

HOUSE COMMITTEE ON
GENERAL GOVERNMENT AND REGULATORY REFORM

Hearing Room
Tapes - 17

MEMBERS PRESENT:

Rep. Bob Tiernan, Chair
Rep. Mike Lehman, Vice-Chair
Rep. Ron Adams
Rep. Jerry Grisham
Rep. Cedric Hayden
Rep. Bryan Johnston
Rep. Bill Markham
Rep. Lonnie Roberts
Rep. Barbara Ross
Rep. Ken Strobeck
Rep. Sharon Wylie

MEMBER ABSENT:

Rep. Charles Starr

STAFF PRESENT:

Anne Tweedt, Committee Counsel
Annetta Mullins, Committee Assistant

MEASURES HEARD:

Government Efficiency
Public testimony

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks

report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE , A

004 CHAIR TIERNAN: Calls meeting to order at 1:32 p.m. and explains that many people who could not attend the meeting today have contacted the committee. Letters that have been received are hereby made a part of the record (EXHIBIT A).

014 CHAIR TIERNAN: Announces that the first one-half hour of each full committee meeting each Thursday will be reserved for anyone from the public

to comment on how to make their government more efficient. He asks everyone listening to encourage their friends to come before the committee.

049 >reads letter from Owl Drug Stores, Astoria, (EXHIBIT A, page 1).

064 REP. HAYDEN: The suggestion from Owl Drug Stores is a good one and is being considered by the Oregon Health Plan Administrators.

070 REP. STROBECK: Reads a portion of a letter from Blue Cross/Blue Shield relating to the family medical leave act (EXHIBIT B).

085 REP. ROSS: Reads a letter from OEM, a small manufacturing business, relating to government efficiency (EXHIBIT A, page 4).

112 REP. BILL MARKHAM: Cites instances where bureaucracy has gone overboard:
> agency decided the air from nickel company was not clean enough
> Roseburg Company, Trail Tamers, was audited by PUC and was told he owed them \$170,000. Determination was that agency was not reading statute correctly.
> Canyonville logging company had bad accident of overheated employee. BOLI fined the employer \$170,000 because the employer did not have rules written for the employee to read.

216 JOE BERNARD, Executive Director, Automotive Service Association - Oregon: Submits a prepared outline and explains program and objectives of a contract between their association and Adult and Family Services (EXHIBIT C).

260 MR. BERNARD: Continues his presentation.

304 MR. BERNARD: Concludes his statement.

307 REP. WYLIE: Are there legislative barriers to doing this statewide?

314 MR. BERNARD: It has not been done by the state agency. I think if it were put in the state agency's lap, it would be helpful. All the work was done through the south Salem office of Adult and Family Services.

324 MR. WYLIE: What do you think was the catalyst for putting together the program?

MR. BERNARD: The jobs for the lady with two transmissions that were paid for in one year and the man with the brake problem. It was just to let them know what was going on. After talking to some employees in Family Services, they said it was a terrible thorn in their side to have to follow through on these things and to put the people through all the hoops before they could get some action on the job. The key thing was for the people to get to their jobs or place of training.

342 REP. ADAMS: The three estimates may be the law, but the rest is common sense.

MR. BERNARD: To get three estimates when you have a broken down car is almost impossible, plus very costly.

362 REP. ADAMS: If this is working, I would like to ask the agency why we aren't doing it.

387 REP. JOHNSTON: Voluntarily, do you have a way of checking on other members?

MR. BERNARD: We have arbitration and mediation services and in some cases people are advised to go to the Attorney General rather than arbitration and medication.

401 REP. GRISHAM: If we were to ask DEQ to transfer the inspection program to your shops, do you have the ability or are you able to do the testing?

408 MR. BERNARD: We have put together a program that has been very efficient. In some states the private businesses do nothing but the testing. I guess some of the individual shop owners are reluctant to be the policemen to tell someone he cannot drive his car. DEQ's equipment is \$250,000 for the new facility in Hillsboro, and I think they are talking about 150 or 200 new employees.

TAPE 15, A

055 REP. MARKHAM AND MR. BERNARD: Discuss the DEQ testing facility in Hillsboro.

076 PAUL GILBARG, a private business consultant and faculty member at Marylhurst, Linfield, Concordia and Lewis and Clark colleges: Explains Total Quality Management (TQM) techniques for managing the work force.

127 CHAIR TIERNAN: Are there TQM programs in state government?

128 MR. GILBARG: Yes. Marion County has self-managing team efforts. The Oregon Department of Transportation did a re-engineering project.
> would characterize efforts as not broad based
> occurs in climate that is accepting of these kind of changes

142 REP. ADAMS: We cannot micro manage individual agencies. Where it has been done, it is because the individual agencies wanted to do it. What was their impetus?

153 MR. GILBARG: Explains implementation of TQM in Wisconsin and Minnesota.

168 REP. ROBERTS: Isn't one of the major problems management's willingness to commit to it.

MR. GILBARG: One reason is lack of understanding and commitment on the part of management. Many were not successful and the reason was lack of understanding by management. Another reason for failure is management goes off in the wrong directions. They don't follow the methods and precepts.

201 REP. MARKHAM: Do state agencies call in experts to do an overhaul?

MR. GILBARG: Yes. but this goes way beyond that.

226 MR. EDWARD TAUB, LIFE, submits and reads a prepared statement (EXHIBIT D) advocating the High Performance Work Organization.

373 REP. JOHNSTON: What is "Taylorism"?

MR. TAUB: It is the traditional way of management from the top down.

390 MR. TAUB continues reading his statement.

TAPE 14, B

008 REP. ROBERTS: We are talking about team concept, empowering, etc. and I understand the labor movement. Along with the decision-making is the responsibility for those decisions.

MR. TAUB: I am in agreement with that.

031 REP. ROBERTS: Should workers be rewarded if they go back to school on their own?

033 MR. TAUB: It depends on the system and what they are going back for. When people begin to see that the eight hours a day they spend on the job is a rewarding experience, I think the education they need to perform their new jobs takes on a dynamic of its own. I am not necessarily in favor of incentive rewards.

045 REP. MARKHAM: Is that what reinventing government should be?

MR. TAUB: Efficiency is what reinventing government is all about.

REP. MARKHAM: Has Oregon invited Wisconsin or Minnesota out?

055 MR. TAUB: I don't know.

REP. GRISHAM: Asks Mr. Taub to explain his statement relating to attacks on public employees in the last five years.

MR. TAUB: Explains his experiences as a previous state employee.

086 REP. GRISHAM: Will you forward to me a list of articles on Taylorism?

090 DAWN MORGAN, Immediate Past President, Oregon Public Employees Union, SEIU Local 503, submits and reads a prepared statement (EXHIBIT E).

169 KARLA SPENCE, Oregon Public Employees Union: In AFS we developed some test pilot branches to try to figure out how to do our jobs better. In 1970 we established caseload standards of 1-135. Now there are 117 programs and the caseloads are growing. As a result of task forces in six branches, AFS has had tremendous success in a holistic approach in a way that made sense to them. We have been able to save about \$17 million in last biennium as a result of AFS employees helping clients move off welfare. Our caseloads are decreasing in the AFDC population. Persons with disabilities have increased 34 percent. FTE positions have not increased; we are doing more with less

251 The work that AFS employees has done have been result of bringing employee to the table and asking workers what makes sense in dealing with the populations. Our people are asked to go back to Washington, D. C. and talk about what makes sense. That is about dealing with people individually and trying to make changes in their lives that they are a part of. It is taking the worker empowering to another level.

271 DAVID ROTH, OPEU, submits and reads portions of a prepared statement (EXHIBIT F). and summarizes his views about empowering the employees and allowing them to participate in decision making.

320 MR. ROTH: Continues his presentation.

386 REP. ROSS: It is my observation at the worker level productivity has a lot to do with whether the worker, and at what level, feels free to be creative and innovative and make decisions about the most effective way to get the work done as opposed to being a part of a big bureaucracy and being afraid.

414 MS. MORGAN: Thinks there are commonly prerequisites for change. It is impossible to implement from the bottom up; it has to have commitment at the top.

450 MS. MORGAN: Continues her response to implementation of changes.

TAPE 15, A

029 MS. SPENCE: Comments on implementation of changes.

049 REP. JOHNSON: You are saying that public employees are not the problem; they can be the solution.

MS. MORGAN AND MS. SPENCE: Agree.

055 REP. JOHNSON: How do we overcome the relationship that is so soured?

056 MS. MORGAN: While at a conference in Washington, D. C. I asked that question and they said given what has happened here, they didn't know how to reinvent government, that it will be difficult to overcome. My personal belief is we, the legislature, the agencies, the workers and the unions involved, have a small window of opportunity that the public will grant.

067 REP. ADAMS: I don't know what would help this (change) to begin to occur. It takes some courage at the manager level and maybe we don't have enough.

099 MR. TAUB: If the legislature were to say this is a good idea, we would like to see an agency of local government come forth as a pilot to see if it will work. If it is implemented successfully a lot of other agencies will move forward.

113 CHAIR TIERNAN: Perhaps we can have some specific labor/management and efficiency discussions.

120 CHAIR TIERNAN: Announces that every Thursday at the beginning of each meeting the first 30 minutes will be scheduled for the public to testify on government efficiency.

129 JOE GILLIAM, State Director, NFIB/Oregon: Explains the membership and purposes of their organization, and submits a prepared statement and outlines suggestions for restricting the growth of government EXHIBIT G).

218 CHAIR TIERNAN: Would you support a rule that states that all agency rules created in the interim must be reviewed and approved as a first thing of business by the next legislature?

221 MR. GILLIAM: I would, but would caution that we don't force every rule to come back. I would be more comfortable in saying if a legislator wanted to challenge the rule.

256 REP. HAYDEN: Suggest that a certain number of signatures by citizens might also be allowed to challenge an administrative rule.

262 REP. STROBECK: I suspect the fourth branch of government is a suspect and there should be some way for the legislature to oversee the actions. Was the parking garage in your opinion an example of wasteful spending?

275 MR. GILLIAM: Yes.

MR. GILLIAM, REP. STROBECK AND REP. HAYDEN: Discuss further the expenditure of funds for the underground parking structure and comparison of costs to have built on the site of the old Sears building, and the use of Certificates of Participation (COPS).

318 Discussion continues on use of COPS.

345 MR. GILLIAM: Continues his presentation on capping fees and restricting the growth of government.

372 CHAIR TIERNAN: Cites example of fees being increased and the organizations were the recipients of only half the fees and the other half was going to the agency itself.

385 REP. STROBECK: In the last few weeks in talking to Washington County there are agencies that are charged 130 to 150 percent of cost of the true cost and the rest of the money goes into the county general fund.

397 MR. GILLIAM: Continues his presentation on privatizing services.

409 REP. LEHMAN: How will we deal with correction reforms, prison jobs, and providing jobs for all prisoners?

420 MR. GILLIAM: You will get a mixed response from the business community on that issue. Prisons and corrections are different areas than printing or landscaping.

TAPE 16, A

040 REP. MARKHAM: Do you have an opinion on privatizing OHSU; in reality they are not privatizing it, they are making it a public corporation.

046 MR. GILLIAM: We haven't polled specifically on OHSU.

066 REP. JOHNSTON: Is DEQ's selling software an appropriate activity? If maps, etc. are being sold by DEQ as momentos or for other purposes, could it perhaps be retail. DEQ entered into a deal with Intel wherein Intel got

to use their name and tout the success of using Intel's equipment and the department got extra copies of the brochure. The department should have gained something from that. What is your response to those three examples of entrepreneurial government.

085 MR. GILLIAM: If DEQ wants to go into development of software, they should go to a private company. DEQ's mission is to protect the environment, whether they need an influx of money for that service, I don't know. However, the price should be a fair negotiation.

107 REP. JOHNSTON AND MR. GILLIAM: Continue their discussion of DEQ's practices.

125 MR. GILLIAM: Continues his presentation providing a fine and appeal process that promotes discretion and common sense and discourages frivolous enforcement.

150 CHAIR TIERNAN: A bill has been filed that provides when a business owner is being pursued or prosecuted by a state agency, whether it is a fine, order, or cease order, the individual can challenge the rule, enforcement or fine and if the individual is successful and can prove the government was wrong or was frivolous or should not have taken the action, they will have all their attorney fees paid for.

176 MR. GILLIAM: If you lose and you are wrong, you should have to pay the other person's attorney fees.

183 REP. MARKHAM: Cites instances of revenue agents who show up at small town celebrations and try to collect a fee.

219 REP. ROBERTS: Was the requirement for placement of the inspection stickers on the video games statutory or by administrative rule?

250 MR. GILLIAM: Suggests that there be a law to prohibit unfunded mandates to the local level.

299 BILL SIZEMORE, Executive Director, Oregon Taxpayers United: Explains the purpose of their organization:

- > does a lot of polling
- > hear people crying out for downsizing government; or right sizing government.
- > different goals for government from employees and the taxpayers
- > bulk of our membership are small business people or people who work for small businesses.

326 > previously there has not been a registered lobbyist whose job was to represent the taxpayer

360 > public employees know many ways we can make government more efficient;

it may be unrealistic to expect public employees in their role of reinventing government to come up with a suggestion that will eliminate their jobs or their co-workers' jobs

- > doesn't believe public employee unions have the same goals in reinventing government that the taxpayers do; the taxpayers goals are aimed more at downsizing

TAPE 17, A

002 > Measure 8 was no fun; it was not the cause of all the bad feeling between the public and private sector. It was a reflection of the problem that government needed to be downsized. Measure 8 was on the ballot because the problems with PERS were known in Salem but no one acted. The voters did. The problem is not over with because there are still problems with PERS and we have the animosity that has been stirred up by and as a reaction to Measure 8. One hundred fifty to 200 governments immediately set out to give pay raises to offset. They could have taken it to the courts, but the problem is not going to go away. The people are convinced that government will never cure the problem on their own. I caution that there will be other initiatives on the ballot with the subject of too many

public employees, how they are paid and there will be more if this body does not deal with it directly.

I know of initiatives that deal with this problem that are now being drafted. I know people would prefer this body deal with it and not have it go to the polls.

048 REP. WYLIE: Have you asked people which pieces of government ought not exist? What you have described is a feeling of being bullied, being intruded upon, being interfered with. I hear that from people, too. Can you be more specific? My feeling is we ought to be hard-nosed about prioritizing government and we should look very closely at how we do them.

If it is compliance, we ought to be extra careful in how we treat people. What have you found out in your discussions and polling about what are the key and core government services that we can agree ought to exist?

068 MR. SIZEMORE: I don't think we will ever come to a consensus. We will conduct a poll and will report back.

077 MR. GILLIAM: We polled our members and we will submit those results.

084 MR. SIZEMORE: Identifies ways to cut government waste and make government more efficient: no redlining, merit pay, rewrite the law on early retirement, zero based budgeting, provide incentive for agencies to not spend in order not to lose, decisions on how big an agency is should be

based on employees needed, Little Davis Bacon Act should be repealed, legislature could refer it back.

109 CHAIR TIERNAN: We will have a bill regarding the pay system of state employees. As a legislative body we have the authority to override collective bargaining, to dictate what can be bargained, what are mandatory subjects and what are not.

117 MR. SIZEMORE: Continues his presentation on ways to save money and make government more efficient.

> concept of merit pay
136 > rewrite laws on early retirement
156 > zero based budgeting
204 > doesn't believe this body should vote to repeal the Little Davis Bacon

Act; but it could be referred back to the voters

229 CHAIR TIERNAN: There is a bill coming up that would require clarification of ballot titles, and explanation of a yes and no vote.

247 REP. HAYDEN: What impact will the office of the labor commissioner have on prevailing wages that are paid in local areas? I believe he said they would address that administratively.

264 CHAIR TIERNAN: If the labor commissioner did some rule making based on some surveys which gave the average labor rate for an area, that would drive down the cost of building buildings or road construction projects.

288 MR. SIZEMORE: There is no inventory of surplus lands that governments (about 1500 government jurisdictions) have under their control and have no

need or plans for. ODOT had an audit and found they had 3000 pieces of surplus property. ODOT has no one assigned to dispose of property.

327 REP. HAYDEN: The Division of State Lands does have an inventory, but there is no mechanism to get rid of it. That should not be too complex to do.

348 CHAIR TIERNAN: Challenges the committee to come up with a way to give state agencies incentives to not spend all their budget and get rewarded for it.

364 CHAIR TIERNAN: Announcements.

425 CHAIR TIERNAN declares meeting adjourned at 4:17 p.m.

Submitted by, Reviewed by,

Annetta Mullins Anne Tweedt
Committee Assistant Committee Counsel

EXHIBIT SUMMARY:

- A - Government Efficiency, letters from Owl Drug Store, Jim Harp Realty, and OEM, Inc., various persons, 4 pp
- B - Government Efficiency, letter from Blue Cross/Blue Shield, Rep. Strobeck, 2 pp
- C - Government Efficiency, Agreement, Joe Bernard, 2 pp
- D - Government Efficiency, prepared statement, Edward L. Taub, 3 pp
- E - Government Efficiency, prepared statement, Dawn Morgan, 3 pp
- F - Government Efficiency, prepared statement, David Roth, 1 p
- G - Government Efficiency, prepared statement, Joe Gilliam, 2 pp