10 Year Plan for Oregon Project
Governor’s Recommended Budget Process
October 12, 2011

10 Year Plan Guiding Principles

- Create a common statewide vision of the future.
- Ensure accessibility and accountability to all Oregonians.
- Create fiscal sustainability over time.
- Develop a plan to save resources in good times so we can maintain services in bad times.
- Provide decision makers and the public with data on results to foster informed decision making.
Reframing the 2 Year Budget Cycle

• Outcome Based Budgeting Principles:
  – Focus budget on achieving outcomes over 10 years through strategic spending & investments.
  – Start budget process with amount available to spend.
  – Separate people who make recommendations on budgets from the people who receive the money.
  – Make budget decisions based on getting best measureable results for the money available.

Proposed 2013 – 2015 Budget Process
Finishing the Strategic Plan (10 Year Framework)

- Developing the Outcomes, Indicators and Strategies that will guide our work.
- Testing the Outcomes, Indicators and Strategies with citizen groups, business leaders and Legislators.
- Developing baseline expenditure and revenue projections from which we can model the impact of our strategies.
- Mapping our current programs to the outcome areas we want to change.

Timeline

NOW – December, 2011
January 2012
February 2012
March 2012
March – June 15, 2012
June 15 – July 15, 2012
July 15 – August 31, 2012
September 1 – October 15, 2012
October 15, 2012
October 15 – December 1, 2012

Policy Level Budget Instructions by Outcome Area

- We will host outcome area specific meetings to lay out the direction the Governor wants to take in crafting agency budgets for 2013-15. This will include:
  - Guidance on how the outcome area agencies are to work together in developing their 2013-15 proposals.
  - Direction on the format agency programs will need to use in presenting to outcome area Buying Teams.
  - A summary of how agency staff, LFO and BAM have mapped current agency programs into the new outcome areas.

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Mapping Programs to Outcome Areas

- Using the results of the collaborative mapping process with Agency Directors, LFO and BAM, a summary of how the current 2011-13 program budgets translate into the new Outcome areas will include:
  - The names of each program within the Outcome area.
  - The Legislatively Adopted funding level for each program in the Outcome area.
  - The total amount of resources dedicated to each Outcome Area in the 2011-13 Legislatively Adopted Budget.

Timeline

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Develop Performance Metrics

- Agency Directors will work with their program staff and BAM and LFO analysts to begin developing performance metrics for their various programs.
  - The program metrics will be part of the proposals given to the Outcome Area Buying Teams and will be part of the decision criteria.
  - Agencies will also need to begin describing how the program performance links to, and impacts, the program area outcomes, indicators and strategies.
Target Allocation

Start with baseline expenditure and revenue projections with macro-adjustments to bring the budget into balance.

Target allocation amounts to outcome areas.

Economy & Jobs | Education | Good Government
Healthy Environment | Healthy People | Livable Communities | Safety

Interim Legislative Session

- The Legislature will meet and adjust 2011-13 funding levels for agency programs. This will adjust the baseline projections for future biennia, and the amount of investment or reduction targets for 2013-15.
  - Macro adjustments to address economic and revenue changes.
  - Decisions on the 3.5 percent budget hold-back included in the 2011-13 budget.

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### Finalize Budget Instructions

- BAM and agency budget staff will convert February 2012 legislative actions into agency program detail.
- BAM will work with LFO to modify the 10 year expenditure and revenue projections to match actions taken during the February 2012 session.
- The Governor will meet with Legislative Leadership to discuss the 10 year outlook and the strategies that will guide us during that time.
- Technical budget instructions will be released to agency budget staff.

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### Budget Instructions = Requests to Buy

- After meeting with Legislative Leadership, the Governor will release to state agencies the 2013-15 Requests to Buy. This will include:
  - Macro allocations the Governor will use for each Outcome Area Buying Team.
  - Criteria for how each Buying Team will prioritize the program purchases.
  - Specific investment or transformation areas the Governor wants agencies to consider as they develop proposals.
Proposal Review

Agency A, Program 1 $25 M
Agency A, Program 2 $15 M
Agency B, Program 1 $10 M
Cross Agency, Program 1 $75 M

Buying Teams $100 M

(RECOMMENDED TO FUND)
Cross Agency, Program 1 $75M
Agency A, Program 2 $15 M
Agency B, Program 1 $10 M

(NOT RECOMMENDED TO FUND)
Agency A, Program 1 $25 M

Governor’s Final Decisions

Governor’s Recommended Budget (GRB)

Initial Agency Budget Proposals

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• Agencies will develop round 1 proposals for the Outcome Area Buying Teams.
• Round 1 proposals will be conceptual in nature, because final program budget detail will not be available until later in the summer.
• Agencies will work within their outcome areas and with stakeholder groups to develop proposals.
• On June 15, round 1 proposals will be due to the Buying Teams.
Initial Proposal Review

• Outcome Area Buying Teams will review proposals and provide feedback to agencies on necessary refinements.
  – Buying Teams will be led by a Governor’s Policy advisor, or other designee, and will include individuals not directly associated with the proposing agencies.
  – Buying teams will review proposals to make sure the agency proposal:
    • Provides evidence the program impacts the desired outcome.
    • Provides measures to demonstrate program performance.

Buying Team Feedback

• Buying Teams will provide initial feedback on proposals, including:
  – Areas that need additional refinement or evidence to bolster the agency proposal.
  – Connections to program areas that may not traditionally work together.
  – Guidance on connections to other stakeholder groups that may need to be included in the proposal.

• Buying Team feedback on Round 1 will be provided to all agencies no later than July 15.
Finalize Proposals

- Agencies will finalize their funding proposals.
  - Agencies will revise their proposals as necessary to meet Buying Team direction and expectations.
  - Agency budget staff will finalize budget detail for each program within the outcome area.
  - By September 1, **round 2 proposals** are due to the Outcome Area Buying Teams.
  - These round 2 proposals will be the Agency Request Budget for 2013-15.

Buying Team Recommendations

- Outcome Area Buying Teams will complete their analysis and make recommendations to the Governor.
  - BAM analysts will provide support to the Buying Teams and provide analysis as necessary.
  - Agency staff will be needed to provide analysis and insight into their proposals.
  - Buying Teams will prioritize agency proposals based on their outcome area criteria and the long term strategies necessary to achieve the 10 year outcomes.
Buying Team Recommendations Due

- All Buying Team recommendations due to the Governor by October 15.
  - Buying Teams will make recommendations to the Governor about what should (and should not) get funded in the 2013-2015 budget cycle.

Governor’s Recommended Budget (GRB)

- Governor to make final budget decisions on his recommended budget.
  - Will review Outcome Area Buying Team recommendations.
  - Will incorporate most recent revenue forecast and any initiatives passed by voters in November 2012.
- BAM will convert the Governor’s decisions into the Recommended Budget and the agency appropriation Bills.
- GRB released 12/1/2012.
### Outcome Based Budgeting Outcomes

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<th>Moving From</th>
<th>Moving Toward</th>
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<td>2 year budgeting focused on “balancing” the budget</td>
<td>Budgeting inside fiscal constraints to meet long-term outcomes</td>
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<tr>
<td>Funding specific agencies</td>
<td>Funding programs designed to achieve outcomes</td>
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<td>Unlimited budget requests from agencies</td>
<td>Clear limits, expectations, and criteria to focus agency budget proposals</td>
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<td>Debating levels of funding</td>
<td>Debating results we want to achieve with state spending</td>
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<tr>
<td>Spending all available revenue</td>
<td>Saving &amp; creating fiscal sustainability</td>
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<td>Competition for funding between agencies</td>
<td>Joint responsibility for program delivery</td>
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<td>Disconnected agency performance indicators</td>
<td>Outcome linked indicator measures of success</td>
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