

SENATE COMMITTEE ON LABOR AND GOVERNMENT OPERATIONS

March 8, 1993 Hearing Room B 8:00 a.m. Tapes 43 - 44

MEMBERS PRESENT: Senator Tricia Smith, Chair Senator Brady Adams
Senator Wes Cooley

MEMBERS EXCUSED: Senator Peg Jolin Senator Grattan Kerans, Vice Chair

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

MEASURES CONSIDERED: SB 171 - Public Hearing

WITNESSES: Dan Simmons, Executive Department Teresa McHugh,
Executive Department Susan Klosterman, Executive Department [--- Unable
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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
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TAPE 43, SIDE A

005 CHAIR SMITH: Calls meeting to order at 8:15 a.m.

SB 171 - PUBLIC HEARING

014 DAN SIMMONS: Focuses on the Intergovernmental Coordination
Division, Executive Department. - We are proposing to abolish this
division. - Its principle duty is to pursue federal grants and
encourage others to do the same thing. - This is done in each of the
divisions now. - The 1973 legislature required legislative review of
all federal granting activities, so the "clearinghouse" is the
Legislative E-Board. - Federal grant activity does not merit the
current structure. - The intergovernmental Coordination Division
theoretically was associated with local governments. The mechanism to
replace this are quarterly meetings with key agency heads and
representatives of local government. There is collaboration on issues
of common interest. - This forum is a better approach. Identifies who
attends these meetings.

073 CHAIR SMITH: What has this got to do with assisting local
governments with grant applications?

075 DAN SIMMONS: We don't.

082 CHAIR SMITH: With shrinking resources, someone needs to
assist local governments. Where would that assistance reside?

088 SIMMONS: The assistance would come from individual agencies. The
complexity of the grants have increased to the point where you need
the programmatic expertise to assist in the grant request.

099 CHAIR SMITH: Perhaps there needs to be language in the law

requiring agencies to provide this assistance.

102 SIMMONS: ORS Chapter 190 contains that instruction. If the committee desires to strengthen that language that would be fine.

105 CHAIR SMITH: Due to shrinking resources, federal money is even more important now. Sometimes money is hidden in other budgets. Do you have the staff to do this?

120 TERESA MCHUGH: That functions is primarily completed by the Budget and Management Division, rather than through the Intergovernmental Relations Division.

122 SIMMONS: If I left the impression that we were less diligent in pursuing federal funds, it is not correct. The activity is being performed at the agency level rather than at a centralized level.

128 CHAIR SMITH: Do I recall a study being done that indicated how much federal money the state was accessing, and how much it was not accessing?

130 SIMMONS: You may be correct in referring to that - I've seen numerous studies over the years attempting to do that.

132 CHAIR SMITH: I don't care who does it, but if we are not capturing every federal dollar we can, then we are losing services.

135 SIMMONS: I will get a copy of that study. In the area of Human Resources Oregon is very successful in obtaining federal funds.

140 CHAIR SMITH: In the 1980's was this division strengthened to provide more coordination between agencies in carrying out the policies of the legislature and the governor?

144 SIMMONS: There is always that need. That is one of the procedures being done better through the Governor's Executive Management Team.

152 SEN. ADAMS: The quarterly meeting that takes place is no in statute. How does the legislature know that this will continue?

156 SIMMONS: Meetings being discontinued is a possibility, except there is language in the statute that strongly expresses the policy of Oregon that the state and its political subdivisions cooperate in an effort to make the whole greater than the sum of its parts.

169 SEN. ADAMS: Is the purpose of eliminating the Intergovernmental Relations Division to avoid having the specific responsibility for accessing federal aid?

171 SIMMONS: I have not discussed this particular issue with the Governor's staff and this function is carried out by the Governor's Office. In looking at their budget, they didn't see the need for this division.

182 SEN. ADAMS: So the Governor's Office will have an intergovernmental responsibility?

183 SIMMONS: It always has had, as the Governor will be responsible for those activities.

190 CHAIR SMITH: Is there a person in the Governor's Office with this responsibility?

191 SIMMONS: I am not that familiar with the Governor's budget. I think she is looking at the Executive Department to continue this activity.

200 CHAIR SMITH: We can ask the League of Oregon Cities if they feel comfortable with this change.

205 MCHUGH: The language to eliminate the division is found in SB 146, not SB 171.

213 CHAIR SMITH: We don't have possession of SB 146, so if the committee wants to make changes in this area, it will use SB 171.

215 SIMMONS: It was requested that we go through the bill, and Teresa McHugh is here to do that.

219 MCHUGH: Section 1 abolishes the Dept. of General Services and transfers its functions to the Executive Department. Section 2 creates the Executive Department.

235 CHAIR SMITH: Is there differences in the statutory requirements?

237 MCHUGH: It does not deal with duty changes of the department, other than adding those existing divisions of General Services and merging the information and telecommunications systems. - Section 2(a) deletes the statutory creation of the Dept. of General Services. - Sections 3-5 change the name from the Dept. of General Services to the Executive Dept.

263 CHAIR SMITH: The specific divisions are not listed, as they were under General Services.

265 MCHUGH: That is correct; the director has the authority to reorganize within the department and the current divisions names are misleading.

280 CHAIR SMITH: Why does the director have this authority?

281 MCHUGH: There are other statutes that refer to the responsibilities of some of those other divisions, so you couldn't just not perform the function; the question would be whether they belonged to the Executive Department.

290 CHAIR SMITH: Are those statutory responsibilities in this bill?

293 MCHUGH: The only things that are in this bill are responsibilities that will be modified. - Section 6 changes the wording from "Executive Department Revolving Fund" to the "Executive Department Operating Fund." It is not currently a revolving fund. - Sections 7-8 delete sections of the statute that refer to the Dept. of General Services. - Section 8(a) abolishes the Executive Department Personnel Account and the Public Employer Relations Account and creates the Executive Department Operating Fund. - Section 9 deletes the reference to General Services for the purpose of the State Employees Benefit Board. Currently one of the members is the director of the Dept. of General Services.

335 CHAIR SMITH: That would result in two Executive Department employees of the Board; perhaps one should be eliminated.

350 MCHUGH: Continues with review. - Section 10 is a change in the reference from the Dept. of General Services to the Executive Dept. regarding who needs to file an interest statement to the Ethics Commission. - Section 11 relates to the statutes that currently take care of the functions of the Dept. of General Services relating to property and makes that the responsibility of the Executive Dept. 371
VAN ALMEN: You referred to Section 8 as a housekeeping section, but it refers to the Office of Minority, Women, and Emerging Small Businesses, which is being changed.

384 MCHUGH: This bill does not make that change. All this bill does is remove the General Services person from discussions involving this department. Another bill takes that function over (SB 167).

415 VAN ALMEN: If that passes, won't this section need to be changed?

420 MCHUGH: There is no way to bring together in one bill all the changes needed. What we wanted to do with this bill is to make those necessary housekeeping changes. Legislative Counsel will make those changes at the end of the session.

430 CHAIR SMITH: Were you involved in discussions to move this office?

432 SIMMONS: At the time the decision was made I was in another area and I was not consulted.

440 MCHUGH: Section 11 takes responsibilities that were General Services' and makes them the responsibility of the Executive Department. - Section 12 does the same thing relating to the Capitol Projects Fund and makes that part of the Executive Dept. - Section 13 changes the lease responsibilities of the General Services Dept. to the Executive Dept. - Section 14 takes other responsibilities of General Services and gives them to the Executive Dept. - Sections 15,16, and 17 do the same thing, transferring General Services responsibilities to the Executive Dept. - We are asking that Section 18 be deleted. SB 197 addresses the Capital Planning Commission. - Section 19 deletes a reference to the director of General Services and makes the reference to the director of the Executive Dept. - Section 20 does the same thing.

TAPE 44, SIDE A

037 MCHUGH: All of these sections relate to things that are currently functions of General Services. This continues through Section 42.

043 CHAIR SMITH: Why is there not centralized management of state buildings? it seems a perfect opportunity.

048 SIMMONS: There is legislation that ascribes additional authority to the Executive Dept. Through the Budget and Management Divisions, operational standards are promulgated. A performance expectation is established for agencies to manage those buildings. Incorporated into the General Services budget is the planning and operational activities for the Dept. of Human Resources. Faced between program costs and building costs, a program agency choose the program.

At this point, we'd be overwhelmed if we took them all over. Until we demonstrate a better track record it wouldn't be a good idea.

070 CHAIR SMITH: The idea is worth exploring next session. Could you expend highway funds the way ODOT can to maintain their buildings?

075 SIMMONS: Generally speaking, the best organizational model is to have a standard and hold people accountable to that standard and let the actual agencies make the building decisions. If this were centralized, it would be a huge bureaucracy and the end user would suffer. If an agency can't perform to standards the building could be taken over.

087 ADAMS: I am hearing some philosophical conflicts. The Dept. of Human Resources' building was taken over, but philosophically, it's a bad idea? 092 SIMMONS: Yes, there is a conflict there. Taking over the Dept. of Human Resources' building is manageable, but taking over the Dept. of Transportation and the Dept. of Higher Education would be a big undertaking.

104 MCHUGH: Section 43 provides a definition of telecommunications - there hasn't been one in statute.

144 SEN. COOLEY: Who is responsible for the telecommunications system in the state?

145 MCHUGH: The Dept. of General Services.

152 SIMMONS: The telecommunications responsibility is in a number of locations, and we are suggesting that they be consolidated. The information Systems Division of the Executive Dept. has some of it, and the Dept. of General Services has the transmission responsibility. Also recommended to be included in the consolidation is Ed-Net.

166 CHAIR SMITH: What does this do to the agencies who already buy computer systems?

168 SIMMONS: Nothing.

172 MCHUGH: The new Section 43 (was Section 44) deletes the reference to the Dept. of General Services. - Section 44 transfers responsibility from General Services to the Executive Dept. relating to deductions. - Section 45 relates to the Ed Net Board. - Section 46 relates to printing and transfers responsibility from General Services to the Executive Dept. - Section 47 does the same thing relating to purchasing. - Section 48 transfers responsibilities from General Services to the Executive Dept. - Section 49 does the same thing. - Section 50 states clearly that the Dept. of General Services is abolished on the effective date. - Section 51 transfers all duties to the Executive Dept. - Sections 52-60 all transfer existing duties from the Dept. of General Services to the Executive Dept. - Section 61-63 relate to changes needed in the Accounting Division. They are substantive.

227 SEN. ADAMS: One of the deletions says that the department of state agencies shall explain their decisions to the legislative assembly. What is the rationale for deleting that?

235 MCHUGH: Nothing much has come to the legislative assembly for some time, and there exists appeal through judicial review.

238 SUSAN KLOSTERMAN: We sought to centralize those payment claims with the Executive Department and to bring to your attention the fact there has been no activity in at least the last ten years to bring to the legislature. This section is for people who have come forward with checks and warrants that are two years old and were denied payment. The theory was to preclude any claims against the General Fund.

254 ADAMS: The test for those people have been increased from "any person interest" to "any person aggrieved." What is the rationale for that?

259 KLOSTERMAN: It would require that the person show they were damaged.

263 SIMMONS: On several occasions in the 1970s the legislature would have to consider whether to buy someone (as an example) glasses. It put the legislature in a tough position over a small item. This would be better policy.

281 CHAIR SMITH: ORS 229.300 is the two-year limitation on cashing of warrants and checks?

285 KLOSTERMAN: ORS 229.300 gives the Executive Dept. authority to approve or disapprove unlawful or unappropriated claims. If an agency disallows a payment, the person could appeal to the executive Dept.

301 ADAMS: In testimony given it was mentioned that these sections do not deal with procedural changes. What are some of the other factors that we haven't been discussing pertaining to these sections.

303 MCHUGH: Section 61 states that highway warrants shall be paid by the Executive dept., not the Dept. of Transportation. All of these areas are accounting related.

310 CHAIR SMITH: Does the Executive Department issue warrants now for ODOT?

315 KLOSTERMAN: Yes. ODOT is not currently using this authority. The Executive Dept. has authority to issue warrants for all state agencies; ODOT was the only agency that also had this authority. - Section 63 eliminates the requirement that agencies file with the Executive Department a list of checks issued that are more than two years old. We don't use that information. - Section 64 changes the appeal concerning two-year checks the same as the other warrants described in Section 61.

341 MCHUGH: The emergency clause takes affect July 1, for accounting reasons.

347 SEN. COOLEY: Are state agencies looking at standardizing their accounting procedures so they are more readily comparable?

355 KLOSTERMAN: The accounting division is proposing in its current budget moving forward with a statewide management system which would address this. It would begin July 1, and \$11 million has been budgeted for an integrated, standardized, financial management system. Higher Education would not be included.

365 SEN. COOLEY: It seems an appropriate time to do this.

376 CHAIR SMITH: In conclusion, the committee needs a mission statement, the ORS cites on the various divisions, and more information on intergovernmental relations.

393 SIMMONS: Shall I arrange League of Oregon Cities representatives regarding the abolishment of the Intergovernmental Relations Division? There was also interest in management representation on SEBB and the transfer of the Office of Minority, Women, and Emerging Small Business.

395 CHAIR SMITH: Yes, and if there is anything else in SB 167 that impacts General Services, please bring it to our attention.

412 SEN. COOLEY: Asks that Oregon Ed-Net be explained next time, as well.

417 SEN. ADAMS: Would appreciate more discussion on the organizational chart and SB 171.

430 CHAIR SMITH: Closes hearing on SB 171.

INTRODUCTION OF MEASURES

MOTION: CHAIR SMITH moves to introduce LC 3088.

VOTE: Hearing no objections, the bill is introduced.

438 CHAIR SMITH adjourns meeting at 9:15 a.m.

Submitted by,

Reviewed by,

Stasi Kitchen

Counsel

Joan Van Almen Assistant