

HOUSE COMMITTEE ON
GENERAL GOVERNMENT AND REGULATORY REFORM

March 16, 1995 Hearing Room 357
1:00 PM Tapes 71 - 72

MEMBERS PRESENT:

Rep. Bob Tiernan, Chair
Rep. Mike Lehman, Vice Chair
Rep. Jerry Grisham
Rep. Cedric Hayden (Arrives at 2:15 pm)
Rep. Bryan Johnston
Rep. Bill Markham
Rep. Barbara Ross
Rep. Ken Strobeck
Rep. Sharon Wylie

MEMBERS EXCUSED: Rep. Bev Clarno

Rep. Lonnie Roberts
Rep. Charles Starr

STAFF PRESENT:

Greg Moore, Committee Counsel
Kay C. Shaw, Committee Assistant

MEASURES HEARD:

HB 2635 - Public Hearing

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 71, A

007 REP. BILL MARKHAM for CHAIR TIERNAN: Calls meeting to order at 1:42 pm. REPS. CLARNO, HAYDEN, ROBERTS and STARR ARE EXCUSED.

016 CHAIR TIERNAN: Introductory comments, including the set over of HB 2558, HB 2398, HB 2477 and HB 2655 work sessions. No report forthcoming from the special committee assigned to attempt to reach a consensus on a two-tier retirement plan; agreement was not reached and the special committee is disbanded.

CHAIR TIERNAN: Opens the public hearing on HB 2635.

HB 2635 - PUBLIC HEARING

Witness: Rich Peppers, Oregon Public Employees Union (OPEU)

032 GREG MOORE, Committee Counsel: Reviews the Preliminary Staff Measure Summary. Preliminary Staff Measure Summary is hereby made a part of these

Minutes (EXHIBIT A).

051 COUNSEL MOORE: Continues review of Preliminary Staff Measure Summary. Refers to similar legislation, ORS 240.185, originally adopted in 1979. Suggests REP. MARKHAM may have comments due to his role in passage of that statute.

060 REP. MARKHAM: Explains that when he wrote the bill four years ago, the limit to hiring was 1.6% of the state's population. As a result of the legislation, the limit to hiring was reduced to 1.5%.

071 RICH PEPPERS, Political Director, Oregon Public Employees Union (OPEU): Testifies from prepared testimony in opposition to HB 2635. Submits (EXHIBIT B).

078 MR. PEPPERS: Continues testifying in opposition to HB 2635. Defines problem areas (Page 1).

106 MR. PEPPERS: Continues testifying in opposition to HB 2635. Describes OPEU's other concerns (Page 2).

128 MR. PEPPERS: Continues testifying in opposition to HB 2635. Says the bill appears to lack "real analysis" that the proposed 10% staffing cut can be made without any impact on the quality of services or number of people served. Refers to an article about an American Legislative Exchange Council study (Page 4).

140 MR. PEPPERS: Continues to testify in opposition to HB 2635. Refers to a state-to-state comparison table (Page 4) and ALEC study table (Page 5).

144 MR. PEPPERS: Describes the flaws to the ALEC study (Pages 2-3).

190 REP. MARKHAM: Refers to item number 2 (Page 1) of the prepared testimony and disagrees with the testimony about the impact of a hiring freeze. Says it is important to force state agencies to prioritize instead of adding staff.

202 MR. PEPPERS: Says that a "cap" is a different tool than a "freeze." Explains that a "freeze" would prohibit the filling of vacant positions even if a position is in a particularly critical part of the agency's service-delivery program. A "cap" would be different in its affect than a "freeze."

REP. MARKHAM: Agrees there is a difference; however, it would force "thinking about it instead of just hiring." Opines that is the intent by the sponsor of the bill.

216 CHAIR TIERNAN: Would you support a "cap"?

MR. PEPPERS: There is already a "cap" of 1.5%. Opines the issue is what legislators and voters want in service delivery level in the state. Doubts it would be possible to live within the "cap" if the voters decided they wanted additional services through the initiative process.

224 CHAIR TIERNAN: Would you support a lower cap?

MR. PEPPERS: The answer is the same. If the legislative body chooses to provide more services than are possible to meet within the "cap", then it is not possible.

CHAIR TIERNAN: Comments that some testimony is "on point." Describes work force reductions in private industry, increased work product and that companies seem to be doing quite well under fewer people. You don't think this has any application to State Government?

241 MR. PEPPERS: Would want to evaluate those industries, because there probably have been cutbacks or eliminations of processes to live within the reductions. If state/local government decided to provide fewer services and focus on others more, then that is possible to do.

CHAIR TIERNAN: You don't think working new work assignments into the system to force prioritization has an application to State Government?

MR. PEPPERS: Opines that is happening. Refers to testimony and that many workloads have increased, people are accepting increased caseloads, and increased additional duties. In many cases work levels are reaching breaking points where perhaps mistakes are made and "we find a very unforgiving public when mistakes happen."

270 REP. MARKHAM: Do you know where we are with the 1.5% cap today? How much slack is there?

MR. PEPPERS: Doesn't know.

280 REP. JOHNSTON: Refers to the legislative fiscal statement there is "no impact" regarding HB_2635. If there were 10% fewer employees, wouldn't there be some financial impact?

CHAIR TIERNAN: Defers to Committee Counsel. Illustrates losses and savings.

302 COUNSEL MOORE: Explains there is no revenue impact; fiscal isn't available yet.

315 REP. LEHMAN: Is there something that occurs that employees get "added to" that is not seen in the budget process? Does this bill address a problem that is not addressed in the budget bills that are presented?

CHAIR TIERNAN: Explains the various ways to address the problem and the two different budgeting methods. First, take out of the budget the employees or dollars. Second, is a bill that eliminates the number of employees and establishes a "cap" limit across the board or as "surgically" as is preferred.

MR. PEPPERS: Reemphasizes that what drives the whole staffing question is the issue of what service levels are decided by legislators or through the initiative process. Prioritization that is done is in the hands of legislators, Ways & Means or voters.

350 REP. MARKHAM: Opines that the amount of money the state has drives the budget.

CHAIR TIERNAN: Restates the testimony about the premise and assumption that all current employees are doing all the work and working 40-hours a week, but if that dynamic is changed then something is missed. Illustrates a tour of Portland lobbyist's business.

388 CHAIR TIERNAN: Continues illustration. Talks about cost cutting, layoffs and forcing a better process. The general intent of the bill is to induce more efficiency into State Government. Agrees some areas need more people, but conversely some areas have too many.

TAPE 72, A

003 MR. PEPPER: Responds that we all agree there is almost always a better way to do the work that is being done. Refers to testimony two weeks ago before the Committee on government efficiency -- how front-line involvement

to reorganize and reshuffle the work can create efficiencies, savings and produce better results. Not adverse to that process; however, imposing pressure from the outside is best accommodated by a deliberative body looking at the agency (e.g., Ways & Means).

018 CHAIR TIERNAN: It has never happened that way in the past 20 years -- a manager is always able to justify every person.

023 REP. MARKHAM: Points out the affect on local school districts after Measure 5.

REP. LEHMAN: Explains the difficulty in applying the same formula to government. The critical part, when looking at government, is finding some method of comparison and measuring the end product/efficiency.

043 REP. JOHNSTON: Does attrition occur equally in all state agencies?

MR. PEPPERS: No. Doesn't have supportive statistics though.

REP. JOHNSTON: It is possible for HB 2635 to result in a decimated agency or two while trying to reach the particular figure?

MR. PEPPERS: Believes that's correct. Could result in very uneven impacts. Refers to testimony.

REP JOHNSTON: Just trying to "underline."

052 CHAIR TIERNAN: Do you have suggestions to not adversely affect services?

MR. PEPPERS: A "freeze" would be the wrong way to do it.

CHAIR TIERNAN: What would be your suggestion? If that is the policy that is set and the purpose is to try to do more with fewer employees, how would you go about doing that?

MR. PEPPERS: Refers to Rep. Markham's concept about a "cap" as one of the issues in 1979. It is important to remember a situation that is in flux -- not just providing the same level services to the same number of people, but to a growing population that is also

changing in its characteristics in many ways.

CHAIR TIERNAN: What percentage of State Government provides services -- 8%, 9% or maybe 10% of the employees? How many employees in State Government are providing front-line services?

REP. HAYDEN: Arrives at 2:15 Pm

066 MR. PEPPERS: Opines that it would be a large percentage; doesn't have a number though.

CHAIR TIERNAN: If this proposal is a "barbaric" way to go about it, what way would you suggest or what suggestions could you have?

MR. PEPPERS: Suggests to not approach it with a "freeze," but to work with

REP. MARKHAM's concept of the "cap" that has already been implemented and peg it to population. Opines that population is changing and the method shouldn't be based on a "static" world, but on a "changing" world.

083 REP. LEHMAN: How would you factor in such things as Ballot Measure 11 that dramatically increased the number of prison beds? Is there some way to factor that into a formula?

MR. PEPPERS: Doesn't think those matters can be accounted for in the formula other than to provide exemptions when those events happen or to provide for methods of prioritization. If there is a process (we should and do have) by which the voters can pick or choose certain services or programs in the state and require them to be increased dramatically, then there is no way to predict such matters in a "blanket" formula. Refers to testimony that a "blanket formula" approach to these matters doesn't work very well. Perhaps listing the criteria to be considered by Ways & Means in determining service prioritization or listing some way to evaluate where to "draw the line when lines need to be drawn" might be a way.

104 CHAIR TIERNAN: Acknowledges the testimony raised a few, maybe many, excellent points. Perhaps the "cap" is the best approach or perhaps lowering the "cap." When the "cap" information is available the Committee will evaluate how that relates to the history over the past five or six years and consider a "cap" in addition to lowering the "cap" as an addition to HB 2635.

111 REP. JOHNSTON: Suggests determining some way to "cap" the initiatives that impact State Government.

REP. HAYDEN: Suggests placing a "cap" on the number of bills introduced by legislators.

CHAIR TIERNAN: Adjourns the meeting at 2:20 pm.

Submitted by, Reviewed by,

Kay C. Shaw Gregory G. Moore
Committee Assistant Committee Counsel

EXHIBIT SUMMARY:

A - Preliminary Staff Measure Summary on HB 2635 -- Staff -- 4 pages

B - Prepared Testimony on HB 2635 -- Rich Peppers -- 6 pages