

# HOUSE COMMITTEE ON GOVERNMENT EFFICIENCY

March 1, 2001  
8:30 AM

Hearing Room D  
Tapes 25 - 26

**MEMBERS PRESENT:**     **Rep. Jerry Krummel, Chair**  
                              **Rep. Chris Beck, Vice-Chair**  
                              **Rep. Patti Smith, Vice-Chair**  
                              **Rep. Bill Garrard**  
                              **Rep. Jim Hill**  
                              **Rep. Deborah Kafoury**  
                              **Rep. Jeff Kruse**  
                              **Rep. Steve March**  
                              **Rep. Carolyn Tomei**  
                              **Rep. Kelley Wirth**

**MEMBERS EXCUSED:**   **Rep. Alan Brown**  
**STAFF PRESENT:**     **Matt Wingard, Committee Administrator**  
                              **Patrick Brennan, Committee Assistant**

**MEASURE/ISSUES HEARD:**     **HB 2656 Public Hearing and Work Session**  
                                      **SB 372 Public Hearing and Work Session**

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These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

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<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
<b>TAPE 25, A</b> 004	Chair Krummel	Calls the meeting to order at 8:33 a.m. Opens a public hearing on HB 2656.
<b><u>HB 2656 PUBLIC HEARING</u></b>		
010	Matt Wingard	Committee Administrator. Gives a brief description of HB 2656. States the bill requires state agencies to report to a legislative committee when that agency changes any legislatively approved positions or budgets.
013	Rep. Kruse	Testifies in support of HB 2656. States there are often positions for which money is allocated by the legislature that agencies do not fill, choosing instead to use the money for other purposes. Acknowledges that there is nothing wrong with doing this, but says the legislature has a valid expectation that money it allocates is spent for the purpose it was designed for. Offers the Department of Human Services (DHS) as an example. States that HB 2656 requires agencies to report to the legislature when and if they make changes to positions or budgets provided by the legislature.
048	Rep. Hill	Requests clarification whether the bill refers to refundable dollars. Illustrates his point by using the Oregon State Police (OSP) as an example, as they recently spent money allocated for additional officers to fight forest fires instead. Opines that the legislature often seems to be making the same decisions over and over because agencies do not carry out the directives it hands down.
063	Rep. Kruse	Agrees with the use of OSD as an example, as it has been funded to hire troopers that have never been hired. Says that in theory

		the Emergency Board (E-Board) can investigate such matters, but that it never does because of the way it is structured. Asserts that substantive interim committees need to be involved in doing investigative work. Assures the committee that the bill is not an accusation, but rather a responsible practice that will provide necessary oversight, help hold agencies to legislative directives, and regain control of the bureaucracy.
091	Rep. March	Applauds the effort to look into agency decisions that run counter to legislative and budgetary intent. Remarks that budgets are made based on 2-year projections, adding that unfilled positions are the norm considering the 10 percent turnover in typical agencies. Suggests there may be a need to look for a threshold past which agencies would need to report, rather than simply considering the number of vacant positions.
114	Rep. Kruse	Mentions that there is another bill moving through the process that stipulates if a position is not filled in six months the money reverts back to the general fund. Clarifies that this bill deals more with reporting of positions left vacant for extended periods. Asserts that if agencies have valid reasons for doing so it will still be allowed, so long as they make the legislature aware of any programmatic changes that result in the creation of vacancies.
133	Rep. Garrard	Comments that this is the primary issue in the minds of many people in the state and thanks Rep. Kruse for bringing the bill forward.
140	Rep. Kruse	Acknowledges that people are concerned with the level of accountability in state government, adding that this measure helps increase that accountability. Remarks that he was unaware until the last minute that OSP trooper school was cancelled and no troopers would be hired because of reallocation of funds.
153	Rep. Beck	Asks whether the bill is designed to address the OSP incident specifically and, if not, whether there were other similar cases. Expresses a desire to hear from agencies about why they are doing this.
169	Rep. Kruse	Clarifies that there is no specific case that the bill is designed to address, adding that OSP is merely one example. Assures it is not his intent to point fingers at a specific agency. States that there are a lot of fungible dollars in the system that are diverted to other uses. Acknowledges that there may be merit in agencies doing that, but that the legislature should be informed about decisions to do so. Argues that non-elected agency personnel should not overrule legislative intent.
188	Rep. Beck	Suggests that the committee should find out in which agencies this is happening and bring in representatives from those agencies to explain why. Encourages further investigation, as insufficient evidence has been presented for the need to pursue such a course.
214	Rep. Kruse	States that there is a great deal of anecdotal evidence of such practices. Reiterates it is not his intention with this bill to put a specific agency "on the hot seat." Expresses reluctance to develop a list of "bad actors" and says he would prefer to keep the discussion positive.
226	Rep. Hill	Refers to agencies that unilaterally launch new programs with money they find in their budgets. Says such money could be

		used for other purposes in other departments had the legislature been made aware it was available. Mentions that the Department of Administrative Services (DAS) and DHS find money in their budgets on a regular basis for purposes the legislature refused to fund.
284	Rep. Hill	Remarks that agencies typically spend to the amount which they are budgeted, but that they also formulate alternate programs. Concludes that the bill allows legislative oversight and decision making from an informed perspective.
303	Rep. Kruse	Says that when preparing the bill he needed to ensure that the legislature would not be overstepping the purview of the executive branch. Asserts that HB 2656 is another step toward agency accountability and oversight.
328	Rep. March	Asks how small of a change would trigger the need for hearings. Offers as an example an agency choosing to change a position from a Secretary-I to a Clerk-Typist.
343	Rep. Kruse	Replies that this bill will require a higher level of planning on the part of state agencies because of just such questions. Argues that an agency should have a plan, bring it to the legislature, and do its best to hold to that plan. Says that if changes are necessary so be it, so long as the agency makes the legislature aware of them. Opines that agencies often seem to start making budgetary changes as soon as the legislature is out of session. Acknowledges that there are cases where their reasons are legitimate, but holds that the legislature should be made aware of such changes.
383	Rep. Tomei	Expresses support for the concept. Asks whether state agencies have been made aware of what the bill would do.
387	Rep. Kruse	Assures Rep. Tomei that most agencies are knowledgeable about all bills that might affect them.
393	Rep. Smith	Asks when and how often agencies would be required to report to the legislature, and to which committee they would be reporting.
401	Rep. Kruse	Responds that an agency that takes action in violation of the tenets of the measure would be required to testify at the next meeting of the appropriate substantive legislative committee following the action taken.
<b>TAPE 26, A</b>		
010	Chair Krummel	Mentions that he has a similar bill and that the two may work well in tandem. Defends the decision of OSP not to hire additional officers as planned, as the agency was facing budgetary cuts in the future. Acknowledges the validity of questioning where the money allocated for additional officers was spent.
039	Rep. Tomei	Refers to her experience as a mayor. Asks if the bill is an example of micro-management.
043	Darren Hill	DAS. Testifies to a position of neutrality on HB 2656. Explains how the budgetary process occurs within the legislature and state agencies. Emphasizes that agencies are prohibited from spending more than is allotted. Indicates that agency budgets are reviewed at various levels but that those agencies are held accountable primarily to the budgetary level, not as much to how those funds are utilized.
066	Rep. March	Asks if budgetary review looks at sub-levels within agencies.
073	Hill	Lists the categories used in budgetary analysis.

077	Rep. March	Asks if legislative budgets are written to sufficient detail to analyze budgets at sub-levels.
080	Hill	Says he is unaware of any budgetary processes within Oregon state government that analyzes sub-level spending.
081	Rep. March	Requests confirmation that the legislature does not specifically stipulate the number of full-time equivalent (FTE) positions are in each department of an agency.
083	Hill	Replies affirmatively.
084	Rep. March	Concludes that the bill may not get down to the level necessary to allow the legislature to provide the desired oversight, adding that more detailed budgets may be necessary.
091	Hill	Agrees, as budget bills are concerned with the program level, not the subdivisions therein.
096	Rep. Hill	Explains that agencies are allowed to move funds within programs as they see fit, but must make a request of the E-Board if they desire to move funds between programs. Says that most agency budgets are drafted at the program level so that the Committee on Ways and Means (W&M) need not write incredibly detailed budgets.
120	Rep. Kruse	Asserts it would be wrong to ask DAS to micromanage every agency budget, as its purpose is to ensure that agencies do not overspend their respective budgets. Says HB 2656 puts the onus on agencies to report when they make changes. States that when agencies present their budgets it is assumed that it will be carried out as is. Reiterates that the purpose of the measure is accountability, not micro-management.
140	Rep. March	Agrees with the need for accountability, adding that he wants to ensure that the bill accomplishes that goal. Says that agencies are provided with both a budget and a set of directives within that budget. Asks to what extent DAS is aware of and informed about changes within agency budgets.
160	Hill	Answers that awareness depends on the extent of the change.
165	Rep. Kruse	Explains that DAS typically becomes involved only when shifts are made between decision packages.
170	Chair Krummel	Closes the public hearing and opens a work session on HB 2656.
<b><u>HB 2656 WORK SESSION</u></b>		
182	Rep. Kruse	<b>MOTION: Moves HB 2656 to the floor with a DO PASS recommendation.</b>
188	Rep. March	Concludes that the committee seems to agree on the goal of the measure. Emphasizes the need to ensure that DAS is made aware of changes that alter legislative intent, as opposed to the day-to-day details of agency budgeting. Predicts that “vindictive bureaucrats” could deluge the legislature with minor details.
210	Rep. Kafoury	Wonders whether the measure opens the possibility that agencies could create a logistical problem for legislative oversight. Suggests that the bill may be too broad in that it may require reporting of minute details.
217	Rep. March	Agrees that the bill may do that, which is why the committee’s intent needs to be made clear for the record.
227	Rep. Kruse	Indicates that the language in the bill was not chosen arbitrarily, and that this discussion will inform as to the legislative intent. Submits that agencies will not try to “snow” the legislature for fear of budgetary reprisal.
240	Rep. Beck	Expresses concern that the measure may result in additional

government growth and red tape. Says he would not be willing to support the motion until additional testimony is provided as to the need for the bill.

277 Rep. Kafoury Concurs. Acknowledges that W&M has reason to be frustrated if and when agencies ignore legislative intent. States more anecdotal evidence is necessary before she will feel comfortable supporting the measure.

292 Rep. Kruse Says that agency representatives could be brought before the committee, and presumes that those representatives will not be supportive of additional oversight. Notes that several examples have been provided by himself and Rep. Hill. Asserts there is no benefit to bringing in agencies just so that they can testify in opposition to the measure.

314 Rep. March Says it would be beneficial to hear from Legislative Counsel for clarification on the wording, as well as the Legislative Fiscal Office (LFO) regarding how the measure might affect them. Requests that the motion be withdrawn in order to allow further information to be gathered.

**331 Rep. Kruse Withdraws the motion.**

340 Rep. Wirth Expresses opposition to the measure.

346 Rep. Garrard Expresses support for the measure and disbelief that there could be opposition to holding agencies accountable.

360 Rep. Kafoury Clarifies that she is interested not in hearing whether the agencies will support the measure, but instead about how agencies prepare their budgets and how the bill may affect that process.

376 Rep. Beck Explains that the issue is one of process. Remarks that the bill is written broadly, perhaps too broadly. Says the legislature meets only part-time and does not have the capacity for micro-management. Questions whether the legislature should bog down agency's discretionary processes. Suggests that testimony also be solicited from the co-chairs of W&M and the Governor's Office.

**TAPE 25, B**

024 Rep. Tomei Says she is supportive of the bill's concept but wary of the use of the term "any changes," which could be interpreted too broadly. Suggests an amendment may provide some needed clarification.

037 Chair Krummel Expresses support for the bill and assents to the request to solicit participation by LC and LFO. Says that agencies can look at this and know that the intent is not to attack them, but rather to ensure there is an appropriate level of oversight. Closes the work session on HB 2656 and opens a public hearing on SB 372.

**SB 372 PUBLIC HEARING**

089 Kathy Shepherd Human Resources Services Division, DAS. Testifies in support of SB 372 (**EXHIBIT A**). States that the bill changes the length of service for the Employee Suggestion Awards Commission from one to three years. Asserts that the change is necessary in order to allow commission members to gain an appropriate amount of experience and to cut down on the paperwork involved in processing appointments on an annual basis.

106 Rep. March Asks how the Employee Suggestion Awards program has done thus far.

109 Shepherd Details the successes of the Employee Suggestion Awards program.

116 Chair Krummel  
**SB 372 WORK SESSION**  
120 Rep. March

Closes the public hearing and opens a work session on SB 372.

**MOTION: Moves SB 372 to the floor with a DO PASS recommendation.**

126

**VOTE: 7-0**

**EXCUSED: 4 - Brown, Garrard, Hill, Kruse  
Hearing no objection, declares the motion CARRIED.**

141

Chair Krummel  
Chair Krummel

Adjourns the committee at 9:40 a.m.

Submitted By,

Reviewed By,

Patrick Brennan,  
Committee Assistant

Matt Wingard,  
Committee Administrator

**EXHIBIT SUMMARY**

**A – SB 372, testimony, Kathy Shepherd, 1 p.**