

SENATE COMMITTEE ON GENERAL GOVERNMENT

January 19, 1999 Hearing Room C

3:00 p.m. Tapes 3 - 4

MEMBERS PRESENT: Sen. Verne Duncan, Chair

Sen. Cliff Trow, Vice-Chair

Sen. John Lim

Sen. Marylin Shannon

Sen. Frank Shields

STAFF PRESENT: Marjorie Taylor, Administrator

Patrick Brennan, Administrative Support

MEASURE/ISSUES HEARD: Legislative Protocol for State Agency Personnel

Agency Performance

Growth Issues

Year 2000 (Y2K) Issues

Agency Privatization

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.

TAPE/#	Speaker	Comments
TAPE 3, A		
002	Chair Duncan	Calls meeting to order at 3:05 p.m. Introduces delegation from Department of Administrative Services (DAS) and Jon Yunker.
007	Jon Yunker	Director, DAS. Gives overview of the details of presentation. Introduces members of DAS delegation. Indicates that this presentation will be only a brief overview and question and answer session.

020	Chair Duncan	Indicates that additional information may be needed at a later date, and that DAS personnel may be called in to present to the committee at that time.
<u>LEGISLATIVE PROTOCOL FOR STATE AGENCY PERSONNEL</u>		
022	Yunker	Mentions the issue of state agency personnel lobbying. Mentions SB 485 that passed during the 1997 session, and that it would have drastically restricted the activities of state agency personnel within the Capitol. States that the bill would have allowed only the agency head and one additional employee to lobby for each agency. States that the Governor vetoed the bill and agreed to work with agencies and the legislature on the issue. Mentions Executive Order 98-01, which requires training and registration of agency employees.
047	Chair Duncan	States that he personally agreed with the Governor's veto of SB 485.
049	Sen. Trow	Concurs with chairman's support of the Governor's veto of SB 485.
050	Yunker	Discusses the magnitude of the issue, given that the requirement of training for agency lobbyists resulted in over 1000 state employees who needed training. Raises the issue of how agencies will work with the legislature and provide the information it needs without their staff members becoming unwelcome. Mentions that any person called in to the legislature to provide information, even once, is required to undergo training in order to insure compliance.
059	Chair Duncan	Mentions the reaction to the whole issue in a particular agency and the impact that SB 485 had, despite being vetoed, on the interaction by agency personnel with the legislature. Mentions that state employees were discouraged from interacting with members whom they might see at church, for example. Feels that the rules have gone too far and are an over-reaction. States that he had previously planned to fight against the rule if it prohibited state employees from dining in the Capitol.
075	Yunker	Mentions that DAS tells its members that state employees are available to help the legislature only, not to "hang on" to the legislative process. Says that their job is to respond to requests for help or information. Adds that the process is still under development
086	Chris Dearth	Legislative Director, Office of the Governor. Mentions the Governor's Executive Order as an attempt to address the problem of agency lobbying. Says that the Governor's office has developed the following: <ul style="list-style-type: none"> • A Code of Conduct for state employees • Training opportunities • An internal process for responding to complaints by legislators regarding state employee activities • Policies for hiring outside lobbyists by agencies • Policies on who may register as lobbyists from agencies
105	Dearth	Mentions that agency employees are doing more to track their time at the Capitol, registering if they reach the "threshold" of 24 hours of lobbying activity.

110	Sen. Shannon	Asks for clarification on whether the number of state lobbyists mentioned by Dearth was referring to state government offices or the Governor's office. Mentions that she had counted 61 lobbyists from the Governor's office.
115	Dearth	States that he does not believe that there are even half as many as Sen. Shannon mentioned.
117	Sen. Shannon	States that she is sure of the number, since she personally counted them in the last session.
119	Dearth	Offers to look at the numbers.
119	Chair Duncan	Mentions that DAS employees may have been included in the count.
120	Sen. Shannon	Confirms that it was the Governor's office that was being discussed.
120	Dearth	Clarifies that at this time there are 100 total state government employees registered. States that those who reach 24 hours have to register later. Indicates that a State Agency Lobbyist Roster has been provided for members (EXHIBIT A).
128	Susan Klosterman	Assistant Coordinator of Communications, DAS. Discusses agency staff training that has been conducted. Emphasizes improvement of the working relationship with the legislature. States that training included defining lobbying and helping agencies think about their activities. Says that DAS is looking for better consistency in registration. Says that employees previously registered if they were in the Capitol for any reason, which may account for the high number of lobbyists registered during last session. Says that DAS now has employees track their time in the Capitol, as well as identify lobbyists at the Capitol working on their behalf.
165	Klosterman	Asserts that "lobbying is an art, not a science," and that there is a need to find the correct number of lobbyists to perform the necessary duties.
172	Chair Duncan	Mentions that agencies are a resource of one of 3 branches of government. Argues that there should not be overreaction that limits the interaction that agency employees have with the legislature. Says that having many people interacting makes for better information to committees, even if it is monitoring and not testifying. Says that he feels that state employees are valuable, knowledgeable about issues, and the legislature needs access to the information that agency staff can provide.
196	Sen. Shannon	Asks if agencies monitor legislative activity by closed-circuit television and audio.
200	Klosterman	Answers that employees are encouraged to monitor from off the premises, and given the facilities to do so.

208	Chair Duncan	Mentions that there is value to being "on premises," since one can get information in person that does not come through a monitor off-site. Attending in person helps one "get the feel" for what is really happening within the Capitol.
217	Sen. Shannon	Mentions concern about the Oregon Department of Transportation (ODOT) and its lack of a cost counting system. Asks DAS delegation for its opinion on drafting legislation for creating such a system. States that she understands that a bill has already been drafted.
225	Dearth	Argues that simply providing information at the request of members or committees is not lobbying, by his understanding.
227	Yunker	Mentions that lobbying only occurs when the state employee is trying to influence the decisions of members.
228	Klosterman	Adds that it would imply that the employee must be taking a position either for or against a certain course of action with the purpose of influencing.
230	Chair Duncan	Gives an example of how it is legitimate for an agency to provide information at the request of members or committees without it being considered lobbying.
237	Shannon	Requests the opportunity to go off of the subject momentarily to address another issue, since Yunker is present. Asks about ODOT giving the Young Menis Christian Association (YMCA) money for daycare from the transportation trust fund. Mentions ODOT had said it was not proper use of trust fund money when its administrators were questioned. Asks for current information on the status of that activity.
253	Yunker	Says that daycare is no longer being underwritten at the YMCA.
255	Sen. Trow	Mentions many state government employees are his constituents. Says that information exchange with those constituents is important. Argues that they have right to express views and to lobby on issues, as they are constituents of his district. Realizes that in this capacity those employees do not speak for their agency.
272	Duncan	Expresses thanks to the group for their presentation.
<u>AGENCY PERFORMANCE</u>		
275	Yunker	<p>Discusses agency performance. Mentions the Syracuse University/ Governing Magazine Report (EXHIBIT B). States that there are five areas of state government performance:</p> <ul style="list-style-type: none"> • Financial Management • Human Resources Management • Information Technology • Capital Management

		<ul style="list-style-type: none"> • Performance Management <p>Mentions that Oregon volunteered to participate in the pilot study for the project. Says that all 50 states have now been surveyed and all but two have submitted answers, save for California and New York. Says the scheduled press release is for February 1, 1999. Suggests that it would be worth looking at when it comes out. Says that it is a very detailed questionnaire. Offers to provide the full booklet if the committee wants it.</p>
325	Yunker	Describes the questionnaire and what its designers were looking for. Says that it is the most comprehensive review of the central functions of state government. Mentions that the study decided not to include executive capacity in their survey. Says that Oregon will get high grades in some areas and not in others, but that overall Oregon will do well.
346	Chair Duncan	Asks if the study will be a healthy guide for providing useful information to agencies and legislatures.
352	Yunker	Says it will be valuable, but still subjective, since the information is provided by the state. Says that some agencies may try to make themselves look good, some avoid the process, and some to be honest. Says it gives a place to start analysis.
372	Sen. Trow	Asks if all states participated in the study.
374	Yunker	Answers that they all did.
377	Sen. Trow	Asks if it is being scored, with grades in certain categories.
378	Yunker	Answers yes it is.
379	Sen. Trow	Asks if Yunker feels that the results will be useful once they are available.
380	Yunker	States he believes they definitely will be.
381	Sen. Trow	Asks when the results will be available.
382	Yunker	States that the report comes out February 1 st , and that his office will probably be notified one day before that.
393	Duncan	Suggests that after the report comes out it would be good for Yunker to return and go over the report with the committee.
400	Yunker	Suggests that such a meeting be scheduled for after 2-1-99, or when his office gets some feedback, ahead of the official release, if possible.

TAPE 4, A

GROWTH ISSUES

010	Yunker	Indicates that there are two major issues in regards to growth. Mentions the population size issues, and in particular age cohorts (juvenile, elderly, etc). Says the other issue is the ethnic and racial mix within the population. Indicates that both issues have an effect on state agency performance.
038	Paul Warner	State Economist, DAS. States that a good demographic monitoring system has been set up by DAS. Indicates that all revenue forecasts include age category projections (EXHIBIT C). Says the information is key for service projections. Mentions a population survey that gives valuable source of data every two years. States that DAS is involved in a long term tracking project with Portland State University, for use by counties.
060	Sen. Shields	Asks if certain preconceptions held by DAS "lead to data" that is gathered. Asks how DAS decided what groups to track and how DAS determines what groups not to follow.
077	Warner	States that they go into detail, but that changes mandate steady updating of methods and evaluation, as some prevailing views of groups, like the elderly change over time. Indicates that other categories that are tough are racial and ethnic, that DAS uses census categories. Says he is concerned with the potential problems with those categories, but states that the Census bureau is not even sure how to deal with problems such as mixed race individuals.
094	Sen. Shields	Asks how DAS tracks groups such as the unemployed and the homeless, which are difficult to identify through surveys.
102	Warner	Says it is difficult for all levels of government. Mentions the difficult choice between samples and estimates. Says that often the count is inaccurate in rural areas and not just urban areas. Indicates he does not know how the problem will play out. States that he knows that phone surveys miss those without phones. Says DAS has tried to make adjustments, but the migrant workers and the homeless are difficult to track.
122	Yunker	Asks Warner when the newest results will be available.
123	Warner	States that the 1998 survey is just now being tabulated, and will be discussed with the Ways and Means committee in less than a week. Indicates that the other data will be out soon also, and that all could be presented to the committee upon request.
128	Sen. Lim	Asks for the projection for the population of the state of Oregon in the year 2000.
132	Warner	Mentions that projections show population as 3,217,000 at the end of 1997, with projections of 3,354,000 by end of 2000.

137	Yunker	Asks Warner for the percentage of growth per year.
137	Warner	Replies that growth is around 1% to 1.5% per year. Indicates that projections show growth being slower in the near future than during most of the nineties.
141	Sen. Lim	Asks if there is a plan to count everyone, or if there will be use of sampling to prevent undercounting or over-counting.
145	Warner	Says it is Census Bureau's job to do that. Adds that demographers try to reassure those who do not want to answer, and that DAS participates in the process through a liaison to the state demographer. Adds that reassurance to those who answer census questions is key to gaining high participatory rates.
157	Sen. Lim	Asks for an estimate of the number of illegal aliens in Oregon, since they will likely not answer census questions, due to fear of deportation.
163	Warner	Says that it is difficult to estimate, since data is nearly impossible to attain. Makes analogy between estimation of illegal aliens and estimation of black market trading as both being nearly impossible to track. Says that he and DAS will look into the issue. Indicates that he feels that the illegal immigrant population is growing.
171	Chair Duncan	States that Oregon is changing but government moves on. Asks at what point the state should stop and look at how it is structured and does business. Asks if the state should change the way services are provided, or continue to carry on the same way.
183	Yunker	Says that change is gradual and piecemeal. Says that the strategic planning usually looks too far down the road. Says that usually change occurs after a majority of people believe that the current system does not work anymore, which begins the process. Says that it is usually the clients that drive the movement for change.
193	Chair Duncan	Asks if DAS is getting indications that such changes are "on the horizon" at this time.
197	Yunker	States that there are no "burning issues" at this time to fuel citizen- driven reform.
201	Chair Duncan	Says that looking back one can see such a process as having occurred before, but agrees that he does not sense a change coming soon.
<u>YEAR 2000 ISSUES</u>		
206	Sen. Trow	Indicates that the Year 2000 (Y2K) problem is looming. Says that it is a statewide problem with the potential to affect all levels of activity. Says that he heard that it has been recommended that the Governor take the lead on the issue.

		Asks for input on progress, on the outlook, and any potential effect on services
228	Yunker	Expresses the need to summarize before departing. Introduces Don Mazziotti. Makes it clear that he really believes that things are well, since in his position he is ultimately responsible for these issues. Says that Y2K is a big issue on all levels; state, city, and national. Says that Oregon has work in progress and believes that it will be ready by 2000.
256	Don Mazziotti	Chief Information Officer, State of Oregon. Responds to Senator Trow's mention of the Y2K problem. Refers to two pages of materials presented to members (EXHIBIT D) . Refers to the Statewide Y2K Advisory Council on the chart as the effort by state government to connect to external agencies. States that the council advises the office headed by Barbara Jensen, who reports directly to Mazziotti, as well as representatives of all sectors of the economy and society in Oregon.
295	Mazziotti	Discusses the Statewide Y2K Advisory Council and its activities. Says that it is the source of information on the status of Oregon agencies regarding the Y2K problem. Says that all regulated industries and economic sectors are included in the tracking. Mentions that all have testified to the council, that contact is made and information is shared regularly. Says that he cannot be sure of the exact status of all the sectors, but indicates that the communications network is in place.
330	Sen. Trow	Asks if information could be provided soon to reassure the public.
335	Mazziotti	Says that it is possible to provide daily reports to state government.
340	Sen. Trow	Indicates that he is more concerned with information being provided to the public to lessen the anxiety regarding potential difficulties. Asks for reassurance to the public and to constituents, as well as information as to what the public can do to prepare itself.
353	Yunker	Says that his people are aware of the concerns Senator Trow mentions. Adds that the problem is that there is little ability to tell what will happen. Indicates that the closer the problem gets, the easier it will be to estimate what will happen, and how to react to it.
371	Chair Duncan	Mentions that a bank run may happen.
377	Yunker	Says that credit unions are preparing already and are communicating to their constituents to prevent panic and economic disaster.
386	Mazziotti	Discusses fielding questions from the public and the coordination of communications regarding the Y2K problem. Offers to provide details in a non-inflammatory way. States that his office might be able to use legislators to distribute information to their respective constituents.

TAPE 3, B

002	Mazziotti	Gives a brief overview of Oregon's past action, coordination and monitoring potential problems in relation to Y2K. Says that he can assure that individual agencies are being tracked individually, but not that they are being compared. Says that he believes that Oregon's data systems are ahead of schedule, but some problems exist. Says that some agencies are condition red, and are the focus of daily inquiries. Gives the example of the telecommunication system for the state as one that is not yet compliant. Indicates that such agencies stay on red alert until they get back on schedule to be ready for January 1, 2000.
033	Chair Duncan	Asks about problems within the state corrections system.
034	Mazziotti	Indicates that the corrections department has two systems that are condition red. Adds that meetings and reviews are scheduled.
039	Chair Duncan	Expresses concern about potential prisoner release.
042	Mazziotti	States that cell block problems are resolved. Adds that cell doors will not pop open on December 31 st , 1999.
047	Sen. Trow	Asks about the state of the Judicial Department.
048	Mazziotti	Says that it has no red alert conditions, and that they are part of the "mission critical" systems that are of highest importance.
050	Chair Duncan	Mentions that the information that is on the DAS web site may be out of date, as it is dated November of 1998.
052	Mazziotti	Indicates that the web information should be up to date.
056	Yunker	Says that preparations are being made and projects are underway. Adds that small businesses are most at risk, while most of the big municipal facilities are on track. Indicates that the major concerns are interfaces that connect with Oregon and could cause problems in a domino effect.
067	Sen. Trow	Inquires about the state of banks and utilities.
069	Mazziotti	Answers that latest update is January 13 th .
075	Sen. Trow	Repeats question regarding banks and utilities.
078	Mazziotti	States that reports are available for power and utilities. States that banking has been tracked since early in the year. Says that the Federal Depositors Insurance

		Corporation (FDIC) reports that 83 major banks nationwide are not yet compliant.
090	Sen. Trow	Asks whether those banks operate in Oregon.
092	Mazziotti	Says that he has not identified any such banks in Oregon. Says that all connections between banks are sound. Says that checks are in place to make sure that the system will work, barring unforeseen global problems
103	Chair Duncan	Comments that on New Years Eve, 1999, many people are planning to be on duty, anticipating and fixing problems.
114	Yunker	Concludes his testimony and introduces Cam Birnie.
<u>AGENCY PRIVATIZATION</u>		
122	Chair Duncan	Excuses Sen. Shields due to prior appointment. Asks Sen. Shields if he would prefer that the presentation be postponed.
124	Sen. Shields	Indicates that he will leave the decision to the chair and the group.
125	Chair Duncan	Indicates that the committee will continue with the presentation. Thanks Yunker and Mazziotti for their presentation.
130	Can Birnie	Administrator for Transportation, Purchasing, and Print Services Division for DAS. Discusses privatization and contracting services. Says that he believes that there are methods to correct the proper mix of contracting and maintaining state run services (EXHIBIT E). Mentions different levels of contracting tasks to private organizations throughout state government.
165	Birnie	Discusses previous legislation regarding previous contracting (HB 2001 and HB 2823 in 1995, HB 3566 in 1997) and their effects. Gives example of Department of Environmental Quality (DEQ), given the opportunity to compete with the private sector. Mentions current legislation regarding privatization, particularly SB 23.
190	Birnie	Discusses excerpt of contract agreement for contracting out provided in the exhibit. Discusses managed competition between government and private groups. Indicates that the Portland City Club studied the issue and has made recommendations which will be coming out soon.
225	Birnie	Discusses the Colorado report, (not included), as a thorough examination and legislative proposal for a legislative blueprint for managed competition. Indicates that the proposal establishes a review committee for examining Coloradois efforts.

242	Chair Duncan	Asks if the report provided results or simply concepts.
245	Birnie	Mentions that it has both concepts and results, but that the results are sketchy. States that Oregon law does not use blueprints currently, but rather deals with contracts on a bill by bill basis. States that the Colorado Report might be valid for any kind of situation, rather than Oregon's case by case approach.
268	Sen. Trow	Asks if anyone assesses consequences of privatization, both the upside and the downside.
273	Birnie	Indicates that he does not believe so. Says that the focus on contracting out is not there.
279	Sen. Trow	Gives example of the Oregon State University (OSU) janitorial service as a potential downside to contracting. Indicates that savings were evident in the short run, but that wages and quality went down.
294	Birnie	Mentions Measure 17 and the inmate workforce's printing of business cards as an example of some nice conclusions in regards to privatization.
304	Chair Duncan	Mentions the inmate program. Says that inmates are in direct competition with the disabled, and indicates that competition between the two will lead to both suffering.
314	Birnie	Indicates that he has dealt with that problem, and has met with both groups. Sees a partnership in this area to avoid uprooting existing programs that work. Gives example of recent Hood River efforts to meld public and private contracting.
341	Chair Duncan	Agrees with Birnie's assessment.
345	Sen. Trow	Asks if there are plans to privatize any particular agencies during the 1999 Legislative Session.
349	Birnie	Mentions Senate Bill 23, and indicates that it has already been introduced.
357	Chair Duncan	Thanks Birnie for his presentation. Gives plan for the week's meetings.
360	Marjorie Taylor	Administrator. Indicates that 24 bills have been referred to the committee.
363	Chair Duncan	States that he and Vice Chair Trow are meeting regularly on Fridays to schedule meeting agendas and bills for hearings. Adjourns meeting at 4:30 p.m.

Submitted By, Reviewed By,

Patrick Brennan, Marjorie Taylor,
Administrative Support Administrator

EXHIBIT SUMMARY

A ñ State Agency Lobbyist Roster, John Yunker, 16 pp.

B ñ Written Materials, John Yunker, 12 pp.

C ñ Written Materials, Paul Warner, 4 pp.

D ñ Written Material, Don Mazziotti, 3 pp.

E ñ Written Material, Ken Birnie, 5 pp.