

SB 1130 - WKS SB 98A - WKS

SENATE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

June 22, 1993 HRB, State Capitol 8:00 a.m. Salem, OR

Tapes 113 -116

Government Productivity Act ODOT Reorganization

MEMBERS PRESENT: SEN. JOYCE COHEN, CHAIR SEN. SHIRLEY GOLD SEN. JEANNETTE HAMBY SEN. KARSTEN RASMUSSEN SEN. BILL KENNEMER SEN. JOHN LIM, VICE CHAIR SEN. CATHERINE WEBBER

MEMBERS EXCUSED:

STAFF PRESENT: JOSEPH CORTRIGHT, EXECUTIVE OFFICER BRIDGET BAILEY, RESEARCHER JERI CHASE, OFFICE MANAGER

WITNESSES: DAN SIMMONS, DIRECTOR, EXECUTIVE DEPARTMENT KAREN ROACH, ADMINISTRATOR, PERSONNEL DIVISION CINDY BECKER, DEPUTY DIRECTOR, EXECUTIVE DEPARTMENT SANDY BURT, ADMINISTRATOR, PURCHASING DIVISION SEN. JOAN DUKES, DISTRICT 1 SEN. TRISHA SMITH, DISTRICT 17

NOTE: These minutes contain materials which paraphrases and/or summarizes statements made during this meeting. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE 113, SIDE A

000 CHAIR COHEN: Convenes meeting at 8:00 a.m.

SB 1130 - Government Productivity Act - Work Session

010 CORTRIGHT: Overviews "SB 1130: Summary of Ideas" (EXHIBIT A) and Staff Hand-Engrossed Version of SB 1130, dated 6/21/93" (EXHIBIT B).

MOTION: CHAIR COHEN MOVES adoption of a conceptual amendment as reflected on pages 27 through 29 of EXHIBIT B.

060 Committee discussion.

080 MOTION: CHAIR COHEN MOVES to add words "at a minimum" to motion above.

095 VOTE: PASSES, WITHOUT OBJECTION.

102 Committee discussion regarding the rationale of adding legislative members.

115 MOTION: CHAIR COHEN MOVES to adopt the Proposed -7 amendments, as amended above.

VOTE: PASSES, WITHOUT OBJECTION.

182 CORTRIGHT: Continues overview of EXHIBITS A and B. Submits "Executive Department Proposed Substitute Language" (EXHIBIT C).

CHAIR COHEN MOVES to add "as created by Section 45 of this act".

213 SEN. RASMUSSEN: I like the language and like adding it to the task force.

MOTION: CHAIR COHEN MOVES to amend above motion, adding the words "at a minimum".

VOTE: PASSES, WITHOUT OBJECTION.

285 MOTION: CHAIR COHEN MOVES adoption of Section 13A on page 8 of EXHIBIT B.

VOTE: PASSES, WITHOUT OBJECTION.

291 CORTRIGHT: Overviews Section 13B on page 9 of EXHIBIT B.

307 JOE CORTRIGHT: Item #9 is the establishment of a management credentials program. That is shown in the hand-engrossed bill on page 8 and page 9; it is Section 13b. It would direct the Executive Department to establish a state management credentials program for state agency managers. It comes to you from Senator Webber.

315 CHAIR COHEN: Senator Webber, you need to speak to this, please, and tell us what all this means, in your opinion.

317 SEN. WEBBER: Yes. Again, going to the improvement of the workforce, what I would envision here, and I believe the Executive Department is starting down and I have had some conversations with them and I believe they generally support the idea, is that there be training for managers. Right now there is very, very little training for managers and what training there is sort of a haphazard kind of project.

What this would do is go into the job descriptions and identify those kinds of tasks that managers need to be competent at. It would envision that that training be delivered somewhere on (unintelligible) campus here and that you can go and check out a credential and get a certification type thing. When it comes time for promotion or time for review you can go and say, "yes I am now accomplished at budgets, I do personnel, change agent, I know and understand how to change an organization," so that we really build up a formalized system of inservice training with some rewards and abilities to track that can be related back to the particular job performance of managers.

338 CHAIR COHEN: How does that sound to committee members? Sen. Kennemer?

SEN. KENNEMER: I like a lot of it. I guess we are also assuming that funding for this would be in part from the savings provisions that we created in the bill, when they create savings, half goes to the General Fund, half goes to the education

342 SEN. WEBBER: I would think this would be a source. This also

doesn't implement . . . what it does is require that the planning for it come to the Education and the Training and Economic Development Committees during the interim. There is already existing money for training in state government, but, as I say, it goes out, in my experience, for one- or two-day seminars, but without a real thoughtful plan for skill- building. So it would reach in to some existing money. Clearly, you don't want to take all of the money for all training and put it into management only, but to take and look at what is existing out there.

SEN. WEBBER: I would also envision, as part of the project, that the Executive Department take a look at what contributions employees can make also, because I believe that employees, or managers, are also responsible for their own professional development.

359 SEN. LIM: Who is paying for the training and how often do we have to train them?

SEN. WEBBER: Right now?

SEN. LIM: Yes.

SEN. WEBBER: A lot of the agency budgets do have training in them, and maybe this is a better question for the Executive Department, but agency budgets do contain some funds for training. It isn't very much. A lot of managers go out and pay for their own training on the outside.

370 SEN. LIM: I'd like to get a clear answer. Who's paying for it? State tax money pays for it or from their own pocket paying for it?

373 SEN. WEBBER: In terms of this particular project? Or existing today?

374 SEN. LIM: Existing today and including this also.

376 CHAIR COHEN: Why don't we have the Executive Department come up and talk about what is existing today and then Catherine can make some comments about what she would expect and we can make a legislative history here about what we expect to have happen with this kind of a more formalized program. Tell us a little bit about how the training is budgeted today.

383 DAN SIMMONS: Karen Roach is also with me to respond. By the way, we support these amendments on the basis that we believe that it strengthens really an initiative that has been ongoing for some time to create a management core curriculum program for state agency managers to make sure that we've all got the fundamental skills to meet the expectations that you and others are expecting of us. There is two elements to this. There are monies that come to the Executive Department to finance the cost of core curriculum that are budgeted as a component within the Executive Department. That's an expenditure limitation that the Ways and Means Committee has included in our budget. The monies, however, initially reside in each of the agency's budgets as part of a training component that they budget for this particular purpose. And I'll ask Karen to elaborate on the size and scope of it, I don't have that in my head right now. The monies initially reside with the agencies and it comes to us and we offer this core curriculum as a service back to the individual agencies.

413 SEN. LIM: So, in other words, State government pays for their

training?

SIMMONS: Yes. (unintelligible) part of their operating budget.

SEN. LIM: Would this change any of this?

CHAIR COHEN: Can you require some kind of cooperative effort in terms of training currently and if not do we need some language that says this could, you could, embark on co-op efforts.

SIMMONS: That really is the intention of the program, whereby

CHAIR COHEN: It seems to me that if you're going to sign up for a formal credential program, you could require, it wouldn't be that you'd have to sign up for that program, it would be a volunteer program and there could be some cooperative payment if you signed up for that program under this.

434 SIMMONS: The way that I would envision this occurring is that it would be a little bit more forceful than on a voluntary basis. In other words, you would want a credentialed program that eventually would satisfy us all people have got the rudimentary skills of management. The way that it would operate is much the same as it does right now whereby some smaller agencies or intermediate agencies that don't have the capacity to generate a program that is cost-effective, we would provide that. In the larger agencies, such as the Department of Human Resources or the Department of Transportation, which may be large enough to create a core curriculum program, we would certify that, in fact, that program is consistent with the state-wide program and then let them do it, so it would be a combination of both.

456 SEN. LIM: My idea and concern is that we should stop the Government paying for it. Maybe half State government, half from their own pocket. After this training, it is good for the person's future advancement; why the State government has to pay for it especially at this time when we don't have enough money.

466 SEN. RASMUSSEN: I'd like to respond to that a little bit. The whole theory in my mind of this bill is to build in initiative and an entrepreneurial kind of model which we are not accustomed to in government. The premise of an entrepreneurial model is self-interest. We're trying to create a method of self-interest for agencies to save money which they then can use in programs they identify. That's half of it. The other half is we need our workforce, be they supervisors, managers, or employees to have incentive too. We cannot, at this time, look at pay incentives so we need to look at some other incentives and this is one those incentives. We need to provide incentives for our workforce to say, "Look, I'm going to get something out of this personally too. I'm going to get better training, I'm going to get a management credential, I'm going to get cross-training, etc." So, while I am sensitive to Senator Lim's concerns and I'm happy to hear that the Executive is open to some kind of voluntary contribution or participation on the part of these people who are going to be trained, I think the incentive is that we are going to help provide this training. And the other aspect of this whole discussion is there are going to be aspects of the credentialing - training in discrimination law or something - that we are going to want to require.

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035 SEN. RASMUSSEN: And, in that instance also, I think it is appropriate that we pay for it. So, while I am sensitive to your concerns I feel that in this model it is very important that this be one of the incentives that we provide.

039 SEN. WEBBER: Senator Lim, when I originally looked at this it was based at one point, and I think they still do it, for example, Tektronix will bring people on campus and they identify the skills they need in their workforce to develop and then they have cooperative arrangements. Sometimes the employees pay for part of it, sometimes upon completion of a course they get reimbursed tuition and part of it is going out; I've had conversations with Portland State, with community colleges, and then over at Willamette across the street, the business school, in the past about delivering that kind of training right here and I think, depending on the cost and how unique the skills are, etc., that there could be, and clearly when they make a report, they would examine who was going to pay and whether it was existing state money, whether it's a later on request to the Legislature, I don't know. But, the idea of employee contribution is certainly something that I think is important to look at.

052 CHAIR COHEN: This piece, as you see it drafted here, does not demand, doesn't say explicitly who pays, but it certainly doesn't prohibit you from requesting some sort of cost-share at some point for an advantage. I would like to respond to Senator Lim to say that this Committee went during the interim when I was not a Chair to make visitations to Warn Industries in Clackamas County and they pay for 100 percent of the training for their employees. They train their employees one-half a day out of five and they were moving to one full day out of five when we went to visit them. It was rather astounding the kind of money, time and money, that they felt . . . and I asked them explicitly, "What do you get back from that?" And they said they got back a better quality product, they got back less rejects, and they felt it was important to make

that investment. That's a private sector company in Clackamas County that invests in training directly in the private sector.

067 SEN. LIM: I don't doubt that this is good investment, but at the same time why (unintelligible) at the same time as training they are getting paid and also it is paid to get someplace to get educated. I'm not against it, but we need to

071 CHAIR COHEN: Clearly they've got to work within their budgets and clearly we are not taking away the authority if you ask for some sort of co-cost share support if you get involved in a specific certification program that Willamette University is going to charge \$500 for and you have 100 people signed up and your budget says you can pay for half and maybe the employees can split the other half. I think those kinds of arrangements could be easily worked out if we

080 SEN. LIM: Voluntary payment from the employees not going to work. Who's is going to pay out of their own pocket

082 CHAIR COHEN: If they want to get ahead and be a better paid manager, they need to have the credential that says yes they understand budgeting process, and if they want to get ahead

084 SEN. GOLD: I think when we talk about professional development, whether for management employees, other employees, or whatever, we have

to think about what the purpose is. To me the purpose is to improve the quality of the work and that that will be a benefit to the citizens of the state. Now, if that is the case, if that is the purpose, then talking about who pays for what, I think they have to keep that in mind. Granted, it benefits the employee and they may leave at some point and it may benefit them in some other line of work. But, for the time that they are with the State, it's really we all who are benefiting from that in terms of who pays. I think we have to keep that in mind and weigh in the balance who should or will pay for it.

100 SEN. KENNEMER: I share some of Sen. Lim's concerns, however, I think Page 9, Lines 10 through 13 address this issue in that the charge to the Executive Department is to create such a plan by July of next year and to create a pilot project or demonstration program and to report back to both the Education and the Trade and Economic Development Committees. So I think there will be time for review and I would think that part of the idea of demonstration projects is trying to figure out what works best and whether that is with the State meeting the cost of that

training or whether it's with some co-payment or maybe even full payment or whatever and I would think that is provided for right here in the bill. I think it is resolved.

112 CHAIR COHEN: Thank you

113 SEN. LIM: I'm willing to go along at this time. But in the future we need to develop some kind of a plan that leads to savings of tax dollars and at the same time that (unintelligible) investment together because it is personal education and their own development. So, philosophically, if we have to pay for it, I don't think that is the best of policy for our State.

117 CHAIR COHEN: I would suggest to you that we will see what the Executive Department comes up with here and what they can manage to work with and you will have another opportunity to review the plan and make amendments to the plan. Mostly we need to get them going to start thinking more concretely. You have a program going already that is core management for managers that is going on. Probably this would envision to be a little more formalized and take on more specific kinds of areas.

128 SEN. WEBBER: Afterwards, I can share two personal experiences I had with training that saved the State over \$3 million because of courses I take and I'll share that story with you.

129 MOTION: CHAIR COHEN MOVES approval of Section 13b page 8 and page 9 of the hand- engrossed bill. With the full understanding that we are asking them to develop a pilot program to see what they can do and report back. We thank them for being willing to embark on this in a formalized way.

134 DAN SIMMONS: We are well underway. This is consistent with where we are going.

VOTE: There being no objections, 13b language is adopted.

140 CORTRIGHT: Overviews Section 13c from EXHIBIT B.

178 Committee discussion.

MOTION: CHAIR COHEN MOVES to insert "participatory work environments and" after cooperative on line 15 of EXHIBIT B.

VOTE: PASSES, without objection.

252 Committee discussion.

MOTION: CHAIR COHEN MOVES to replace "shift" with "delegate" in Line 17 of

EXHIBIT B.

VOTE: PASSES, without objection.

340 Committee discussion regarding EXHIBIT C.

TAPE 113, SIDE B

030 Continued committee discussion.

MOTION: CHAIR COHEN MOVES adoption of Page 3a from EXHIBIT B.

Committee discussion regarding Page 3a from EXHIBIT B.

297 On line 13 after the first comma, insert "those employees". Period after organization. Delete the remainder of that line and the next line.

MOTION: CHAIR COHEN MOVES to amend language on Page 3a of EXHIBIT B as follows: Beginning on line 12, after the first period, the remainder of the paragraph would read: Where bargaining unit employees are affected, they shall have the right to select those employees of the agency, through their labor organization, to serve on any joint committees established to develop performance measures.

VOTE: Passes, without objection.

CHAIR COHEN: MOVES to amend Pages 3 and 3A by inserting in the blanks "the President of the Senate and the Speaker of the House of Representatives" on both pages and adoption of Section 7 (pages 3 and 3A of EXHIBIT B or Item 7 from EXHIBIT A).

VOTE: Passes, 5-1. VOTING NAY: SEN. LIM. EXCUSED: SEN. HAMBY.

420 CORTRIGHT: Overviews Item 12 (from EXHIBIT A).

433 SIMMONS: I recommend inserting a period after the words "appropriate action" on Page 7, line 5, and deleting line 6 in EXHIBIT B.

MOTION: CHAIR COHEN MOVES amendment as stated above.

VOTE: PASSES, without objection.

SIMMONS: On page 7, line 20, after the word "agencies", insert "except those positions described in ORS 240.207(1)".

MOTION: CHAIR COHEN MOVES above amendment as stated above.

VOTE: PASSES, without objection.

052 CORTRIGHT: Overviews Page 7, Section 13, Lines 21 through 25
from EXHIBIT B.

090 SEN. RASMUSSEN: I am supportive of the inserted language on
Page 6, Line 18 of EXHIBIT B.

095 Committee discussion regarding language on Page 6, Line 18 of
EXHIBIT B.

MOTION: CHAIR COHEN MOVES adoption of inserted language on Page 6, Line
18, after "classes" to read as follows: "in conjunction with developing
career ladders and voluntary cross-agency transfers in concert with
employees of the agency."

308 VOTE: PASSES, without objection.

CORTRIGHT: Overviews Item 14 from EXHIBIT A.

MOTION: CHAIR COHEN MOVES adoption of Sections 11, 12, and 13 of
EXHIBIT B.

VOTE: PASSES, without objection.

346 CORTRIGHT: Overviews Sections 19 and 20 of EXHIBIT B.

MOTION: CHAIR COHEN MOVES adoption of Section 19 of EXHIBIT B.

VOTE: PASSES, without objection.

MOTION: CHAIR COHEN MOVES adoption of Section 20 of EXHIBIT B.

VOTE: PASSES, without objection.

CORTRIGHT: Overviews Proposed Further Amendments to Section 21
Procurement/Bidding/Proposals (EXHIBIT D).

430 Committee discussion regarding EXHIBIT D and Sections 22 and 23.

TAPE 115, SIDE A

030 Continued discussion.

130 MOTION: SEN. HAMBY MOVES to remove personal service
contracts from the bill.

150 Committee discussion.

SEN. LIM: What is current law on personal services contracts?

SIMMONS: Overviews current law on personal services contracts.

VOTE: PASSES, 7-0.

CORTRIGHT: Overviews additional wordsmithing changes from EXHIBIT A.

238 MOTION: SEN. RASMUSSEN MOVES adoption of wordsmithing
changes described

in EXHIBIT A.

VOTE: No objection.

SEN. WEBBER: Clarifying that Section 26 a was not removed (relates to auditing).

258 MOTION: SEN. WEBBER MOVES SB 1130, as amended, to the Senate floor with a do pass recommendation.

VOTE: PASSES, 6-1. VOTING NAY: SEN. LIM.

SB 98A - ODOT Reorganization - Work Session

MOTION: CHAIR COHEN requests unanimous consent to bring SB 98A back before

the committee for possible reconsideration.

VOTE: NO OBJECTION.

305 SEN. JOAN DUKES: Testifies in support of SB 98A. Submits copies of ORS, letters, and other information (EXHIBIT E).

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030 SEN. DUKES: Continues testimony.

060 Committee discussion.

070 SEN. DUKES: Continues testimony.

235 SEN. TRICIA SMITH: Testifies in support of SB 98A.

304 Discussion.

TAPE 115, SIDE B

035 Continued discussion.

050 CHAIR COHEN: Adjourns meeting at 11:05 A.M.

Submitted by,

Jeri Chase

EXHIBIT SUMMARY

EXHIBIT A - SB 1130 - Summary of Issues, submitted by Joseph Cortright, 6 pages

EXHIBIT B - SB 1130 - Hand-engrossed version of SB 1130, dated 6/21/93, submitted by Joseph Cortright, 30 pages

EXHIBIT C - SB 1130 - Executive Department Proposed Substitute Language, submitted by Joseph Cortright, 1 page

EXHIBIT D - SB 1130 - Executive Department Proposed Further

Amendments to Section 21, submitted by Joseph Cortright, 1 page

EXHIBIT E - SB 98A - ORS, letters, and other information, submitted
by Sen. Joan Dukes, 8 pages