

## Glossary

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**Agency Request:** A state agency's budget request identifies the current service level needs and includes the program option packages for consideration. It is sent to Budget and Management Division (BAM) of the Department of Administrative Services (DAS). The request is for staff, revenue, and spending authority for the next biennium. Oregon law requires that it be submitted for the Governor to approve or change. See Governor's Recommended Budget.

**Appropriation:** An appropriation is when the Legislative Assembly allocates money from the General Fund. The appropriation will name a specific amount of money and a certain purpose. The money must be spent for the purpose named.

**Benchmarks:** See Oregon Benchmarks.

**Biennium:** A biennium is a two-year period that a budget is in effect. It begins on July 1 of odd-numbered years and ends on June 30 of the next odd-numbered year. For example, the 2005-07 biennium will begin on July 1, 2005 and end on June 30, 2007.

**Capital Construction:** See Major Construction/Acquisition.

**Capital Improvement:** A project that costs less than \$500,000 to build, buy, or change a facility or buy land. It can also mean replacing or changing workspaces.

**Capital Outlay:** Many items used in the workplace are used more than one time and last more than two years. If these cost \$5,000 or more, they are Capital Outlay items and costs.

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

**Emergency Board:** A 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.

## Glossary

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***Emergency Fund:*** The Emergency Board uses this Fund to meet budget needs of state agencies that arise between legislative sessions. The Legislative Assembly appropriates the money to the Fund.

***Essential Package:*** An essential package is a type of program option package. It is used to adjust the base budget for one-time expenditures, costs to phase programs in or out, vacancies, Personal Services costs not in PICS, inflation, price list changes, fund shifts, or mandated caseload changes. It is not used to ask for new programs or to expand programs. The base budget and essential packages make up the current service level budget. See Program Package.

***Executive Branch:*** The branch of state government that carries out and enforces state laws. It is made up of state agencies, which include 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 expenditure limitation is a spending limit set by the Legislative Assembly directing state agencies how much Other Funds, Lottery Funds, or Federal Funds money they can spend. Agencies often get more Other Funds or Federal Funds money than the Legislature approves them to spend. If they want to spend the money, they must ask the Legislature or the Emergency Board for approval.

***Federal Funds:*** Federal Funds is money from the federal government sent to state agencies to pay for specific agencies and programs. Some are grants, matching funds, Block grants (such as Medicaid), pass-through, or special payment.

***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 presented 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

## Glossary

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**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.

**Lottery Funds:** Money that the state receives when people play state lottery games is called Lottery Funds. By law, the state may use Lottery Funds for economic development and education. 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. House Bill 3225 (1999) provides enabling legislation for management of the funds. The Education Endowment Fund was created by a Constitutional Amendment. In September 2002, Oregon voters approved converting the Fund to the Education Stability Fund. 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 will be used to pay debt service on Education Lottery Bonds. The balance of the earnings on the Fund are made available to the Student Assistance Commission for the Need Grant Program.

**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 limit how much money may be spent on Nonlimited expenditures. These expenditures must be approved in an agency's budget. They must be for a specific purpose.

**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 are expected to link to these Benchmarks when developing strategic plans and budget requests. There are 91 Oregon Benchmarks with 25 considered key.

**Other Funds:** Money received by state agencies that does not come from the General Fund or the federal government is Other Funds. The money comes from sources such as gasoline taxes, driver licenses, 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.

## Glossary

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**Outcome:** Outcome is a type of performance measure. An outcome is an event, occurrence, or condition of importance to customers or the general public that is, at least partially, the result of a service or product provided. Two types of outcomes can occur. An intermediate outcome measures progress toward a desired end, but is not an end in itself. A high-level outcome is a desired end, usually a measure of societal level health or well being.

**Output:** Outputs measure the physical quantity of an agency's completed product or service, either by staff or contractors, and is also considered a type of performance measure.

**Performance Measure:** Generic phrase for all measures (outputs and outcomes) 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:** When an agency is approved to spend only the amount of money it needs for part of the biennium it is a "phase in." During the next biennium, the agency must "phase in" the program. The budget shows the amount of money needed for the whole two-year budget period. For example, a new program is started on July 1 of an even-numbered year (mid-biennium). The cost to the agency for the remaining 12 months of that biennium will be \$120,000 (\$10,000 per month). The next biennium, the cost to continue the program will be \$10,000 per month for 24 months, or \$240,000. The result is a phase-in cost of \$120,000.

**Phase Out:** The opposite of "phase in." It means that during the next biennium, the agency's budget will not show enough money to pay for a program or activity for the whole budget period. The agency must stop the program or activity part of the way through the biennium. It is phased out when there is no more money to pay for it.

**Policy Package:** A type of program option package that an agency uses to ask for policy and program changes. This is used for the agency's budget request. If policy packages are approved, they are added to the base budget and essential packages. The result is an agency's total budget. See Program Package.

**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.

**Program Package:** A Program Package is used in an agency's budget request to ask for budget, policy, or program changes. These can be essential packages or policy packages.

**Revenues:** The income of a government from all sources appropriated for the payment of the public expenses is called revenue.

**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

## Glossary

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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.

***Target:*** The desired value of an output or outcome at a particular point in time. For example, the year 2005 target for the rate of child abuse and neglect is six out of 1,000 persons under the age of 18. See Outcome and Output.

***Tax Anticipation Notes:*** Tax Anticipation Notes (TAN's) are state obligations which are repaid within a biennium and have a term of 13 months or less. TAN's are used as a cash

# Glossary

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