

Senate Government Operations February 27, 1991 Page 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.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

February 27, 1991Hearing Room "B" 3:00 p.m. Tapes 33 - 34

MEMBERS PRESENT:Sen. Glenn Otto, Chair Sen. Jane Cease, Vice-Chair
Sen. Jim Bunn Sen. Ron Grensky Sen. Tricia Smith Sen. Dick Springer

MEMBERS EXCUSED:Sen. John Kitzhaber

STAFF PRESENT: John Houser, Committee Administrator Joan Green,
Committee Assistant

MEASURES CONSIDERED: SB 163 - Relating to the Powers of
the Governor, PH/WS SB 244 - Relating to Agreements Between State
Agencies and Other Governments, PH/WS Status of Oregon Financial System,
Informational

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 33, SIDE A

006 CHAIR OTTO: Called the meeting to order at 3:14 p.m.

(TAPE 33, SIDE A)

INFORMATIONAL

STATUS OF OREGON FINANCIAL SYSTEM

Witnesses:John Radford, Executive Department, Accounting Division,
Administrator

014 JOHN RADFORD, EXECUTIVE DEPARTMENT, ACCOUNTING DIVISION,
ADMINISTRATOR: Discusses the current status of financial management systems in Oregon state government, they are not in good shape. Most of the problems can be traced to the age of the systems. Our systems provide three basic services: 1. accountability, 2. oversight and 3. assistance to support management in decision making. Those systems underpin state government throughout Oregon. Approximately 1,000 state employees and 120 -125 agencies are directly impacted by these systems. About \$25 million/year is currently expended on those 1,000 employees and if we can make improvements in these systems we could redirect some of that money into other areas. Compares the 1957-59 biennium general fund budget of \$300 million to today's general fund budget of \$4.5 billion. The same system that supported that \$300 million budget now supports the \$4.5 billion budget. Refers to handout, Exhibit A.

162 SPRINGER: Has Ways and Means looked at this?

164 RADFORD: Yes, our budget proposal includes a limited package for improvements in this area. It is supported by the Secretary of State Audits Division, the Treasury and all other sectors of financial management throughout the state. This project needs to be done in increments because of two considerations: 1. a large organization cannot absorb large chunks of changes and 2. money. We see a 5-8 year transition period with a steady investment of dollars.

190 OTTO: Why can't agencies do this on their own?

198 RADFORD: In most states, that I am familiar with, they try to consolidate with a centralized function for disbursement of funds. In Oregon the treasury processes 8 million checks yearly, many of which are written in different agency systems. There is a large disparity between the decentralized check distribution versus centralized check distribution, and clearly savings are possible, but we need to centralize that function and remove it from the agencies. 237 SPRINGER: Higher Education is kind of like another world out there that does their own thing. Is that an example of what you would be integrating into a uniform system for all state functions and agencies?

246 RADFORD: If we allowed any exceptions, that might be one because of its uniqueness. However, that shouldn't exempt them from fitting into a statewide system so policy makers can get access to reasonably accurate and consistent data on a statewide basis.

259 SPRINGER: I assumed that system was designed to avoid exactly that result.

262 RADFORD: They are on a statewide financial management steering committee and so far they have been cooperative. This is not unique to the public sector; it also happens in the private sector.

282 SMITH: You indicated that it takes 1,000 people and \$125 million dollars to manage the state's money.

288 RADFORD: We have about 1,000 titles and about \$25 million/year.

291 SMITH: How many people and how much money would this new mega-division in the Executive Department take?

295 RADFORD: I don't think we are building a mega system, we would, in increments, integrate into a better system. Savings of resources, including cash, would be redirected within the agency.

307 SMITH: It would still require 1,000 employees and \$25 million to do it, it just changes where it is done?

309 RADFORD: I don't think it will require that to do it. I think there will be significant savings of perhaps 10% which will be redirected to other areas.

320 SMITH: It was my experience when I worked for a state agency that, when the Executive Department was involved in a particular function, there were numerous forms to fill out and a 3-4 day turnaround time. It did not seem to be more efficient. Was that an exception or would this new system cause that to happen on a grander scale? I understand the efficiency from your perspective, in that there is more control, but in terms of getting the job done in the agencies, will it be more efficient?

341 RADFORD: Most of the agency people I have talked with are of the opinion that something must be done. There are four areas of savings to be achieved: 1. elimination of paper, 2. eliminating duplicated data entry, 3. eliminating some reconciliations and 4. automating some of the procedures.

(TAPE 33, SIDE A)

PUBLIC HEARING

SB 163 RELATING TO THE POWERS OF THE GOVERNOR

Witnesses: Myra Lee, Executive Department, Oregon Emergency Management
Penny Malmquist, Multnomah Emergency Management
Jim Hawley, Lincoln County Emergency Services

375 MYRA LEE, EXECUTIVE DEPARTMENT, OREGON EMERGENCY MANAGEMENT:
Discusses written testimony, Exhibit B. We have talked with Governor
Roberts and are submitting the -1 amendment, dated 02/26/91, to SB 163,
Exhibit C.

TAPE 34, SIDE A

036 LEE: Continues with discussion of written testimony, pg. 4, Exhibit
B.

049 SMITH: Why aren't the rules for succession to Governor sufficient in
this situation?

054 LEE: The constitutional procedure required to do that can be time
consuming. The Secretary of State plus two other people are required to
visit with the Governor and determine the Governor is unable to act in
that capacity before the determination can be made. A constitutional
change would be needed to make it workable.

062 SMITH: Weren't there occasions in Gov. Goldschmidt's term of office
when the Secretary of State acted in his behalf while he was out of the
country?

065 LEE: He was out of the country when we had a state of emergency and
we contacted him for approval on a declaration. The Secretary of State
acted in that capacity when he had surgery.

069 SMITH: Requests a situation be cited where this would need to come
into play. With telephones everywhere I can't imagine a time, if the
Governor is coherent, where he/she could not be reached.

073 LEE: There were occasions when Gov. Goldschmidt was not available.
When he was in Japan it took several hours to contact him and we were
pushed right up against the time line as far as activating resources.
There are situations where they may be in the air for several hours at a
time and in the case of an earthquake or a major wild fire those can be
precious moments lost in keeping the disaster at a manageable stage.
Even with improved communications that possibility still exists.

090 SMITH: It seems like a large chunk of responsibility to take from
the Governor and delegate to a state employee, that concerns me.

094 LEE: Precedence has been established quite some time ago in the
Conflagration Act that also activates state and local resources.
Procedurally we modeled our bill after that.

112 SPRINGER: In the case of an earthquake would the National Guard sit
in an armory until the Governor could be contacted to sign something?

118 LEE: They are reluctant to act without that authorization. They
need a declaration of emergency in order to go from federal service to
state service.

124 SPRINGER: Is this decision made by someone because they are worried
about who will pay the bill?

126 LEE: No, it is in relation to federal services as opposed to state
services. All adjutant generals are affected in the same way, this type
of procedure is exercised in other states as well.

131 SPRINGER: Wasn't the Governor of California in Germany when the
earthquake hit?

133 LEE: Yes, but the Lieutenant Governor was authorized to act in his
behalf.

137 SMITH: Could we pass a bill delegating this authority to the
Secretary of State?

137 LEE: Absolutely, we are only trying to establish another procedure

to allow this to occur.

148 PENNY MALMQUIST, MULTNOMAH EMERGENCY MANAGEMENT: Presents written testimony, Exhibit D.

176 OTTO: Requests she go through the amendments.

181 MALMQUIST: Discusses the -1 amendments to SB 163, Exhibit C, beginning with (2).

210 OTTO: Where did the -1 amendments to SB 163 come from?

211 HOUSER: They were submitted by the Emergency Management Division.

214 SPRINGER: Could you describe what your office does?

217 MALMQUIST: By ORS 401 counties are mandated to have an emergency management program. We document the response of government agencies to major emergencies and disasters. It is also our job, once that documentation takes place, to make sure we have intergovernmental agreements, mutual aid agreements, etc. and to coordinate between agencies or jurisdictions so there are no gaps in the system.

230 SPRINGER: Yours is an administrative function as opposed to a line function?

233 MALMQUIST: That is our primary function. Our secondary function is to find the agency responsible for providing the resource, find someone to support the first responders or make sure the public is impacted the least during an actual emergency.

247 SPRINGER: Doesn't the general public call 9-1-1, the police or an ambulance first?

252 MALMQUIST: On a daily basis, yes, they call 9-1-1. With a major emergency we publish, through the media, another number and the general populace becomes aware that we exist.

274 SPRINGER: This is a full time job?

275 MALMQUIST: Yes.

276 SPRINGER: Most of our counties have smaller populations, is it a full time job in Columbia or Clatsop County?

281 MALMQUIST: Out of the 36 counties in Oregon, I believe the majority of the emergency managers are full time. They may also do life/search/rescue functions. Columbia County has a full time emergency manager with staff. I don't know what Clatsop County's emergency management program is. Many counties including Multnomah, Clackamas, Washington, Marion, Lane, Coos, Douglas and Umatilla have full time emergency managers, and some of those counties also have staff.

302 OTTO: It is possible that an emergency could affect Clackamas, Multnomah and Washington counties all at one time. Why couldn't we consolidate it under a regional government, like Metro?

313 MALMQUIST: We are currently trying to focus on the individual counties coordinating with each other and then developing a regional system. SB 163 would help promote the coordination that must take place. Discusses the Burns fire last year. The Conflagration Act was declared, which provided for the mutual aid resources, but it did not cover the other resources within their own district. Because that declaration was not made at the same time they are now experiencing financial difficulties.

371 JIM HAWLEY, LINCOLN COUNTY EMERGENCY SERVICES: Discusses written testimony, Exhibit E. Responds to Sen. Smith's question regarding communication with cellular systems and pagers, these systems are vulnerable.

428 CEASE: If the Governor is out of the state the Secretary of State would act as Governor, what happens if they both are absent?

438 OTTO: The Secretary of State is next in the succession for Governor. I think the Governor would have to die or be incapacitated.

447 CEASE: I thought the constitution addressed that.

452 HOUSER: It refers to the fact that the Governor may become incapacitated in some way, it does not address the issue of the Governor being out of the state or being incapable of being reached.

458 CEASE: The Governor is still the Governor, even out of state?

458 HOUSER: Right.

462 Distributes the -2 amendments to SB 163, Exhibit F.

WORK SESSION

TAPE 33, SIDE B

015 SMITH: I have concerns with delegating this responsibility to state employees, I would prefer it be delegated to a statewide elected official. If the Governor is unable to fulfill this duty, perhaps the Secretary of State should be next in line and then the State Treasurer, the same progression as is found in the constitution when it discusses the Governor being unable to fulfill the duties of the office. I would like to offer that as an amendment.

027 CEASE: I share some of those same concerns, but I would rather go in the other direction, as suggested by Sen. Smith.

032 BUNN: Concurr.

037 OTTO: The progression would be the Secretary of State, the State Treasurer and then the President of the Senate?

039 SMITH: The bill offers only two individuals. I would assume the Emergency Management Division is comfortable with two additional people.

047 GRENSKY: If you go that route I think you ought to throw the whole line of succession in. There have been occasions where half a dozen elected officials have all been in the same place at the same time.

054 OTTO: I think the bill needs more work, perhaps we should appoint a sub-committee.

064 HOUSER: Is it your intent to have the amendments drafted as suggested or do you prefer a work group of interested parties meet?

066 OTTO: I would like the amendments, as suggested by Sen. Smith drafted and then Sen. Smith could chair a work group to discuss the rest of the bill.

069 SMITH: The Emergency Management Division does not have a problem, as long as someone can issue the orders. I don't see this as a controversial amendment requiring a work group, but if you want a work group we will do one.

077 OTTO: I don't think it is a controversial amendment, but are other parts of the bill controversial? If we take on part of it we might as well take on all of it.

082 HOUSER: I don't believe we have heard any testimony indicating difficulty with any other parts of the bill. We could draft the amendments, distribute them to interested parties and schedule another meeting after the amendments have been reviewed for comment.

086 OTTO: Appoints Sen. Smith to draft the amendments.

(TAPE 33, SIDE B)

PUBLIC HEARING

SB 244 RELATING TO AGREEMENTS BETWEEN STATE AGENCIES AND OTHER GOVERNMENTS

Witnesses: Vicki Nakishima, Executive Department Lynn Rosik, Department of Justice

098 VICKI NAKISHIMA, EXECUTIVE DEPARTMENT: This bill was introduced to enable state agencies to enter into international agreements with other nations. Oregon's global economy has created opportunities for state agencies to take leadership positions in promoting partnerships between the State of Oregon and other trade partners in the world. The Executive Department, last year, entered into an exchange of one state employee for each year, for a three year period with the Toyama Provincial Government in Japan. The exchange project is one of many state government efforts to promote trade relationships and cultural understanding between countries. In arranging the Toyama exchange program we discovered, in conjunction with the Department of Justice, a need to create specific statutory authority to allow state agencies to enter into international agreements and provide a process for the review and filing of those agreements.

138 LYNN ROSIK, DEPARTMENT OF JUSTICE: Discusses written material, Exhibit G.

235 CEASE: What role does the Governor play in the current system and what would it be in this bill?

245 NAKISHIMA: In our experience there are agreements between nations and specific projects do not involve the Governor, to the best of my knowledge. The agencies generally initiate the agreement. In the Toyama exchange the Executive Department tried to enter into the agreement and we did not have statutory authority, nor did the Governor's office.

265 CEASE: Should there be some involvement somewhere in the process with the chief executive?

270 OTTO: What would you suggest?

271 CEASE: I don't know.

272 ROSIK: I think the issue about the involvement of the Governor is a policy issue. Interstate agreements are routinely entered into by agencies on a daily basis. There are not as many international agreements, Higher Education may have a hundred a year and the Governor might not be interested in all of them. The agency may decide whether it is a big enough policy issue to involve the Governor.

294 SMITH: Has the Governor's office been consulted about whether they want to be in the loop or not?

297 NAKISHIMA: The Governor's office has reviewed and supports the bill.

WORK SESSION

307 MOTION: SEN. SMITH MOVED THE PROPOSED AMENDMENTS BY THE DEPARTMENT OF JUSTICE, PG. 4, EXHIBIT G.

316 BUNN: I won't object, but I do prefer the language in the original bill which requires approval. I am uncomfortable giving a university statutory authority to send something through without approval. I won't vote against it, I just want to bring it up.

323 SMITH: Are you talking about the first paragraph of the amendment,

pg. 4, Exhibit G.

327 BUNN: No that is fine it allows the Attorney General (AG) to check everyone or send them through en bloc. The same thing could be done in the second part so the Executive Department could use whatever process they want for approval. Reads existing language, ln. 28, SB 244.

235 SMITH: Along with the AG?

235 BUNN: Right, the new language says you "shall file" it. They can object to it, but it goes into effect without their approval. If it is important to give the AG the ability to review it, it is also important to give the Executive Department the same ability. Again I bring it up for discussion purposes only.

350 CEASE: I have no objection although I do have some concerns.

352 VOTE: MOTION CARRIED BY ACCLAMATION.

354 MOTION: SEN. BUNN MOVED SB 244 TO THE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.

360 VOTE: MOTION CARRIED, 6-0. (EXCUSED: SEN. KITZHABER). SEN. BUNN WILL LEAD THE FLOOR DISCUSSION.

379 Meeting adjourned at 4:35 p.m.

Submitted By:

Joan Green
Assistant

Reviewed By:

Jayne Hamilton
Assistant

EXHIBIT LOG

A - Handout, Radford, 7 pgs. B - Testimony, Lee, 4 pgs. C - Amendments to SB 163-1, 2 pgs. D - Testimony, Malmquist, 2 pgs. E - Testimony, Hawley, 2 pgs. F - Amendments to SB 163-2, 1 pg. G - Testimony, Rosik, 4 pgs.