizens, especially during times of fiscal stress and a cultural climate of poor citizen trust in government (Appendix B).

1. Chapter V Analysis: Elements and Components of Citizen Participation in Budgeting Process.
2. Chapter VI Josephine County Budget Process Issues.

We conclude there are two broad government budget CI/CP goals with significant important differences between them: to inform the public and formal programs to involve the public (Chapter VI, Issues, CP in Budget).

- To inform the public of government decisions (traditional LBL CI).
- To involve the public in government decision-making (new CP).

Many local governments using traditional LBC are at the first public involvement goal of “apprise,” using CI primarily as a way to enable the public to be informed. Making the additional effort of involving the public in citizen participation (CP) budgeting can provide elected officials with insights and information, leading to better decisions. There is usually no corruption or dishonesty in the traditional LBL budget process; we are not worried about that question as an issue. The process is traditional and professional in the sense of decades of O&C passthrough money within the framework of a government “Technocratic Expert Model” in accounting and CI. However, this legitimate CI model of “apprising” and/or “informing” the public does not focus on CP – involvement and understanding, nor during times of fiscal stress does it have likely long-term outcomes of trust and support.

Without the ODR’s and JO CO government’s (i.e., Budget Officer and JO CO Budget Committee) assistance being available in helping us understand the budget process, we have come to some uncomfortable conclusions, only a few of which follow (Chapters V Analysis, VI, Issues, and VII Recommendations (Appendix B)).

The traditional LBL ORS purposes (ORS 294.321) barely meet CI in the budget process, they are especially not about CP. The present traditional LBL CI timing in the budget process is a very late exposure of the proposed budget to the budget committee and the public. The CI opportunity is for one-way testimony in budgeting centered on governing bodies' fiscal policies turned into the proposed complete budget started many months before the public sees the proposed budget. Public meeting and hearings are the specific methods used for obtaining public views on the preparation of fiscal policy (ORS 294.321(4)) for the purpose of enabling the public to be apprised (ORS 294.321(6)) of the county's financial policies (Section V.L.5.c, CP in Budget). The focus is to provide an opportunity for the public to be informed, not involved, not CP.

Stated differently, traditional LBL CI does not work because it does not capture the fact that participation is most beneficial when it occurs early in the process so that the public can actually affect decisions, when it is two-way deliberative communication rather than simply one-way information sharing, and when the mechanisms are designed around the purpose for involvement – CP. Ultimately the differences between the traditional legally required CI methods in LBL and collaborative CP approaches include: one-way talk vs. dialogue; elite or self-selected vs. diverse participants; reactive vs. involved at the outset; top-down education vs. mutually shared knowledge; one-shot activities vs. continuous engagement; and use for routine activities vs. for controversial choices (Section V.L.5.c), CP in Budget).

According to the *Manual* for LBL, all members of the budget committee have equal authority as each member's vote counts the same and it elects a presiding officer from among its members. We sharply contest this statement and challenge the ODR, who wrote the *Manual* that all members of the budget committee have equal authority. This ODR position does not match the LBL ORS, and, therefore, the "equal authority position" is just untrue as the local governing members of the budgeting committee have extensive powers beyond that of the elector members. The reasons for this position can be found in Section V.L.4.b)(3) of CP in Budget (Appendix B).

The proceeding is a peek of some conclusions. For our request for assistance, we provide our budget process questions in our draft publication, *Citizen Participation In The Josephine County Budget Process*. This is the template establishing our clarifying budget process questions, analyses, and potential issues for consideration by ODR (Appendices B - D).

We conclude with a summary assessment of using the traditional LBL CI budget process. We do not believe the present traditional "apprise" LBL CI budget process provides assurances that the public needs and trusts. This LBL CI one-way flow of information on proposed financial policies, the 'review and comment' methodology – government decide on the policies, then introduce them to the public in a public hearing(s) – is a poor educational vehicle for complex topics, not to mention grossly inadequate as a persuasion tool promoting trust.

We believe that in JO CO, like many other Oregon counties going beyond traditional LBL standards, should formally establish a collaborative CP engagement program – citizens must know they will be heard, with a meaningful opportunity to influence the proposed budget. Contrarily, most voters in the last five public safety county levies don't believe they will be listened to, and most don't trust JO CO government, which we believe reflects the dismal citizen turn-out for budget meetings.

This is partly because there is no formal JO CO guidance available on the budget process (e.g., availability of JO CO government experts to talk to public asking questions; JO CO budget manual, local citizen guide to the budget, etc.) which create a serious handicap for the public to trust an unknown budget process, let alone understand it.

As much as we would like to see a change to enhanced CP, we can not forget costs. Many discussions of the value of CP leave out a large barrier: significant more time, effort, and money needed. At high cost, understanding the hearts of the citizens by meeting with them regularly, or of using some other instrument of gaining vetted citizen preferences and ultimately gaining their trust and friendship, may be the only way that JO CO can effectively promote new financial policies where anti-government sentiment runs high.

Thank you in advance for any attention you can give to this information request.

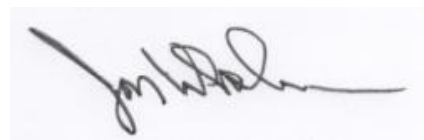
Sincerely,

Mike and Jon :)

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Appendices

- Appendix A. Requests For Meetings to Clarify Oregon Local Budget Law As Practiced By Josephine County, Oregon: January 20 - November 25, 2016
- Appendix B. Research on Josephine County's Public Safety Issue and Citizen Involvement In Josephine County Budget Process
- Appendix C. Research on Oregon Local Budget Law & Josephine County Budgets
- Appendix D. Questions Of Oregon Local Budget Law & Josephine County's Budget Process

Copies

Email copies: JO CO BCC; Other JO CO Elected Officials; JO CO Management Team; JO CO Budget Officer; JO CO Budget Committee; and The Grants Pass Daily Courier

Blind Info

copies: Under Separate Email – Selected JO CO Citizen Participation In Budget Stakeholders

Appendices

- Appendix A. Requests For Meetings to Clarify Oregon Local Budget Law As Practiced By Josephine County, Oregon: January 20 - November 25, 2016
- Appendix B. Research on Josephine County's Public Safety Issue and Citizen Involvement In Josephine County Budget Process
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- Appendix D. Questions Of Oregon Local Budget Law & Josephine County's Budget Process

Appendix A. Requests For Meetings to Clarify Oregon Local Budget Law As Practiced By Josephine County, Oregon: January 20 - November 25, 2016

Budgets: Josephine County, Oregon

Justice System & Public Safety Services Study Design: 2015

Justice System Exploratory Committee

Hugo Neighborhood Association & Historical Society

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

- January 20, 2016 Letter/Email to Arthur O'Hare, Finance Director, JO CO Finance Department, From Committee. Subject: Share Information About JO CO's JS&PSS Problem/Issue.
- May 26, 2016 Letter/Email to Josephine County Board of County Commissioners from Exploratory Committee on Citizen's Guides To The Budget.
- June 4, 2016 Letter/Email to Josephine County Budget Committee from Exploratory Committee on Citizen's Guides To The Budget & Participating in FY 2017-18 Budget Process.
- **June 10, 2016 Letter/Email to Oregon Department of Revenue from Exploratory Committee on Clarifying Oregon Local Budget Law.**
- September 23, 2016 Letter/Email to Arthur O'Hare, Josephine County Budget Officer, and Josephine County Budget Committee from Exploratory Committee on Requesting a Meeting to Clarify the JO CO Budget Process & *Recommendation For Researching JO CO Citizens' Preferences And Priorities*, Appendix C.
- September 23, 2016 Email From Arthur O'Hare, Josephine County Budget Officer, to Exploratory Committee on Exploratory Committee's Request for Meeting to Clarify the JO CO Budget Process. O'Hare's response to the meeting request follows:

"Mike – you are requesting a meeting with me and with the Budget Committee in order to discuss various aspects of the budget process. That is really a decision of the Board of Commissioners for both me individually and for calling together the Budget Committee. I will need to check with them regarding your request and will get back to you when I have more information. Thanks. Arthur O'Hare, Finance Director, Josephine County, Oregon"
- November 22, 2016 Letter/Email to Josephine County Board of County Commissions from Exploratory Committee on JO CO Budget Process Sharing and Study of County Citizens' Budget Preferences And Priorities.
- **November 26, 2016 Letter/Email to Oregon Department of Revenue from Exploratory Committee on Clarifying Oregon Local Budget Law.**

Appendix B. Research on Josephine County's Public Safety Issue and Citizen Involvement In Josephine County Budget Process

- **Justice System & Public Safety Services Study Design: 2015**
Justice System Exploratory Committee
Hugo Neighborhood Association & Historical Society
<http://www.hugoneighborhood.org/justicesystemexploratorycommittee.htm>

- **Citizen Involvement In Josephine County Budget Process**
Justice System Exploratory Committee
Hugo Neighborhood Association & Historical Society
<http://www.hugoneighborhood.org/ci.htm>

- **November 2016. *Citizen Participation in the Josephine County Budget Process***

Budgets: Josephine County, Oregon
Justice System & Public Safety Services Study Design: 2015
Justice System Exploratory Committee
Hugo Neighborhood Association & Historical Society
<http://www.hugoneighborhood.org/budgets.htm>

- Walker, Mike; Whalen, Jon, Members of Hugo Justice System & Public Safety Services Exploratory Committee, HNA&HS. Draft November 2016. *Citizen Participation In The Josephine County Budget Process*. Hugo, OR. There are nine chapters to the draft evolving Citizen Participation In The Josephine County Budget Process (i.e., I - IX, including acronyms/abbreviations, appendices (including a bibliography), and a glossary.
 - I. Introduction/Purpose, including Acronyms/Abbreviations
 - II. Oregon Local Budget Law Excerpts**
 - III. Excerpts from Josephine County Budgets: FY 2006-07 to FY 2016-17**
 - IV. Budget Process Brainstorming Questions**
 - V. Analysis: Elements and Components of Citizen Participation in Budgeting Process**
 - VI. Josephine County Budget Process Issues**
 - VII. Citizen Involvement/Citizen Participation Program & Budget Process Recommendations**
 - VIII. Budget Process Conclusions
 - IX. Summary & Conclusions
 - Appendices
 - Glossary

- June 2016 Oregon Revised Statutes: 294.305 to 294.565 (Oregon Local Budget Law) - Full Text.
Walker, Mike; Whalen, Jon, Members of Hugo Justice System & Public Safety Services Exploratory Committee, HNA&HS. June 21, 2016. Oregon Revised Statutes: 294.305 to 294.565. Hugo, OR.

- June 2016 Oregon Administrative Rules: 150-294.175 to 150-294.920 (Oregon Local Budget) - Full Text
Walker, Mike; Whalen, Jon, Members of Hugo Justice System & Public Safety Services Exploratory Committee, HNA&HS. June 21, 2016. Oregon Administrative Rules: 150-294.175 to 150-294.920. Hugo, OR.

Appendix C. Research on Oregon Local Budget Law (LBL) & Josephine County Budgets

Citizen Participation In The Josephine County Budget Process **Budgets: Josephine County, Oregon**

Justice System & Public Safety Services Study Design: 2015
Justice System Exploratory Committee
Hugo Neighborhood Association & Historical Society
<http://www.hugoneighborhood.org/budgets.htm>

- Walker, Mike; Whalen, Jon, Members of Hugo Justice System & Public Safety Services Exploratory Committee, HNA&HS. Draft November 2016. *Citizen Participation In The Josephine County Budget Process*. Hugo, OR.

Chapter II. Oregon Local Budget Law Excerpts ***Citizen Participation In The Josephine County Budget Process***

- A. Oregon Revised Statutes: 294.305 to 294.565
 - 1. ORS Outline
 - 2. ORS Excerpts
- B. Oregon Administrative Rules: 150-294.175 to 150-294.920
- C. Local Budgeting Manual
 - 1. Introduction, *Local Budgeting Manual*
 - a) Purpose of Local Budget Law
 - b) Citizen involvement
 - 2. Chapter 1, Who Is Involved In The Budget Process
 - 3. Chapter 3, The Budget Process
 - 4. Chapter 8, The Budget Committee and Approving the Budget
 - 5. Chapter 9, Publication Requirements
 - 6. Chapter 11, The Budget Hearing and Adopting the Budget
 - 7. Glossary
- D. Local Budgeting in Oregon
- E. Josephine County Budget Process – Budget Calendar FY 2016-17
- D. Summary

Chapter III. Excerpts from Josephine County Budgets: FY 2006-07 to FY 2016-17 ***Citizen Participation In The Josephine County Budget Process***

- A. Citizen Involvement in Budget Preparation Process
- B. JO CO BCC's Budget Message Financial Policies: FY 2006-07 To FY 2016-17
- C. Excerpts from Josephine County Budgets: FY 2006-07 To FY 2016-17
- D. Goals from JO CO Budgets: FY 2006-07 To FY 2016-17
- E. Directives from JO CO Budgets: FY 2006-07 To FY 2016-17

Appendix D. Questions Of Oregon Local Budget Law & Josephine County's Budget Process

Citizen Participation In The Josephine County Budget Process

Budgets: Josephine County, Oregon

Justice System & Public Safety Services Study Design: 2015

Justice System Exploratory Committee

Hugo Neighborhood Association & Historical Society

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

- Walker, Mike; Whalen, Jon, Members of Hugo Justice System & Public Safety Services Exploratory Committee, HNA&HS. Draft November 2016. *Citizen Participation In The Josephine County Budget Process*. Hugo, OR.

Chapter IV. Budget Process Brainstorming Questions

Citizen Participation In The Josephine County Budget Process

There are five parts to Section IV.A. budget process questions from LBL.

1. Budget Process Questions Oregon Revised Statutes: 294.305 to 294.565
2. Budget Process Questions Oregon Administrative Rules: 150-294.175 to 150-294.920
3. Budget Process Questions From Local Budgeting Manual
 - a) Oregon's Local Budget Law, per the "*Local Budgeting Manual*", is found in Oregon Revised Statutes (ORS) 294.305 to 294.565
 - b) Introduction, *Local Budgeting Manual*
 - c) Oregon's Local Budget Law's Objectives (ORS 294.321)
 - d) Oregon Local Budget Law's Citizen involvement Opportunity Questions
 - e) Chapter 1, Who Is Involved In The Budget Process?
 - f) Chapter 3, The Budget Process
 - g) Chapter 8, The Budget Committee and Approving the Budget
 - h) Chapter 9, Publication Requirements
 - i) Chapter 11, The Budget Hearing and Adopting the Budget
 - j) Glossary
4. Budget Process Questions From Local Budgeting in Oregon
5. Budget Process Questions From Josephine County FY 2016-17 Budgeting Calendar