

**76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5519-A

JOINT COMMITTEE ON WAYS AND MEANS

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

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 24 – 1 – 0

House – Yeas: Beyer, Buckley, Cowan, Freeman, Garrard, Komp, Kotek, McLane, Nathanson, Nolan, Richardson, G. Smith, Thatcher, Whisnant
– Nays:
– Exc:

Senate – Yeas: Bates, Devlin, Edwards, Johnson, Monroe, Nelson, Thomsen, Verger, Whitsett, Winters
– Nays: Girod
– Exc:

Prepared By: D.J. Vogt, Department of Administrative Services

Reviewed By: Steve Bender, Legislative Fiscal Office

Meeting Date: May 27, 2011

Agency

Bureau of Labor and Industries

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Biennium

2011-13

Budget Summary*

	2009-11 Legislatively Approved Budget (1)	2011-13 Current Service Level	2011-13 Governor's Budget	2011-13 Committee Recommendation	Committee Change from 2009-11 Leg Approved	
					\$ change	% change
General Fund	\$ 11,927,913	\$ 14,006,222	\$ 11,927,913	\$ 11,293,461	\$ (634,452)	-5.3%
Other Funds	8,640,971	6,768,262	8,063,580	8,786,043	145,072	1.7%
Other Funds Nonlimited	2,403,950	2,200,000	2,200,000	2,200,000	(203,950)	-8.5%
Federal Funds	1,412,409	1,430,297	1,356,446	1,356,446	(55,963)	-4.0%
Total	\$ 24,385,243	\$ 24,404,781	\$ 23,547,939	\$ 23,635,950	\$ (749,293)	-3.1%

Position Summary

Authorized positions	110	105	99	102	(8)
Full-time equivalent positions (FTE)	107.38	104.00	99.00	101.00	(6.38)

(1) Includes adjustments through March 2011

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Bureau of Labor and Industries (BOLI) is funded with General Fund and with Other Funds received from the following sources: revenues from technical assistance services, transfers of employer taxes from the Employment Department for the Wage Security Fund, assessments on construction contracts and projects subject to the state's prevailing wage rate laws. The agency also receives federal grant and contract funds, and federal transportation funds received under contract with the Oregon Department of Transportation.

Summary of Transportation and Economic Development Subcommittee Action

The Bureau of Labor and Industries enforces state laws relating to wages; promotes the development of a skilled workforce; enforces state and federal laws relating to unlawful discrimination; and provides educational services to employers. The Subcommittee approved a budget for BOLI of \$23.6 million total funds and 101.00 full-time equivalents (FTE). The Subcommittee's approved budget is a 5.3 percent General Fund decrease from the 2009-11 Legislatively Approved Budget. To achieve the General Fund reductions, the budget continues June 2010 allotment reductions,

eliminates standard inflation, makes a 5.5 percent across-the-board reduction in Personal Services and makes a 6.5 percent reduction in Services and Supplies.

The approved budget for this agency also includes a General Fund reduction to support a state General Fund supplemental ending balance. The Subcommittee approved General Fund reductions totaling \$409,607 in package 819 for this purpose. The reduction is intended to be applied against spending levels in the second year of the biennium and not to affect program delivery in the first year. To reinforce that intent, the agency's budget bill includes specific language allowing the agency to expend up to 54 percent of its total biennial General Fund appropriation in the first year of the biennium.

The amount of the reduction for the supplemental ending balance may be restored during the February 2012 session to the agency for the second year of the biennium depending on economic conditions. Therefore, the Co-Chairs of the Joint Committee on Ways and Means expect the Commissioner to closely monitor the quarterly revenue forecast and other economic indicators to gauge adequacy of funding in the second year and manage the budget accordingly.

Commissioner's Office/Support Services

The Commissioner's Office provides policy direction and overall management of BOLI's programs. Support Services include budget and fiscal control, employee services, information systems management, and legislative and community services. The Subcommittee approved a total funds budget of \$6,022,453 and 24.50 full-time equivalents (FTE).

The Subcommittee approved package 085, Allotment Reduction Roll-ups. This package extends June 2010 Governor's Allotment Reductions for 2009-11 through the 2011-13 biennium. It reduces General Fund by \$572,814 and eliminates four positions and 3.50 FTE.

The Subcommittee approved package 086 and package 087, which eliminate inflation and decrease projected Personal Services costs by 5.5 percent.

The Subcommittee approved package 090, Analyst Adjustments. This package reduces General Fund for the agency to the level available in the 2009-11 biennium after the 2010 Special Session and Governor's allotment reductions and reduces General Fund for the Commissioner's Office/Support Services by \$54,565.

The Subcommittee approved package 120, Email Migration, at a cost of \$90,000 Other Funds. This package provides authority to spend Other Funds to migrate from an outdated, GroupWise email system to Microsoft Exchange/Outlook, the current statewide standard.

The Subcommittee approved package 121, IT Replacement, at a cost of \$12,500 Other Funds. This package provides authority to spend Other Funds to maintain the Information Technology Replacement Schedule, which will allow the agency to remain current with information technology advancements.

The Subcommittee approved package 801, Targeted Statewide Adjustments, which reduces General Fund by \$49,086. This package implements a statewide reduction action included in the Co-Chairs' budget, a 6.5 percent reduction from total General Fund Services and Supplies expenditures included in the Governor's budget.

The Subcommittee approved package 802, Vacant Position Savings. The package changes one vacant full-time Training and Development Specialist 2 position from permanent to limited-duration status. This position is funded by charges and sales income (Other Funds), and there have been insufficient such revenues available to allow the position to be filled. This package has no expenditure or revenue impact.

The Subcommittee approved package 810, LFO Analyst Adjustments. This package retains four positions that would be eliminated in the Governor's budget, retains the agency's offices in Bend and Medford, and provides funding to allow the agency to retain its Pendleton office, if the agency decides to do so under its reorganization of the Civil Rights Division. The package eliminates an Information Systems 6 position that was essentially unfunded in the Governor's budget.

Package 810, on an agency-wide basis, also transfers \$400,337 of Personal Services expenditures from the General Fund to Other Funds (including \$108,908 to the Prevailing Wage Education and Enforcement Account and \$291,429 to the Wage Security Fund), transfers \$252,000 of Services and Supplies expenditures from the General Fund to Other Funds (all to the Wage Security Fund), and increases Other Funds expenditures for the Commissioner's Office/Support Services from the Wage Security Fund by an additional \$80,000 for rent for the Salem office, if the agency retains its Salem office.

In the Commissioner's Office/Support Services area, package 810 includes the transfer of \$347,730 of Personal Services expenditures, and of \$100,000 of Services and Supplies expenditures, from General Fund to Other Funds.

The Subcommittee approved package 811, LFO Analyst Technical Adjustments. This package makes adjustments to the Governor's budget to accurately reflect the distribution of expenditures and positions that would occur under the agency's plan for operating at the Governor's funding level. The package has no impact on total expenditures for the agency and retains them at the level in the Governor's budget. In the Commissioner's Office/Support Services area, however, the package restores the four positions eliminated in package 085, increases FTE by 2.54, and increases General Fund by \$424,432.

Civil Rights Division

The Civil Rights Division enforces state and federal laws that prohibit unlawful discrimination by investigating allegations of civil rights violations in workplaces, career schools, housing and public accommodations. The Subcommittee approved a total funds budget of \$4,916,902 and 29.50 full-time equivalents (FTE).

The Subcommittee approved package 085, Allotment Reduction Roll-ups. This package extends June 2010 Governor's Allotment Reductions for 2009-11 through the 2011-13 biennium. It reduces General Fund by \$300,093 and eliminates two positions and 1.50 FTE.

The Subcommittee approved package 086 and package 087, which eliminate inflation and decrease projected Personal Services costs by 5.5 percent.

The Subcommittee approved package 090, Analyst Adjustments. This package reduces General Fund for the agency to the level available in the 2009-11 biennium after the 2010 Special Session and Governor's allotment reductions, and reduces General Fund for the Civil Rights Division by \$32,151.

The Subcommittee approved package 121, IT Replacement, at a cost of \$12,500 Other Funds. This package provides authority to spend Other Funds to maintain the information technology Replacement Schedule, which will allow the agency to remain current with information technology advancements.

The Subcommittee approved package 801, Targeted Statewide Adjustments, which reduces General Fund by \$25,740. This package implements a statewide reduction action included in the Co-Chairs' budget, a 6.5 percent reduction from total General Fund Services and Supplies expenditures included in the Governor's budget.

The Subcommittee approved package 810, LFO Analyst Adjustments. As described in the package description in the Commissioner's Office/Support Services section of this report, on an agency-wide basis, the package retains four positions that would be eliminated in the Governor's budget. These positions include one of the two Civil Rights Field Representative 2 positions that are eliminated in the Governor's budget. The Subcommittee understands that the Commissioner will determine which position to retain.

The Subcommittee approved package 811, LFO Analyst Technical Adjustments. This package makes adjustments to the Governor's budget to accurately reflect the distribution of expenditures and positions that would occur under the agency's plan for operating at the Governor's funding level. The package has no impact on total expenditures for the agency and retains them at the level in the Governor's budget but does reduce General Fund in the Civil Rights Division by \$12,095 and FTE by 0.50.

Wage and Hour Division

The Wage and Hour Division enforces state laws relating to minimum wage, overtime, terms and conditions of employment and prevailing wage rates on public works projects by investigating wage claims and allegations of workplace violations of those laws. The Subcommittee approved a total funds budget of \$8,169,806 and 29.00 full-time equivalents (FTE).

The Subcommittee approved package 085, Allotment Reduction Roll-ups. This package extends June 2010 Governor's Allotment Reductions for 2009-11 through the 2011-13 biennium. It reduces General Fund by \$255,942 and eliminates one position/1.00 FTE.

The Subcommittee approved package 086 and package 087, which eliminate inflation and decrease projected Personal Services costs by 5.5 percent.

The Subcommittee approved package 090, Analyst Adjustments. This package reduces General Fund for the agency to the level available in the 2009-11 biennium after the 2010 Special Session and Governor's Allotment Reductions. It reduces General Fund for the Wage and Hour Division by \$41,027.

The Subcommittee approved package 121, IT Replacement, at a cost of \$12,500 Other Funds. This package provides authority to spend Other Funds to maintain the information technology Replacement Schedule, which will allow the agency to remain current with information technology advancements.

The Subcommittee approved package 801, Targeted Statewide Adjustments, which reduces General Fund by \$39,046. This package implements a statewide reduction action included in the Co-Chairs' budget, a 6.5 percent reduction from total General Fund Services and Supplies expenditures included in the Governor's budget.

The Subcommittee approved package 810, LFO Analyst Adjustments. As described in the package description in the Commissioner's Office/Support Services section of this report, on an agency-wide basis, the package retains four positions that would be eliminated in the Governor's budget. The four positions included one of the two full-time Wage and Hour Compliance Specialist positions that are eliminated in the Governor's budget. The package adds \$122,188 General Fund to the Wage and Hour Division for this purpose.

The package also transfers \$400,337 of Personal Services expenditures (including expenditures related to two positions in the Wage and Hour Division) from the General Fund to Other Funds (including \$108,908 to the Prevailing Wage Education and Enforcement Account and \$291,429 to the Wage Security Fund), and transfers \$252,000 of Services and Supplies expenditures from the General Fund to Other Funds (all to the Wage Security Fund), and to increase Other Funds expenditures from the Wage Security Fund by an additional \$80,000. This includes the transfer of \$52,607 of Personal Services expenditures, and of \$152,000 of Services and Supplies expenditures, from General Fund to Other Funds in the Wage and Hour Division.

The Subcommittee approved package 811, LFO Analyst Technical Adjustments. This package makes adjustments to the Governor's budget to accurately reflect the distribution of expenditures and positions that would occur under the agency's plan for operating at the Governor's funding level. The package has no impact on total expenditures for the agency and retains them at the level in the Governor's budget but does reduce General Fund in the Wage and Hour Division by \$182,144 and eliminate two positions and 2.00 FTE.

Apprenticeship and Training Division

The Apprenticeship and Training Division promotes the development of a highly skilled, competitive workforce in Oregon through apprenticeship programs and through partnerships with government, labor, business and educational institutions. The Subcommittee approved a total funds budget of \$4,526,789 and 18.00 full-time equivalents (FTE).

The Subcommittee approved package 085, Allotment Reduction Roll-ups. This package extends June 2010 Governor's allotment reductions for 2009-11 through the 2011-13 biennium. It reduces General Fund for the Apprenticeship and Training Division by \$66,815.

The Subcommittee approved package 086 and package 087, which eliminate inflation and decrease projected Personal Services costs by 5.5 percent.

The Subcommittee approved package 090, Analyst Adjustments. This package reduces General Fund for the agency to the level available in the 2009-11 biennium after the 2010 Special Session and Governor's allotment reductions. It reduces General Fund by \$29,966.

The Subcommittee approved package 121, IT Replacement, at a cost of \$12,500 Other Funds. This package provides authority to spend Other Funds to maintain the Information Technology Replacement Schedule, which will allow the agency to remain current with information technology advancements.

The Subcommittee approved package 150, ODOT Diversity Project, at a cost of \$1,500,000 Other Funds, adding one position and 1.00 FTE. The package provides Other Funds expenditure limitation for expenditures from federal transportation funds transferred from the Department of Transportation to the Bureau by contract. This continues support for the contract that was initially approved by the Emergency Board in September 2010.

The Subcommittee approved package 801, Targeted Statewide Adjustments, which reduces General Fund by \$28,199. This package implements a statewide reduction action included in the Co-Chairs' budget, a 6.5 percent reduction from total General Fund Services and Supplies expenditures included in the Governor's budget.

The Subcommittee approved package 810, LFO Analyst Adjustments. The package retains four positions agency-wide that would be eliminated in the Governor's budget including the two full-time Apprenticeship Representative positions, located in Medford and in Bend, that are eliminated in the Governor's budget.

The Subcommittee approved package 811, LFO Analyst Technical Adjustments. This package makes adjustments to the Governor's budget to accurately reflect the distribution of expenditures and positions that would occur under the agency's plan for operating at the Governor's funding level. The package has no impact on total expenditures for the agency and retains them at the level in the Governor's budget, but does reduce General Fund in the Apprenticeship and Training Division by \$230,193 and eliminates two positions and 2.00 FTE.

Summary of Performance Measure Action

See attached Legislatively Adopted 2011-13 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5519-A

**Bureau of Labor and Industries
D.J. Vogt -- (503) 378-3117**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2009-11 Legislatively Approved Budget at March 2011*	\$11,927,913	\$0	\$8,640,971	\$2,403,950	\$1,412,409	\$0	\$24,385,243	110	107.38
2011-13 ORBITS printed Current Service Level (CSL)*	\$14,006,222	\$0	\$6,768,262	\$2,200,000	\$1,430,297	\$0	\$24,404,781	105	104.00
2011-13 Governor's Recommended Budget*	\$11,927,913	\$0	\$8,063,580	\$2,200,000	\$1,356,446	\$0	\$23,547,939	99	99.00
<u>SUBCOMMITTEE ADJUSTMENTS (from GRB)</u>									
Commissioner's Office/Support Services -- 010									
Package 801: Targeted Statewide Adjustments									
Services and Supplies	(49,086)	0	0	0	0	0	(49,086)		
Package 810: LFO Analyst Adjustments									
Personal Services	(347,730)	0	337,856	0	0	0	(9,874)	(1)	(0.04)
Services and Supplies	(100,000)	0	180,000	0	0	0	80,000		
Package 811: LFO Analyst Technical Adjustments									
Personal Services	323,499	0	0	0	0	0	323,499	4	2.54
Services and Supplies	100,933	0	0	0	0	0	100,933		
Package 819: Supplemental Statewide Ending Balance									
Personal Services	(93,925)	0	0	0	0	0	(93,925)		
Services and Supplies	(24,579)	0	0	0	0	0	(24,579)		
Civil Rights -- 030									
Package 801: Targeted Statewide Adjustments									
Services and Supplies	(25,740)	0	0	0	0	0	(25,740)		
Package 810: LFO Analyst Adjustments									
Personal Services	152,972	0	0	0	0	0	152,972	1	1.00
Services and Supplies	3,933	0	0	0	0	0	3,933		
Package 811: LFO Analyst Technical Adjustments									
Personal Services	(89,142)	0	0	0	0	0	(89,142)		(0.50)
Services and Supplies	77,047	0	0	0	0	0	77,047		
Package 819: Supplemental Statewide Ending Balance									
Personal Services	(86,861)	0	0	0	0	0	(86,861)		
Services and Supplies	(12,889)	0	0	0	0	0	(12,889)		
Wage and Hour -- 040									
Package 801: Targeted Statewide Adjustments									

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Services and Supplies	(39,046)	0	0	0	0	0	(39,046)		
Package 810: LFO Analyst Adjustments									
Personal Services	69,581	0	52,607	0	0	0	122,188	1	1.00
Services and Supplies	(152,000)	0	152,000	0	0	0	0		
Package 811: LFO Analyst Technical Adjustments									
Personal Services	(191,381)	0	0	0	0	0	(191,381)	(2)	(2.00)
Services and Supplies	9,237	0	0	0	0	0	9,237		
Package 819: Supplemental Statewide Ending Balance									
Personal Services	(70,238)	0	0	0	0	0	(70,238)		
Services and Supplies	(19,552)	0	0	0	0	0	(19,552)		
Apprenticeship and Training -- 050									
Package 801: Targeted Statewide Adjustments									
Services and Supplies	(28,199)	0	0	0	0	0	(28,199)		
Package 810: LFO Analyst Adjustments									
Personal Services	278,314	0	0	0	0	0	278,314	2	2.00
Services and Supplies	12,156	0	0	0	0	0	12,156		
Package 811: LFO Analyst Technical Adjustments									
Personal Services	(267,824)	0	0	0	0	0	(267,824)	(2)	(2.00)
Services and Supplies	37,631	0	0	0	0	0	37,631		
Package 819: Supplemental Statewide Ending Balance									
Personal Services	(86,616)	0	0	0	0	0	(86,616)		
Services and Supplies	(14,120)	0	0	0	0	0	(14,120)		
Special Payments	(827)	0	0	0	0	0	(827)		
TOTAL ADJUSTMENTS	(\$634,452)	\$0	\$722,463	\$0	\$0	\$0	\$88,011	3	2.00
SUBCOMMITTEE RECOMMENDATION*	\$11,293,461	\$0	\$8,786,043	\$2,200,000	\$1,356,446	\$0	\$23,635,950	102	101.00
% Change from 2009-11 Leg Approved Budget	-5.3%	0.0%	1.7%	-8.5%	-4.0%	0.0%	-3.1%	-7.3%	-5.9%
% Change from 2011-13 Current Service Level	-19.4%	0.0%	29.8%	0.0%	-5.2%	0.0%	-3.2%	-2.9%	-2.9%
% Change from 2011-13 Governor's Recommended Budget	-5.3%	0.0%	9.0%	0.0%	0.0%	0.0%	0.4%	3.0%	2.0%

*Excludes Capital Construction Expenditures

Legislatively Approved 2011-2013 Key Performance Measures

Agency: LABOR and INDUSTRIES, BUREAU of

Mission: The mission of the Bureau of Labor and Industries is to protect employment rights, advance employment opportunities, and protect access to housing and public accommodations free from discrimination.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
1 - CUSTOMER SERVICE: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Accuracy	Approved KPM		80.00	80.00
1 - CUSTOMER SERVICE: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Availability of Information	Approved KPM		80.00	80.00
1 - CUSTOMER SERVICE: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Expertise	Approved KPM		80.00	80.00
1 - CUSTOMER SERVICE: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Helpfulness	Approved KPM		80.00	80.00
1 - CUSTOMER SERVICE: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Overall	Approved KPM		80.00	80.00
1 - CUSTOMER SERVICE: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Timeliness	Approved KPM		80.00	80.00
2 - Timely Processing of Civil Rights Complaints: Percentage of target met for timely: intake, completion of perfected charge, initial interview and investigation (composite measure).		Approved KPM	71.00	100.00	100.00

Agency: LABOR and INDUSTRIES, BUREAU of

Mission: The mission of the Bureau of Labor and Industries is to protect employment rights, advance employment opportunities, and protect access to housing and public accommodations free from discrimination.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
3 - Timely Processing of Wage and Hour Complaints: Percentage of target met for timely: intake and jurisdiction determination; demand letter, investigation: Composite measure.		Approved KPM	88.00	100.00	100.00
4 - WHD: Percentage of WSF claims processed within fewer than 30 days.		Approved KPM	57.50	75.00	75.00
5 - WHD: Percentage of PWR investigations completed within 90 days.		Approved KPM	61.40	55.00	55.00
6 - ATD: Number of apprentices receiving journey level certificates.		Approved KPM	1,350.00	1,160.00	1,160.00
7 - ATD: Number of newly registered apprentices.		Approved KPM	1,032.00	2,340.00	2,340.00
8 - Apprenticeship Participation: Percentage of new apprenticeship participants who are minorities.		Approved KPM	13.78	15.00	15.00
9 - HU: Percentage of final orders upheld on appeal to the Oregon Court of Appeals.		Approved KPM	50.00	90.00	90.00
10 - TA: Percentage of employer technical assistance calls or emails returned no later than the next business day.		Approved KPM	91.00	80.00	80.00
11 - TA: Percentage of public seminars conducted by TA with an average satisfaction rating of 4 or higher on a 5 point scale on the evaluations.		Approved KPM	98.00	95.00	95.00
12 - Prevailing Wage Rate Pre-determinations - Response time for requests by public agencies concerning potential coverage of projects under state Prevailing Wage laws.		Approved KPM	90.50		85.00

LFO Recommendation:

Approve the requested Key Performance Measures and KPM targets. LFO notes that reductions in the Bureau of Labor and Industries budget may have an effect on the agency's ability to meet KPM targets.

Sub-Committee Action:

The Subcommittee approved the Legislative Fiscal Office recommendation.