

HOUSE COMMITTEE ON AGENCY OVERSIGHT AND EFFICIENCY

April 24, 1997 Hearing Room H-170

1 PM Tapes 44-45

MEMBERS PRESENT:

Rep. Jane Lokan, Chair

Rep. Richard Devlin, Vice-Chair

Rep. Ryan Deckert

Rep. Steve Harper

Rep. Mike Lehman

MEMBER EXCUSED:

Rep. Tom Brian

Rep. Eldon Johnson

STAFF PRESENT:

Judy Edstrom, Administrator

Valerie Luhr, Administrative Support

MEASURE/ISSUES HEARD:

HB 3704 Public Hearing

SB 782 Public Hearing and Work Session

SB 816 Public Hearing and Work Session

HB 2010 Work Session

HB 3630 Public Hearing and Work Session

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 44, A		

004	Chair Lokan	Calls the meeting to order at 1:13 p.m. Opens the public hearing on HB 3704
<u>HB 3704 - PUBLIC HEARING</u>		
012	Rep. Harper	Asks to be brought up to speed on the two essentially identical bills.
015	Judy Edstrom	Says that HB 3704 and SB 782 are nearly identical except for a couple of items. After public hearing on HB 3704, the chair will decide how to proceed with the two bills. Reviews the provisions of the two bills.
026	Chair Lokan	Does not believe Sen. Miller will attend to testify on the bill. The bill is straightforward; joined Sen. Miller as a cosponsor.
	Sharron Goggins	Deputy State Auditor, asks her daughter to introduce herself because it is "bring your daughter to work day."
037	Aisha Goggins	Introduces herself.
046	Goggins	Submits and presents testimony [EXHIBIT A] in support of HB 3704.
079	Mike Greenfield	Deputy Secretary of State, is here to help with any questions.
082	Chair Lokan	You see no problems with not specifying the three-year calendar.
085	Goggins	Concurs; comments.
097	Chair Lokan	Will there be an increase in work load?
101	Goggins	Comments on being able to shift staff resources.
109	Chair Lokan	More of a neutral impact on the fiscal side.
110	Greenfield	May offer an opportunity to related to another bill to free up some resources so they can work with Joint Legislative Audit Committee (JLAC).
114	Rep. Harper	You would like us to take Treasury out of this calendar.
116	Goggins	The difference between the two bills is whether the requirement to audit Treasury's administration accounts is removed. Says they are neutral on that
124	Chair Lokan	They are hearing two bills at one time and the difference Goggins cited is the only difference between the two bills. Asks the committee what their desires is for the two bills. Says they could delete the sentence on the state treasury department. Does not want to do something that is not good accounting practice.
137	Rep. Lehman	

		Says it seems SB 782 is halfway through the process and looks in good shape. That ought to be the bill the committee should move out.
140	Chair Lokan	Says she had asked Rep. Schrader to follow up on this. He was unsure whether it needed to be in the bill; put in the bill by Legislative Counsel. He doesn't have a fast hold to the statement.
147	Chair Lokan	Closes public hearing on HB 3704.
149	Vice-Chair Devlin	Indicates there is someone in the back of the room who wants to testify.
154	Chair Lokan	Reopens the hearing on HB 3704.
157	Dr. Matt Gruber	Salem, Oregon, comments on his interest in the auditing of the Board Medical Examiners. Audits Division did a performance audit last session at no more cost than what the board paid for a perfunctory management consultant. Sees no problem with getting rid of the triennial financial audit. Would substitute a performance audit for every larger agency.
226	Chair Lokan	Says Dr. Gruber's remarks are very timely. There is another bill dealing with performance audits. Performance audits are a good way to go.
236	Gruber	More informative to legislators. Comments on the costs of renewing licenses.
251	Chair	Says these bills deal specifically with financial audits.
254	Gruber	Use term triennial performance audit.
257	Chair Lokan	On these particular audits, eliminating the need to do them every three years. Closes the public hearing on HB 3704.
	Gruber	Comments on his understanding the testimony given.
268	Chair Lokan	Closes the public hearing on HB 3704; opens public hearing on SB 782.
<u>SB 782 - PUBLIC HEARING</u>		
277	Sharron Goggins	Deputy State Auditor, introduces her daughter Aisha and Mike Greenfield, submits testimony [EXHIBIT B] in support of SB 782. Is willing to answer any questions.
285	Rep. Deckert	What is the definition of an audit risk that would deem an audit necessary.
288	Goggins	Comments on the different factors they look at.
311	Rep. Deckert	Expresses his concern that if legislature does not show any interest there is information they don't get.
319	Goggins	If you are talking about DMV's new licensing system, that is an example of what we do. We began auditing that system when it

		became publicly know there was a problem. Says there are various sources from where they get their information to do an audit.
340	Deckert	You feel confident that if there was something that needed to be audited, you would know about it.
348	Goggins	Cannot say that absolutely; a significant amount of their resources has been focused on being in every agency once every three years. They could have been using those resources to look at a problem in an agency instead of doing triennial audits.
365	Chair Lokan	Says you might entertain questions or suggestions from the legislature or the Governor.
	Goggins	Concurs.
380	Vice-Chair Devlin	Says he thinks it is a good bill. Asks of the 33 audits that were done of various boards, were they largely financial or program audits.
	Goggins	What we call financial-related audits; explains.
418	Vice-Chair Devlin	Asks if audits were done for the box commission and the radiologic technicians and to have copies of the reports sent to him.
TAPE 45, A		
001	Goggins	Did do an audit on radiologic commissions. Did not do the boxing commission
008	Chair Lokan	Has copy of an audit on the boxing commission.
011	Vice-Chair Devlin	The boxing commission was transferred to the state police in the last session or the session before.
016	Chair Lokan	Closes public hearing on SB 782; opens work session on SB 782.
<u>HB 782 - WORK SESSION</u>		
021	Rep. Harper	MOTION: Moves SB 782 to the floor with a DO PASS recommendation.
		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Brian, Johnson
	Chair Lokan	The motion CARRIES. REP. LOKAN will lead discussion on the floor.
038	Chair Lokan	Closes work session on SB 782; opens work public hearing on SB 816.
<u>SB 816 - PUBLIC HEARING</u>		

040	Judy Edstrom	Committee Administrator, reviews provisions of SB 816.
056	Sharron Goggins	Deputy State Auditor, submits and presents testimony [EXHIBIT C] on SB 816.
074	Chair Lokan	Asks if they go before the Emergency Board now.
079	Goggins	Says they have not needed emergency funding. They presents information as requested.
085	Mike Greenfield	Deputy Secretary of State, JLAC is scheduled the day before the Emergency Board.
	Chair Lokan	You rely on requests from the emergency board rather than formal reporting process.
	Greenfield	Concurs.
103	Rep. Harper	These reports are distributed to the JLAC, but not the legislature or emergency board.
	Goggins	Explains distribution of audit reports.
	Rep. Harper	The bill requires automatic distribution--more paper. Asks if the reports are available on the Internet.
	Goggins	Does not believe the reports are on the Internet. There is a list of reports.
	Rep. Harper	Is there a problem with putting the report itself on the Internet?
	Goggins	Does not think so; have not got to that step yet.
114	Rep. Harper	Comments on the use of more paper than is needed. Request for availability on the Internet to enable one to pick and choose the wanted report or to request a specific report.
124	Rep. Lehman	In reading the bill, it looks like they would have to develop a new report for the legislature that says "effective the date of the legislature here are on the ongoing audits . . . "
	Goggins	SB 816 asks for less information than is already provided.
136	Rep. Lehman	Says it should described any audits in progress the first day of session or scheduled to begin during the calendar year of regular session. He envisions something different to satisfy this requirement.
139	Goggins	Report includes audits in progress, scheduled audits, and reports issued since the last report. Report at end of biennium includes a cost summary of audits. JLAC report is more extensive than required by SB 816.
147	Rep. Lehman	Echoes Rep. Harper's comments about amount of paper used.
150	Chair Lokan	Comments on content of the report given to the committee ("Report to the Joint Legislative Audit Committee," November 1995).
157		

	Vice-Chair Devlin	Is in concurrence with others who have spoke. Asks if it is normal practice to give audit reports to every legislator.
	Goggins	Only provided to the JLAC; available to others upon request.
171	Vice-Chair Devlin	Believes there is valuable information in the report and should have wider dissemination. Would not need a bill to do that.
177	Greenfield	We would be happy to send this to any legislator that wanted it or if leadership or the committee wanted it we would be happy to send it to all ninety.
181	Rep. Devlin	Worthwhile item to go to legislature as a whole
185	Rep. Deckert	To leadership and to members of the JLAC and availability on the Internet.
193	Greenfield	Have been building infrastructure; do have technical capacity to put on the Internet. We can and should.
202	Goggins	Plan is to put report related to Department of Education very shortly on the Internet.
205	Rep. Harper	Statute says we have to do a slightly different. We are saying is the existing report would be fine and increase distribution to the legislators.
	Chair Lokan	Would this suffice.
213	Rep. Harper	Would be happy to vote yes if this would suffice.
215	Chair Lokan	Suggests notifying legislators by letter when reports are available.
224	Goggins	States willingness to notify legislature.
225	Greenfield	We will take administrative action to let every legislator know this is available and ask them to let us know if they want to be on a distribution list.
245	Chair Lokan	Closes public hearing on SB 816; opens work session on SB 816.
<u>SB 816 - WORK SESSION</u>		
249	Rep. Harper	Recommends the committee table the bill.
242	Chair Lokan	If there is no favorable action, the bill is pulled from consideration. Closes work session on SB 816. Opens work session on HB 2010.
<u>HB 2010 - WORK SESSION.</u>		
278	Chair Lokan	Explains the re-referral of HB 2010 to the committee. They need to adopt the HB 2010-A3 amendments [EXHIBIT D].

295	Rep. Lehman	MOTION: Moves to ADOPT HB 2010A-3 amendments dated 4/24/97.
300	Vice-Chair Devlin	Was in favor of the \$100,000, but voted for the \$125,000 because there wasn't enough members to get it out of committee. For the record, will vote along with the committee.
307	Rep. Lehman	The committee should respect Rep. Devlin's position.
313	Vice-Chair Devlin	Comments on a representative's comments on floor relating to prevailing wage. Says he has looked at the bill three times and does not see any issue relating to prevailing wage.
321	Chair Lokan	Remembers that comments. Also, does not see it in the bill.
325	Rep. Lehman	Provision in the prevailing wage statute that exempts certain public works projects below a certain dollar value.
333	Chair Lokan	Do you feel comfortable with this as it is?
340		VOTE: 5-0 EXCUSED: 2 - Brian, Johnson
	Chair Lokan	Hearing no objection, declares the motion CARRIED.
343	Rep. Lehman	MOTION: Moves HB 2010A to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Brian, Johnson
353	Chair Lokan	The motion CARRIES. REP. DEVLIN will lead discussion on the floor.
		Closes work session on HB 2010. Comments on committee action for HB 3630. Opens public hearing on HB 3630
<u>HB 3630 - PUBLIC HEARING</u>		
374	Chair Lokan	Asks if anyone wishes to testify on HB 3630.
376	Rep. Lehman	Asks the chair where she would like the bill to go if it is passed out of committee.
380	Chair Lokan	To the floor.

	Rep. Lehman	There was discussion about sending it to Ways and Means. Is not sure he likes the bill; but if it were to go to Ways and Means as part of the transportation package, would vote to get it there.
388	Rep. Harper	Agrees it is a good idea.
417	Cam Gilmour	Manager, Finance and Administration Operations, Oregon Department of Transportation, submits and presents testimony [EXHIBIT E] on HB 3630.
TAPE 44, B		
022	Rep. Harper	Clarifies his understanding of HB 3630 and how it affects the Department of Transportation's budget.
029	Gilmour	Says Rep. Harper's interpretation is mostly correct. A difference is in ODOT's construction program in which many projects take between two to three years to complete and expenditures are carried over to a subsequent biennium.
034	Rep. Harper	That is a project that would be funded out of this biennium's budget.
	Gilmour	Concurs.
	Harper	The bill says prior to approving the budget, they will know what the money is going to buy. Being able to explain to constituents what their tax dollars are buying. The State Transportation Improvement Program (STIP) is not affected.
050	Chair Lokan	During the transportation hearings she consistently said this type of information is needed. ODOT budget is not totally under purview of the legislature. As legislators we need facts to support a plan and tax increase. It is a bipartisan issue.
086	Gilmour	Comments on a list of projects they are proposing to pursue, for ODOT and metropolitan planning organizations and any project a city or county would pursue with federal funding. In response to Rep. Harper, the process by which they will spend money in a biennium, projects do not always get contracted when anticipated. Is surprised by the perception they don't show what they do. Comments on ORS 279.
130	Chair Lokan	Asks if the report has dollars attached to it.
	Gilmour	Not this one; but we can generate a report that does.
133	Chair Lokan	This bill speaks to the actual budget.
	Gilmour	Dollars tied to projects are not dollars actually spent on that biennium.
145	Vice-Chair Devlin	About the bill: * use of terminology that is consistent with six year process * we appropriate in large chunks, not project by project

		* we still need a -1 amendments on limitations
165	Rep. Lehman	<p>Has problems with this bill.</p> <p>* dealing with the most privatized state agency.</p> <p>* Gilmour provided the scariest information about this bill--a breakdown by legislative district of projects. Comments on what is going to happen.</p> <p>* coveted seat on transportation ways and means.</p> <p>* this method of solving problem will result in pork barrel politics with the transportation plan</p> <p>* objective for oversight is great; but we need to do it in a way that doesn't say what's in it for my district.</p>
196	Chair Lokan	This bill does not speak to privatization.
200	Rep. Deckert	Would like to see what we are buying and this is what the budget process looks like with great clarity. Better accountability within budget process.
216	Chair Lokan	Your budget is not prepared by district; this bills speaks to your budget and how it is prepared and presented to the legislature.
231	Bob McKellar	<p>Oregon Forest Products Transportation Association:</p> <p>* add emergency clause</p> <p>* project cost level of \$500,000</p> <p>* concern about maintenance projects</p>
<u>HB 3630 - WORK SESSION</u>		
245	Chair Lokan	Asks if the committee is willing to pass HB 3630 to Ways and Means.
248	Rep. Lehman	States willingness to pass the bill to Ways and Means.
250	Vice-Chair Devlin	Can we pass to Ways and Means with the blank in the bill or can we conceptually approve an amount.
254	Chair Lokan	<p>Discussion on moving HB 3630.</p> <p>The committee is at ease, 2:27 p.m. Reopens meeting at 2:37. p.m.</p>
267	Rep. Deckert	MOTION: Moves HB 3630 to Ways and Means Committee with a DO PASS recommendation.

272	Chair Lokan	Asks Gilmour what \$500,000 will do.
	Gilmour	Very few projects in the maintenance area in excess of \$500,000. In construction, upwards of \$250 million a year in construction contracts.
297		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Brian, Johnson
	Chair Lokan	The motion CARRIES.
288	Chair Lokan	Closes work session on HB 3630. Declares the meeting adjourned at 2:39 p.m.

Submitted by, Reviewed by,

Valerie H. Luhr Brad Harper

Administrative Support Specialist Administrator

EXHIBIT SUMMARY

A - HB 3704, written testimony, Sharron Goggins, 1 p.

B - SB 782, written testimony, Sharron Goggins, 1 p.

C - SB 816, written testimony, Sharron Goggins, 1 p.

D - HB 2010, proposed amendments, staff, 1 p.

E - HB 3630, written testimony, Cam Gilmour, 1 p.