

# **Budget Manual**

## **City of Portland, Oregon**

**Fiscal Year 2019-20**

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# User's Guide

The Budget Manual is a general guide to budget development in the City of Portland. Although the guidelines and directions included in this manual are meant to be comprehensive, requests for new information, changes in direction, and adjustments in deadlines should be expected. In order to keep bureaus informed of any changes, the City Budget Office (CBO) uses budget memos, weekly communications, its [website](#), and direct support to bureaus. Additional technical support for using the City's budget system can be found [here](#).

The weekly communications and other correspondence are distributed using the City Budget Managers and Contacts distribution list in Outlook. This list is maintained primarily for use by the Budget Office, but is available for use by any City user. If you find errors or outdated information in this distribution list, please contact Alexandra Martin at 823-6925.

If you have any questions regarding this manual, please contact your assigned CBO analyst. The most current list of [City Budget Office staff and assignments](#) can be viewed on the CBO website.

## What's in the Manual?

This Budget Manual is written for City of Portland staff involved in budget development: City administrators and managers who have financial and budgetary oversight responsibilities, and the bureau staff responsible for the technical preparation and development of budget documents.

**Section 1 - New Information:** provides direction on budget guidance, changes from the previous year's process, inflation assumptions, and the budget process calendar.

**Section 2 - Budget Development Process:** is an overview of the City's budget process, including bureau and CBO responsibilities during each phase of the budget.

**Section 3 - Technical Instructions:** provides high level instructions regarding the entries in BFM, required narratives in PatternStream, and other required submittal documents. The section also includes a style guide for narrative documents, a glossary of terms, and technical checklists for BRASS and PatternStream entry. Bureaus should also refer to the [BFM uPerform website](#) for technical BFM instructions and support.

## Section 1

# **New Information**

## Changes for FY 2019-20

There are a number of significant changes to the budget process in FY 2019-20. The City Budget Office is implementing a new budget software that will be used for the first time in the development of the FY 2019-20 budget. Additionally, the Mayor's Office has directed a series of changes to the budget process, including requiring the provision of **program offers** as part of the requested budget and changing the way in which increases or decreases to bureau base budgets may be requested. While commencing during Fiscal Year 2019-20 budget development, the process changes will likely take multiple budget cycles to be fully implemented.

Wherever possible, CBO has strived to retain consistency in the types of information and processes required, especially in this first year of transition. High-level changes are highlighted below, and detailed changes are highlighted in text boxes at the beginning of each section of this manual. In addition, training videos to assist in the completion of new budget forms have been made available online [here](#). Please do not hesitate to contact your CBO analyst with any questions; we are here to help bureaus troubleshoot challenges and adapt to these new processes.

### ***New Budget Software***

FY 2019-20 Budget Development will be the inaugural budget process for our new budget system, Budget Formulation and Management (BFM). We thank BRASS for its years of service to the City, and are excited for some of the new capacity in BFM, including:

- Transition to a cloud-based system
- The ability to upload data from excel
- Better reporting capability
- No more waiting for overnight SBFS projections; personnel updates will refresh every 15 minutes

CBO has worked with the software vendor, Sherpa, to ensure BFM resembles the way the City used to budget in BRASS. You will recognize the same naming conventions for forms and reports.

### ***Budget Forms***

Bureaus will continue to enter their budgets through the use of different forms that speak to different types of expenditures. Most of these forms are the same or similar to what existed in BRASS; however there are a few new forms that will serve to meet Citywide goals around improved budgeting.

Below is a summary of the BFM budget forms; more detailed instructions can be found in Section 3, Technical Instructions. New forms are highlighted with an asterisk.

**Technical Adjustment Form.** Bureaus will construct the majority of their base budget in this form. Bureaus will enter all revenues and expenses not related to capital projects

here. The only portion of the base budget that is not constructed in this form are project budgets.

**Project Form.** This form is largely the same as the “Infrastructure Form” in BRASS. This form should be used for budgeting all bureau expenses and revenues related to capitalized projects, including costs to replace technology and equipment where the [capitalization threshold](#) has been met.

**Decision Package Form.** This form resembles the decision package form in BRASS; however, it will be used differently under the budget process changes directed by the Mayor. CBO will create forms for bureaus to complete as needed based on any Directions to Develop issued by Council.

**\*Program Description.** One change is that the “header” information - qualitative information that was previously contained in the BRASS “Info Edit” window- will facilitate the construction of Program Offers. More details can be found in the [Program Offer](#) section.

**\*Performance.** The Performance Measure form found under the “Budget Formulation” drop down menu is where bureaus will upload/enter performance actuals, annual target, and the strategic target data. The strategic target *year* data will still be updated under the “Chart of Accounts” tab under “Performance Measures”

**\*Financial Planning Form.** This form did not exist in BRASS. [Certain funds and bureaus](#) are required to provide 5-year financial plans as part of the requested budget. However, these plans have been developed offline by each owning bureau. For FY 2019-20, all of these funds are required to submit financial plans using the budget system form in BFM, **with the exception of the following funds:**










- Development Services Fund,
- Fire & Police Disability & Retirement Fund,
- Hydroelectric Power Operating Fund,
- Parking Facilities Fund, Sewer System Operating Fund,
- Transportation Operating Fund, and Water Fund.

The above funds may be submitted using the budget form, or they may be submitted in the same format as in previous years. More instructions can be found in the [Financial Planning section](#).

**\*Eliminated Forms.** *There are a number of forms that existed in BRASS to accommodate work flow that are no longer necessary in BFM. These include the Interagency, Limited Term Decision Package, and the ‘simple’ forms that would be pre-populated with master data to reduce manual input time. Because BFM exports to and imports from Excel, there is no need for cumbersome manual entry. Also, master data information from current year allocations will be pre-populated in base budget forms for you, which can be exported to excel, modified however you like, then re-imported.*



### Budget Form Changes Crosswalk

Form in BRASS	Exists in BFM?
Decision Package	 Exists in similar format, but may be utilized differently due to changes to the budget process per the Mayor’s Office.
1a. Simple Decision Package	 No longer needed. Data can be uploaded directly from excel, reducing entry time from bureaus.
2. Decision Package (LT FTE)	 No longer needed. The position tab in the regular decision package form can accommodate both regular and limited term positions.
3. Infrastructure Form	 Exists in similar format; called “Project Form.” Will not include interagency agreement allocations.
3a. Simple Infrastructure Form	 No longer needed.
4. Technical Adjustments	 Exists in similar format; but may be utilized slightly differently due to changes to the budget process per the Mayor’s Office.
4a. Simple Tech Adjustments	 No longer needed.
New Form!	 Program Description Form: new to BFM
New Form!	 Financial Planning Form: new to BFM

### Budget Process Changes

Beginning in FY 2019-20, there are three major changes in the budget development process. The major changes include the following:

- Moving to program offers, articulated at the sub-program level

- the early establishment of a ‘constraint’ in bureau current appropriation level (CAL) targets,
- The shift toward Council-directed decision packages (i.e. “direction to develop”)

Each of these changes is discussed in more detail below, along with a chart that crosswalks changes in the budget process.

### ***Program Offers***

Beginning in FY 2019-20, bureaus will develop their budgets in a “program offer” format. Program offers combine program descriptions, budget, and performance data for a set of services into a brief and concise document. The goal of program offer budgeting is to succinctly describe how bureau resources are allocated to deliver services back to the community.

Changing to program offer budgeting marks a transition from prior practices, and will require new ways of thinking about how budgets are developed and how this information is shared with the community. From a technical perspective, this means that bureaus will be describing service level outcomes, budget, and staffing at the sub-program level (i.e. 6 character functional area, rather than at the four character functional area level as was previously the case in bureau requested budgets and the Adopted Budget). It is expected that it will take a couple of years to fully and accurately build requested budgets using this new framework. Ultimately, the goal of this change is to

- 1) Improve visibility and communication around service level outcomes achieved with public dollars, and;
- 2) Focus bureau budget discussions on optimizing the prioritization of resources in the base budget and service level outcomes.

For this year, CBO is asking that bureaus first focus on providing a clear and concise program description for **each program** so that Council and the public can easily understand how resources are aligned to achieve service goals.

A program offer will be a short document that will be generated in the budget system. It will include ‘program description’ narrative information, as described in this guide, and tables for program performance measures and budget information. The system will generate ‘program offer’ reports with both the qualitative and quantitative information, and bureaus will submit these reports as part of their requested budgets.

### ***Constraint Budgeting and FY 19-20 Budget Guidance***

The second key change in this year’s budget process is that bureaus will work within a ‘constraint’ to develop their base budgets. Establishing constraints early in the budget development process – and providing bureau management with the flexibility to build their program offer budgets within those constraints – will reduce uncertainty in the budget development process. Bureaus are expected to build program offer budgets

within the established constraint and with input from their advisory bodies, commissioners-in-charge, and other stakeholders.

Reductions in the General Fund have traditionally been expressed as a percent reduction – or cut target – to Current Appropriation Level (CAL). For rate- and fee-funded bureaus, constraints have historically been expressed as a not-to-exceed increase to core rates.

In the current year, bureaus were provided with their ‘constraint’ via the Mayor’s Budget Guidance. The constraint is the amount of funding within which bureaus will build their base budget. Each bureau’s requested budget will be submitted within this constraint, and organized and communicated by program area. See below for details on FY 2019-20 constraints.

**General Fund:** The FY 2019-20 constraint will be set at the Current Appropriation Level (which will incorporate an inflationary increase to the prior year budget) minus a 1% efficiency reduction as approved by Council in a budget note in the FY 2018-19 Adopted Budget. Current Appropriation Level targets for FY 2019-20 budget development, including the 1% constraint, will be released by the City Budget Office and posted on the City Budget Office’s website in December 2018.

**Internal Service Funds:** each internal service fund should limit the growth of its target rate budget to inflationary increases, less 1%. In addition to this constraint on aggregate rate growth, internal service providers should follow these additional parameters in the development of program offer budgets:

- OMF internal service program offer budgets should not reduce replacement funding or major maintenance funding.
- Any changes to the quantities that drive pass-through costs should be made with the approval of customer bureaus.
- Internal service funds should submit target rate budgets as part of their requested budget.
- Each internal service fund requested budget should include a list of all individual rates that are increasing by more than a percentage point above internal service inflation factors provided by the City Economist, along with an explanation of the cost drivers.
- A total Citywide budget for each rate should be included. This will help to identify those rates that are increasing rapidly that also have a large dollar impact on bureaus.

Requests for projects or services that would necessitate an increase in the aggregate rate budget beyond the constraint must be directed to be developed by a Commissioner. If a bureau wishes to purchase a greater level of service at the established rate, they may do so via negotiation with the internal service partner.

Additionally, customer bureau budgetary requests directed by Council are likely to impact internal services, and internal service providers should work with customer

bureaus to ensure that changes to internal services are also captured in their development of relevant packages.

**Utility Funds:** the Bureau of Environmental Services and Portland Water Bureau are expected to each propose a budget that: (1) aligns with the prior years' combined forecasted rate increase; (2) prioritizes outreach about the bureaus' new financial assistance programs; (3) ensures that appropriate resources are dedicated to work on strategic business plans; (4) continues to increase investment in equity and inclusion; (5) and prioritizes rate stability in long-term financial planning.

**All Other Funds:** bureaus with any other type of resource - including grants and intergovernmental revenues, service charges and fee revenues, and miscellaneous revenues – should produce a budget that is in alignment with the prior years' forecast for the requested budget year. If there are changes or updates to the prior forecast, the bureau should explicitly highlight changes in resources and expenditures, and describe how those changes were allocated or managed, in the bureau's financial planning documents and program offer narratives.

As noted above, bureaus reliant on resources that are prone to economic fluctuations should be wary of committing significant new ongoing requirements, particularly in the form of new ongoing personnel.

### ***Directions to Develop***

The third component of budget process change is the shift to Council-directed decision packages. Historically, bureaus could submit as many decision packages as they deemed necessary. Beginning in FY 2019-20, all decision packages must be requested and explicitly authorized by a member of Council. The Direction to Develop process is intended to highlight the highest priority areas for Council's focus, increase the predictability of the budget process, and maximize the value of limited bureau staff time.

Following budget priority work sessions in the fall, commissioners-in-charge will issue Directions to Develop around priority issues. Bureau managers should be in communication with their commissioner-in-charge to ensure they are apprised of bureau priorities, and understand any substantial changes in bureau base budgets that occur as a result of constraint-setting.

The Direction to Develop template is designed to be filled out by Commissioners and their staff, while bureaus respond to the issuance with decision packages. The template is [available on the CBO website](#); more detail on how bureaus should input decision packages in response to Directions to Develop is [available below](#). CBO will open up a Decision Package form for each Direction to Develop received by bureaus. If bureaus received a Direction to Develop after the submission of Requested Budgets, they should contact their CBO analyst for access to forms.

### **Budget Process Change Crosswalk**

<p><b>Budget Guidance “Targets”</b></p>	<p>Budget Guidance released in <b>November</b>, including Current Appropriation Levels and any reduction targets.</p>	<p><b>Bureau Constraints</b> which represent bureau Current appropriation levels released in <b>September</b>. CAL may <u>include</u> increases or reductions – i.e. the 1% efficiency reduction directed during FY 2018-19 budget adoption.</p>
<p><b>Budget Guidance Priority Areas</b></p>	<p>Budget Guidance released in <b>November</b>, including Mayor’s priority areas directing bureau proposals to focus on certain areas or contain certain information</p>	<p>Council will hold <b>work sessions in October to discuss priorities</b>. Bureaus will be <b>directed to develop</b> packages by Commissioners around identified priority areas.</p>
<p><b>Requested Changes to Budget Allocation Levels (Decision Packages)</b></p>	<p>Bureaus submit as <b>many decision packages</b> as they like, but should align packages with Mayor’s budget guidance.</p>	<p><b>Bureaus will not submit requests</b> for increases or decreases to their CAL <u>unless</u> they have been directed to do so by a member of Council. Bureaus may <b>re-allocate resources internally without creating a decision package as part of their program offer base budget</b>. Notable changes to services should be noted in program narratives.</p>
<p><b>Budget Presentation &amp; Narrative</b></p>	<p>Bureaus required to provide narrative on: bureau-wide strategies and goals; <b>programs at the 4 character functional area</b>; capital plans, programs and projects; specific funds and financial plans; and <b>decision packages</b>.</p>	<p>Most requirements are the same, except: bureaus will provide program information at the <b>6 character functional area level</b> (i.e. what are currently published as ‘sub-programs’ in bureau budgets. Bureaus <b>will not provide decision package information</b> unless directed to do so. This will facilitate a more comprehensive discussion of bureau activities and a focus on service levels rather than on marginal investment change.</p>
<p><b>Spring Work Sessions</b></p>	<p>Each bureau speaks to Council for 10-60 minutes about key issues and decision package impact.</p>	<p>The focus of the conversations will be driven by the Mayor/Council and will likely focus on overall desired service levels and outcomes. Format TBD.</p>

## **FY 2019-20 Requested Budget Submittal**

Requested Budgets are due to the Budget Office on **February 4<sup>th</sup>, 2019**. Any submittals received after the due date will be reported to the Mayor and the Commissioner-in-Charge. Timely delivery is necessary to ensure that the Budget Office has sufficient time to perform the internal tasks necessary to meet deadlines in support of the Council decision-making process.

### ***Components of the Requested Budget Submittal***

The following documents are required in the Requested Budget submittal. Please submit the documents in the order in which they appear in the list.

1. Cover page
2. Cover letter signed by the Commissioner in Charge
3. Budget Advisory Committee Report (a minority report may also be included)
4. PatternStream documents, including:
  - a. Organization chart
  - b. Narrative Overview (see the Budget Document Submission section for additional details), including Bureau Mission, Overview, Strategic Direction, Major Issues, and Capital Program information.
  - c. Fund summaries
  - d. Capital project details
5. Program Offers (BFM Program Offer report)
6. Bureau performance measure report (PM1 - Performance Measure report)
7. Direction to Develop(s) issued by Council (PDF of all Direction to Develop requests issued by Council)
8. Decision Package(s) resulting from Council-issued Direction) to Develop (if applicable) (BFM Decision Package Summary report)
9. Five-year financial plan (if applicable). Select funds may also be submitted as a PDF outside of the budget system. See the five-year financial plan section for more info.
10. Fee Study (if applicable)
11. Budget Equity Assessment Tool (also submit copy to Office of Equity & Human Rights)
12. Percent for Art Eligibility Forms (submit electronically to OMF's City Arts Manager David Huff [David.Huff@Portlandoregon.gov](mailto:David.Huff@Portlandoregon.gov))

CBO analysts will review the submission for completeness upon receipt. Bureaus will be required to provide any missing documents immediately after an incomplete submittal is identified.

### ***Distributing the Requested Budget***

Bureaus are responsible for distributing nine paper copies and one electronic PDF copy as follows:

- 3 paper copies to the Mayor's Office
- 1 paper copy to each of the Commissioner's Offices (4 total)
- 1 paper copy to the Auditor
- 1 paper copy to the Audit Services Division of the Auditor's Office
- 1 electronic copy to your CBO analyst

Submit a combined PDF of the entire request except for the Percent for Art eligibility forms which should be a separate electronic submission to OMF (David.Huff@portlandoregon.gov).

All Requested Budget documents will be posted on the CBO website shortly after submittal.

**Requested Budget Process Calendar**

December	7	<ul style="list-style-type: none"> <li>• BFM go-live</li> <li>• Preliminary OMF IAs loaded by CBO</li> <li>• CBO loads paycheck data in BFM and BRASS</li> <li>• 1<sup>st</sup> deadline for functional area change form submission (to see changes by December 14<sup>th</sup>)</li> </ul>
	14	<ul style="list-style-type: none"> <li>• New class/comp data loaded into BFM</li> </ul>
January	3	<ul style="list-style-type: none"> <li>• Final upload of position and personnel cost data from SAP to PCF (based on December 26th payroll)</li> </ul>
	4	<ul style="list-style-type: none"> <li>• 2<sup>nd</sup> deadline for functional area change form submission (to see changes reflected by January 11<sup>th</sup>). Changes after this date cannot be accommodated in Requested Budget</li> </ul>
	18	<ul style="list-style-type: none"> <li>• All Requested Budget interagency agreements completed and balanced</li> </ul>
	21	<ul style="list-style-type: none"> <li>• Deadline for requesting the creation of new performance measures (reflected in BFM no later than Jan. 28)</li> </ul>
February	4	<ul style="list-style-type: none"> <li>• Bureaus and Prosper Portland submit Requested Budget to CBO</li> </ul>
	4	<ul style="list-style-type: none"> <li>• Special Appropriation requests for General Fund support due</li> </ul>
March	5	<ul style="list-style-type: none"> <li>• CBO analysis on Requested Budgets distributed to Council</li> </ul>
	12-30	<ul style="list-style-type: none"> <li>• Council budget work sessions</li> </ul>

The dates for the release of the Proposed, Approved, and Adopted Budgets have not yet been confirmed by Council but are expected to follow a timeline comparable to last year.



### **Budget Assumptions**

The table below summarizes many of the key financial assumptions City bureaus should use in developing their budget calculations. This information is available under the “Economics” tile on the BFM homepage. Five-year estimates are also distributed by the Budget Office to bureaus developing Five-Year Financial Plans.

Data	FY 2019-20
<b>Inflation Assumptions</b>	
Expected CPI-W for COLA (wage and salary)	4.00%
Health and dental increase *	4.00%
Labor drift increase	0.50%
External materials and services increase	3.60%
Internal materials and services increase	3.00%
Interest Rate Forecast (from <a href="#">Treasury</a> )	2.45%
<b>Benefits Assumptions</b>	
PERS - Tiers 1 & 2**	27.86%
OPSRP - General Service payroll**	21.53%
OPSRP - Police & Fire sworn payroll**	29.16%
Social Security - up to estimated \$128,700	6.20%
Medicare	1.45%
TriMet	0.7687%

\* Per City Economist. For the General Fund, the FY 2018-19 increase will be budgeted in the General Fund Compensation Set-Aside. Non-General Fund bureaus should budget FY 2018-19 health and dental increases in their fund’s compensation set-aside contingency.

\*\* Includes employer pickup

Interest Rate Assumptions: the Treasury Division distributes interest rate forecasts annually (in the fall) or upon request. Requests should be sent to the *Treasury All* email group address.

**Section 2**

**The Budget Development Process**

## **Budget Development Process**

### ***Requested Budget***

Each bureau is responsible for development of its budget. Bureaus may use different processes and tools during the internal development phase of their budgets prior to preparing the submittals that are required by the Budget Office. As in prior years, bureaus are directed to include a Budget Advisory Committee (BAC) in their budget development process. Please see the “Public Involvement in the Budget Process” section and [this memo](#) outlining the changes for further details on how this year’s process differs from prior years.

The bureaus, in concert with the City Budget Office, are responsible for producing a technically balanced budget and the documents that present the budget. This effort involves significant data input into BFM and the PatternStream document publishing system.

Bureaus perform the following tasks for any budget version:

- Ensure that the requested budget properly address the City Budget Office’s guidance, the bureau’s position, and Council priorities and direction
- Using position management data in PCF, ensure that bureau position information is consistent with Citywide position management data maintained by the Bureau of Human Resources
- Ensure the interagency agreements and cash transfers are balanced (with the exception of decision packages during the Requested Budget phase)
- Enter the budget figures and performance measures in BFM
- Ensure that resources and requirements in BFM are balanced
- Enter the appropriate budget narrative in PatternStream and BFM
- Ensure that certain accounting maintenance is performed as necessary (e.g. all master data is in SAP and up to date)

Please refer to the detailed technical checklists for BFM and PatternStream entries located at the end of this manual.

### **Requests for Budget Notes**

Although it is not common practice, bureaus may request budget notes as part of their Requested Budget. The request should be included in the Requested Budget cover memo. The City Budget Office will make recommendations on budget notes as part of reviews. The Mayor and other commissioners have the authority to add a budget note during the Proposed, Approved, or Adopted budgets, and the City Budget Office adds these notes when directed to do so by City Council. Council votes to include and then approve the budget notes during the Proposed, Approved, and Adopted phases of the budget.

## ***City Budget Office Review of Requested Budgets***

Upon receipt of a bureau's Requested Budget, the Budget Office staff confirms that submitted materials are complete, accurate, and comply with budget guidance. If there are oversights, the CBO analyst contacts the bureau for the missing information. When all materials have been provided by the bureau, CBO staff analyze the Requested Budget by considering a variety of budget and policy issues, including:

- Overall financial sustainability, including financial performance and trends
- Program performance trends and impact on program goals
- Changes to Council-authorized positions
- Changes in resources and expenditures
- Council priorities and direction
- Compliance with Comprehensive Financial Management Policies

Based on the analysis of bureaus' Requested Budgets, CBO prepares budget analysis reports for the Mayor and Commissioners. These analyses summarize the Requested Budgets of the bureaus and highlight issues that may be of particular concern to Council, the bureau, or the City Budget Office. The reports serve as a basis for discussion of the bureaus' budgets during budget work sessions. Budget analyses typically include the following:

- A financial summary of the bureau's resources and requirements for the previous year, current year, and the budget year under development
- Summary discussion of major issues and performance trends
- Other budget issues, such as information on how the budget responds to Council priorities and strategic issues
- Analysis and recommendations on any bureau decision packages
- Analysis of the bureaus Capital Improvement and Financial Plans

## ***Mayor's Proposed Budget***

Acting as the Chair of the Budget Committee, the Mayor is responsible for overseeing the preparation of the Proposed Budget for presentation to the City Council sitting as the Budget Committee. The Proposed Budget is the culmination of an extensive process of budget development, analysis, and revision. The end product is a published budget document that reflects the Mayor's priorities for all City bureaus.

Bureaus' Tasks for the Proposed Budget:

- Bureau staff may need to edit their performance measures in BFM to align with the decisions in the Mayor's Proposed Budget.
- Bureaus should also balance all interagencies and cash transfers, and may make technical adjustments in decision package forms with prior approval from their CBO analyst.

- Fleet Service Request: Bureaus are required to submit a [Fleet Service Request \(FSR\) form](#) for any decision package involving a new vehicle included in the Proposed Budget.

### **The Budget Office's Tasks for the Proposed Budget**

During the Proposed Budget process, CBO assists the Mayor in information gathering, analysis, decision support, and General Fund balancing.

Once the Mayor's decisions for the Proposed Budget are made, CBO conveys these decisions to the bureaus via "Bureau Fact Sheets." These fact sheets, along with financial tables from PatternStream, are merged to construct the Proposed Budget document.

### ***Approved Budget***

In accordance with Local Budget Law, the City Council is convened as the Budget Committee during the Approved Budget process. The Budget Committee meets to accomplish four actions:

- Receive the budget message and budget document
- Hear and consider public testimony
- Review and approve a balanced budget
- Approve the rate for property taxes

The Budget Officer may provide a copy of the Proposed Budget to each member of the Budget Committee at any time prior to the first Budget Committee meeting as advertised in the notice. The budget is a public record at this point.

At the first Budget Committee meeting, the Mayor delivers the budget message. This message explains the Proposed Budget and significant changes in the City's financial position. At this first meeting, the Budget Committee may provide members of the public the opportunity to ask questions about or comment on the budget. If public comment is not scheduled at this meeting, the Budget Committee must provide the public with the opportunity at one or more subsequent meetings. Announcements advertising the Notice of Budget Committee Meeting are printed in local newspapers prior to the meeting. The timing and frequency of the public notices are governed by Local Budget Law.

After the initial meeting, the Budget Committee may meet as many times as needed to revise and complete the budget. If two or more meetings are held to take comment from the public, the first meeting to do so must meet Local Budget Law publication requirements. Notice of other meetings of the Budget Committee must be provided as required by Oregon public meeting law. All meetings are open to the public.

## **Bureaus' Tasks for the Approved Budget**

- Bureau staff may need to edit their performance measures in BFM to align with the decisions in the Approved Budget.
- Bureaus should also balance all interagencies and cash transfers, and may make technical adjustments in decision package forms with prior approval from their CBO analyst.
- A description and dollar amount of each adjustment must be submitted to the Budget Office for inclusion in the documents that are submitted to the Budget Committee.

## **The Budget Office's Tasks for the Approved Budget**

- CBO prepares a memo with attachments (aka 'Change Memo') for the Budget Committee that identifies all changes from the Mayor's Proposed Budget to the Approved Budget.
- The City Council, sitting as the Budget Committee, reviews the changes and votes on the Approved Budget. Once the change memo is approved by the Budget Committee, the Budget Office submits the change memo to the Tax Supervising and Conservation Commission (TSCC).

## ***Tax Supervising and Conservation Commission Hearing***

As required by Local Budget Law, TSCC works with the City Budget Office and City Council to schedule and hold a public hearing to review the City's Approved Budget. The TSCC is an advisory commission whose members are appointed by the Governor. TSCC is responsible for reviewing, holding hearings, and producing a report on the budgets for every legal jurisdiction in Multnomah County. The outcome of this hearing is a letter certifying that the budget is in compliance with Local Budget Law. The letter may contain recommendations and/or objections. The City, through the City Budget Office, is responsible for addressing any objections or recommendations prior to final adoption of the budget by City Council in late June.

## ***Adopted Budget***

Local Budget Law requires that Council adopt a budget (i.e. appropriate funds) and approve the tax levies no later than June 30. Local Budget Law also prohibits changes between the Approved and Adopted Budgets that would result in a fund's expenditures growing by more than 10%. Changes normally include technical adjustments and carryover amendments.

Council adopts the budget at a regular Council session. CBO prepares a set of resolutions and ordinances to formally adopt the budget, make appropriations, levy and categorize property taxes, and elect to accept state revenue sharing funds. After considering relevant testimony, the City Council may modify the budget and then adopt the budget.

The final step in the budget cycle is to file the budget and certify any necessary property tax levy to the county assessors. Since the City of Portland is physically located in Multnomah, Clackamas, and Washington counties, the budget is filed with the assessor of each county.

### **Bureaus' Tasks for the Adopted Budget**

- Bureaus need to revise their budget narrative to align with the decisions and financial data that make up the City's Adopted Budget. Bureaus are asked to limit their narrative sections to the recommended length or discuss exceptions with their CBO analyst. Narratives that exceed the recommended lengths may be edited for concision without bureau input. Please remember that the narratives have not been updated since the Requested Budget and should be updated to reflect decisions made in the Adopted Budget.
- Bureau staff may need to edit their performance measures in BFM to align with the decisions in the Adopted Budget.
- Bureaus should also balance all interagencies and cash transfers, and may make technical adjustments in decision package forms with prior approval from their CBO analyst.
- A description and dollar amount of each adjustment must be submitted to the Budget Office for inclusion in the change memo.

### **The Budget Office's Tasks for the Adopted Budget**

- CBO prepares for City Council the budget adoption ordinances and a cover memo with attachments that identify all changes to the Approved Budget as proposed by the Mayor.
- CBO reviews changes to bureau budget narrative.
- Upon adoption, CBO provides the Adopted Budget data file to Accounting to be uploaded to SAP for the new fiscal year.
- Produces the Adopted Budget document.

### ***Public Involvement in the Budget Process***

The City of Portland engages in a proactive community outreach effort as part of the budget process. Each year, bureaus are required to include a public involvement component in developing their Requested Budgets. In addition, a panel of Community Budget Advisors is appointed to work with Council on reviewing Requested Budgets, public budget forums are held around the city, and budget hearings are held as prescribed by Local Budget Law before budget approval and adoption. The City Budget Office [website includes information about how and when the public can be involved in the budget process.](#)

## Public Testimony on the Budget

The City hosts several opportunities for the community to provide testimony each year:

- **Community budget forums:** Budget forums provide an opportunity for members of the community to discuss services and priorities with the elected officials. This information provides Council with additional context as they move through the decision-making process. These forums may be scheduled prior to presentation of the Mayor's Proposed Budget but are always scheduled prior to Budget Committee approval of a budget. The forums are held in the community, in the evenings and on weekends to increase attendance. Locations for the community budget forums are rotated around the city to ensure that neighborhoods in all geographic areas in Portland are visited.
- **Budget Committee public hearing:** This hearing takes place in the evening or on the weekend, and provides an opportunity for community members to testify formally on the Proposed Budget, prior to the Budget Committee's vote on the Approved Budget. The hearing typically takes place in Council Chambers.
- **Utility rate hearing:** Public testimony is taken at a regular Council meeting when utility rates are brought forward for adoption.
- **Budget Committee action to approve the City budget:** Public testimony is taken at the final meeting of the Budget Committee when the budget is approved.
- **Tax Supervising and Conservation Commission public hearing:** This is a legally required hearing held by the Tax Supervising and Conservation Commission prior to the Council vote on the Adopted Budget.
- **Council action to adopt the City budget:** Council adopts the budget at a regular Council meeting where public testimony is also accepted.
- **Council action to amend the City budget:** Supplemental budgets are brought before City Council several times per year. Testimony is accepted.

## Bureau Budget Advisory Committees

Each bureau is also required to have a budget advisory committee consisting of bureau staff, labor representation, and community members. In September 2012, the City's Public Involvement Advisory Council (PIAC) developed goals and guidelines for Budget Advisory Committees (BACs) which were approved by Council as binding City policy. A summary of the goals follows:

- Accessible and meaningful engagement opportunities, especially for those communities which have historically been underrepresented
- Early community education and engagement
- Recruitment of diverse membership and orientation of new BAC members
- Adequate time and opportunities for deliberation and community feedback
- Community involvement in the evaluation of BAC processes
- Development of budget decisions that better reflect community priorities



There are some important changes to the FY 2019-20 budget development process that will impact BACs, but these changes do not alter the goals noted above. In general, the transition to Program Offers shifts the focus of BAC discussion and feedback to **desired service levels** and **performance outcomes of bureau activities** rather than focusing on the merits of marginal dollar value changes. CBO has provided [additional guidance for bureau staff](#) to help support their BACs through the process changes, which can be found [here](#). Additionally, the Office of Community and Civic Life is revisiting and providing additional guidance around requirements for City Advisory Boards and Commissions. Resources and details can be found on their website [here](#).

Please note that both the CBO and Civic Life documents are saved on the internal city website; you will need to be logged into your City account to view the files.

## ***Budgeting in Portland***

### **Budgeting and Financial Forecasting**

The City budgets on an annual basis, but conducts financial planning over a five-year timeframe. This is done to ensure that decisions are made within a larger financial perspective. Annual budget decisions, particularly in the General Fund, are made such that resources and requirements balance in the fifth year of financial plan.

### **Local Budget Law**

Most local governments in Oregon, from the smallest special district to the largest city, must prepare and adopt an annual or biennial budget. Schools, counties, cities, ports, rural fire protection districts, water districts, and special districts are all subject to the same budget provisions under Oregon Revised Statutes Chapter 294.

Oregon law does two important things:

1. It establishes standard procedures for preparing, presenting, and administering a budget.
2. It requires community involvement in the preparation of a budget and public disclosure before a budget's formal adoption.

### **Compliance with City Financial Policies and Other Planning Documents**

The City has many policies that interact with and provide direction in making budgetary decisions. The City's [Comprehensive Financial Management Policies](#) govern the budget process and our financial planning and reporting procedures, and also outline important rules regarding the use of revenues, establishment of reserve funds, appropriate cost allocation, and other financial management issues. All City bureaus should be familiar with and adhere to the Citywide financial and planning policies, the [Portland Plan](#), [fund statements of purpose](#), and the bureau's strategic plans, when producing the Requested Budget. Many of these policies can be found on the [Portland Policy Documents](#) website.

## **Budget Officer and Budget Committee**

To give the public ample opportunity to participate in the budgeting process, Local Budget Law requires that a budget officer be appointed and a budget committee be formed. Under the direction of the Mayor, the budget officer draws together necessary information and prepares the first draft of the budget. The budget committee then reviews and revises the proposed budget before it is formally adopted. For the City of Portland, the director of the City Budget Office acts as the Budget Officer, and the Budget Committee consists of the members of the City Council.

Notices are published, budgets are made available for public review, and opportunities for public comment are provided during at least two points in the process. These requirements encourage public participation in the budget decision-making process and give public exposure to budgeted programs and fiscal policies prior to adoption.

## **Overview of Budget Format**

An annual budget is a financial plan containing estimates of expenditures and revenues for a single fiscal year. For Portland, the fiscal year runs from July 1 through June 30. In addition to outlining programs for the coming year, the budget controls the local government's spending authority. Since the budgeting process encourages community input, the budget is also a vehicle for eliciting public opinion about proposed programs and fiscal policies.

All budgets must meet certain minimum requirements. Under Local Budget Law, expenditures should be broken down by fund, organizational unit or program, and object classification. Resources and requirements must show in parallel columns for:

- Actual expenditures and revenues for two years preceding the current year
- Budgeted expenditures and revenues for the current year
- Estimated expenditures and revenues for the coming fiscal year in three columns: Proposed, Approved (fund level only), and Adopted

The City of Portland publishes its Adopted Budget in multiple volumes, which are discussed below. All versions of the City's budget organize the information by the following service areas: Public Safety; Parks, Recreation, & Culture; Public Utilities; Community Development; Transportation & Parking; Elected Officials; and City Support Services.

## **Budget Monitoring and Amendments**

Changes after budget adoption are completed through the budget monitoring process (BMP) and the over-expenditure ordinance. These processes provide Council the opportunity to change the budget several times per year. The procedures for determining which of these processes is appropriate for particular budget adjustments or increases is included in the [BMP Manual](#).

**Section 3**

**Technical Instructions**

## Building Your Budget in BFM

This manual provides a general overview of how to budget in BFM, the City’s new budgeting software. CBO provided in-person trainings on how to use the new system in late November 2018. Online trainings are available for you to access at any time on [uPerform](#). CBO will continue to add to this library, and we welcome feedback on what additional trainings would be useful for end users.

To help ease the transition, we have recreated the old BRASS reports, spreadsheet views, and advance spreadsheet views as reports in BFM. We even kept the same naming conventions! You are encouraged to contact your CBO analyst for additional technical assistance or with procedural questions.

### **Data Uploaded from SAP**

All master data – funds, fund centers, functional areas, funded programs, grants, and commitment items – originates in SAP and are uploaded to BFM. You will need to make any changes to these master data elements in SAP before they will be reflected in BFM.

In FY 2019-20, we understand that bureaus may want to make changes to their budget structure – particularly functional areas – in the transition to program offers. We anticipate that this will be a multi-year process, and do not expect bureaus to make dramatic changes in FY 2019-20. Please see our guide on [“Using functional areas in the FY 2019-29 process”](#) for additional information.

CBO will upload master data from SAP into BFM on December 14<sup>th</sup> and January 11<sup>th</sup>. The table below describes deadlines to ensure that changes are reflected in those uploads.

To have changes reflected in BFM by <b>December 14</b>	To have changes reflected in BFM by <b>January 11</b>	<b>Steps for Requesting New Functional Areas</b>
Now until December 7	Now until January 4	<p>Bureaus assess their long-term, comprehensive needs for how bureaus</p> <p>Bureaus and CBO analysts identify their expected changes</p> <p>Bureau complete request form for new functional area. <b>CBO signs for prior to submission</b></p>

		Bureaus submit forms to “Inbox, SAP Maintenance” (inboxSAPM@portlandoregon.gov)
December 10 to 13	January 7 to 10	Accounting and EBS teams create new functional area in SAP
December 14	January 11	CBO uploads new master data into BFM  Bureaus can now use the new functional area in building their base budget and in creating program offer narrative content
December 14 through the end of fiscal year	January 11 through the end of the fiscal year	Bureaus should take steps to ensure that actual costs map to the correct functional areas

**Note:** BFM will be updated with the newest payroll information on January 3<sup>rd</sup>; there will not be any additional updates through the end of the budget process.

***Current Appropriation Level (CAL) Targets***

The City Budget Office determines CAL targets for all bureaus and services that receive General Fund discretionary and overhead resources. The targets are based on a calculation beginning with the previous year’s Adopted Budget plus necessary inflation and other Council directed adjustments.

- Inflation factors (see budget assumptions section above) are determined by the City Economist.
- Each bureau will receive its full share of COLA from the previous year in its CAL target for the budget year, regardless of the amount of COLA received in the previous year’s spring BMP. The CAL target only covers the proportion of COLA that is funded with General Fund discretionary and overhead resources. COLA for the budget year is included in the Compensation Set-Aside (see cost of living adjustments section below).

- CAL targets also allow an average percentage increase in the personnel services budgets to deal with step increases. This increase is called a drift factor. The drift factor accounts for the impact of step increases as well as the savings from labor turnover; new employees are usually paid at a lower rate than departing employees.
- The historical average drift has been about 0.5% per year. There are two limitations on that average figure.
  - It applies most accurately to bureaus with large numbers of employees.
  - For any given small bureau or work group, there may be a disproportionate percentage of employees receiving step increases, and the actual drift may be higher than 0.5%.

**Please note:** [per City policy](#), non-represented employees are eligible for an annual merit pay increase based on performance of up to 4.1% or to the top of the range for their classification, whichever is less. Under the [new class comp structure](#), the ranges for each classification are much larger than in the past. This means that some employees who are currently at top-of-range may now be eligible for further pay increases. However, no additional resources have been allocated to bureaus to accommodate the uptick in non-represented employees eligible for merit increases. The expectation is that bureaus will continue to manage all merit increases within existing resources. The Bureau of Human Resources will be providing more information and tools regarding employee performance management.

### ***Starting Point (Base) Budget***

BFM is populated with personnel services data derived from the City HR system (SAP), OMF interagency agreements, and General Fund discretionary and overhead targets.

**Personnel services:** Costs for existing positions (full-time, part-time, and limited term) and benefits are estimated by BFM's PCF module. This information is based on payroll data from the SAP Human Capital Management module. The PCF data will include information about positions, current employees, and vacant positions.

However, due to the classification/compensation changes implemented by BHR in December 2018, there are some dates and instructions specific to FY 2019-20 budget development.

CBO will upload the final paycheck of the calendar year into BFM on January 3<sup>rd</sup>, 2019. While there is live personnel data in BFM before this time, the data will likely change because of the new non-represented classification structure and compensation changes.

**Any future changes related to classification made in BFM prior to this will be overwritten with the January 3, 2019 load.** Allocations will be protected. After this, CBO will not upload any further paycheck data to ensure that bureaus are able to build and make changes to the allocation in time to submit their requested budgets.

PCF makes the following base budget assumptions:

- A normal progression of step increases for represented positions (where applicable);
- Due to new City policy, there is no assumed 4.1% merit increase for non-represented employees;
- No step increases are assumed for represented vacant positions, which cost out at Step 1 of the range, and non-rep vacant positions are projected at mid-range;
- As with filled positions, expected cost of living adjustments and health benefit increases are not included in PCF costs.

**OMF internal materials and services:** Initial cost estimates for interagency service agreements for services provided by OMF internal service providers will be loaded from files provided by OMF. This information is based on current inventory or service levels, and rates for the new fiscal year. Data for the following OMF internal service providers will be preloaded into bureaus' starting point budgets:

- Bureau of Technology Services
- CityFleet
- Debt Management
- Facilities
- Printing and Distribution
- Risk Management (Workers' Compensation / Insurance & Claims)

**General Fund discretionary and overhead revenues:** CBO will preload all General Fund discretionary and overhead revenues into a single fund center in each bureau. Bureaus are responsible for reallocating these revenues (if they wish) to various fund centers, functional areas, projects, etc. Please remember to reduce the discretionary and overhead amounts in the preloaded fund center if you reallocate these resources.

Note: In FY 2019-20, bureaus may want to start thinking about how revenues should be allocated to align with Program Offers. Currently, it is not required that functional areas balance by revenues and expenditures, and this will continue to be the case in FY 2019-20. However, bureaus should anticipate starting in FY 2020-21 to produce balanced Program Offers, which would require that revenues and expenditures balance at the 6 character functional area level.

### ***How to Make Changes within the Base Budget***

With the transition to BFM and Program Offers, there are several changes from prior years:

- Bureaus now can make changes within their base budget allocation using the technical adjustment form. This includes reallocating resources between fund centers, functional areas, and major object categories, including creating new positions. Bureaus should note any significant changes to a program's base budget within the "Changes to Services" section within the Program Offer narrative.
- Each bureau has one single technical adjustment for their entire base budget.

- Changes to existing employee allocations and assumptions should be made through the PCF module (Employee Maintenance).

The sum of a bureau's starting point budget, PCF adjustments, technical adjustments, and decision packages resulting from a Direction to Develop becomes a bureau's Requested Budget. You can view a summary level of each of these changes in the Budget Tracking report, which replicates the previous Budget Tracking spreadsheet view from BRASS.

### ***Making Personnel and Staffing Changes***

PCF contains position data from the SAP Human Capital Management module. Prior to budget development, bureaus should confirm that the data in the SAP Human Capital Management module is correct. If data is not correct, bureaus must work with the Bureau of Human Resources (BHR) to correct the data. Refer to Important Events and Dates for the deadline to submit maintenance to BHR for inclusion in PCF. All data from SAP is loaded into PCF, and then a Citywide snapshot is run to "freeze" and calculate all positions and position costs at that point in time. This becomes the base personnel services budget for each bureau. PCF projects personal services on a pay-period basis, as opposed to the per month basis in the old SBFS projection engine, though quality assurance testing indicates that these projection engines are within 0.5% of each other.

### **Adjusting PCF costing after the "freeze" date**

Bureaus can adjust PCF costing by altering the allocation of expenses across any of the chart of account elements, and by projecting certain types of changes that will happen to a position in the next fiscal year. The sum of the changes that a bureau makes to its initial PCF data are shown in the column PCF Results of the Budget Tracking spreadsheet view in BFM reporting. PCF changes are updated every 15 minutes, so bureaus can view the results of any changes on the overall budget by refreshing the BFM budget tracking report (and using the drill down function) or using personnel allocation reports.

Please note that recent hires may not yet have health and PERS wage types attached to their positions (health benefit start at the beginning of the first full month and PERS benefits begin after 6 months of employment). CBO can manually add these wage types after the final PCF payroll load per bureau direction, or bureaus can make generic personnel adjustments in the technical adjustment form to account for these costs. CBO can also load positions that are classified after the cutoff date once a position number is assigned. Please contact your CBO analyst to make these position changes.

As noted above, base personnel projections no longer assume a 4.1% merit increase for non-represented employees. Bureaus can, however, use the BFM Personnel report C3 – Comparison Job Class Summary – 3 projections to determine the dollar value of a 4.1% increase across non-represented positions.

**Allocating positions:** PCF will hold the "home fund center" for all positions as well as any 1018 allocations that are set up in SAP. If your bureau has utilized this SAP feature,



PCF will calculate the total budgeted costs of the position and allocate those costs to the same chart of account elements that are assigned in the 1018 distributions in SAP. Bureaus may also change the allocation of appropriation for a position's costs across additional fund centers, funds, functional areas (programs), projects, or grants using the Employee Maintenance tab in PCF. Additional instructions can be found [here](#).

Previously, when BRASS was in use, bureaus were required to delete any 1018 allocations uploaded from SAP that included an interagency funded program. With BFM, the import from SAP will force all funded programs to be zero where the commitment item is related to personal services.

**Future changes:** Bureaus can change their initial PCF data to reflect changes they expect to make during the next fiscal year, including promotions, demotions, retirements, limited term extensions or deletions, adjustments of part-time position FTE, and/or reclassifications. PCF will calculate the financial impact (costs or savings) of such changes, but it is still the responsibility of the bureau to request the changes in the City's system of record (SAP). If changes require additional funding (e.g. General Fund discretionary), then they must be requested via a decision package. Additional instructions on future changes can be found in [uPerform](#).

**Budgeting double-filled positions:** PCF will hold the position information for the original position, but not the double-fill. Bureaus can use the technical adjustment form to increase personal services appropriation if the double-fill is being funded within existing resources. If a bureau requires additional funding for the double-fill that requires Council approval (such as General Fund discretionary or a fee increase), the appropriation for the position must be requested via a Council-directed decision package. The decision package should not create an additional position on the Position tab, but rather increase personnel services expenses on the Budget tab. This is because a double-fill does not create a new position; it simply reflects the cost of a second person in the position.

**Budgeting under- and over-filled positions:** PCF will calculate the costs of the position based on the employee's salary that is filling the position, which may be higher or lower than the salary range of the budgeted position. If bureaus are anticipating under- or over-filling positions, and those employees are not currently filling the position, an adjustment can be made either in the future change tab in Employee Maintenance, or in a technical adjustment form, to account for the increased or reduced personnel services expenses.

**Creating or removing positions:** When directed by Council, bureaus include changes (creating or removing) to positions by using the Position tab in the decision package budget form in BFM. However, if bureaus are creating or deleting positions within their base program offer budget, they can do so within the Employee Maintenance section of PCF. Bureaus can use the New Position Wizard to add/delete positions funded with existing resources, or use the edit employee functionality to "inactivate" a position or adjust the end date. These changes MUST be clearly articulated in the relevant program offer narrative.

**Limited Term positions:** Bureaus also use the New Position Wizard in Employee Maintenance to add new limited term positions. This is necessary for the information to be exported to PatternStream to be included in the published budget document. Adjustments can be made to existing limited term positions in PCF by selecting the employee in Employee Maintenance and using the “Edit Employee” functionality.

### ***Cost of living adjustments (COLA)***

COLA refers to both a percentage increase in salary level and a projected increase in health benefit costs. General Fund and non-General Fund bureaus estimate and budget for COLA differently.

**General Fund bureaus:** The City Budget Office calculates and budgets COLA for General Fund discretionary backed personnel services expenses and appropriates the aggregate amount into the Compensation Set-Aside Special Appropriation. General Fund bureaus that have personnel services expenses backed by other revenue sources should enter estimates for COLA in your bureau’s technical adjustment form using the Expected CPI-W for COLA (wage and salary) and the Health & Dental Increases rates in the Budget Assumptions section. These estimates should be budgeted in a personnel services commitment item.

COLA appropriation and determination:

- The Compensation Set-Aside amount for each bureau is calculated using the FULL\_COLA snapshot in PCF. The FULL\_COLA snapshot includes cost of living adjustments and projected health benefit rates for the budget year. The difference between the FULL\_COLA snapshot and the V52\_NO\_DP snapshot is then multiplied by the percent discretionary within that bureau (total ongoing discretionary divided by total revenues from current year Adopted Budget). The result is what is included for the bureau’s Compensation Set-Aside amount for the budget year.
- As part of the Spring BMP process each year, CBO recommends what additional appropriation, if any, is needed by General Fund bureaus, to adjust for COLA. As needed, appropriation is transferred to the bureaus from the Compensation Set-Aside. Until that transfer is made, General Fund bureaus’ projected spending may be projected to exceed their personnel services budget by a small percentage.

**Non-General Fund bureaus:** Non-General Fund bureaus may enter estimates for COLA in a technical adjustment form using the Expected CPI-W for COLA (wage and salary) and the Health & Dental Increases rates in the Budget Assumptions section. COLA for non-General Fund bureaus should be budgeted in commitment item 571110 - salary adjustment contingency. Bureaus may also use the Full COLA snapshot in SBFS to assist in its projections for these costs (take the difference in the totals from the Full COLA snapshot and the V52\_NO\_DP snapshot).

## ***How to Budget Revenues and Expenses***

With the exception of entering data into decision packages resulting from a Direction to Develop, bureaus should make all other changes to revenue and expense commitment items using the technical adjustment or project forms. These entries include:

- Personnel services expenses not calculated by PCF (overtime and some premium pay)
- External materials and services
- Bureau-to-bureau interagencies and cash transfers
- Capital outlay
- Fund-level activities (debt service, contingency, ending fund balance)
- Revenues

### ***Technical Adjustment Forms***

The Technical Adjustment form in BFM is similar to the Technical Adjustment form in BRASS. In this form, you will build all base revenues and expenditures, with the exception of the following:

- Existing staff costs (automatically imported through PCF)
- Capital and operating project costs (input in the Project Form)
- Requests for allocations above base budget (input in the Decision Package form resulting from a Direction to Develop)

A single technical adjustment form has been populated for your bureau, and you will have access to this when you log in to BFM. With the exception of OMF, bureaus will only have one form to input all data. Multiple users can be in and editing the form at one time.

The form in BFM has been pre-loaded with prior and current year data. CBO also previously provided your bureau with a “template” that would allow you to construct your budget offline and import this data into BFM after go-live. Please see the [uPerform module](#) for how to edit the data using either option. Like the Technical Adjustment form in BRASS, you should enter the changes to each line to populate the FY 2019-20 Base Request.

#### **Two important things to remember:**

- **Deleting master data:** In BFM, lines with master data cannot be deleted from the form. Instead, zero out the dollar amounts if that line is no longer applicable (i.e. you do not want to have any dollar amounts budgeted in that particular fund, fund center, functional area, and commitment item).
- **Funded program codes:** In BRASS, the “funded program” field in master data was used for transfer codes, project codes, and interagency agreement codes. In BFM, project codes have their own master data field, and budget data for projects should be entered in the Project Form described below. The “funded

program” field in the Technical Adjustment form should **only** be populated with transfer codes or interagency agreement codes if applicable.

### ***How to Budget Interagency Agreements and Cash Transfers***

**Service provider:** The service provider is the agency that receives payment in exchange for services and/or goods provided.

**Service receiver:** The service receiver is the agency that buys a service and/or goods from another agency.

### **Interagency Commitment Items and Funded Programs**

Each interagency type has a specific set of commitment items and a specific funded program structure. **The providers and receivers use the same funded program for both the expense and revenue side of the transaction.** For interagency funded programs (those starting with a 3 or 7), please only assign the funded program to the commitment item lines related to the interagency (commitment items starting with a 65 or 64).

It used to be the case in BRASS that interagency agreement funded program could conflict with the funded program for individual capital or operating projects. This is no longer the case. In BFM, there is now a column to input a project code in addition to a column for the funded program. In cases where an interagency agreement supports a particular project, both the interagency agreement funded program and the project code fields should be completed.

**Bureau-to-Bureau interagencies:** use funded programs that begin with the number 7, followed by the 2 character provider code, the number 2, the 2 character receiver code, and ending with ‘0001’ (e.g. 7WA2ES0001). Bureau-to-Bureau interagencies use commitment items starting with ‘652’ on the receiver side and ‘642’ on the provider side.

**Internal Service interagencies:** use funded programs that begin with the number 3, followed by the 4 character provider code, the number 2, the 2 character receiver code, and ending with ‘01’ (e.g. 3MFTS2WA01). Internal Service interagencies use commitment items starting with ‘651’ on the receiver side and ‘641’ on the provider side. The first four characters of an internal service commitment item also identifies the provider:

6511 – CityFleet Services

6512 – Printing and Distribution Services

6513 – Facilities Services

6515 – Technology Services

6516 – Risk Management Services (Workers’ Comp / Insurance & Claims)

## **Cash Transfer Commitment Items and Funded Programs**

Cash transfers use funded programs that begin with the number 1, followed by the 4 character code for the fund transferring the cash, the number 2, and ending with the 4 character alpha code for the fund receiving the cash (e.g. 1GENF2TRAN). Cash transfers use commitment items 650010 and 640010 for General Fund Overhead transfers, and 650020 and 640020 for all other cash transfers. The '65' commitment items are used by the fund transferring the cash and the '64' commitment items are used by the fund receiving the cash.

Capital project funded programs cannot be used to balance cash transfers.

Before budgeting or expensing cash transfers to or from a bureau residing in the General Fund, please contact your CBO analyst. Cash transfers are treated differently depending on whether they transfer General Fund discretionary resources or not. Transfers out of the General Fund, if backed by discretionary, will either be sent from MFFM000004, or directly from the bureau, depending on the circumstances. Please work with your CBO analyst to determine the correct approach. If the transfer is backed by external bureau revenues, then it can be transferred directly from the bureau's fund center. Similarly, any cash transfer into the General Fund needs to be identified in advance to determine the source of the funds. Depending on the source, the cash transfer may be sent to MFFM000002 (with an equivalent increase in contingency or the bureau's discretionary resources) or it may be sent directly to the bureau's fund center.

Regardless of the source of funds, cash transfers cannot be used to carry over General Fund resources (discretionary or not) outside of the normal General Fund carryover process. In addition, cash transfers cannot be used to pre-fund projects outside of the General Fund. Bureaus should set up interagencies with the bureau providing the services and transfer funds on a reimbursement basis. If the project crosses fiscal years, any remaining funds at the end of the year will fall to General Fund balance or can be requested as General Fund carryover in the Spring BMP.

## **Changing interagency and cash transfer agreements in BFM**

Interagencies and cash transfers can be adjusted via technical adjustment forms in BFM. Communication between the service providers and receivers concerning the funded programs and commitment items used, and the amount of the agreement, is essential. Both service receivers and providers should monitor changes to interagencies and cash transfers using BFM Interagencies reports (i.e. IA- Internal Service Agreement and Cash Transfers reports). Information on internal service rates and charges can be found in "links" dropdown menu in BFM, on [OMF's website](#), or by contacting OMF-Business Operations.

## **Balancing interagency and cash transfer agreements**

All base budget interagencies and cash transfers should be balanced by the deadlines stated in the Important Events and Dates section above. If the partner and receiver bureaus are unable to come to agreement on the amount of the interagency or transfer,

CBO will remove both sides of the transaction from BFM. To check your base budget interagencies, run the BFM IA- Internal Service Agreement report. In some cases, decision packages will increase or decrease interagency amounts on the provider or receiver side. These adjustments are not required to be in balance until the Proposed Budget. However, please flag this for your CBO analyst prior to submission.

### ***Project Forms***

The Project Form is very similar to the infrastructure form in BRASS. This form should be used to budget all revenues and expenditures related to capital and operating projects, with the exception of any costs associated with decision packages resulting from a Direction to Develop.

During stakeholder engagement, CBO realized that there is significant room for improvement in the way the City budgets projects. Many of the needed changes will require bureaus and the City to change processes and/or input information differently into the budget system. Acknowledging that bureaus are already adapting to significant change during FY 2019-20 budget development, CBO worked with its software vendor to develop a two-phased solution in BFM.

- **During FY 2019-20**, bureaus will budget five years of project budget data through bulk data imports (i.e. multiple projects can be budgeted in a single form), project information stored in SAP will be automatically pulled into BFM, and bureaus will be expected to provide the same type of information as in prior years with BRASS.
- **In FY 2020-21**, CBO will work with stakeholders to consider revisions of the required project identifying fields in SAP, and bureaus will be required to import data for each project in a separate, project-specific form.

### ***How to Budget Capital Projects***

The City of Portland's five-year Capital Improvement Plan (CIP) budget implements the City's policy of preserving its current physical assets and planning for future capital investments. The CIP budget provides details on City projects which support and enhance the delivery of basic services and infrastructure improvements. These projects reflect the bureaus' prioritization of capital replacement and enhancement projects, estimates of project costs, and identification of funding sources.

The CIP is designed to recognize the balance between the City's capital requirements and its ability to fund such requirements. It includes both short-term capital financial planning for the upcoming budget cycle and long-term capital financial planning encompassing a five-year horizon. The capital budget addresses:

- Expansion of economic activity and development
- Maintenance of existing infrastructure
- Response to community needs for capital services

### **Providing Project Information**

Similar to in BRASS – but unlike most other forms in BFM – you will be providing project qualitative information in a separate location from the budget data. This is an interim solution for *only* FY 2019-20 development as it facilitates bulk budget data uploads, which replicates the current process and facilitates bureau form work before December Go Live. Bureaus should note that in FY 2020-21 and beyond, bureaus will be required to input qualitative and quantitative information by project in individual project forms.

All expenses and revenues related to projects are entered in the project form. **This form is largely the same as the capital form in BRASS with two exceptions:**

- Project and Funded Program are now two distinct columns so that bureaus can track expenses related to interagency agreements in a more detailed manner
- Out-year operations and maintenance costs that were previously entered in Info Edit in BRASS are now entered on the project form using the following new “fake” commitment items: 563ONG & 5631TM.

What this means is that you will NOT enter out-year O&M costs in a text box field, and you must add line items in the budget form entry, using these commitment items, to indicate out-year one-time and ongoing operations & maintenance costs. 563ONG should be used for ongoing O&M and 5631TM should be used for one-time O&M costs.

In addition to BFM entries, bureaus need to maintain accurate and timely capital project data within [www.Portlandmaps.com](http://www.Portlandmaps.com). Project updates should be completed on at least a quarterly basis. Special attention should be given to the project status and estimated completion date.

Step-by-step directions for entering required information is available in [uPerform](#) under Project Budget and Project Info. The definitions of required fields are as follows:

Attributes Tab	
Description	Populated by user in BFM. Includes the narrative used to describe the project for reporting and budget document publishing. Narrative for existing projects (used in the budget last year) should already be populated and edited for content and grammatical errors. If the project is new, the description field needs to be populated with a description of the project.

Revenue Source(s)	This was previously included as a last line of the project description. Moving forward this will be called out separately. All capital projects are required to identify the revenue source(s) in the available text box. The general public may not understand the mix of resources that bureaus use to fund projects. Some infrastructure bureaus have significant external revenues sources that drive what is included in the CIP. Identifying the revenue source(s) will help the community understand why specific projects are included in the CIP and others are excluded.
<b>Description Tab</b>	
Pub Name	Populated by user in BFM and is the name used in the budget document. Please enter a readable name that you wish to be displayed in the budget document. This field will <b>not</b> be overwritten with SAP data.
Original Cost	Includes the amount entered in the total project cost field in the first year the project was appropriated or had actuals. This amount will be frozen in the system until the project is no longer included in the CIP. The amount can only be changed by CBO.
\$ for Green	<a href="#">Populated by user in BFM. Identifies the dollar amount that is going towards green streets.</a>
CGIS Project #	This is space for bureaus to input CGIS codes at their discretion
Project Total	Populated by user in BFM. Identifies the full cost of the project, including life-to-date expenses as well as expenses expected beyond the five years captured in BFM (printed as Total Project Cost in budget document). Unlike the original project cost field, this field can and should be continually updated throughout the life of the project.
\$ for Art	<a href="#">Populated by user in BFM. Identifies the dollar amount that is going to art, per Title 5 of City Code. These amounts are included in the Budget Overview section of the budget document.</a>



<b>Groups Tab</b>	
Publish	Populated by users in BFM. All projects with budget or actuals in the current year (but not in the budget year of the five-year plan) should be set to “No”
New Project	All new projects in the CIP need to be flagged as ‘New’. The definition of a ‘New’ project is one which was not published in the previous year’s Adopted Budget CIP (printed in budget document)
Confidence	All projects that are set to publish in the CIP are required to submit a confidence level pertaining to the budget amount of the project (printed in budget document). See the confidence level table below for definitions of the levels

### **Definition of Capital**

A capital asset is a tangible or intangible asset having significant value that is used in operations and has an initial useful life that benefits more than a single CAFR reporting period. Capital assets include land, land improvements, buildings, infrastructure, leasehold improvements, equipment, software, and construction in progress. Definitions for these categories are included in the glossary at the end of this manual. Asset capitalization thresholds have been established as follows:

- Land and Buildings – none
- Improvements – \$10,000
- Infrastructure – \$10,000
- Leasehold Improvements – \$10,000
- Equipment – \$5,000
- Computer Software Developed or Obtained for Internal Use – \$5,000

### **City Assets**

The CIP will reflect the projects involving either existing City assets or projects that result in City assets. Projects that are located in the City but are not either an existing or future City asset should not be included. If there is any question as to whether a project should be included in the CIP, please contact your CBO analyst.

### **Project Threshold**

All capital projects that have a total project cost of \$500,000 or greater are required to be budgeted individually in BRASS (i.e. they must have a distinct capital project funded

program). The intent of the threshold is to break up project ‘roll-ups’ that currently group projects into single large expenditures that are not easily understood by the public. Significant individual projects need to have distinct descriptions and budgets to allow for a more informative budget document. Bureaus that already budget at a lower threshold should maintain their current level of budgeting. An exemption is given to “ongoing” or “programmatic” projects as defined by the bureaus and approved by CBO.

**Confidence Level Reporting**

Confidence levels are captured in BFM (see above) and displayed in the capital project detail pages of the Requested and Adopted Budget documents. Confidence levels are defined as follows, per [ADM 1.13](#):

<u>Confidence Level</u>	<u>Definition</u>
Complete	Final payment made Post project assessment completed Total project costs reported
Optimal	Project scope clearly understood & well defined Clear understanding of materials, size & quantities needed for job Schedule & site conditions understood Project estimate unlikely to change (generally at 90% design) Total project contingencies range between 10% to 15%
High	Project scope nearly complete but still subject to change (70% to 90% design) Materials, size & quantities defined but subject to minor changes Schedule understood Total project contingencies may range between 20% to 30%
Moderate	Project scope defined but lacks details Project specifications incomplete (60% to 70% design)

	Total project contingencies may range between 30% to 40%
Low	<p>Project scope is a conceptual “vision” with limited detail</p> <p>Project cost is an educated estimate - limited technical information available</p> <p>Specifications still in infancy stage (less than 50% design)</p> <p>Total project contingencies may range up to or exceed 50%</p>

**Percent for Art Eligibility Form**

[Percent for Art eligibility forms](#) for each capital project will be submitted at the same time as a bureau’s Requested Budget submission, but they will no longer be sent to CBO. OMF now has a City Arts Manager, David Huff. Bureaus should email Percent for Art Eligibility Forms to David.Huff@portlandoregon.gov. The forms still are available on the CBO website, and will be reviewed by the City Arts Manager for accuracy and then forwarded to the Regional Arts and Culture Council (RACC).

**How to Allocate Internal Bureau Overhead**

**A note for FY 2018-19:** the treatment of *indirect* administrative costs poses a challenge in program offer budgeting. Due to past practice and specific circumstances, there are likely to be inconsistencies in how bureaus budget administrative costs. It is expected that it will take several budget cycles to reach consistency in how these costs are budgeted.

In deciding how and where to allocate an indirect/administrative cost to a program, bureaus should consider these questions whether allocating this administrative cost be useful in understanding both (1) what type of resources support the program and (2) how much resource is necessary for service provision. For full recommended details, please refer to the Budgeting [Administrative Costs in Program Offers](#) guidance on CBO’s website.

With the implementation of SAP, multiple cost allocation commitment items were created to allow bureaus to move overhead costs around within their bureau at a more generic level. For example, a bureau may want to allocate expenses related to the Director’s Office across all programs. Allocation commitment items allow the bureau to capture the total costs (personnel services, materials & services, etc.) of the Director’s Office in one fund center, but also allocate the costs using debit and credit entries in an allocation commitment item. The example below moves the costs in the Director’s Office to Customer Services using the bureau overhead account.

	Director's Office	Customer Services
Personnel Services (511100)	\$30,000	\$0
External M&S (549000)	\$10,000	\$0
Bureau Overhead (601020)	(\$40,000)	\$40,000
<hr/>		
Total	\$0	\$40,000

Bureaus are free to allocate costs using any of the commitment items below:

601XXX – Overhead Allocations (rolls up to internal M&S)

610XXX and 619XXX – Labor Allocations (rolls up to personnel services)

620XXX – Equipment Allocations (rolls up to internal M&S)

629XXX – Bureau Services Allocations (rolls up to internal M&S)

Bureaus should note that, because these accounts roll up to Internal Materials & Services, allocating costs within the bureau and across funds, fund centers or programs, there are situations when the total for internal materials and services will show negative for that cost object.

### ***How to Budget Grants***

The Grants Fund serves as the central fund for all federal, state, and private financial assistance received by the City, including grants, contracts, and cooperative agreements. The City also receives funds from two federal entitlement programs, HOME and the Community Development Block Grant (CDBG), which are budgeted in separate funds. All grant revenues and expenses are tracked in the Grant Funds (sub-funds) or these entitlement grant funds. Grant match is budgeted in the bureaus operating fund, not in the Grants Fund.

According to Local Budget Law, a grant should be budgeted if the award can be reasonably estimated prior to approval of the budget. City practice requires receipt of a letter indicating the grant will be awarded, or an actual grant award and acceptance by Council, prior to inclusion in the bureau's budget.

Typically grants are awarded to the City in the middle of the fiscal year. When the City receives a grant award mid-year, the bureau will complete an ordinance to accept the grant and amend the current year budget. There is a directive in the ordinance that

breaks down the cost objects for budgeting. After the ordinance is passed by Council, the Grants Office will input the budget in SAP. If a grant crosses multiple fiscal years, the Grants Management Division will work with the bureau to decide on the amount of funding to be budgeted in the current fiscal year.

Bureaus should determine if they have active grants that will carry forward into the new fiscal year. The information can be obtained by contacting the Grants Management Division and requesting a list of grants and balances or by running the Business Objects Available Grant Funds Report. The Available Grant Funds Report will provide the current balance remaining on the grant and bureaus should project the expense for the remainder of the fiscal year and budget the balance remaining. All grants that cross fiscal years should be included in the Adopted Budget.

New in BFM, there is a dedicated “Sponsored Program” master data field that should be populated for each budget line that includes a grant cost. This information is required by the Grants Management Division; please contact the GMD or your bureau grant analyst(s) if you need any assistance in obtaining the correct Sponsored Program code or have questions about the Sponsored Program master data in SAP.

### **Grant Definitions**

**Intergovernmental grant:** Generic term that means financial assistance received from either state or federal sources. The definition of “Federal Financial Assistance” taken from the Code of Federal Regulations as follows:

*Federal Financial Assistance means assistance that non-Federal entities receive or administer in the form of grants, cooperative agreements, non-cash contributions or donations of property (including donated surplus property), direct appropriations, food commodities and other financial assistance. Federal financial assistance also includes assistance that non-Federal entities receive or administer in the form of loans, loan guarantees, interest subsidies and insurance.*

**Grant Award:** The amount of financial assistance received from outside sources. Some grants require that grant funds be matched proportionately by non-grant funds or that the grantee participate in the cost of the project. For example, a bureau enters into a grant agreement to refurbish a community park and will receive a \$100,000 federal grant to do so, but it must provide a 1:1 or 50% match. Therefore, the bureau would need to spend a total of \$200,000 to receive reimbursement from the grantor agency of \$100,000.

- **Cash match:** The term “cash match” is used to denote any match requirement that involves cash outlay, e.g., the City pays the program manager’s salary and benefits, and any materials and services required to accomplish the project. In this case, money is changing hands in that the City is paying for these expenditures.

- **In-kind:** The term “in-kind” is used for third-party non-cash contributions, e.g., donated telephones, office space, volunteer time that is not reimbursed or any situation where no money changes hands. As a rule of thumb, if an actual cash outlay is required (e.g., the City pays salary and materials and services) the match is not considered in-kind.

**Direct reimbursement:** The amount of financial assistance that the City expects to receive to cover direct project costs.

**Federal indirect reimbursement:** The amount of financial assistance that the City expects to receive to cover non-program related centralized services. The City Budget Office develops a Federal Indirect Cost Allocation Plan each year that determines the percentage rate each bureau may charge for indirect on federally assisted grants, contracts, or other agreements with parties external to the bureau (including other bureaus as part of an interagency arrangement).

In January, the City Budget Office will provide bureaus with their base rates. These rates reflect the base amounts, as categorized by functional areas within SAP, in addition to General Fund overhead costs. Bureaus will be asked to review these rates and complete a worksheet for all adjustments.

CBO will prepare an indirect cost rate proposal on behalf of the City. However, a formal, federal review of a bureaus indirect rates will only be conducted if a bureau receives over \$35 million in federal grant awards, per Title 2 of the Code of Federal Regulations Part 200 (2 CFR 200). If this threshold is not exceeded, the City will not submit the proposal for review, but rather, retain the proper documentation in case it is ever requested.

CBO will continue to coordinate the process and prepare the documentation for the rate proposal; however, bureaus are now asked to complete the certification form, which indicates that the indirect rates were developed according to the federal guidelines. This form should be signed by your bureau’s finance manager or bureau director.

Please contact Jess Eden with any questions.

### ***How to Use Decision Packages***

Unlike in prior years, decision packages will only be used as needed based on a Direction to Develop from Council. CBO will create the decision package in BFM and provide access to the relevant bureau(s)<sup>1</sup>. Decision packages are distinct from Program Offers at the Requested Budget stage; CBO will work with bureaus to update Program Offers for the Adopted Budget as needed based on Council funding decisions.

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<sup>1</sup> Please note - this conflicts with instructions in the uPerform Decision Package training materials, which were developed earlier. CBO will create decision packages for bureaus once a Direction to Develop has been issued by a Commissioner. Bureaus are not able to create new decision packages.

## ***Decision Package entry in BFM***

Detailed directions for how to complete a decision package in BFM is available on [uPerform](#). Unlike in BRASS, there is only one form with different tabs that will be completed for each decision package.

### **Header Tab**

*You will be asked to:*

- Provide a description of the package based on the Direction to Develop.
- Articulate the expected service impacts of the package;
- Analyze the equity impacts of the package; and
- Indicate whether or not this package represents a new activity.

Please address the following as applicable:

***Problem statement:*** What is the problem being addressed? What is the “business case” for addressing this problem?

***Explanation of costs & service delivery:*** Please describe the service delivery model, including organizational structures, FTE, budget information, and performance measures.

***Impact:*** What are the expected results/outcomes of the request? Please refer to impact on performance measures and KPMs as appropriate, as well as identify equity implications: which populations will be impacted, in what ways, and how will you know? (For more detailed questions, please see the [FY 2019-20 Budget Equity Tool.](#))

***Assumptions:*** What are the assumptions and estimates used in describing the expected results/outcomes?

***Measuring outcomes:*** Does the bureau(s) have a system in place to track and report on the expected results?

***Alternatives:*** What other solutions and funding models were considered? What are the consequences if funding is not approved? Would the bureau(s) prioritize funding for this work within existing resources?

***Regional perspective:*** If this is a new project/program, has this been implemented by other local or regional agencies? What were the results?

### **Position Wizard**

The Position Wizard will walk you through the process of adding new positions. Please review the [uPerform tutorial](#) for a step-by-step guide.

## Decision Package Ranking

In the past, bureaus prioritized and ranked their decision packages. The decision package forms have this functionality, but it is not being utilized by bureaus because all decision packages should be a result of a Council-issued Direction to Develop. Bureaus should input “N/A” as the decision package ranking or leave it blank. This functionality may be utilized in the future.

## Budget Tab

Similar to BRASS, you will enter budget data lines in the budget tab in BFM. The tab includes the option to identify one-time, ongoing, and estimated out-year costs for each budget line. Key changes include:

- When adding new master data elements, you can search either by code or by name to find the correct items.
- Budget lines with the same master data – the same fund, fund center, functional area, funded program, project code, and grant – will sum together when saving even if you add lines separately.
- BFM has a reference table for functional areas that are part of the overhead model. When budgeting in the General Fund, the table will automatically apply the overhead commitment item when you hit the “calc” button.

## Attachments Tab

New in BFM: you can now upload attachments to accompany decision packages! This is a great way to proactively share additional data, charts, images, or other background documents. Please note that this should *not* be used as a substitute for the narrative provided on the Header tab, but only to provide supplemental information. These attachments are not printable. Bureaus should note that any information included in the Attachments tab will not publish in the requested or adopted budgets; this function should be used to archive relevant information and share information with your CBO analyst.

## ***How to Request Funding from Capital Set-Aside***

The General Fund capital set-aside process for FY 2019-20 budget development will build upon the current, validated list of projects, [here](#).

Bureaus that wish to request funds from the capital set-aside as part of the budget process should complete the following steps:

1. Submit [self-scoring and evaluation sheets](#) with budget submissions on February 4, 2019;
2. Complete a decision package form for each request that is pre-titled by CBO under the naming convention “Bureau Name Capital Set Aside Request”, e.g. TR Capital Set Aside Request.



Bureaus with a large number of projects may wish to group requests or want more than one decision packages to request capital set aside funding. Please contact **Ryan Kinsella (x3-6960)** to request these exceptions. Bureaus do not need to fill out the self-scoring form for projects on the existing list that are unchanged. A decision package in the requested budget is still necessary, however. **A direction to develop is not necessary to request capital set-aside resources; however, bureaus are encouraged to receive the support of their Commissioner-in-Charge's for all requests.** Please refer to the [Capital Set Aside manual](#) for full instructions on the process.

### ***How to Request a New Vehicle or Equipment***

A decision package involving a new vehicle or equipment requires a [Fleet Service Request \(FSR\) form](#). The FSR provides the project description, anticipated capital expense, and operating costs for fuel, repairs, and replacement. Adding vehicles will have IA impacts for ongoing operating expenses, notably in the fuel and vehicle replacement contribution accounts.

Cost estimates for fuel, repairs, and replacement can be obtained by contacting CityFleet or OMF-Business Operations. Bureaus are required to submit the FSR form as part of the Proposed Budget; adjustments will be reflected in the Adopted Budget.

### **Program Offers**

A program offer will be a short (2-3 page) document that will be generated in the budget system. It will include 'program description' narrative information, as described in this guide, and tables for program performance measures and budget information. The system will generate 'program offer' reports with both the qualitative and quantitative information, and bureaus will submit these reports as part of their requested budgets. **While program offers will be submitted as a budget document, bureau leadership and finance managers are encouraged to work with program managers and staff as they develop program descriptions.**

### ***Preparing Program Offer Descriptions***

Generally, a program is a series of activities intended to achieve a goal or service objective. A program may be supported by multiple organizational units to achieve this goal. From the budgetary perspective, a program will be defined at the 6-character functional area – or the 'subprogram' level.

For the FY 2019-20 process, CBO encourages bureaus to fix those functional areas which overtly misrepresent the program budget. Over the next few years, bureaus are encouraged to chart a comprehensive plan for their functional area needs in consultation with their CBO analysts. The goal is that functional areas are accurately used to describe how resources are budgeted to achieve program service outcomes and goals. CBO and the Mayor's Office recognize the effort required and that it may take several years to incorporate these changes and improvements.

A program offer should provide Council and the public with an explanation of what we do as government by concisely summarizing key program information. Program offers should contextualize the many decisions that go into building bureau budgets and clearly address the following questions:

- What are the goals of each individual program?
- How are specific activities, and the program, structured to accomplish those goals? Why is this work important?
- What are the levels of service the public should expect to see given the bureau's allocated resources towards that program?
- What are the resources allocated to that effort?
- How are communities differently impacted by programs?

Detailed below are directions and prompts that are intended to help bureaus address and craft each section of the program offer description narrative. To keep the program offer reports succinct and focused, only a paragraph or two is needed for each section.

Bureaus are required to complete program offers for all budgeted sub-programs (6 character functional area level). Use the Program Description form in BFM to enter program offer narrative. Technical instructions can be found in uPerform; below is additional guidance for development of program offer narratives.

### **Section One: Program Description and Goals**

Bureaus should use this section to describe the key goals of a program, using performance measures and other data to quantify the effectiveness. Highlighting performance trends and key outcomes is recommended. Questions to consider when drafting this narrative include:

- What are the key performance trends of the program? Have results changed from previous years? How do results compare to strategic targets?
- What data indicates that this program is successful?

### **Section Two: Explanation of Services**

This section should explain why this program exists and why it is important, focusing specifically on how resources and activities are used to achieve program goals:

- **Defining the context.** Bureaus should begin by describing the need for a program. Which problem exists that demands a City of Portland service? Why is this particular service in demand from Portlanders and customers?
- **Description of activities.** This section should explain how the program activities are intended create positive impact or address an identified issue or problem. Why is this program best suited to address this need? What are the direct results of program activities? How much work is required for these results?
- **Program results.** This section should explain how program results (or "outputs") impact the intended audience. In what ways is the intended audience better off as a result of the program activities? How much better off is the intended

audience (relative to if the program did not exist)? Why are the outcomes important?

- **Community engagement.** In what ways are community members, particularly people from communities of color and people with disabilities, involved in determining the bullet points above? Have any changes been made as a result?

### Section Three: Equity Impacts

Bureaus should use this section to describe how programs benefit and/or burden communities, specifically communities of color and persons with disabilities. Moreover, bureaus should use this subsection to clarify how resources could be reallocated within the base budget in order to achieve more equitable outcomes. Bureaus will provide detailed, bureau-wide analysis as part of the Budget Equity Tool; this section is intended to provide information specific to each program offer to help facilitate Citywide reporting of equity impacts. Considerations may include:

- **Equity in service levels and outcomes.** Does the bureau track disaggregated quantitative data or collect qualitative information about how communities of color and people with disabilities access and experience services?
- **Accommodations.** As applicable, please note how this program will meet the requirements of ADA (Americans with Disabilities Act) Title II and Civil Rights Title VI?
- **Impact of changes.** If there are changes noted in the section below, how/do these changes (positively or negatively) impact the community? Is this impact different (positively or negatively) for communities of color or people with disabilities?

*Note: this is the 5<sup>th</sup> text box in BFM, but will populate in a different order on the program offer report.*

### Section Three: Changes to Program

Bureaus should use this section to describe how a program is being impacted due to changes in external factors, the environment, and increases or decreases in resources/staffing.

- **Changes due to external factors.** How have the external factors or environment in which the program operates changed since the prior year? How has the demand for program services changed?
- **Changes to resources.** How has the reallocation of bureau resources to the program changed as compared to prior years? If this program has been impacted by the 1% constraint requirement or as a result of other significant internal reallocations, this section should describe the change in resources, the reasoning for this change, and the expected impact.
- **Changes to organizational structure.** In what ways has organizational structure or activities of the program changed over the past year? What are staff doing differently to achieve their goals?

**Section Four: Program Budget**

This section should describe the program budget and key fiscal constraints according to the following areas:

- **Resources:** Within the ‘Program Budget’ section, this ‘Resources’ subsection should describe the primary resources that support the program (e.g. General Fund discretionary, user fees, interagency revenues), the sustainability of the resources, and prior year/forecasted trends in the resources. If this program receives funding from rates or user fees, how does the current/proposed structure impact different populations’ abilities to access services?
- **Expenses:** This subsection should describe the primary expenses of the program, including which types of expenses are fixed, predicable, and necessary as compared to expenses where there is greater discretion. Bureaus should identify the greatest expenses and those expenses which are most critical to delivering program services.
- **Staffing:** This subsection should briefly describe how many staff members are associated with program and the general role of these staff members. This section should also briefly discuss staffing trends. How has staffing changed over the past five years? What are the forecasted staffing needs?
- **Assets and Liabilities:** This subsection should identify the key assets that are owned and/or operated by program, the current condition of the assets, and a summary of the financial plan for repair, renewal and replacement.

***Program Offer Length Guidance***

Program Offers are intended to be concise and highly readable documents. Bureaus have requested word limit guidance for each section of the program offer narrative; please use the guidelines below:

<b>Program Offer Section</b>	<b>Word Count</b>	<b>Character Count (no spaces)</b>	<b>Character Count (with spaces)</b>
Program Description & Goals	<100	478	575
Explanation of Services	<350	1851	2191
Changes to Program	<150	805	951

Program Budget*	<200	1091	1286
Equity Impacts	<150	805	951
Program Information	n/a	n/a	n/a

\*This averages to 322 characters per section (Resources, Expenses, Staffing, Assets & Liabilities).

### ***Using Performance Measures to Describe Programs***

In addition to the program descriptions discussed above, program offers will also include a table of annual performance measure data.

A primary focus of the program offers is communicating the quantifiable outcomes to Council and the public via performance measures. For the FY 2019-20 process, bureaus should first associate existing performance measures to their programs. The budget system offers the flexibility to associate performance data with budgeted resources, in that a single performance measure can be associated with more than one program.

Because measures can be shared between programs and between bureaus in system, there are likely existing performance measures that describe program results, especially “outcome” type measures. However, it may be necessary to create new measures or refine current measures for some programs, especially “output” measures that describe specific program activities.

Over the long-term, the goal is that each program should be associated with multiple measures, including at least one outcome measure and one output or efficiency measure. Achieving this level of performance measurement may take several years, and require additional planning and consultation from program staff and your CBO analyst. For the FY 2019-20 budget, CBO recommends the following guidelines.

The City Budget Office has a variety of resources to support measure changes or creation, including the [Citywide Performance Management Manual](#) in addition to your CBO analyst who is ready and willing to assist. Bureaus that wish to create, archive, or modify their performance measures should contact their CBO analyst.

### ***Adding Program Descriptions into BFM***

While BFM reporting will facilitate the division of each bureau’s budget data at the 6-character functional area level, bureaus will use the Program Description form to manually enter required qualitative data related to that 6-character functional area ‘program.’ This form only contains text and check boxes; no budget data is entered into this form. All budget data for programs will be entered into a technical adjustment form. The Program Offer report will sum budget data at the 6-character level and use this data to populate the budget table.

Log into BFM and open the Project Description form under ‘Budget Formulation.’ No forms will be pre-created for you; bureaus must create one form for each of the 6-character Functional Area codes used in the requested budget. To create a form, click on the “Add New” button.

### ***Creating a Program Offer Form***

Log into BFM and open the Project Description form under ‘Budget Formulation.’ No forms will be pre-created for you; bureaus must create one form for each of the 6-character Functional Area codes used in the requested budget.

- To create a form, click on the “Add New” button.
- A pop-up window will appear with 10-character functional area codes. While the system was not able to roll the selection window up to the 6-character code, you will notice that – even though you will be selecting a 10-character FA code – only one 10-character option exists to select for each 6-character roll-up. In other words, you should select the 10-character code that corresponds with the 6-character sub-program code you have included in your requested budget. Even though you are selecting one specific 10-character code, the BFM report will know to pull **all** 10-character FA codes associated with that 6-character level. There is a quick search function you can use if you prefer that to scrolling through the list.
- Bureaus will need to provide a name for your form by manually typing into the “Name” field. Bureaus should enter in their two-character business area, followed by the name of the relevant 6-character Functional Area code. It should be noted that this “name” field is for internal purposes only – the name will show up as the form title in your Project Description form homepage but will not be included in the requested budget submission. The Program Offer report that BFM will generate will use the 6-character Functional Area code as the “Program” title. Once you have completed these required fields, select “save.” The form will now appear in your bureau Program Description form homepage.

### ***Adding Narrative to the Program Description***

The “header” in the Project Description form is where you will input your narrative information related to a 6-character functional area program. Select the “header” button on the relevant form and the edit screen will pop up. The window that appears will have three different tabs in which bureaus will provide narrative and qualitative info: Header, Program Budget, and Service Outcomes. (A fourth “Attachments” tab will allow bureaus to upload relevant program documents that can be shared with other bureau finance staff and CBO analysts; however, uploaded documents will be solely for internal purposes and will not be published as part of the requested or adopted budgets.) Each tab will have text boxes that require completion; bureau’s may choose to copy and paste their entries from Microsoft Word.

## ***Tying Related Performance Measures to Your Programs***

In addition to narrative information, bureaus are required to identify performance measures that are impacted by their 6-character functional area code “programs.” This is done by selecting the “Service Outcomes” tab, then selecting “Measure Assignments” button.

- A pop-up window will appear for Measure Assignments. Select the “Add New” button. Click on the magnifying glass next to the Measure field. From here, you can select any performance measure throughout the City to tie to your program. You may use the “Quick search” field to find the measure you are looking for by bureau code, number, or keyword(s) in the measure name.
- Once you select the measure, click on the ‘save’ button. The measure will appear in the Measure Assignments window. You can remove measures from being assigned to that program area either by selecting the “delete” button next to a particular measure you want to remove, or selecting the “Remove All” button to remove all measures you have identified.

Because one measure may be impacted by more than one 6-character functional area, it is possible to connect one measure to many programs. This can be done by simply ‘assigning’ that measure to each relevant program description form. Notably, this process simply denotes a relationship between the measure and a program area, but does **not** affect the performance measure data. The Program Offer report will include the aggregate data for a performance measure tied to that program, even if multiple programs contribute to a measures’ data. If a measure is impacted by multiple programs, it is incumbent upon the bureau to explain how the 6-character functional area program impacts the measure in the text box field provided in the “Service Outcomes” tab.

## **Financial Planning**

New this year, with the implementation of BFM, most bureaus must complete their five-year financial plans in the Financial Planning form in the budget system. The following funds are exempted from the requirement to complete the budget system form due to their complexity: Development Services Fund, Fire & Police Disability & Retirement Fund, Hydroelectric Power Operating Fund, Parking Facilities Fund, Sewer System Operating Fund, Transportation Operating Fund, and Water Fund. These funds may submit their five-year plans in the same format as in previous years, and attach those plans to their budget submission as a separate document.

In the future, all bureaus and funds will be required to submit five-year plans as part of the City’s efforts to have a more comprehensive understanding of – and ability to plan for – out year risks and liabilities. However, for FY 2019-20 only bureaus and funds listed in the above link will be required to submit 5-year financial plans.

The principles and assumptions that should form the basis for the financial plans are the same as in previous years and are as follows:

- Financial plans are based on current service levels and funding sources, as well as anticipated changes to service levels and funding.
- If appropriate, the plans will identify additional resources needed to continue current service levels or identified service adjustments.
- Bureaus should use the same basic economic assumptions as the General Fund forecasts which will be distributed by CBO.
- The plan should identify other assumptions used in the forecast and the associated risks. Examples of risks can include rates, legislation and legal rulings that affect City liability, pension systems or health benefit plans, as well as regional economic trends that affect City revenues.
- Revenue estimates will be prepared on a conservative basis to minimize the possibility that economic fluctuations could jeopardize ongoing service delivery during the year.
- Expenditure estimates will anticipate needs that are reasonably predictable.
- Enterprise and special revenue fund forecasts will identify any impact on rates.
- The forecasts will discuss how standards for debt service coverage and operating reserves are established and maintained.
- Fiduciary fund forecasts will identify the impact on tax rates.

The Financial Planning form that has been created in BFM draws upon aspects of previously submitted plans and attempts to create a report that will lend a consistent look and feel to all plans, while also being flexible enough to meet bureaus' needs and current practices. There are some unique and somewhat clunky aspects of the form that bureaus should be aware of:

**Subfund entry issues.** Per financial policy, five-year financial plans are to be generated at the 3-digit fund level; the BFM report you will submit with your budget will roll all data up to this level. The form itself includes the 6-digit subfund level but will assume the subfund is '000' in order to roll up costs correctly. If you add new rows to enter data at the *subfund level* in the Financial Planning template, please enter the three-digit fund number followed by three zeros regardless of the actual subfund number. If you complete your form in excel offline and then import, you may include the correct 6-digit subfund but BFM will automatically convert all subfunds to "000" upon import.

**Account/Commitment Item Issues.** For consistency, the BFM report that will be generated from this form will aggregate all data by the major object category level of the account hierarchy. However, some bureaus prefer to complete their five-year plans at the lowest level of the account or commitment item hierarchy. As such, bureaus can opt to either input data at the account level, or input data by rolling data into a single 'dummy account' for each major object category to create the necessary report.

We will be looking for opportunities to improve this form over the next year and will welcome feedback after this process. Generally speaking, bureaus will follow these steps:



1. Export the Financial Plan Template in BFM reporting (selecting for the appropriate bureau/fund combination)
2. Build their quantitative financial plan offline using the data definitions and instructions below
3. Create a new Financial Planning form in BFM for the appropriate bureau/fund combination
4. Import the file back into BFM.

NOTE: there is not currently uPerform training for Financial Planning forms. If you need help completing the financial planning form, please contact your CBO analyst.

### ***Financial Planning data and narrative entry definitions***

**CY Estimate:** Bureaus should provide current year-end projections or estimates.

**FY 2019-20 “placeholder column”:** This is a non-editable column that automatically populates based upon the data you have entered to date for the upcoming budget year in other BFM forms. Due to the ‘subfund’ issue discussed above, this column will appear empty in the form, but data will populate when you run the BFM report. This is for reference to compare what you have loaded currently in the system with your financial plan for the budget year.

**FY2020 Plan:** Provide the financial plan data for the upcoming budget year. For most bureaus, this should match what is being proposed in that fund through budget development.

**FY2021 through FY2024 Plan Columns:** Provide financial plan data for years 2-5 of the fund’s forecast.

**Plan Total:** This is a non-editable column that provides a summary for the five-year plan total for that line.

**Assumptions:** This is an optional column for bureaus to populate with additional information regarding a particular line item if they choose.

In addition to quantitative data, the budget form specifically requests bureaus to provide qualitative information in the following areas:

**Plan Overview:** Bureaus should provide general background information on the fund as well as an overview of any key issues not detailed in the assumptions and risks fields. This should include an overview of associated revenues coming into the fund and primary expenditures and/or activities supported by the fund. Depending on the complexity of the fund, this section may comprise the majority of your Financial Plan narrative.

**Revenue Assumptions:** Bureaus should discuss the assumptions around fund revenues, including factors that may lead to changes in the revenue forecast.

**Revenue Risks to the Forecast and Confidence Level:** Bureaus should discuss any perceived risks to the forecast, and the impact and likelihood of those risks.

Examples of risks can include rates changes, regional economic trends, or policy changes that affect City revenues. There is a separate text box for the Revenue Confidence Level, where the bureau should type 'high', 'medium' or 'low' based on the volatility of the revenue forecast and the likelihood of the risks.

**Expenditure Assumptions and Confidence Level:** Bureaus should discuss the assumptions around fund expenditures, including factors that may lead to changes in the expenditures forecast. This is the area where service levels assumptions should be explicitly discussed: bureaus should articulate the service levels that are assumed in the plan, how these service levels relate to current service levels and/or changes in service level need. Bureaus should specifically describe and (where possible) quantify any projected 'funding gaps' between the projected service level need and forecasted revenues, and explain how the bureau intends to address the funding gap.

**Expenditure Risks to the Forecast and Confidence Level:** Bureaus should discuss any perceived risks to the expenditure forecast, and the impact and likelihood of those risks. Examples of risks can include legislation and legal rulings that affect City liability, pension systems or health benefit plans, as well as other expenditure-side changes. There is a separate text box for the Expenditure Confidence Level, where the bureau should type 'high', 'medium' or 'low' based on the volatility of the revenue forecast and the likelihood of the risks.

**Overall Confidence Level:** based upon the combined risks and volatility of revenues and expenditures, please select a confidence level for the financial plan as a whole using the drop-down menu.

## Performance Measures

### *Performance Measure Values Entry*

Bureaus should provide performance measure values for active measures for which they are the "data owners". These measures will primarily be those in which the measure ID includes the bureaus' 2 character code. In BFM, this data entry is completed in the Performance Measure form (form 1800) under the Budget Formulation tab. Bureaus are responsible for ensuring the accuracy of reported performance measure data.

- Under Budget Formulation >Performance Measure Form>,
- Select Bureau> "Detail">Pencil icon (to the right of the "Justification" column). This opens up columns available for entry.

Use BFM to enter performance measure values for:

1. **FY 2019-20 PM Goal:** This value represents what the bureau expects to achieve for that particular measure in the coming year, based on known resources contributing to the measure. Bureaus will enter a single performance measure

target for each performance measure that will be updated with each stage of the budget process. Note the guidelines for these stages below.

- a. **Requested Budget:** With the submission of the requested budget, this value should reflect what the bureau expects to accomplish without factoring in the effects (negative or positive) of decision packages. The values should not reflect a benchmark or industry standard, or a target that it cannot expect to reach with existing resources.
  - b. **Proposed Budget:** Measure target should be updated reflect the estimated impact of any decision packages included in the Mayor’s Proposed Budget on a performance measure. These effects may be positive or negative, and should include the impact from all decision packages combined.
  - c. **Approved Budget:** Measure target should be updated reflect the estimated impact of any decision packages included in the Adopted Budget on a performance measure.
2. **Strategic Target:** This value is expected to be relatively stable year-year and will be populated from the metadata field by CBO by December 31, 2018. However, bureaus may update this value if needed. To update, enter a single number in the same numeric form (decimal, percentage, etc.) as measure value. The strategic target represents the bureau’s long-term level of service goal for the measure, as informed by a City or bureau strategic plan or policy document.
3. **Current Year Performance Measure Actuals Reporting:** Bureaus can now report their performance measure actuals throughout the year to ensure availability of the most recent program results. Measures should be reported on according to the identified frequency for that measure. See the table below for instructions on how to report on each measure, based on frequency:

Identified Frequency	CY Reporting Expectation	Reporting process
Transactionally	Monthly	Enter data in <b>FY 2018-19 PM AP01, FY 2018-19 PM AP02, FY 2018-19 PM AP03, FY 2018-19 PM AP04, FY 2018-19 PM AP05, FY 2018-19 PM AP06.</b>
Monthly	Monthly	
Quarterly	Quarterly	Enter data for Q1 in <b>FY 2018-19 PM AP03</b> Enter data for Q2 in <b>FY 2018-19 PM AP06.</b>
Annually	Annually	Enter data for FY 2018-19 Actual in <b>FY 2018-19 AP12.</b>

4. **Justification:** This column provides an optional field to record notes about performance measure values. This field enables the bureau data owner to

communicate about measure values to CBO as well as other bureaus that may be associating the measure with their programs. Entries are saved (not overwritten) and may be retrieved by BFM users.

**NOTE:** The following columns are locked in BFM as the data was due at an earlier stage or prior budget process. If bureaus wish to update data for these or other historical data, please contact your CBO analyst:

- FY 2017-18 Performance Actuals (PY1\_Actual)
- FY 2018-19 Performance Target

To create a new performance measure, or archive an obsolete measure, contact your CBO analyst.

### ***Performance Measure Metadata***

All City performance measures are published on CBO's online bureau performance dashboard. Much of the contextual information below is published alongside measure values, in order to provide a transparent accounting of City program and service results. Bureaus are responsible for entering performance measure metadata for active measures that appear on the bureau's Form 1800 (see above) – these are the measures for which the bureau is reporting values data.

Metadata has been migrated from BRASS for all performance measures, however, bureaus should review their metadata for accuracy and complete any necessary updates prior to requested budget submission.

In BFM, metadata entry is completed in the Chart of Accounts under "Performance Measures". Navigate to the available fields by clicking through:

- Chart of Accounts>Performance Measures>Dimension
- Select "Edit" button to navigate to the tabs and metadata fields below.

#### **Attributes tab**

- **Name:** This is a "short name" used to refer to the measure in the system when a longer title is infeasible. It is not the name used for publishing purposes.
- **Measure Title:** This is the published title of the performance measure.
- **Graph Title:** For measures to be graphed in the budget document, include a brief title. The first letter of each word in the title should be capitalized except for conjunctions (e.g. and, as, if, but, for, etc.).
- **Graph Description:** Include a brief explanation (1-3 sentences) of performance outcomes achieved in relation to fiscal year and strategic targets set by the bureau, or by the City. Provide reason for apparent trends. This field is published on the [City bureau performance dashboard](#) for all measures, and is used in budget documents for graphed measures.
- **Active?:** This denotes whether or not this is an active measure.

## Groups Tab

- **Publish Measure:** Use the dropdown menu to select 'YES' to publish or 'NO' to not publish the measure in the budget document.
- **Graph Measure:** Use the dropdown menu to select 'YES' to graph or 'NO' to not graph the measure in the budget document. Bureaus are encouraged to graph their Key Performance Measures, at a minimum.
- **Desired Direction:** Indicates the desired trend for this measure. See drop down selection.
- **Reliability:** Refers to the expected accuracy and reliability of the performance data. Dropdown menu. *High accuracy* – data gathered via reliable process designed to validate or verify the information; *Medium accuracy* – somewhat dependable process designed to validate or verify the information; *Low accuracy* – data gathered without a dependable process to validate or verify the information. This designation can also be used to indicate that bureau does not have a reliable method of data quality assurance.
- **Graph Title:** For measures to be graphed in the budget document, include a brief title. The first letter of each word in the title should be capitalized except for conjunctions (e.g. and, as, if, but, for, etc.).
- **Datatype:** Select a code from the dropdown menu to indicate how data values should be formatted.
- **Primary Program:** This field indicates the bureau program or operations most closely associated with the data owner. This field previously identified a 4 character program that the performance measure was reported under in published budget documents. *Please note, this program field will not be used in BFM – performance measures are associated with programs in the program offer form.*
- **KPM:** Check the box if the measure is a KPM.
- **Frequency:** Frequency of collection, or how often are component variables collected (options include transaction, weekly, monthly, quarterly, or intermittently); frequency may vary from when data is reported.
- **Measure Type:** Performance measure types include workload, output, outcome, efficiency, and key performance measures. Select an option from the drop-down menu that best fits the indicator. Measure definitions are as follows:
  - **Workload measures** describe a quantity of work performed.
  - **Output measures** specify quantity or number of units produced. Outputs are activity-oriented, measurable, and typically controllable.
  - **Outcome measures** are qualitative consequences associated with a program or service. External forces sometimes limit managerial control of the measure. Outcome measures express “why” City services or programs exist, and can include measures of service quality.
  - **Efficiency measures** are inputs used per unit of output. They tell us “at what financial cost” were these inputs, outputs, and outcomes reached

- **Key Performance Measures (KPMs)** are indicators of bureau core service delivery that guide Council decision-making. In BFM, KPMs will become a measure sub-type in order to create a set of Citywide indicators.

### Description Tab

- **Unit of Measure:** For measures to be graphed in the budget document, enter a unit of measurement to be displayed on the Y-axis of the graph.
- **Formula:** Mathematical equation used to calculate the measure. For example, to calculate BPS on-time trash collection during scheduled hours, divide the number of times it was collected on time by the total number of times trash was collected.
- **Target Year:** Indicates the year that the bureau expects to achieve the strategic target (enter 4 digit year, e.g. 2049). To communicate achievement of the strategic target in a particular fiscal year, enter the end of that year (e.g., FY 2017-18 would be entered as 2018). Do not enter a month or date value.
- **Strategic Plan:** Cite the Citywide, bureau, or state/regional strategic plan referenced in the creation of the strategic target.
- **Collection Methodology:** Use this field to describe how data is collected for the performance measure. Include (1) data collection mechanisms (describe ways the data will be collected, survey forms, printed reports, contractor performance reports, etc.); (2) data sources (manual logs, check sheets, computer databases, surveys, spreadsheets, etc.); data collection time frame (i.e. reporting time lag); data storage location.
- **Program Mgr:** Name and email address of the person overseeing the program reflected by the measure. Reported as “Bureau data source program manager” on the bureau performance dashboard.
- **Program Mgr Email:** Email address of the City employee overseeing the bureau program or operations reflected by the measure.
- **Data Contact:** First and last name of the City employee responsible for collecting, gathering, and reporting the data for this specific measure. Reported as “Bureau data source contact” in the Performance Measure methodology appendix.
- **Data Contact Email:** Email address of the City employee responsible for collecting, gathering, and reporting the data for this specific measure.
- **URL:** Relevant URL, “for more info” to direct reader to program webpages, press releases, how to get involved/citizen engagement, annual report, budget, or simply the bureau home page.

## **Budget Document Publishing Instructions**

### ***Budget Document***

The City Budget Office oversees the extraction of BFM and PCF data, narrative micro-documents, and other related information to produce the City of Portland's Adopted Budget.

### **The budget document as a communication tool**

The intent of these instructions is to help bureaus produce clear, concise text that succinctly describes their organizations, programs, budget decisions, and financial and performance information. Collectively, the City's Adopted Budget is an enormous publication. Thus, staff preparing budget narrative should keep to the recommended micro-document lengths. In addition, adhering to the style guide aids the reader by providing a common presentation from bureau to bureau.

One tactic for clear and concise budget writing is to reduce the repetition of text within a bureau's narrative by considering their entire budget narrative while they are writing the individual micro-documents. Consider the following when writing:

- Stay focused on the purpose of each text section
- Use clear language and short, focused sentences
- Avoid the temptation to start with last year's text and add to it

### **Proposed Budget document**

Starting in FY 2015-16, the Proposed Budget document was simplified to include shortened Word documents for each bureau and various budget tables from PatternStream. Updates to micro-documents in PatternStream are not required for the Proposed Budget.

### ***Writer's Guide to the Micro-documents in PatternStream***

Micro-documents are written during the Requested stage and updated during the Adopted stage of the budget process. The micro-documents related to capital are only required for those bureaus that have at least one budgeted capital project. The table below identifies the micro-documents that are required to be updated in each of the budget phases, the format for the different sections, and the recommended page lengths. The formats are identified using the PatternStream header types listed below.

**H3 Subject:** Used for headers on program and division pages (program names and division names)

**H4 Microdoc:** Used for section titles such as bureau mission and bureau overview

**H5 Topic:** Typically referred to as sideheads

**H6 Subtopic:** Typically referred to as in-column headings

Please note that program narrative (4 character functional area) is no longer required for inclusion in PatternStream. Bureaus' program offers (6 character functional area) are input into BFM and published via the BFM program offer report. Program offers will serve as the disaggregated description of budget, staffing, and services levels in both the Requested and Adopted Budget.

### ***PatternStream Document Definitions and Lengths***

#### **PatternStream Document Checklist**

	<b>Requested</b>	<b>Proposed</b>	<b>Adopted</b>	<b>Format</b>	<b>Page Length</b>
<b>Bureau Mission</b>	X		X	H4	¼ page
<b>Bureau Overview</b>	X		X	H4	½-1 page
<b>Strategic Direction</b>	X		X	H4	½-1 page
<b>Major Issues (new, optional)</b>	X		X	H4	½-1 page
<b>Summary of Budget Decisions</b>			X	H4	No limit
Budget Notes (if applicable)			X	H5	No limit
<b>Capital Summary</b>	X		X	H4	
CIP Highlights	X		X	H5	½-1 page
Major Issues	X		X	H5	½-1 page
Changes from Prior Year	X		X	H5	½-1 page
Council Goals and Priorities	X		X	H5	½-1 page
Criteria	X		X	H5	½ page
<b>Capital Planning and Budgeting</b>	X		X	H4	
Capital Planning Process	X		X	H5	½-1 page
City Comprehensive Plan	X		X	H5	½ page
Financial Forecast Overview	X		X	H5	½-1 page
Asset Management and Replacement Plan	X		X	H5	½-1 page
Public Facilities Plan Overview (optional)	X		X	H5	½-1 page
Growth Management Issues (optional)	X		X	H5	½-1 page
<b>Capital Programs and Projects</b>	X		X	H4	
Capital Program Descriptions	X		X	H5	½-1 page
Funding Sources	X		X	H5	½-1 page
Major Projects	X		X	H5	½-1 page
Net Operating and Maintenance Costs	X		X	H5	½-1 page
<b>Division Narrative (OMF only)</b>	X		X	H3	½-1 page
<b>Funds</b>	X		X	NA	
Fund Overview	X		X	H4	½-1 page
Significant Changes from Prior Year	X		X	H4	½ page
<b>Project Detail Descriptions</b>	X		X	NA	No limit

To maintain a common style throughout the budget document, bureaus are asked to conform with the section titles, page lengths, and the style guide. The style guide is located at the end of the manual before the Glossary of Terms.

#### **Bureau Mission**



This should be the verbatim text of your bureau's adopted bureau mission statement. Brief introductory remarks are optional. (Length ¼ page).

### **Bureau Overview**

The overview describes the purpose of the bureau and the services it provides. (Length ½-1 page).

### **Strategic Direction**

This section includes narrative on specific issues facing the bureau, and goals and objectives set by bureau management. The section should also describe the bureau's overarching plan for achieving its performance goals, including allocation of resources, collection and reporting of data, analysis of results, and efforts toward operational improvement. Note the connection between key performance measures and bureau, shared, or Citywide goals. Please use a sidehead (H5 Topic) to identify each issue, goal, or objective. (Length ½-1 page).

### **Major Issues (new, optional)**

Bureaus may choose to include a Major Issues section in their bureau level summary. This section can be used to elaborate on specific issues the bureau is facing that are mentioned in the Strategic Direction section. Please use a Major Issues section title (H4) and a sidehead (H5 Topic) to discuss each major issue. (Length ½-1 page).

### **Summary of Key Budget Decisions (Adopted Budget only)**

Summarize funding and service decisions that have shaped your bureau's budget. In the Adopted Budget, this section will include a summary of Council-directed decision packages that are included in the Adopted Budget. Packages should be grouped under the side-heading "Directions to Develop", and include the relevant decision package titles as in-column headings. The narrative for each package should include a short description, funding source, dollar amount, and FTE.

If there are substantive changes in the program offer base budget, bureaus may choose to highlight these changes to funding and service levels embedded in the base program offer budget. Bureaus should use the side-heading "Base Budget Changes" and an in-column title that matches the relevant sub-program. The narrative for base budget changes should include a short description of any funding changes, staffing changes, or service level impacts.

There is no set length for this section due to variations in the number of decision packages by bureau.

**Budget Notes (if applicable):** The City Budget Office writes budget notes for bureaus, as directed by City Council. Budget notes are recorded exactly as approved by Council and may not be edited by bureau staff.

There is no set length for this section due to variations in the number of budget notes by bureau.

## Capital Summary

**CIP Highlights:** This section provides an overview by program of the bureau's most significant projects, including a description and the total cost. It should also highlight the projects that have received prior commitment. This section should be concise because there will be opportunity to provide more information on the projects in other sections. (Length ½-1 page).

**Major Issues:** This section provides an overview of the major capital issues facing the bureau during the five-year CIP timeframe. Major issues addressed here may include budgetary, legislative, service delivery, environmental, or economic issues. (Length ½-1 page).

**Changes from Prior Year:** This section provides an overview of the major changes in programs and projects between the current CIP and the one for the upcoming budget. This information should include changes in total program and project costs as well as any major scheduling changes. (Length ½-1 page).

**Council Goals and Priorities:** This section describes how the bureau's CIP addresses the Citywide and the Council-directed initiatives, goals, and objectives. (Length ½-1 page).

**Criteria:** This section provides an explanation of the methodology and criteria used by the bureau in selecting and ranking capital projects for inclusion in the CIP. In addition, the section should describe the way in which established service levels have been used in developing the CIP and if the service levels have been adopted by Council. (Length ½ page).

## Capital Planning and Budgeting

**Capital Planning Process:** Briefly state the bureau's internal process to prepare the CIP. Describe who is involved in constructing the CIP (engineers, financial staff, community members, committees), and coordination with other bureaus. (Length ½-1 page).

**Connection to Plans:** This section provides a description of how the capital programs and projects address the bureau's and the City's various adopted plans including the Portland Plan, the Climate Action Plan, the Comprehensive Plan (including Community Plans, Neighborhood Plans, and the Public Facilities Plan), the bureau's Racial Equity Action Plan, the bureau's Public Facilities Plan (if applicable), etc. (Length ½ page).

**Financial Forecast Overview:** This section provides an overview of the financial plan and the analysis used in identifying and selecting projects. Please explain the methodology used to determine the net financial impact of projects included in this submission on overall City operations. For larger programs or projects with several service delivery options, bureaus should discuss the selected program or project option using benefit/cost or other types of financial or economic analysis techniques. (Length ½-1 page).

**Asset Management and Replacement Plan:** For capital projects in this submittal, estimate the annual funding needed for a sustainable level of maintenance, and what funding sources will be available for this purpose. Describe any asset management and replacement plans the bureau has developed for these projects. If the bureau does not have such plans, provide a statement concerning what is being done to develop schedules and estimate when they will be available. (Length ½-1 page).

### **Capital Programs and Projects**

The sections below are only required for those bureaus that have five or more capital projects in their five-year CIP.

**Capital Program Descriptions:** This section describes the capital programs used by the bureau. Information should be provided concerning the goals and objectives of the program, changes in program direction, notable opportunities or challenges, and programmatic costs. (Length ½-1 page).

**Funding Sources:** This section describes the funding sources for the capital projects included in the CIP. Discussion of a bureau's ongoing and one-time resources, and any notable changes in resources, should be included here. Please state any relevant assumptions. (Length ½-1 page).

**Major Projects:** This section describes the major projects found in the CIP. Information should be given on both the status of current year projects and projects within the five-year CIP window. (Length ½-2 page).

**Net Operating and Maintenance Costs:** This section explains the methodology used to determine additional O&M costs and/or savings generated by projects included in the CIP submission. Highlight the major projects for which there are significant net O&M costs or savings. In addition, estimate future impacts on revenue sources in both operating and capital programs, with specific regard to designated income streams for supporting capital and operating costs. (Length ½-1 page).

### **Divisions (OMF Only)**

The Office of Management & Finance has micro-documents for each division section. The narrative describes the purpose of the division, the services it provides, and bureau-specific major issues. This will serve as the high-level description of services provided by individual OMF bureaus. (Length ½-1 page).

NOTE: OMF should incorporate Capital Summary, Capital Planning & Budgeting, and Capital Programs and Projects information here, in the Division level summary, rather than combined in the OMF-wide bureau summary. The rationale is that this information is more easily digestible at the Division (or OMF-bureau) level than as a combined narrative for all of OMF.

### **Fund Overview (volume 2)**

Describe the fund's purpose, including discussion of major revenue sources and expenses, and identify the managing bureau. This information should not change from year to year; therefore, bureaus rarely need to edit this section. (Length ½-1 page).

**Changes from Prior Year (volume 2)**

Discuss significant financial changes such as increases or declines in revenue, adjustments to reserves, increases or reductions in expense categories, etc. (Length ½ page).

## Other Budget Document Requirements

### *Program Offers*

Bureaus no longer need to provide program-level (i.e. 4 character functional area) budgetary and narrative information in PatternStream. With the transition to program offers, budgeted at the sub-program level (i.e. 6 character functional area), program offers developed by bureaus will be used to convey discrete budgetary, staffing, and service level information in the Adopted Budget.

Bureaus developed program offer budgets as part of the Requested Budget in BFM. Bureaus will need to update the program offer narratives in BFM to be reflective of any changes to funding and service levels that occurred during budget development. For example, any decision package funded as part of the Adopted Budget will have an impact on one or more program offers; program offer narratives will need to be updated for funding, staffing, and service level changes.

Bureaus should use the Program Offer report in BFM to publish program offer narratives to confirm them for accuracy. Updated program offers will be published in the Adopted Budget document.

### *Five-Year Financial Plan and Fee Study*

The City prepares Five-Year Financial Plans to guide City Council in adopting the City budget and to assist Council in ensuring the delivery of needed services through all types of economic cycles. A [list of the funds](#) required to submit a financial plan is located in the Comprehensive Financial Management Policies. Bureaus required to submit a Five-Year Financial Plan will submit a plan for FY 2019-20 through FY 2023-24.

In the future, all bureaus and funds will be required to submit five-year plans as part of the City's efforts to have a more comprehensive understanding of – and ability to plan for – out year risks and liabilities. However, for FY 2019-20 only bureaus and funds listed in the above link will be required to submit Five-Year Financial Plans. See the [Financial Planning section](#) for additional instructions.

### *Fee Study*

[Comprehensive Financial Management Policy 2.06](#) states that all bureaus charging fees are required to complete fee studies base on cost-of-service principles every three years. The studies should identify:

- Where appropriate, whether the existing fee structure provides full cost recovery.
- The degree to which a service provides a general benefit in addition to the private benefit provided to a specific business, property, or individual.
- The economic impact of new or expanded fees, especially in comparison with other governments within the metropolitan area.

- The true or comprehensive cost of providing a service, including the cost of fee collection and administration and other indirect cost allocations.
- The impact of imposing or increasing fees on economically at-risk populations and on businesses.
- The overall achievement of City goals.

According to the policy, charges for services that benefit specific users should recover full costs. To ensure that each service is achieving full cost recovery, the fee studies need to break down resources and requirements for each individual service.

For bureaus that are required to submit Five-Year Financial Plans, the fee study can be a component of that plan. A bureau that is not required to submit a financial plan should include the fee study as a separate document within the Requested Budget submittal.

### ***Organization Chart***

The organization chart depicts the bureau's management and program structure. Bureau organization charts will be included in the published budget document. The charts should be produced in Visio.

For a consistent appearance of City bureau organization charts in the published budget documents, each chart submittal shall contain the following as of the date of submission:

- Bureau name
- Bureau director name and title
- Division or major programs names, with subordinate program or subprogram names
- The organization chart should be formatted as follows:
- Bureau name as the organization chart title
- Director name and title enclosed in a box with shading
- Divisions or major programs enclosed in a box with shading
- Division programs or major subprograms without boxes

### ***Budget Advisory Committee Report***

Every bureau is required to submit a Budget Advisory Committee (BAC) Report with its Requested Budget submittal. The report should include a summary of the discussion and any recommendations of the committee, as well as a committee roster that includes names and community affiliation (affiliations are needed only if the committee has reserved spots for specific community groups). Although not required, two or more BAC members also have the opportunity to jointly write a minority report. If completed, the report should be included with the Requested Budget submittal along with the majority report.

### ***Budget Equity Assessment Tool***

Program Offers should be constructed using an equity lens. There is also a dedicated equity section in each program offer. In addition, bureaus will still be required to submit the [Budget Equity Assessment Tool](#) as part of their Requested Budget. As described elsewhere, this is intended to provide a more holistic, robust assessment of how equity is prioritized and addressed within bureau budgets. Please reach out to your OEHR and/or CBO analyst for assistance in completing this tool.

## Style Guide

The Budget Office adheres to the standards of *The Chicago Manual of Style*.

### Abbreviations

The general rule bureaus should follow when shortening terms to abbreviations and acronyms is to first consider the targeted reader of the information. If the reader is the public, bureaus should rely less upon abbreviations and acronyms. If the audience is internal to the City, more frequent use of abbreviations and acronyms would be appropriate. Regardless of the audience, the first instance of an abbreviation and acronym is preceded by the term spelled out, immediately followed by the acronym or abbreviation in parentheses.

Following is a list of the appropriate shortened titles to use in the budget document narrative, as well as other documents intended for the public:

<b>Full Title</b>	<b>Shortened Title</b>
Bureau of Emergency Communications	Emergency Communications
Bureau of Environmental Services	Environmental Services
Bureau of Human Resources	Human Resources
Bureau of Development Services	Development Services
Bureau of Planning & Sustainability	Planning & Sustainability
City Budget Office	CBO
Fire & Police Disability & Retirement	FPDR
Office for Community Technology	OCT
Office of Equity & Human Rights	Equity & Human Rights
Office of Government Relations	Government Relations
Office of Management & Finance	Management & Finance
Office of Community & Civic Life	Civic Life
Office of the City Attorney	City Attorney
Office of the City Auditor	Auditor's Office
Office of the Mayor	Mayor's Office
Prosper Portland	Prosper Portland
Portland Bureau of Transportation	Bureau of Transportation



Portland Children’s Levy	Children’s Levy
Portland Fire & Rescue	Fire Bureau
Portland Bureau of Emergency Management	Emergency Management
Portland Housing Bureau	Housing Bureau
Portland Parks & Recreation	Parks Bureau
Portland Police Bureau	Police Bureau
Portland Water Bureau	Water Bureau

## Capitalization

sideheads and in-columns headings	Initial caps for the first word and all significant subsequent words
major object categories	Do not capitalize major object categories (e.g. personnel services, materials and services, capital outlay)
commitment items	Do not capitalize commitment items (e.g. beginning fund balance, out-of-town travel, overtime)
position titles	Capitalize actual position titles (e.g. Senior Financial Analyst, Office Support Specialist II)
Bureau v. bureau	Capitalize when in the name of a bureau (e.g. Bureau of Transportation); do not capitalize when the word is used by itself
Central City v. central city	Capitalize when referring to the specific geographic entity and when used as a title (e.g. Funding for capital projects was greater per capita in Central City)
City v. city	Capitalize when referring to the City of Portland government; do not capitalize when referring to the Portland geographic area
Citywide v. citywide	Capitalize when meaning throughout City government but do not capitalize when meaning throughout the Portland geographic area

Division v. division	Capitalize when part of a title (Hydroelectric Division) but do not capitalize when the word is used by itself
email	not capitalized
federal	not capitalized
Fund v. fund	Capitalize when part of an official name (e.g. Sewer System Operating Fund) but do not capitalize by itself
General Fund	both words are capitalized
General Fund Capital Set-Aside	all words are capitalized
General Fund Compensation Set-Aside	all words are capitalized
General Fund discretionary	discretionary is lowercase
General Fund overhead	overhead is lowercase
Internet	capitalized
Office v. office	Only capitalize when it is part of a formal title (e.g. Office of Management & Finance)
Program v. program	Capitalize when part of a formal title (e.g. Parks Teen Program); do not capitalize otherwise
seasons of the year	Capitalize only when it is part of formal title (e.g. Fall BMP)
State v. state	same as City v. city

## Hyphenation

The general rule for hyphenation of terms is to use sparingly and only if doing so will aid readability. Use in cases when compound modifiers (adjectives) precede a noun and the hyphen will lend clarity (e.g. full-length, mass-produced). Refer to the dictionary for guidance about specific, commonly used hyphenated phrases.

interagency	not inter-agency
interfund	not inter-fund
intrafund	not intra-fund
nonprofit, nonresident	not non-profit, non-resident

online  
website  
hyphenated adjectives

not on-line  
not web-site  
Hyphenate adjectives only if both jointly modify a noun: long-term implications, for example

## Numbers

9-1-1, 4-1-1, 3-1-1

These specific phone numbers are expressed with dashes between the numbers

expressing numbers

Spell out one to ten, use digits for 11 and above

expressing thousands

When rounding dollar amounts between \$100,000 and \$1 million, they should be stated in increments of a million (e.g. \$0.1 million and not \$100,000); do not round dollar amounts in decision package narratives

expressing millions

Do not abbreviate million in narrative; \$1.2 million is correct, \$1.2m is not

fractions

Spell out fractions in narrative with a hyphen separating the two numerical elements (e.g. three-quarters)

rankings in a list

Within a narrative, spell it out (number one of twenty); in titles, use #1, #2, #3

## Other

gender neutrality

chairperson not chairman or chairwoman (same applies for spokesperson)

## Punctuation

ampersands - &

Do not use in place of 'and' in narrative except when referring to a bureau title

bulleted lists without punctuation

No punctuation is needed within lists that are a simple list of items

bulleted lists with periods

Use a period at the end of list of items that are complete sentences. A vertical list is best introduced by a complete grammatical sentence, followed by a colon.

bulleted lists with semicolons

In a vertical list that completes a sentence begun in an introductory element and that consists of phrases or sentences with internal punctuation, semicolons may be used between the items, and a period should follow the final item. Each item begins with a lowercase letter.

commas in a series

use a comma before “and”

fiscal years

FY 2011-12 is correct. FY2011-12, FY 11-12, and FY 2011/12 are not.

percentages in text

Use the % sign in narrative, such as “bureaus were directed to make 4% reductions to their budgets.” When stating numbers in percentages, they are expressed numerically.

slashes

Do not use slashes when “or” or “and” can otherwise be used (e.g. walking and biking paths should be used instead of walking/biking paths).

## **Positions**

FTE

examples of correct formatting are 2.0 FTE, 0.75 FTE, and 0.6 FTE

limited term position

not limited-term position

ongoing

not on-going

one-time

not one time or onetime or 1-time

part-time and full-time

hyphens are used

## Glossary of Terms

**Appropriation:** The legal authority to spend funds designated for a specific purpose. Appropriations are made at the intersection of business area (bureau) and fund.

**Beginning Balance:** Computed for each fund, this represents the net of actual resources less actual requirements in the previous fiscal year.

**Budget:** The financial, operating, and management plan for the City that establishes annual appropriations in accordance with State of Oregon Local Budget Law to fund the delivery of services.

**Budget Calendar:** The schedule of major events in the budget process.

**Budget Committee:** The City Council, sitting as a special committee under Local Budget Law to review and possibly modify the Mayor's Proposed Budget. The Budget Committee votes to approve a budget.

**Budget Formulation and Management (BFM):** BFM is the City's budget system.

**Budget Message:** A written explanation of the budget and the City's financial plan and priorities presented to the Budget Committee (City Council) by the Mayor, a requirement of Local Budget Law.

**Budget Monitoring Process (BMP):** A report submitted by bureaus to the Budget Office three to four times each year. It is the primary means through which the Council is informed of the status of the budget and upon which determination is made on the appropriateness of budget adjustments.

**Budget Notes:** A listing of policy or programmatic issues that the Council has determined require further study, analyses, action, or other directive.

**Budget Phase:** A period of time during which a particular part of the budget is prepared. The following are the major phases of the City's budget process:

**Requested:** The requested appropriation of a bureau as submitted to the City Budget Office and the City Council.

**Mayor's Proposed:** The Mayor's recommended budget as presented to the Budget Committee.

**Approved:** The budget as approved by the Budget Committee and subsequently reviewed and certified by the Multnomah County Tax Supervising and Conservation Commission.

**Adopted:** The budget as passed by ordinance by City Council after certification by the Multnomah County Tax Supervising and Conservation Commission. It is the Adopted Budget from which the City begins operations in the new fiscal year.

**Revised:** The budget as amended by ordinances adopted by Council throughout the fiscal year.

**Budget Reporting and Analysis Support System (BRASS):** BRASS is the City's previous budget software.

**Budget Year:** A fiscal year that has not started yet and for which a budget is being prepared.

**Budget Advisory Committee (BAC):** A committee, specific to a particular bureau, consisting of citizens appointed by the Commissioner-in-Charge to advise the bureau on its budget development, the prioritization of activities and services within bureau resources, and to make recommendations to Council.

**Bureau Expense:** A requirement of the programs or services provided by a bureau. Bureau expenses consist of personnel services, internal and external materials and services, and capital outlay.

**Bureau Goal:** A statement of purpose or policy for a bureau that describes the services provided to meet an identified community need.

**Business Area:** An organizational unit (typically a bureau or office) of financial accounting that represents a separate area of operations or responsibilities within an organization and to which value changes recorded in Financial Accounting can be allocated.

**Capital Asset:** A capital asset is a tangible or intangible asset having significant value that is used in operations and has an initial useful life that benefits more than a single CAFR reporting period. Capital assets include land, land improvements, buildings, infrastructure, leasehold improvements, equipment, and construction in progress. Asset capitalization thresholds have been established as follows:

- Land - none
- Buildings - none
- Improvements - \$10,000
- Infrastructure - \$10,000
- Leasehold Improvements - \$10,000
- Equipment - \$5,000
- Computer Software Developed or Obtained for Internal Use - \$5,000

Definitions for each of these categories are:

- "Land" means real estate held for productive use. The cost of land shall include any ancillary charges necessary to ready the land for its intended use such as draining, filling, and grading. Land is not depreciated.
- "Buildings" mean relatively permanent structures used to house persons or property. Buildings may be purchased or constructed by the City. Major components may be capitalized separately. Also classified as buildings are fixtures that are permanently attached to and made part of buildings in such a manner that removal is not possible without damage to the building.

- "Improvements" mean an addition or change to a capital asset, other than maintenance and repairs, which extends its useful life and/or improves its efficiency, capacity, or usability. Improvements to land such as retaining walls, swimming pools, or picnic facilities that have identifiable useful lives shall be capitalized as improvements. Improvements to buildings shall be capitalized as buildings and improvements to equipment as equipment. Leasehold improvements are classified separately.
- "Infrastructure" means long-lived capital assets that are normally stationary and can be preserved for a significantly greater number of years than most capital assets. Examples are bridges, roads, street lighting, water mains, and sewer systems. Land associated with infrastructure should be reported as land rather than infrastructure. Buildings may be classified as infrastructure if they represent components of an infrastructure subsystem or network.
- "Leasehold Improvement" pertains to leased property for which ownership does not transfer to the lessee at the end of the lease and includes additions or changes to prepare leased assets for initial or continued use. Ownership of such improvements reverts to the lessor upon expiration of the lease.
- "Equipment" means property with a useful life greater than one year that does not lose its identity when removed from its location and is not changed materially or expended in use. Equipment does not include the cost of internally developed software. Also, "minor equipment" means tools and equipment with a unit cost of less than \$5,000. Minor equipment is expensed at acquisition and is not capitalized.
- "Computer Software Developed or Obtained for Internal Use" means computer software with a useful life greater than one year that's purchased from a commercial vendor, internally developed, or contractor-developed to meet the City's internal needs. This does not cover proper accounting for the costs of computer software developed to be sold, leased, or otherwise marketed. Costs of projects during the application development stage shall be capitalized. Typical costs include direct materials or services contributing to the project, payroll and payroll-related costs for employees directly associated with the project, testing costs, and installation costs. Indirect general and administrative costs, training costs, data conversion costs (with the exception of data conversion costs needed to make the software operational), maintenance costs, and indirect overhead shall not be capitalized but shall be expensed as incurred. (Fin-6.09)

**Capital Budget:** The expenditures scheduled for the first year of the five-year capital improvement plan and included in the budget.

**Capital Equipment:** Machinery, vehicles, furniture, etc. with a unit cost of \$5,000 or more and an expected life of one year or more.

**Capital Improvement Plan (CIP):** A multi-year plan listing capital improvement projects, costs, and schedules for completion.

**Capital Outlay:** A major expenditure category that includes land, buildings, improvements, leasehold improvements, infrastructure, and capital equipment. See Capital Asset.

**City Budget Office (CBO):** The office responsible for developing and managing the City's budget process according to Local Budget Law, nationally recommended practices, and City policy.

**City CPI Inflation:** A standard set of inflation percentages distributed by the Budget Office during the budget process. The percentages will be based upon the Portland-Salem Consumer Price Index (CPI) for urban wage earners and clerical workers and other standard measures of inflation and are to be used by all City agencies.

**Commitment Item:** The general classification of appropriation by type of requirement or resource.

**Contingency:** A commitment item established for the purpose of meeting unanticipated requirements within a fund. Formal Council action is required for transfers from contingency to other commitment items.

**Contract:** An agreement whereby the City and an individual, legal, or political entity, agree to do certain things. If the City is to provide service(s) for reimbursement, the bureau to provide the service(s) must indicate the appropriation necessary and identify the source and amount of funds to be received in its budget request. If the City is agreeing to purchase services or a capital asset, the bureau requesting the purchase must have appropriation for the contract and identify the source of funds.

**Current Appropriation Level (CAL) Target:** This is the extrapolation of a bureau's current discretionary and overhead budget to the budget year. The CAL Target is determined by taking a bureau's current revised budget, subtracting out one-time expenses, and applying City CPI inflation factors.

**Current Revised Budget:** A bureau's level of appropriation in the current year. The current revised budget is used as the starting point to begin calculation of a bureau's CAL.

**Decision Package:** A proposed change of discrete levels of service or funding. A decision package can propose new services, reduce current services, or adjust the way services or programs are funded. A decision package is required for each change in General Fund discretionary and overhead resources from a bureau's CAL to its Requested Budget.

**Direction to Develop:** Direction issued by a member of Council to a bureau (or group of bureaus) to develop a proposal to meet desired service level or objectives. Bureaus develop Decision Packages in response to Council-issued Directions to Develop.

**Discretionary/Non-Discretionary Resources:** Discretionary resources (such as property tax revenues) may be allocated to various City services at the discretion of Council, as opposed to non-discretionary resources which, by policy or statute, support one service or activity (such as a grant, user fee, or other bureau specific revenue).



**Federal Financial Assistance:** Assistance provided by a federal agency in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriation to individuals. It includes awards received directly from federal agencies, or indirectly through other units of state and local governments.

**Financial Forecast (Plan):** A forecast of resources and requirements for a specific fund over a specific period of time. Generally, five-year forecasts are made for each of the City's major operating funds and are submitted to the Budget Office and to City Council. When approved, a fund's financial forecast becomes its financial plan and includes assumptions, risks, and discussion of variables that could affect future resources and requirements.

**Fiscal Year (FY):** The twelve-month period beginning July 1 and ending June 30 for which the annual budget of the City is adopted.

**FTE:** Full-time equivalent; the equivalent of one full-time position, including positions shared by multiple employees.

**Functional Area:** SAP term for budget program. The functional area provides information on the overall purposes or objectives for each transaction. Similar activities are grouped by functional area, based upon high-level objectives for providing major services or accomplishing regulatory responsibilities. Organizations may establish functional areas that are at a lower level than those reported in the budget document.

**Fund:** A fund is a separate and distinct fiscal/accounting object containing a complete self-balancing set of accounts used to monitor the use of the financial resources/cash of an organization, together with associated liabilities, residual equities, and related changes.

**Funded Program:** Funded programs can vary from simple activities to complex projects, and can cross fiscal years, funding sources, and organizational units. Funded programs enable you to record budget, control postings, and monitor the performance of internal projects. Funded programs provide budget visibility for capital projects, interagency billings, and cash transfers.

**Fund Expense:** Fund expenses consist of contingency, debt service, and interfund transfers.

**Funds Center:** A clearly defined area of responsibility in Funds Management. The Funds Center is an organizational unit within a Financial Management area to which budget can be assigned.

**Grants:** A generic term that means financial assistance received from either state, federal, or foundation sources.

**Interagency Agreement (IA):** An agreement for provision and receipt of services between City bureaus. The IA establishes a mutually agreed upon budget amount for

anticipated services to be provided and received. Interagency agreements are balanced using funded programs.

**Internal Services:** OMF divisions and bureaus which exist to provide services to other City bureaus. These services include: CityFleet, Printing & Distribution, Facilities Management, Risk Management (insurance and workers compensation), EBS Services, and Technology Services.

**Local Budget Law:** Oregon Revised Statutes, Chapter 294, which prescribes budgeting practices for municipalities within Oregon.

**Major Object Code:** A broad category of expenditures such as personnel services, external materials and services, internal materials and services, capital outlay, contingency, etc.

**Mission:** A statement of an organization's overall purpose.

**Objective:** A desired result of a group of related activities performed by a bureau in which the achievement satisfies part or all of a bureau goal.

**One-Time Appropriation:** Expenditures budgeted to support projects or services that will end during the time period encompassed by the current financial plan for a bureau's operating fund. After the project or service is completed, appropriation is removed and not considered part of normal operating or capital costs.

**One-Time Resources:** Resources budgeted from a funding source that will end during the time period encompassed by the current financial plan for a bureau's operating fund. One-time resources are used to support one-time appropriations.

**Ongoing Appropriation:** Expenditures budgeted to support projects or services that will continue beyond the time period encompassed by the current financial plan for a bureau's operating fund. Ongoing appropriations are supported by ongoing resources.

**Ongoing Resources:** Resources budgeted from a funding source that will continue beyond the time period encompassed by the current financial plan for a bureau's operating fund. Ongoing resources are used to support ongoing appropriations. Uncommitted ongoing resources may be used to support one-time appropriations.

**Oregon Revised Statutes (ORS):** The laws of the State of Oregon.

**Overhead:** An amount assessed at the fund level to support central administrative and other services.

**Personnel Cost Forecasting (PCF):** this is the module within BFM that manages personnel data and forecasts personnel costs. In BRASS this module was called "SBFS".

**Performance Measure:** An indicator that measures the degree of accomplishment of a City, bureau, or program-level objective. Measure types are as follows:

- **Workload measures** describe a quantity of work performed.

- **Output measures** specify quantity or number of units produced. Outputs are activity-oriented, measurable, and typically controllable.
- **Outcome measures** are qualitative consequences associated with a program or service. External forces sometimes limit managerial control of the measure. Outcome measures express “why” City services or programs exist, and can include measures of service quality.
- **Efficiency measures** are inputs used per unit of output. They tell us “at what financial cost” were these inputs, outputs, and outcomes reached
- **Key Performance Measures (KPMs)** are indicators of bureau core service delivery that guide Council decision-making. In BFM, KPMs will become a measure sub-type in order to create a set of Citywide indicators.

**Program Offer:** A set of related activities and services that is designed to achieve bureau-level goals and objectives and has a clear link to the City mission and one or more City goals. Every program should have at least one, and preferably a diverse set of associated performance measures that communicate program results. The budget for a program is displayed in the City’s budget document and is the functional unit about which City Council makes financial decisions during the budget process. Bureaus should use the appropriate 6 character functional area to define a program’s budget. A bureau’s total budget is divided across one or more program offer budgets.

**Project:** An activity or group of activities with discrete beginning and ending dates and specific accomplishments or end products. It may be operating or capital.

**Requirements:** The sum of all appropriated and unappropriated commitments in a fund. Total requirements must always equal total resources in a fund. Requirements include bureau expenses, contingencies, interfund cash transfers, debt service, and unappropriated ending fund balance.

**Reserves:** Resources set aside for unanticipated, emergency expenses, and downturns in the economy.

**Resources:** The sum of all anticipated receipts for a fund plus beginning balance. Total resources must always equal total requirements in a fund.

**Revenue:** Money received into a fund from outside the fund which, together with beginning fund balances, forms the fund resources for a given fiscal year.

**SAP:** The City’s financial and human resource software system.

**Special Appropriation:** Funds appropriated and used for special projects, programs, and membership dues that provide Citywide benefit and are not specific to any bureau’s operating budget.

**Tax Supervising & Conservation Commission (TSCC):** The state-authorized body that reviews the budgets of all government entities within Multnomah County prior to adoption by their elected officials. TSCC certifies that the budget is in compliance with Local Budget Law.

## Technical Checks

### *Tech Checks in BFM*

This is a list of technical checks that bureaus should perform before submitting Requested Budgets. Because the City is transitioning to a new budgeting software, some additional technical checks may be developed during the first year as we discover them. The reports discussed below can be found in the BFM reporting folder: Budget Development – Development Reports – Tech Checks.

#### 1. General Budget Entry Checks

- a. **General Fund commitment items should only be used with the General Fund.**  
To make sure that no entries combine General Fund Discretionary (487110, 487120) or General Fund Overhead (487210, 487220) with the wrong fund, use TC7-General Tech Check, Improper Use tab. This report will list any combinations of GF commitment items with incorrect funds. These will need to be fixed.
- b. The **General Fund offset accounts** should not be used by anyone other than the General Fund analyst. To make sure that no entries use 487100 or 487200 use TC7, GF Offset tab. This report lists any use of the commitment items and will need to be fixed.
- c. **Increases in General Fund resources should only exist in decision packages** for both General Fund and Non-General Fund Bureaus. TC8- General Fund Net has two tabs: one for the technical adjustment forms, and one for the capital projects forms. The report will list the General Fund net revenue in each form. If there is a row of data, it means that there is a change in the net General Revenue in that form and these will need to be fixed.

#### 2. Decision Packages

- a. To make sure that **Decision Packages are balanced** used TC5- DP Tech Checks. Use the DP Balancer Tab. This report will show both revenues and expenses and if they are in the ongoing versus one-time columns. The report provides a net result by column (Revenue-Expense) and if the column is not balanced, the number is shown in Red. This form shows all years.
- b. To make sure that the correct **GF revenue codes are used in the proper columns**, use the TC5- DP Tech Checks. Use the appropriate columns tab to see if 1T commitment items were used in ongoing columns *or* if ongoing commitment items were used in 1T columns.
- c. Decision packages should have unique priorities. Use the Priority Check tab to see how bureaus have prioritized the decision packages.

#### 3. Interagency agreements

- a. The primary interagency balancing report can be found under Budget Development - Interagencies. There are two reports here. The Internal Service Agreement report and the Cash Transfer Report. These show the sending and receiving side of the data. Anything “out of balance” will have the variance shown in red in the far column of the report.

- b. The other interagency tech check report (TC1) can be found under Budget Development → Tech Checks (with all the other ones)
      - i. There are three tabs: Internal IA's, Bureau to Bureau IA's, and Cash Transfers. Each of these tabs will show where data has been entered into forms with a mismatched funded program and commitment item.
- 4. **Grants-TC2 – Tech checks (Grants)**
  - a. To make sure that grants are only budgeted in grants funds use the Grants & Funds tab. This will show all the places where grants codes were used in non-grants funds. They need to be fixed.
  - b. Grants & 441100. 441100 is the revenue code for Grants and should only be used in grants funds. This tab will show all the places that 441100 is being used where it shouldn't be.
  - c. Grants & Sponsored Programs. Anytime a grant code is used, there must be a sponsored program entered into the sponsored programs field of the form. Any rows in this report are missing the sponsored program and need to be fixed by the bureau.
  - d. Grants Balancer. Grants revenue and expense should be balanced. This tab shows the net for grants that are not balanced.
- 5. **No Contingency should be budgeted in Debt Funds.** Use TC3 to show places where contingency should not be used.
- 6. **Allocation Accounts need to balance.** The TC4 shows any places that allocation accounts are unbalanced. Anything showing up in this report needs to be fixed by the bureau.
- 7. **Expenses and Revenues should be balanced** by business area and 3-digit fund
  - a. Expenses and Revenues should be balanced at the subfund level too- while this isn't required by state law it *is* best practice for expenses and revenues to be balanced by subfund. The balance by subfund report will show all imbalances at the subfund level.

### ***Submitted Budget Technical Checklist***

<b>Org Chart - PatternStream</b>
Updated chart loaded to PatternStream
Chart is accurate and fits on one page
Chart follows format outlined in Other Budget Requirements section of manual
<b>Narrative Review - PatternStream</b>
Completed sections for bureau-level Mission, Overview, Strategic Direction, Major Issues (optional)
Key Budget Decisions section is formatted per the Budget Manual
Capital bureaus have sections for Capital Summary, Capital Planning & Budgeting, and Capital Programs & Projects (see alternative submission requirements for bureaus with 5 or less projects)
<b>Summary of Bureau Budget Table - PatternStream</b>
Total Requirements = Total Resources and matches BFM
Total Sub-Programs = Total Bureau Expenditures
Lines with all zeros are suppressed
Ending balance of prior year 2 = beginning balance of prior year 1
No negative amounts in subprogram detail for budget year (may have some in actuals)
Total expenditures across sub-programs = total bureau level expenditures (BUEXP)
<b>Narrative Review - BFM</b>
Program Offers - BFM report
Program offer sections are for complete Header, Program Budget, and Service Outcomes.

A program offer exists for every sub-program (6 character functional area) that has appropriation in the budget

**Performance Measure Reporting**

Graphs have titles and explanatory narrative

The Y-axis is labeled and the number range makes sense

No missing data points

Performance measures have data in all columns (NA is acceptable) and are accurate for all years

Each performance measure is located beneath a performance measure type (workload, effective, etc.)

Performance measure data type is correct (e.g. percent measure shows as 92% not .92)

**CIP Summary (if applicable)**

Project amounts match BFM (check to BFM report C2. Projects by CIP Program)

No negative amounts for an individual project

**FTE Summary - PatternStream**

All classes have a salary range

No negative FTE or \$ amounts for a class

No 0.00 FTE with \$ amounts

Lines with all zeros for FTE and amounts should be suppressed

Total FTE (FT, PT, and LT) = Total FTE in BFM (check using PCF report C3)

**Fund Summary**

Total Requirements = Total Resources and matches BFM

Ending balance of prior year 2 = beginning balance of prior year 1
Every fund has an Overview section and Managing Agency identified
Significant changes section should exist if there are significant changes to explain, if not, delete section and title
<b>Capital Project Detail</b>
Project amounts match BFM report C2, Capital Projects by CIP program
No negative amounts for an individual project
Every project has a Total Project Cost, Original Project Cost, Geographic Area, Confidence Level, and Objective
New projects have been properly flagged as 'NEW'
Net Operating and Maintenance Costs have been populated where applicable ('0' if nothing)
Prior and Revised budget columns are populated (except for new projects)
The 5-year project total plus the Prior Years column should not exceed the total project cost field
Total project costs seem accurate given what is shown in prior years, revised budget, and 5-year plan
Every project has a project description
Every project identifies the revenue source in the last line of the project description
Every project is listed under a capital program
Projects titles are Proper Case (not all capitals)