



Cost Allocation Project

Virtual Open House

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Agenda

- 01** Background
- 02** Project Purpose
- 03** Project Overview
- 04** Timeline
- 05** Resources



Oregon Department of Revenue

- Administer Oregon tax laws
- Support partners' programs
- Central debt collection agency
- Provide services for the general public, tax professionals, cities, counties, local taxing districts, and other state agencies

Who decides where the money goes?

The Oregon Legislature

- Creates the laws
- Sets distribution rules
- Determines limits on administrative costs



What is Cost Allocation

An accounting term

Includes direct and indirect costs

What is Cost Allocation Cont.

Direct Costs

Costs to administer a program.

Indirect (Back Office Costs

Costs to support activities that are necessary to provide the direct services.

Why are we doing this project now?

- Performance audit findings
- Legislative Fiscal Office request (2023 HB 5034A)
- New programs: Corporate Activity Tax (CAT), statewide transit, marijuana, etc.

Today	Ten Years Ago
• 38 tax programs	• 25 tax programs
• 11 fee programs	• 8 fee programs
• 14 other programs	• 14 other programs
• 63 Total Revenue Streams	• 47 Total Revenue Streams

Current Cost Allocation Process

- Based on the 2023-25 Legislative Approved Budget
- Examples of costs:
 - Personal Services (e.g., salaries and other payroll expenses)
 - Services & Supplies (e.g., postage, printing, Attorney General costs, equipment)
 - Capital Outlay (e.g., systems furniture)
- Based on prior time keeping system

What this means for external partners

- Distributions may change
- Methodology updated biennially
- Limited to actual costs



MGT

Impact
Solutions,
LLC

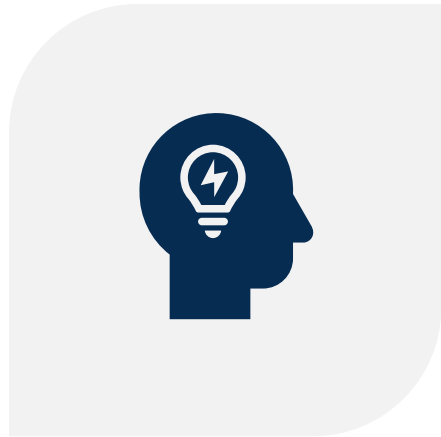
Their Role in the Project

- Gather financial information and data
- Analyze actual administrative costs for each revenue stream
- Develop cost allocation plan utilizing a repeatable and sustainable methodology

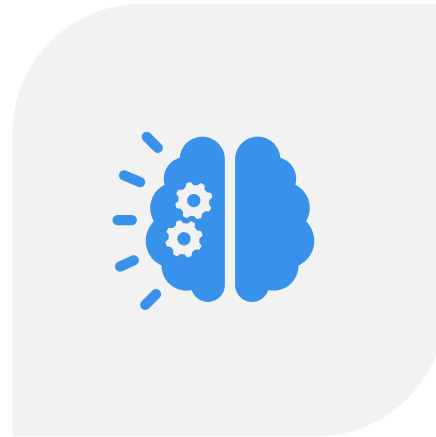
Project Timeline

Date	Description
July 2024	Project Kick-off
July – October 2024	Data gathering and analysis; informational meetings with internal and external partners
October 2024	Initial draft of cost allocation plan due
October 2024- January 2025	Cost allocation plan review and feedback meetings with internal and external partners as well as external advisory group
January/February 2025	Final cost allocation plan presented to agency and training on new methodology provided to agency
Spring 2025	Virtual open house with external partners
January – August 2026	Policy Package development
January 2027-June 2027	Seek legislative approval of policy package
2027-2029 Biennium	Implementation of new cost allocation plan

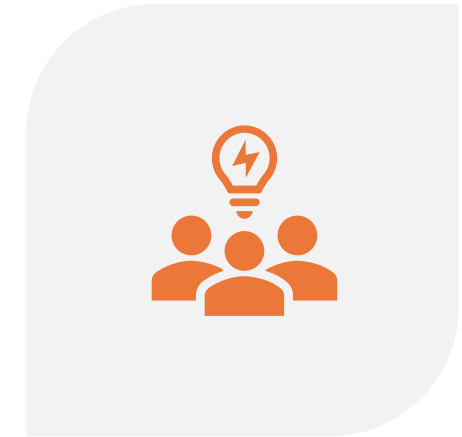
Approval and Change Process



Policy Package



Legislative Approval



Implementation

Resources

- **Cost Allocation Project Webpage**
<https://www.oregon.gov/dor/Pages/cost-allocation.aspx>
- **Virtual Open House materials**
<https://www.oregon.gov/dor/Pages/openhouse.aspx>
- **Feedback Survey**
<https://forms.office.com/g/gvYUYP7Bg>



Questions?

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