

SENATE COMMITTEE ON LABOR AND GOVERNMENT OPERATIONS

March 5, 1993      Hearing Room B 8:00 a.m.      Tapes 40 - 42

MEMBERS PRESENT:    Senator Tricia Smith, Chair Senator Grattan Kerans,  
Vice Chair Senator Brady Adams

EXCUSED:                      Senator Wes Cooley Senator Peg Jolin

STAFF PRESENT:              Joan Van Almen, Committee Counsel Stephanie  
Holmes, Committee Co-Counsel Stasi Kitchen, Committee Assistant

MEASURES HEARD:            Bill Introductions SB 181 - Public Hearing & Work  
Session SB 69 - Public Hearing & Work Session SB 171 - Public Hearing

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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. [--- Unable To Translate Graphic ---]

TAPE 40, SIDE A

001      Chair Smith:    Calls meeting to order at 8:20 a.m. and opens work session for the purpose of bill introductions.

008                      MOTION:    CHAIR SMITH moves that the committee introduce LCs 373 7, 3163, 3738, and 3747.

VOTE:    CHAIR SMITH, hearing no objection the motion, declares the motion CARRIED.    SENS. COOLEY and JOLIN are EXCUSED.

010      CHAIR SMITH opens the public hearing on SB 181.

SB 181 - PUBLIC HEARING

013      PAMELA MATTSON, Administrator, Employment Division, continues her section-by-section review of SB 181 (EXHIBIT A from the 3/3/93 meeting) beginning with Section 28 relating to the Child Care Resource and Referral Programs.

053      SEN. ADAMS:    Does Section 30 give you the authority to create new certification, registering, or regulating authority?

061      MS. MATTSON:    No.    These sections are direct transfers from what is currently the responsibility in the Children's Services Division.

063      SEN. ADAMS:    I do not find contained within Section 30 language regarding certification, registering, or regulating day care facilities. Is it contained elsewhere?

071      MS. MATTSON:    The authority to do this is contained further in SB 181 .

072 CHAIR SMITH: Is this new authority or is this taking the language that CSD is under and moving the exact language to this portion and where is the existing language located?

075 MS. MATTSON: We took existing language and moved it to SB 181.

104 MS. MATTSON: In Section 32 CSD becomes responsible for certifying the fitness operators of day care facilities.

121 CHAIR SMITH: Are you transferring existing employees from CSD to the

Employment Department?

092 MS. MATTSON: Correct. Then, by inter-agency agreement, we will agree back with the Children's Services Division that they will continue to live and work in the Children's Services environment so they continue to have the information loop.

134 CHAIR SMITH: Are all the positions moving in the budget?

135 MS. MATTSON: The program does come fully funded so that the position

level required to continue to do this licensing function. It comes with the responsibility. There is no additional position limitation that would allow us to add to what has been appropriated in the past.

141 CHAIR SMITH: The proposed budget, then, is exactly the same number of FTE's as last time?

141 MS. MATTSON: That is correct. Section 33 transfers from CSD to the Child Care Division the minimum standards of operation for day care facilities. Section 34 is transferring the application for approval for operation of the day care facility. Section 35 transfers the licensing fee of \$25.00, allows that fee to be collected by the Child Care Division deposited in the Child Care Fund that SB 181 establishes in Section 4. Section 36 provides for the renewal of the certificates by

the Child Care Division. Section 37 provides for the denial, revocation, or suspension of that certificate of licensure by the Child Care Division (transferring of authority). Section 38 provides for notice and opportunity for hearing upon suspension/revocation of a license. Section 39 gives authority to the authorized representative of the division to visit and inspect the premises at any reasonable time.

Section 40 authorizes the division to request the Health Division to inspect day care facilities. Section 41 provides the process for Child Care Division to obtain search warrants if access to the premises is denied. Section 42 authorizes the Child Care Division to enter into cooperative arrangements for inspection of day care facilities. 168 SEN. ADAMS: What are the differences between the Child Care Division

and Children's Services Division?

172 MS. MATTSON: Children's Services Division is currently a division of

the Department of Human Resources. We are transferring that authority

to the newly created Child Care Division of the Department of Employment.

180 SEN. ADAMS: Will there still be a Child Services Division?

179 MS. MATTSON: That is correct. None of the deletions of the Children's Services Division do anything to change that organizational entity and

that part of government.

183 MS. MATTSON: Section 43 authorizes the Child Care Division to seek injunction against facilities not operating within the regulations; it

is currently in statute. Section 44 provides that the newly created Child Care Division may consult, advise, or train staffs of day care facilities. Section 45 provides that the newly created Child Care Division may award grants for child care or latch key programs.

193 CHAIR SMITH: If a school and a day care provider wanted to go into partnership together to provide a latch key program, would they be able to apply to this division for a grant?

198 JANICE ELLIOTT, Child Care Coordinator, Department of Human Resources: Yes. In fact, that is the intent of this legislation.

CHAIR SMITH and MS. ELLIOTT discuss the combined efforts to set up day care programs and the history of day care funding.

239 MS. MATTSON: Section 47 provides for the new Child Care Division to revoke a grant for child care or latch key programs as the program is defined in Section 46. Section 48 does repeal the designation of the

Department of Human Resources as the recipient of the Federal Child Care Block Grant.

256 CHAIR SMITH: Currently what is the management structure of the Child

Care Division currently in the Department of Human Resources?

194 MS. MATTSON: There are four parts that are moving to create this Division. 1) licensing, 2) block grant administration, 3) resource & referral, and 4) staff of the commission.

276 CHAIR SMITH: Is there a difference between FTE in the current management structure of the four current programs and the newly formed Child Care Division?

290 SEN. KERANS: Is the management structure more streamlined?

295 MS. MATTSON: The division will have an administrator in this area, which again is an existing position which will come to have additional

responsibilities in terms of the Child Care Coordinator. No additional

positions in a management structure are added to the design which is on the table at the present time. It is a direct transfer and quite candidly we have not reduced that position limitation because these four programs have not operated together yet, and we don't know just what we need in that new configuration because these four pieces have not been

together before. So we have done in the budget package a direct transfer over of existing position authority.

316 CHAIR SMITH: Will there be one manager or will all four be directly responsible to you?

320 MS. MATTSON: There are two managers in the group who are transferred

over. The organizational chart indicates there will be a child care coordinator as a head of the division. There will be a program services team and a day care and regulation and licensing area and the clerical support area.

332 CHAIR SMITH: In your interagency agreement with CSD, will they assist

you with some of the administrative functions?

336 MS. MATTSON: Yes.

346 MS. MATTSON: Section 49 renumbers and moves the statues relating to the commission for child care, day care licensing, the resource and referral, and the latch key programs to Chapter 657.

358 MS. MATTSON: Section 50 clarifies the transfer of the Employment Appeals Board and the Commission for Child Care into the Employment Department. This transfer is not intended to affect the terms of office of the current members of either the Employment Appeals Board or the Child Care Commission and authorizes those current members to continue

to fulfill their unexpired terms. Section 51 provides that the Department of Human Resources and CSD rules relating to regulation and

licensure continue in effect until rules properly promulgated under the Department of Employment and the Child Care Division would supersede any of those rules. So it is a clarification that the rules continue a continuity of the transfer. Section 52 authorizes the Employment Department to enter into any necessary interagency agreements as we previously made reference to implement the legislation. Section 53 provides that all provisions of SB 181, except the repeal of the Child

Care sunset become operative on July 1, 1993. Section 54 establishes the emergency clause and specifies that SB 181 becomes law and takes affect of June 30, 1993.

414 MS. MATTSON: The amendments we bring before the committee today reflect the discussion on Wednesday (3/3/93) (EXHIBIT A). In response to Sen.

Adams, we have "missionized." On page 3, lines 25, 27, and 29 conform

with Legislative Counsel (LC) regarding the Mission Statement. In Sections A, B, C, and D, language has been added that reflects our intent. Page 3 (a), line 41 the monies and the child care fund are appropriated continuously to the Child Care Division. We have deleted expended and replaced that with used. Page 3 (a) in line 42 we delete ORS 418 and substitute for the administration of those sections.

TAPE 41, SIDE A 010 MS. MATTSON: On page 7, in line 6 we delete the transfer of these employees made in accordance with these Chapter 236 sections because that, according to counsel, is a provision that refers to transfer of employees between public bodies. Those statutes are not applicable and

are not necessary when we transfer employee between agencies of state government. On page 9, we are now making the changes that we discussed about the composition and appointing of members to the Child Care Commission.

030 SEN. KERANS: Do the amendments that were handed to us this morning represent the latest thinking on the membership?

030 MS. MATTSON: In Section 26 on page 9 (EXHIBIT A) we are changing the

providers which go from seven to two in reduction of the commission to

be appointed by the Governor reflecting our discussion on Wednesday. Those providers had previously been appointed by the Speaker and the President, we changed the appointment between the providers and the government representatives, so that as the amendments read the Governor will be appointing the two providers and the Speaker and the President

will each be able to appoint one of the Governor's representatives.

055 SEN. ADAMS: In Section 28, page 10, Who decides who the advisory committee will be?

063 MS. MATTSON: The intent here is to use this advisory committee as advisory committees are currently used within state government where the Child Care Division would be making those selections and as you indicate it shall include but not be limited to at least three members of the Child Care Commission. So it leaves the decision making or discretion

around the Advisory Committee to the Child Care Division with the caveat that three of those members will be commission members.

077 SEN. ADAMS: The organizational structure has changed; have we given

additional management responsibilities by that change and are there subsequent salary implications?

089 MS. MATTSON: This reflects the flattening which has occurred this past biennium. There has been no, nor is there anticipated any classification change.

122 SEN. ADAMS: Are we saving or spending money in this process?

125 CHAIR SMITH calls the members attention to the Legislative Fiscal Statement (EXHIBIT B) just delivered.

134 MS. MATTSON: We don't know if this transfer is a money-saving piece. We have wanted to make certain that the child care licensing piece was

transferred to the division fully funded or with current resources dedicated to that. There are no General Funds in this current biennium in the Employment Division. The Legislative Fiscal Impact Statement shows existing dollars in commitment to this program transferring from

the CSD budget to the Employment Division budget. There are \$700,000 of administrative fees that the Employment Division will not be paying to

the Department of Human Resources. There is \$35,000 of rental savings

by the Employment Appeals Board. 173 SEN. ADAMS: The impact shows an item that appears to be an increase of General Funds \$291,550.00 in the form of Child Care Division programming. Is that a correct analysis, would there be an impact on General Funds due to a requirement for new computer programming?

143 CHAIR SMITH: There is a \$292,000.00 reduction of expenditures in the first set, the Department of Human Resources total funds. It states below the Child Care Division programming of \$291,550.00 additional expenditures. Will this be the same monies or are they new?

207 JAN DEAN, Budget Director, Employment Division: This would be new revenue, it is not included in the Governor's budget. All the other numbers would not be new, but those are new dollars.

174 CHAIR SMITH: Can you tell me why there is no difference in the dollar amounts between 1993-95 and 1995-97, given the fact the state is growing; inflation will probably continue to exist in some form or another?

230 MS. DEAN: We would anticipate growth factor, but these would be federal revenues for the most part from block grants.

243 MS. MATTSON: I appreciate the observation and I think we need to look at those numbers and decide why that assumption has been made that there is no inflationary change. We will be taking that up Monday or Tuesday as we move to the detail of the budget package.

253 CHAIR SMITH: It would be nice if you could come back to this committee with a response as well. And I understand this Child Care Division programming is a one time expenditure to connect them with your computer?

254 MS. MATTSON: That is correct.

280 IRV FLETCHER, Oregon AFL/CIO, submits and paraphrases a prepared statement in support of SB 181 (EXHIBIT C).

304 CHAIR SMITH: How do you feel about the seeming change of direction from unemployment to employment, and the inclusion of child care?

306 MR. FLETCHER: I applaud the emphasis being on job development and things of that nature, although the unemployment function, and unemployment insurance benefits is an extremely important one and we would not want to see that neglected in any way.

323 ARLENE COLLINS, Chair, Oregon Child Care Commission, reads a prepared

statement in support of SB 181 (copy not available).

391 CHAIR SMITH: 1) Is the commission doing an exploration of new ideas and ways to interface with Washington in how to direct the Block Grant money?

404 MS. COLLINS: In the last three months, I have been made Oregon's representative for the Children's Defense Fund. I have received tons of paper about the partnership between the federal level and the state level. Communication alone has increased since January.

419 CHAIR SMITH: Is it part of your work plan as a commission to explore ways of leveraging more money?

421 MS. COLLINS: That is our mission.

426 SEN. ADAMS: Do you see the purpose of SB 181 to create more rules and regulations as a result of these changes?

430 MS. COLLINS: I am talking about advocacy roles. We have standards and regulations. The Child Care Commission is sponsoring a bill that will

bring in the individual day care person who is now an underground business. Our concern is we don't know who those people are. Our purpose is more for education than for regulation. There is no punishment if they don't do it.

TAPE 40, SIDE B

005 SEN. KERANS and MS. MATTSON discuss the projected administrative savings realized from DHRassessments.

035 CARL FREDERICK, Vice President/Director of Legislation, Associated Oregon Industries, speaks in support of SB 181 (SEE EXHIBIT B OF 3/3/93 COMMITTEE MINUTES).

049 CHAIR SMITH closes the public hearing and opens a work session on SB 181.

SB 181 - WORK SESSION

053 MOTION: SEN. KERANS moves that the committee ADOPT, IN CONCEPT, the amendments proposed by the Employment Division dated 3/5/93 (EXHIBIT A).

062 VOTE: CHAIR SMITH, hearing no objection to the motion, declares the motion PASSED. SENS. COOLEY and SMITH are EXCUSED.

063 MOTION: SEN. KERANS moves that SB 181, as amended, be sent to the Committee on Trade and Economic Development Committee.

064 VOTE: In a roll call vote all members present vote AYE.  
SENS.

COOLEY and JOLIN are EXCUSED.

071 CHAIR SMITH declares the motion PASSED.

(Tape 40, Side B) SB 69 - PUBLIC HEARING

080 CHAIR SMITH opens the public hearing on SB 69.

080 STEVE TEAGER, Legislative Liaison, Employment Division, summarizes a prepared statement for Pam Mattson (EXHIBIT D). SB 69 is a small bill, yet very important to the Division. The Governor's recommended budget

for the 93-95 biennium for the Employment Division assumes the passage of this bill, so there is no fiscal impact from the passage of this bill, there is a fiscal impact that occurs if the bill does not pass.

The bill repeals a sunset date of September 30, 1993 off of an administrative fund that was established in the Employment Division originally by the 1987 legislative session.

092 CHAIR SMITH: What is the fund for?

093 MR. TEAGER: Originally it was to hold the diversion funds, or the funds created by an offset of unemployment payroll taxes that were paid by employers for the purpose of covering the shortage in federal funds being received by the Employment Division for operation of the Employment Division.

095 CHAIR SMITH: What does it mean to hold an offset?

100 MR. TEAGER: For one calendar quarter during the biennium the payroll

taxes, which were paid by employers to the Employment Division for purposes of generating the dollars that pay unemployment benefits, those tax rates were reduced by a small percentage for one calendar quarter and a separate payroll tax was imposed on employers by that same small percentage point.

165 SEN. KERANS: How are we financing the Benefit Reserve Fund?

165 MR. TEAGER: It is using diversion in the same way. Instead of one calendar quarter we are hitting each calendar quarter for a three year

period. The difference is we are not spending those diversion dollars; they are going into a reserve fund that is being held and invested by the State Treasurer. We are using the interest income off that \$200 million trust fund to cover the shortfall of federal funds for the Employment Division.

187 SEN. KERANS: If SB 69 does not pass, SEDAF goes away and they default to the trust fund.



190 MR. TEAGER: That is correct.

192 SEN. KERANS: So, what we are doing is setting up a better Trust Fund for the employers. The money is still there and the interest earning on that goes to fund SEDAF. If the feds ever do right, the employers can

have their money back out of the Reserve Fund and we would not be making the assessments any more.

208 CHAIR SMITH: Is there a sunset on the assessment for the Reserve Fund?

209 MR. TEAGER: It is a diversion over a three-year period which will end with the second quarter of 1995.

211 CHAIR SMITH: Why is this not a part of SB 181?

214 MR. TEAGER: It probably could have been.

218 CHAIR SMITH closes the public hearing and opens the work session on SB 69.

(Tape 40, Side B) SB 69 - WORK SESSION

220 MOTION: SEN. KERANS moves that SB 69 be sent to the Floor with a DO PASS recommendation.

225 VOTE: In a roll call vote all members present vote AYE. SENS.

COOLEY and JOLIN are EXCUSED.

226 CHAIR SMITH declares the motion PASSED. SEN. KERANS will carry SB 69 on the Floor.

241 CHAIR SMITH opens the public hearing on SB 171.

(Tape 40, Side B) SB 171 - PUBLIC HEARING

The Preliminary Staff Measure Summary (EXHIBIT E) and Legislative Fiscal Statement (EXHIBIT F) are hereby made a part of these minutes.

194 DAN SIMMONS, Director, Executive Department, submits organizational charts, mission and goals of the Executive Department (EXHIBIT G), explains that the missions and goals would become those of the new department, explains how the department meets their mission and goals and explains the organizational charts on page 3 of Exhibit G.

291 CHAIR SMITH: We need efficient government, but that does not mean we

get that. How do we make sure that this occurs?

292 MR. SIMMONS: I think you set it out as an expectation and the fact that you may have an organization somewhere in the bowels of the Executive Department that is working on that I am not so certain that you would achieve the same end any better than setting out a very strong expectation from the Governor right on down through the Executive Branch

of the government.

428 SEN. KERANS: The concern is that the Division may disappear but the

functions continue.

440 MR. SIMMONS: We understand the concern and I will have a better response for you on Monday.

(Tape 41, Side B)

002 MR. SIMMONS continues with his presentation explaining that they are recommending that the Northwest Power Council be moved to the Department of Energy.

010 CHAIR SMITH: Where is the Minority Women and Emerging Small Businesses going?

010 MR. SIMMONS: A bill is being drafted to move it to the Department of

Business and Consumer Affairs.

014 CHAIR SMITH: Where is the Criminal Justice Services going?

015 MR. SIMMONS: It is going to the Criminal Justice Counsel. The grant

function remains with the Governor's office and the administration of the grants stays with the Executive Department. LEDS goes to the Department of State Police, but the criminal justice parts go to the Criminal Justice Counsel.

025 CHAIR SMITH: Why are you keeping the Forest Planning Council?

030 MR. SIMMONS: The reason that it doesn't go to Forestry or any of the

other Natural Resources Agency or to the Department of Economic Development or some of the other elements that are touched by the states forced planning is that this function was created under Former Governor Neil Goldsmith who wanted to have the capacity to have an independent objective analysis from a policy perspective available to interface with the federal government. In other words we did not want to have Fish and Wildlife reporting, Department of Forestry reporting, maybe the Department of Economic Development, we wanted to speak with a cohesive

message from the Executive Branch for the State of Oregon. That has worked out very well and we are recommending that it continue to be there.

035 CHAIR SMITH: This is the council that will interface in the Forest Summit.

040 MR. SMITH: Yes, as well as any other exchange with the Federal Government.

041 CHAIR SMITH: And this is within the Executive Department, not the Governor's Office?

042 MR. SIMMONS: Yes.

043 CHAIR SMITH: Why?

044 MR. SIMMONS: I believe that is where it belongs, along with the other functions that we have such as Budget and Management. We provide independent perspective and analysis.

045 CHAIR SMITH: This is a large policy. It is the Governor's policy. 046 MR. SIMMONS: We understand that. Clearly it will serve that need along with providing some independence from all the other natural resource agencies and other executive agencies so that you create a cohesive policy.

048 TERESA MCHUGH, Governor's Office: I would like to clarify in regards to the Northwest Power Planning Council and the Minority Women and Emerging Small Business. We checked the status regarding legislation. There is nothing that establishes them as part of the Executive Department, therefore, within the Governor's budget they were put into those other

areas and there was no need for legislation to specifically do that, but on Criminal Justice Services there is a bill that is coming.

050 CHAIR SMITH: Minority Women and Emerging Small Businesses just exist

out there in statute somewhere but are not attached to the Executive Branch.

055 MR. SIMMONS: The Director of the Department of General Services is abolished. Obviously if you have one department you will have a single director. We are proposing to consolidate "Telecommunications," "Ed-Net" and information systems into a combined unit to better manage

the state's capacity to provide telecommunication throughout the state.

067 CHAIR SMITH: Does all that occur in SB 68?

070 CINDY BECKER, Assistant Director, Executive Department: SB 68 changes the reporting structure for Ed-Net so that Ed-Net would report to the Governor through the Executive Department; the board would remain.

082 CHAIR SMITH: Are there no statutory changes required to merge these three programs?

082 MS. BECKER: ED-Net does not technically merge into that Information

Resources Unit. They will be able to work more closely together because of both being part of the Executive Department, but the only two pieces that actually merge together are the Information Systems Unit of the Executive Department and the Telecommunications Division of the Department of General Services. That is a separate piece within that and SB 68 addresses that.

080 SEN. KERANS: What will happen to Printing?

081 MR. SIMMONS: That is an activity that is proposed in SB 205. The recommendation is to make that a semi-independent agency. If you turn

to the last page you will see what it looks like after it is all done.

121 SEN. KERANS: What is the mission of Ed-Net?

104 MR. SIMMONS: It is a telecommunications service agency and what we like about having it here is we can put it together with the infrastructure

that the state owns or that the state operates and leases from the private sector so that we can extend telecommunication services throughout the state in the best way. This is an essential part of that mosaic, we believe. Some have talked about putting Ed-Net in with the

Oregon Public Broadcasting System. Our view is that it is different.

We like this idea on the basis that as you all know, we are going to be relying more and more on technology that is assimilated through the state by this medium and again we think that this is an essential element that we can use effectively to better manage state government.

If you do this, we believe you end up with a better organization that can focus more attention on managing some critical elements of government. You save around \$1 million (EXHIBIT H).

167 CHAIR SMITH: How many FTE's?

167 MR. SIMMONS: Eight.

167 CHAIR SMITH: What is Information Resource Management again?

168 MR. SIMMONS: That is what we would call the combination of telecommunications and the information systems division of the Executive Department.

176 JOAN VAN ALMEN: You have submitted a mission statement and in relation to the Forest Council your intention is to retain that within the Executive Department. Does your mission, even though it does not appear to be stated, include a mission that allows, or intends to carry out policies of the Governor's office?

180 CHAIR SMITH: This is like a sub area instead of a technical support area which is what the Executive Department does.

182 MR. SIMMONS: We deal with policy direction from the Governor in a whole variety of ways, primarily through the Budget and Management Division.

185 CHAIR SMITH: You create the budgets of the agencies, that is true, but this is something separate from that.

186 MR. SIMMONS: We create the budgets. Budget and Management also provides independent perspective on issues of policy so that the Governor can make choices on her budget.

194 CHAIR SMITH: We can argue about whether the Ways and Means process should dictate policy of the state. I don't think that is where

it should happen either in the Budget and Management Division or the Ways

or Means Committees in this building.

197 MR. SIMMONS: The policy choices ultimately are exercised by the Governor, there is no question about that. The independent analysis, the management information, the research that goes into that is supplied by the Executive Department in many cases.

201 CHAIR SMITH: You do the back up work, the support work, that sort of thing.

203 MS. MCHUGH: For example, the Governor's Council on Economic Advisors

exists within the Executive Department. Those elements have traditionally been within the Executive Department, and that is why you see as one of the missions that policy development and oversight is part of the role of the Executive Department as playing kind of that right hand to the Governor.

211 CHAIR SMITH: The Northwest Power Planning Council is going away because you don't think that is your function and that body sets policy for energy issues that will affect us long into the future and fishing interests, and all kinds of things and it is going away because you don't think that the Executive Department should have anything to do with that--it is more an energy thing. But this one, it seems to me the premise is the same for both of those bodies and yet the arguments for keeping or retaining are different.

218 MR. SIMMONS: I think that they are different. All the Executive Department has ever done is house the Northwest Power Planning Council. That is an organization that consists of representatives of other states, and we send the money. The appointments are made by the Governor and really the Director of the Executive Department has never had any oversight function over those activities whatsoever. What we are talking about in terms of some of these other policy areas we do.

In the area of the one that Teresa just outlined, that is the council that checks, tempers, and improves the revenue forecast that we use in the budgeting process.

230 CHAIR SMITH: That is true, but they do not direct the substantive policy in subject areas of the state. That is where Warner lives and we create a projection of what our economy is going to look like in the future. That is different.

236 SEN. KERANS: The Forest Planning Council is different. It should be in the Governor's office.

257 CHAIR SMITH: It should be in the Governor's office. It seems to me that you are the part of the government that makes the muscles work, that is, the agencies. You send the money, pay the salaries, you make sure that the personnel policies are followed, you assist them in the preparation of their budget, but the Executive Department is not

appropriate to my way of thinking in setting significant policy, long term policy for the state and then articulating that policy for the federal government in such a sensitive area as Forest Resource Management.

268 SEN. ADAMS: I would concur, because if you are going to do Forest Service then why aren't you doing health? Where do you draw the line?

273 MR. SIMMONS: It is a matter of degree in my mind and that is that we do advise the Governor's office relative to a whole host of policy issues.

277 CHAIR SMITH: Is there some language in the bill that describes where

policy development and oversight as it is listed in your mission statement is described. What kind of limitations are there in policy development and oversight?

281 MR. SIMMONS: Let me finish my point, because this issue is obviously very high on the screen right now throughout the state of Oregon. That is one of the reasons that it is set out as a separate entity.

288 SEN. KERANS: Is it also true that SB 171 is brought to us by the Governor and she wants it here?

290 MR. SIMMONS: Yes.

300 MS. MCHUGH: Just to respond, a lot of the arguments you are making are really why we are here with SB 171 today in general and currently Forest Planning is there, Northwest Power Planning is there--all of those pieces are there. We came forth with a first attempt to start saying some of these pieces do not belong here and as we worked through this process about how to make those changes and coordinate that, this was the one piece that was left there and one of the reasons, Sen. Kerans is exactly right, is that there was a choice by the Governor.

315 SEN. KERANS: I can understand where the Governor would not want to let this get farther away from the Governor's office than the Executive Department. When we think of the Executive Department we think of the

Governor, it starts there and then there are those who come down the chain of command below her. I do not think of it as being a separate department.

323 CHAIR SMITH: I see it that way to a certain degree, in that she is the head of the state employees and you regulate the inter workings of state government, but in terms of policy I would think that you would have less impact on policy than substantive agencies would in terms of their interaction with the Governor on these issues. You are good at computers but what do you know about Forestry.

329 MR. SIMMONS: We avoid getting into the policy discussions that you have established within your legislative framework for the agencies, but on a daily basis we advise you and others and the Governor most of all

on policy matters, and on a continuum you can have this in the Governors's office or you can put it in Budget Management with all the other policy agencies. This is set out as has been suggested here somewhere along that line of continuum; it is a choice that was made by the Governor.

340 MS. VAN ALMEN: Did I read in materials that were provided to us, perhaps in the task force materials, something about part of your restructuring included a decision or more of an effort in direction on the part of your department to carry out the Governor's policies in a more direct fashion, as a sort of policy conduit. I may have misunderstood or misinterpreted that, but I assume that it was in there because there was a decision to do that with the intent to be different in the future than has been done in the past. Can you clarify that for me?

356 MR. SIMMONS: I think that is an inference that you can draw from the cover label that we gave you that shows the organizational table. That was one of the principal elements that the task force tried to address

in its report. What they told the Governor is that you need a better way to communicate with the state of Oregon. Right now we have about 116 agencies and there is hardly any mechanism that is available to the Governor to communicate effectively with 116 agencies. What we have done in the schedule that was distributed is to group those into nine categories, we meet on a weekly basis with the Governor or the Chief of Staff and we deliberate issues of statewide policy, such as personnel, budget, those kinds of things, but the day to day policy considerations as to the length of deer season, that is clearly Fish and Wildlife. Matters such as that remain with those agencies.

382 CHAIR SMITH: If you were talking about the crab council, it probably would slide right by me, but given where we are on these issues--don't

know why--who in the gang of nine is doing Natural Resources?

391 MR. SIMMONS: That is out of the Governor's office.

393 CHAIR SMITH: I don't get this piece.

396 MR. SIMMONS: I have outlined the primary benefit which is the savings that you get. We set a standard of control through this mechanism of about one to ten, and the leadership agency, we believe, is important as we proceed to the times ahead. You get integrated oversight in some policy development. I mentioned the one in the telecommunication areas and there are others. Space and budget is another example. Purchasing

and personnel services contracts are being combined. So in addition to some administrative savings, I think you will get a stronger organization and stronger leadership out of the Executive Department.

415 CHAIR SMITH: Are you doing anything to bring the purchasing statues together into a chapter and consolidating all of that mess that

we talked about a year or so ago.

416 MR. SIMMONS: A number of bills that have been introduced. One of them pertains to the acquisition of construction services. There is legislation that has been introduced by Representative Shiprack that embodies much of that discussion. Finally, there was an issue that was circulating relative to this bill and it had to do with representation. As you may know, the Department of General Services is a represented agency by the Oregon Public Employee Union and one element of the Executive Department, the Accounting Division, is represented but it is largely an unrepresented organization. Because there was not real certainty as to what would happen when you put two agencies together, we have negotiated an agreement with OPEU which effectively says that what is yours is yours and what is unrepresented stays that way. Our intention for doing this was not to try to subdue the Union and the Union I don't think is trying to subsume the unrepresented people within the Executive Department. We have an agreement.

452 SEN. KERANS: Are any of the represented units going to be integrated into the unrepresented units?

452 MR. SIMMONS: Yes, and we will negotiate that through with the unions.

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027 CHAIR SMITH: We were talking about an agreement with the unions and I can't recall if it was for the agencies you are proposing to spin off or the integration of agencies where the contracts would continue for 90 days.

030 MR. SIMMONS: That issue relates primarily to those agencies that we

are providing independent status and/or privatizing them. The agreement says if we reach an agreement with the unions between now and the effective date of the act, July 1, then the articles and conditions that are negotiated prior to that time will continue with the new organization for 90 days. We have been advised by the Attorney General that representation rights go with the new organization because we are

not changing it significantly. Both parties agree that because these agencies are going to be different, they won't be part of the 17,000 bargaining unit and the contract can be materially changed and they want an opportunity to start fresh.

056 CHAIR SMITH closes the public hearing on SB 171 and asks Mr. Simmons to be prepared to go through a section-by-section description of the bill

itself, the proposed amendments, to explain what happens to the money in the various accounts and funds and to explain the fiscal statement.

071 CHAIR SMITH declares the meeting adjourned.

Transcribed and submitted by,

Annetta Mullins Committee Assistant



EXHIBIT SUMMARY

A - SB 181, 3/5/93 version Hand-Engrossed SB 181, Pamela Mattson, 20 pp  
B - SB 181, Legislative Fiscal Statement, staff, 2 pp  
C - SB 181, prepared statement, Irv Fletcher, 1 p  
D - SB 69, prepared statement, Steve Teager, 2 pp  
E - SB 171, Preliminary Staff Measure Summary, 1 p  
F - SB 171, Legislative Fiscal Statement, 1 p  
G - SB 171, organizational charts, Dan Simmons, 4 pp  
H - SB 171, Executive Department fiscal statement, Dan Simmons, 1 p