

**78<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2016 Session  
PRELIMINARY BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: SB 1587-B**

**JOINT COMMITTEE ON WAYS AND MEANS**

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**Reviewed By:** Michelle Deister, Legislative Fiscal Office

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**Agency**

Bureau of Labor and Industries

**Biennium**

2015-17

## **Budget Summary\***

	2015-17 Legislatively Adopted Budget	2016 Committee Recommendation	Committee Change from 2015-17 Leg. Adopted	
			\$ Change	% Change
Other Funds Limited	\$ 1,935,599	\$ 2,261,553	\$ 325,954	16.8%
Total	\$ 1,935,599	\$ 2,261,553	\$ 325,954	16.8%

## **Position Summary**

Authorized Positions **	4	7	3
Full-time Equivalent (FTE) positions	6.91	8.89	1.98

## **Revenue Summary**

Senate Bill 1587 enables expenditures from the Wage Security Fund for enforcement of wage and hour laws. The Wage Security Fund consists of a diversion of 0.03 percent Unemployment Insurance taxes paid to the Employment Department in one quarter of the biennium to pay wages due to employees after employers have gone out of business. The Bureau of Labor and Industries makes payments for wages due from the fund, up to a maximum of \$4,000; agency administrative costs directly attributed to determining and processing final wage claims are also allowed to be paid from the Wage Security Fund. The Wage Security Fund has an estimated 2015-17 ending balance of \$8.3 million.

## **Summary of Natural Resource Subcommittee Action**

Senate Bill 1587 requires employers to include specific itemized information on payroll statements to employees, defines “Time and Pay Records” and requires the employer to maintain records of current and terminated employees as required by the Fair Labor Standards Act regulations.

The bill authorizes the Commission of the Bureau of Labor and Industries (BOLI) to expend certain monies from the Wage and Security Fund to administer and enforce provisions of wage and hour and minimum wage law. The bill increases the Other Funds expenditure limitation by \$325,954 to BOLI to support three permanent full-time positions (1.89 FTE) within their Wage and Hour Division to investigate and enforce claims of underpaid and unpaid wages. When fully phased in for the 2017-19 biennium, these positions and associated Services and Supplies costs are estimated to be \$521,532.

In addition, the bill prohibits contractors, subcontractors or any agent of a contractor or subcontractor from intentionally failing to pay prevailing wage rates; plus, other specified actions taken to avoid the cost of prevailing wage rate. Violation of this provision is a Class C felony, punishable with a maximum of a five years imprisonment, a fine of \$125,000, or both. The Commissioner of BOLI is authorized to refer violators to a district attorney or the Attorney General for prosecution prior to the operative date. The penalty provisions are effective as of January 1, 2017. The bill declares an emergency and is effective on passage.

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**SB 1587-B**

Bureau of Labor and Industries  
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DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>SUBCOMMITTEE ADJUSTMENTS</u>									
<b>SCR 040 - Wage and Hour</b>									
Personal Services	\$ -	\$ -	\$ 271,629	\$ -	\$ -	\$ -	\$ 271,629	3	1.89
Services and Supplies	\$ -	\$ -	\$ 54,325	\$ -	\$ -	\$ -	\$ 54,325		
<b>TOTAL SUBCOMMITTEE ADJUSTMENTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 325,954</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 325,954</b>	<b>3</b>	<b>1.89</b>