

HOUSE COMMITTEE ON AGENCY OVERSIGHT AND EFFICIENCY

April 10, 1997 Hearing Room H-170

1:00 p.m. Tapes 37-38

MEMBERS PRESENT:

Rep. Jane Lokan, Chair

Rep. Richard Devlin, Vice-Chair

Rep. Ryan Deckert

Rep. Steve Harper

Rep. Eldon Johnson

Rep. Mike Lehman

MEMBER EXCUSED:

Rep. Tom Brian

STAFF PRESENT:

Judy Edstrom, Administrator

Valerie Luhr, Administrative Support

MEASURE/ISSUES HEARD:

HB 3705 Public Hearing

HB 3569 Public Hearing

HB 2010 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 37, A		
004	Chair Lokan	Calls the meeting to order at 1:18 p.m. Lori Long is committee administrator for the day's meeting in the absence of Judy Edstrom. Opens the public hearing in HB 3705.

**HB 3705 -
PUBLIC
HEARING**

027	Lori Long	Committee Administrator, reviews the provisions of HB 3705.
039	Rep. Ryan Deckert	District 8, submits and presents written testimony [EXHIBIT A]
075	Rep. Deckert	<p>Continues testimony, discusses seven proposals for saving immediate dollars for the state:</p> <ul style="list-style-type: none"> * replace vehicles when reach 85,000 miles--will save \$748,000 per year * sell and do not replace any nonessential standard passenger vehicles, driven less than 1,125 miles per month over a three-month period--will save \$294,000 next year, and up to \$2.9 million in future costs * provide state vehicles to employees who incur 1,125 miles per month in private vehicles * replace permanently assigned state vehicles driven less than 1,125 miles per month with private vehicle reimbursement system * requires uniform schedules for preventative maintenance of state vehicles * requires state employees when traveling to the airport to use alternative public transportation to avoid parking fees * replace vehicles which require more than \$3,200 in maintenance costs
156	Rep. Lehman	Should this be placed in statute or as administrative decision by the state?
162	Rep. Deckert	Legislative Counsel proposed putting some in statute and some by administrative rule. Refers to the HB 3705-1 amendments [EXHIBIT B].
179	Rep. Lehman	Addresses issue of increasing mileage reimbursement to employees, what is the impact of these reimbursements in terms of the number of miles they turn in? Is this going to inflate the number of miles driven?
190	Rep. Deckert	We would want strict reporting guidelines for mileage driven on where and when traveled.
200	Vice-Chair Devlin	Discusses the reimbursement rate of 25 cents per mile. What is current reimbursement rate for state employees?
211	Rep. Deckert	Is 25 cents now; was 22 cents in 1995 report.

215	Vice-Chair Devlin	Addresses the federal rate of reimbursement, wonders where state negotiations are at. Asks about resale of vehicles; was any consideration given to see if other state agencies needed the vehicles and transferring funds.
234	Rep. Deckert	First thing to do is deal with the 1500 cars that are not being used in an efficient manner; if there were a couple hundred we could transfer instead of sell, in an efficient way, or sell and put money back into the general fund then that would work.
247	Vice-Chair Devlin	Beyond three motor pools, literally hundreds of places where there are state vehicles, place the extra vehicles there instead of selling them at current value.
		How many years of potential savings is included in the \$2.9 million?
274	Rep. Deckert	Future savings is in down-sizing number of vehicles; achieve savings in selling vehicles, then in not having to replace those vehicles.
285	Vice-Chair Devlin	If you are looking at cost and benefits, you are going to have to look at the reimbursement costs.
289	Rep. Deckert	Agrees; that factor has been done.
292	Chair Lokan	Over \$3 million in initial savings--for how long is that time period?
299	Rep. Deckert	Calculated on a one-year basis. Would not be accurate to double them for a biennium. Refers to fourth proposal--additional savings the following year. Estimates are on the conservative size.
311	Chair Lokan	Amendments speak to the number of cars, purchase and disposal of vehicles. Figures do not speak to number of people using them, or who has access to use them. That is not figured into proposal.
324	Rep. Deckert	That is correct. This proposal looks at management of motor pool for efficiency in management and costs.
341	Cathy Pollino	Audit Administrator, Secretary of State Audits Division, submits and presents testimony [EXHIBIT C] on HB 3705. Highlights points of written information. * Recommend that do not site specific dollars or miles in statute. * Published a report: "Opportunities to Reduce State Employee Travel Cost," which helps to decide when one method of travel becomes more cost effective than another.
TAPE 38, A		
005	Pollino	Continues prepared testimony [EXHIBIT C].
019	Chair Lokan	Asks if this system provides for guidelines for the use of a vehicle.

026	Pollino	<p>Responds, the Department of Administrative Services puts out some guidelines to determine appropriate use for state vehicles.</p> <p>There are situations where the most cost effective method is not possible due to other factors. Gives examples.</p> <p>Continues prepared testimony--cost effective travel decisions [EXHIBIT C].</p>
047	Pollino	<p>Continues prepared testimony:</p> <p>* How this relates to HB 3705 [EXHIBIT C]. Discusses amendments. Stresses need for flexibility in bill, concur with the concept.</p>
061	Chair Lokan	Asks if the cost/mile fluctuates frequently?
066	Pollino	It is her understanding that was a policy decision to change the mileage reimbursement rate. Some state agencies have own rate.
070	Chair Lokan	Asks if the agency sets the rate?
071	Pollino	<p>Department of Administrative Services sets the rate, some agencies do not fall under certain rules and they create their own mileage rate.</p> <p>Continues prepared testimony; cautions against setting specific number in statute.</p> <p>In vehicle replacement, may want to establish what is essential and nonessential. And provide for changes in the case that there is a need for more vehicles in the future.</p>
096	Pollino	Addresses the dollar amounts in Rep. Deckert's testimony [EXHIBIT A].
120	Chair Lokan	Asks Rep. Deckert to update figures.
122	Rep. Deckert	Used information from 1995. Figures were approximations.
129	Chair Lokan	Addresses her concern on updating figures.
136	Vice-Chair Devlin	Do the figures reflect what the savings would be after the cost of reimbursement.
140	Pollino	The cost effective reimbursement mileage point is based on comparing the cost of owning and operating a vehicle for the state versus the private reimbursement rate.
148	Vice-Chair Devlin	Can you tell us what the cost would be to agencies in terms of reimbursement and what would potentially have to be budgeted for?
152	Pollino	Does not have that information; probably can be found.
156	Devlin	There is a potential for levels of reimbursement to go up.

159	Rep. Deckert	Asks if the question is in relation to proposal number 4. Understands the number figures in private reimbursement.
170	Pollino	That is correct; these figures are based on the old reimbursement rate.
173	Vice-Chair Devlin	Did you take into consideration how figures might change once the number of vehicles is decreased?
181	Pollino	There is flexibility in numbers to allow for fluctuation, must be able to update the numbers and the formula.
190	Rep. Harper	Are recommendations in testimony reflected in the amendments.
192	Rep. Deckert	Yes.
197	Chair Lokan	Asks if this system has been used in state of Oregon.
209	Randy Hilderbrand	<p>Former Chief of Staff for former Speaker of the House, commends Rep. Deckert on his work. Expresses his concerns on "luxury vs. necessity":</p> <ul style="list-style-type: none"> * A 1990 audit showing employees using state vehicles to commute from Portland to Salem. * There are about 100 state vehicles parked in state parking lot, paying parking fees. * Car pooling for employees; closer look at the use of vans; consolidating trips. * Uses example of putting into statute frequent flyer miles accumulated on business, being used for personal trips.
272	Chair Lokan	Asks whether it is cheaper to buy cars or reimburse employees.
277	Hilderbrand	Knows that motor pool manages well but does have too many vehicles; questions providing state vehicles to state employees all the time.
287	Chair Lokan	Asks if Hilderbrand can make his suggestions available to Rep. Deckert.
294	Jim Craven	<p>American Electronics Association, testifying at the request of Rep. Deckert. Looked at private industry; moved towards use of private vehicles. Exceptions are technical personnel with special equipment, and some employees who are on the road daily.</p> <p>Requiring employees to use personal vehicles; need to be cognizant of the fact we are trying to get people out of their automobiles and encourage using alternative modes of transportation. Careful to not set into statute or require people to use their own cars. Intel as example has instituted inter-campus transportation system. Commanding employees to use that system.</p>

393	Chair Lokan	Does Intel feel that by disposing of fleet, that it has been cost effective.
399	Craven	Generally the sense he got.
408	Chair Lokan	What is their rate of reimbursement?
409	Craven	Intel uses posted federal rate 31.5 cents.
444	Cam Birnie	Administrator of Transportation Purchasing and Print Services Division in Department of Administrative Services
TAPE 37, B		
004	Cam Birnie	Begins prepared testimony [EXHIBIT D].
070	Birnie	Continues, refers to written testimony.
113	Chair Lokan	Comments that would not be able to set rate of reimbursement in statute.
120	Birnie	Continues, refers to written testimony.
151	Chair Lokan	Comments that if not paying a federal excise tax, may account for part of the lower rate for a vehicle provided by DAS.
154	Birnie	That is part of the difference.
160	Chair Lokan	Questions and discussion on increasing to 31 cent per mile.
164	Birnie	Answers Chair's question. There are two different issues, the break on gas prices is for motor pool usage. Continues prepared testimony.
196	Rep. Deckert	Commends Birnie for his cooperation. If the state had fewer vehicles, what would be an agency argument against private vehicle reimbursement?
208	Birnie	Might be a risk management issue, poorly maintained, care, durability, road-ability, under equipped, etc.
214	Dan Hartman	Manager of Risk Management division of DAS, number of special uses by state agencies such as the Department of Human Resources, that require use of special vehicles. There is a concern that we have safe vehicles.
225	Rep. Deckert	What is the percentage of specialized use of the vehicles?
229	Hartman	Department of Human Resources may have 1000 vehicles used for various cites.
240	Rep. Harper	Asks for the components that go into computing the rates.
244	Cam Birnie	Will provide the work-sheet.
251	Rep. Johnson	Are you self-insured? Why does federal government buy cars cheaper than the state does?
256	Birnie	Manufacturers sell directly to the federal government, has not agreed to do the same for state and local governments. Insist the vehicles be sold through dealerships, and dealers bid with their own profit in mind. Is an issue that is being looked at.

		Continues prepared testimony.
291	Chair Lokan	What time or mileage frame would you consider?
292	Birnie	Delete standards relating to monthly utilization; if going to consider utilization, do so on a yearly basis.
297	Chair Lokan	How would you gain a consistent use of vehicles? Or decrease number of unused vehicles in the parking lots.
301	Birnie	Agencies do not use vehicle that much in January through March. Solution may be to deal with political subdivisions. Cannot count on any fleet having same mileage every month.
316	Rep. Deckert	To save money, if state did not have vehicles available during high usage time but relied on a private agency, how would that go over.
333	Birnie	Would have to do the numbers on paper. Continues prepared testimony.
369	Chair Lokan	Are you willing to go with a cost-efficient motor pool bill.
378	Birnie	We wouldn't know what is more cost-efficient. Continues prepared testimony.
408	Dan Hartman	Offers insurance information; state's is most cost-effective. \$420 per year.
TAPE 38, B		
001	Hartman	Continues comments about the cost of state's insurance.
015	Chair Lokan	Closes public hearing on HB 3705. Opens public hearing on HB 3569.
<u>HB 3569 - PUBLIC HEARING</u>		
031	Lieutenant Colonel Mike Caldwell	Deputy Director, Oregon Military Department, comments in support of HB 3569.
053	Brian Griffin	HB 3569 came about because of federal requirements of asset forfeiture sharing. Want to be able to share in receipts from federal programs only, not in the State.
071	Chair Lokan	Would Justice and Treasury provide supporting testimony.
073	Griffin	Federal Department of Justice and Federal Department of Treasury, have sent direction to National Guard in Washington, D. C. and they are open to sharing with the National Guard.
079	Chair Lokan	Is it possible to get a copy of their statement?
081	Griffin	Perhaps Colonel Williams may have more information--New York and Florida

084	Colonel Richard Williams	Refers to his submitted testimony [EXHIBIT E]. Bottom line is that if they don't apply for those federal dollars, the dollars will leave the state. Be able to help law enforcement and communities.
100	Chair Lokan	This would go into community programs already established or looking at establishing.
101	Caldwell	Comes from law enforcement or community organizations requesting something from us. In response to Rep. Harper, explains why they are requesting amendments. Our initial reason for coming here today is to get the opportunity to share in these assets, because they are not currently being used.
128	Chair Lokan	Do you anticipate any opposition from any state or local authorities.
131	Caldwell	No, it is currently not available to them.
137	Chair Lokan	Will schedule another meeting next week on this issue, and be able to hear on the amendments.
145	Vice-Chair Devlin	Is supportive of the bill; don't consider absence a lack of interest.
150	Chair Lokan	Closes the public hearing on HB 3569. Open work session on HB 2010.
<u>WORK SESSION -- HB 2010</u>		
155	Chair Lokan	Addresses the bill.
161	Rep. Harper	Did we talk about going to "one-hundred-and-a-quarter"?
162	Chair Lokan	There have been two figures, the latest has settled into \$125,000.
176	Rep. Deckert	MOTION: Moves to ADOPT HB 2010-2 amendments dated 04/10/97.
193		VOTE: 4-0 EXCUSED: 3 - Brian, Johnson, Lehman
	Chair Lokan	Hearing no objection, declares the motion CARRIED.
199	Rep. Deckert	MOTION: Moves HB 2010 to the floor with a DO PASS AS AMENDED recommendation.
203		VOTE: 4-0 EXCUSED: 3 - Brian, Johnson, Lehman
	Chair Lokan	Hearing no objection, declares the motion CARRIED.

		REP. DECKERT will lead discussion on the floor.
208	Chair Lokan	Closes the work session on HB 2010. Declares the meeting adjourned at 2:58 p.m.

Submitted by, Reviewed by,

Valerie H. Luhr Brad Harper

Administrative Support Specialist Administrator

Transcribed by,

Kellie Shoemaker

Committee Clerk

EXHIBIT SUMMARY

A - HB 3705, written testimony, Rep. Ryan Deckert, 9 pp.

B - HB 3705, amendments, Rep. Ryan Deckert, 2 pp.

C - HB 3705, written testimony, Cathy Pollino, 4 pp.

D - HB 3705, written testimony, Cam Birnie, 6 pp.

E - HB 3569, written testimony, Richard Williams, 4 pp.