

**74<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2007 Regular Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: SB 5521-A**

**JOINT COMMITTEE ON WAYS AND MEANS**

**Carrier – House: Rep.  
Carrier – Senate: Sen.**

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**Action:**

**Vote:**

- House – Yeas:
- Nays:
- Exc:
- Senate – Yeas:
- Nays:
- Exc:

**Prepared By:** Erica Kleiner, Department of Administrative Services

**Reviewed By:** Robin LaMonte, Legislative Fiscal Office

**Meeting Date:**

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**Agency**

Bureau of Labor and Industries

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**Biennium**

2007-09

**Senators:** Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson,  
Schrader, Verger, Westlund, Whitsett, Winters

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Senator Kurt Schrader, Co-Chair

**Representatives:** D. Edwards, Galizio, Garrard, Hanna, Jenson,  
Morgan, Nathanson, Nolan, Shields

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Representative Mary Nolan, Co-Chair

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Senator Betsy Johnson, Transportation and Economic Development  
Subcommittee Chair

## Budget Summary\*

|                         | 2005-07                              |                   | 2007-09                     |                                      | Percentage Committee             |
|-------------------------|--------------------------------------|-------------------|-----------------------------|--------------------------------------|----------------------------------|
|                         | Legislatively Approved<br>Budget (1) | Governor's Budget | Committee<br>Recommendation | Difference from<br>Governor's Budget | Change from<br>Governor's Budget |
| General Fund            | 11,708,250                           | 12,592,154        | 12,630,749                  | +38,595                              | +0.3%                            |
| Other Funds             | 6,186,602                            | 6,390,413         | 6,390,413                   | 0                                    | 0.0%                             |
| Federal Funds           | 1,409,131                            | 1,520,108         | 1,520,108                   | 0                                    | 0.0%                             |
| Other Funds Non-limited | 2,268,160                            | 2,338,473         | 2,338,473                   | 0                                    | 0.0%                             |
| Total                   | \$ 21,572,143                        | \$ 22,841,148     | \$ 22,879,743               | \$ +38,595                           | +0.2%                            |

## Position Summary

|                                      |        |        |        |       |
|--------------------------------------|--------|--------|--------|-------|
| Authorized Positions                 | 111    | 111    | 112    | +1    |
| Full-time Equivalent (FTE) Positions | 108.38 | 110.50 | 111.00 | +0.50 |

(1) Includes adjustments through the December 2006 meeting of the Emergency Board

\* Excludes Capital Construction expenditures

## Summary of Revenue Changes

The Bureau of Labor and Industries (BOLI) is primarily funded with General Fund. The Bureau will receive an estimated \$3.6 million Other Funds revenues from a fractional percentage (0.03%) of the unemployment taxes paid by employers each year, which are deposited to the Wage Security Fund. The Wage Security Fund is used to pay final wages for employees whose employers cease operations and default on final paychecks. The Wage Security Fund will also receive approximately \$475,000 from interest earnings and recovery of payments from defaulting employers. The Prevailing Wage Rate program receives \$1.8 million in assessments on public works construction contracts; Technical Assistance Fees will generate \$1.7 million; contract services with the Department of Consumer and Business Services and several Oregon cities will produce over \$982,000; and miscellaneous fees and receipts will provide an estimated \$413,500. BOLI contracts with the Equal Employment Opportunity Commission (EEOC) and receives \$1.32 million in Federal Funds under this contract and a small amount of funds from the Veterans' Administration (VA). The EEOC funds partially support the costs for civil rights enforcement where federal and state jurisdictions overlap. The VA funding is through a contract with the Apprenticeship and Training Division for approving apprenticeship and on-the-job training programs for veterans.

## **Summary of Subcommittee Action**

The mission of the Bureau of Labor and Industries is to ensure compliance with state laws relating to apprenticeship; wages and hours worked; terms and conditions of employment; and rights of workers and citizens to equal and nondiscriminatory treatment. The Bureau of Labor and Industries has four divisions: Commissioner's Office/Program Support Services; Civil Rights; Wage and Hour; and Apprenticeship and Training.

The Subcommittee approved a budget of \$22,879,743 total funds consisting of \$12,630,749 General Fund, \$6,390,413 Other Funds, \$1,520,108 Federal Funds, and \$2,338,473 Other Funds Non-limited, including 112 positions (111.00 full-time equivalents). The approved budget is 6.1 percent greater than the Legislatively Approved Budget. The increase includes additional staff to expand access to services and funding for the Apprenticeship Integration Initiative.

Package 130: Civil Rights Timely Investigations was approved by the Subcommittee. This package restores one Civil Rights Investigator position (0.75 FTE) to the Civil Rights Division at a cost of \$87,893 General Fund, to improve the timeliness of investigation workplace discrimination disputes.

Package 140: Restoration of Wage Claim/Farm Labor Enforcement was approved by the Subcommittee. This package restores one Wage and Hour Compliance Specialist position (0.75 FTE) to the Wage and Hour Division at a cost of \$87,893 General Fund in order to improve the timeliness of investigation of wage claim disputes involving transient and migrant labor, with the following budget note:

### **Budget Note:**

The Bureau of Labor and Industries (BOLI) is directed to monitor the work of its wage claim function, including a compilation of the number and types of wage claim investigations. BOLI should place particular emphasis on monitoring wage claim investigations involving transient or migrant labor in all categories of employment, to ensure that no particular category of transient and migrant labor wage claim investigations receives excessive emphasis. BOLI is directed to report to the Emergency Board or other designated legislative committee at the meeting closest to January 1, 2009 on the activities of its wage claim function.

Package 141: Maintain Timeliness of Prevailing Wage Rate Investigations and Predeterminations was approved by the Subcommittee in the amount of \$117,191 Other Funds and converts a limited duration position approved by the Emergency Board to handle prevailing wage workload to permanent.

The Subcommittee discussed the effect of legislative actions on the workload of the Prevailing Wage Unit. The Subcommittee was concerned that statutory and other changes might affect the ongoing need for a permanent prevailing wage position, and requested the Labor Commissioner to track this workload. The need for this position will be evaluated during the 2009-11 budget process.

The Subcommittee also discussed the need to ensure that negotiations that lead to construction contracts that are executed by the Economic and Community Development Department include prevailing wage coverage requirements, particularly in relationship to public-private partnerships. The Labor Commissioner will work with the Director of the Economic and Community Development Department to ensure that these issues are addressed prior to the commencement of construction of these projects.

Package 151: Apprenticeship Integration Initiative was approved by the Subcommittee in the amount of \$102,845 General Fund and \$100,000 other funds transfer from the state workforce development funds, and includes the following budget note:

**Budget Note:**

The Bureau of Labor and Industries (BOLI) is directed to report to the Joint Legislative Audit Committee, at its meeting closest to January 1, 2009, on its progress in implementing the apprenticeship integration initiative. This report should include: the participating school and the methodology for selecting the schools; the number of students that have participated, and plan to participate, in the program for each pilot; the types of apprenticeship programs that are participating; training and other services leveraged for each pilot; and specific recommendations on the future of this initiative, including potential funding sources.

The Subcommittee discussed at length the selection process for these pilot schools. The Labor Commissioner indicated that he is looking for schools that have the most infrastructure in place to select as potential pilot schools. Depending on the number of schools identified, the Commissioner may select two more pilots. The Subcommittee reiterated the expectation that every school is given the opportunity to compete for inclusion in the pilot, including notification of the selection criteria.

Package 801: LFO Analyst Adjustment was approved by the Subcommittee in the amount of a \$20,000 General Fund reduction in Services and Supplies, to partially offset the cost of restoring the Policy Package 140 Wage Claim Enforcement position. This reduction is distributed equally between the Wage and Hour and Civil Rights Divisions, based on an assessment by the agency that these divisions had the ability to absorb the reductions.

**Summary of Performance Measure Action**

See attached Legislatively Adopted 2007-09 Key Performance Measures form.