



## APPENDIX – INDEX

OREGON LIQUOR CONTROL COMMISSION

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## LIQUOR REVENUE DISTRIBUTION

### **Revenue**

Distilled Spirits Sales	\$1,116.7 M
License Fees	\$10.6 M
Taxes on Beer & Wine	\$36.0 M
Misc. Revenue	\$0.8 M
	<b>\$1.16 Billion</b>

### **2013-15 Expenditures**

Agency Expenditures	(\$66.8 M)
Liquor Agents Compensation	(\$100.4 M)
Inventory Purchases	(\$551.1 M)
	<b>(\$718.3 M)</b>

### **Net Revenue**

**\$445.8 M**

### **Where Revenue is Distributed**

State General Fund	\$253.4 M
City Revenue Sharing Account	\$55.4 M
Cities (Incorporated)	\$79.1 M
Counties	\$39.6 M
Mental Health, Alcoholism, and Drug Services	\$17.7 M
Oregon Wine Board	\$0.6 M

### **Total Distribution 2014-16 Biennium**

**\$445.8 M**

# **LIQUOR CONTROL COMMISSION, OREGON**

## **Annual Performance Progress Report (APPR) for Fiscal Year (2014-2015)**

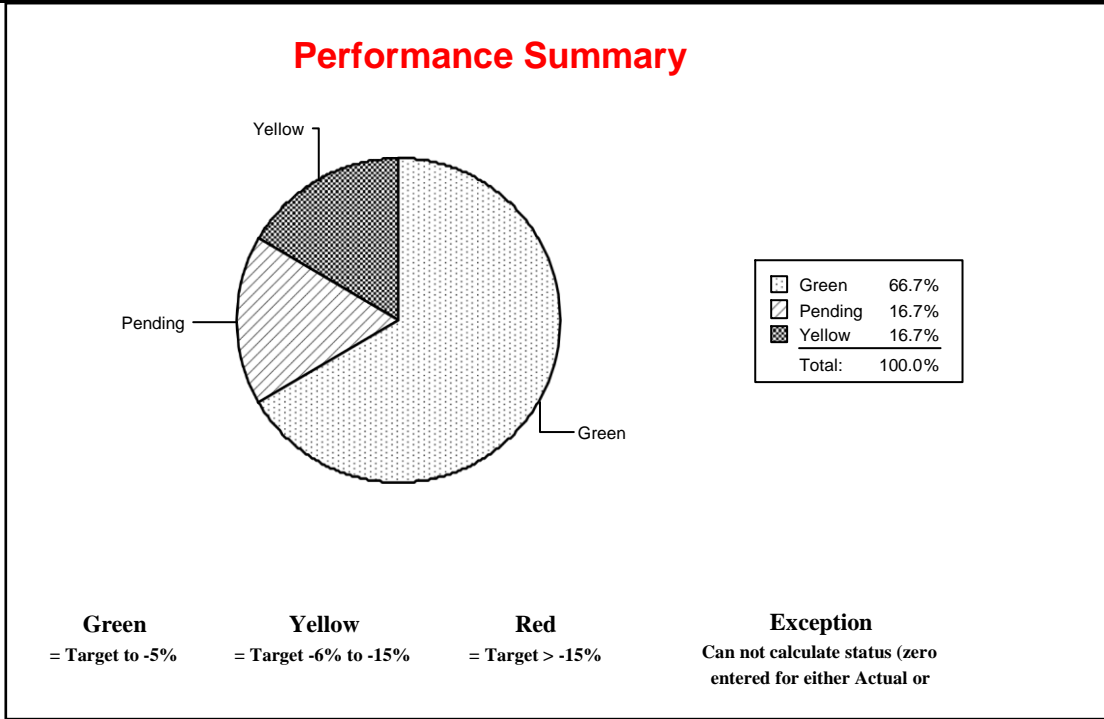
Original Submission Date: 2015

Finalize Date: 11/23/2015

2014-2015 KPM #	2014-2015 Approved Key Performance Measures (KPMs)
1	Sales to Minors – Percentage of licensees who refuse to sell to minor decoys.
2	RATE OF SECOND VIOLATION – Percentage of licensees detected to have violated a liquor law in a second, separate, incident occurring within 2 years after the year of the first violation.
3	Licensing Time – Average days from application receipt to license issuance.
4	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.
5	OLCC Rate of Return - Net OLCC distribution divided by actual expenses.
6	Best Practices: Percent of total best practices met by the Board.

<b>New Delete</b>	<b>Proposed Key Performance Measures (KPM's) for Biennium 2015-2017</b>
	<b>Title:</b>  <b>Rationale:</b>

<b>LIQUOR CONTROL COMMISSION, OREGON</b>		<b>I. EXECUTIVE SUMMARY</b>	
<b>Agency Mission:</b> To promote the public interest through the responsible sale and service of alcoholic beverages.			
<b>Contact:</b> Peter Noordijk, Data Analyst		<b>Contact Phone:</b> 503-872-5148	
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**1. SCOPE OF REPORT**

Agency programs/services addressed by key performance measures: This report contains key performance measures addressing the three program areas of the agency: Public Safety Services Program, Distilled Spirits Program, Support Services Program.

## **2. THE OREGON CONTEXT**

The OLCC envisions itself as a public safety agency that serves as a model for state alcohol regulation programs whose guiding principles are Public Safety, Economic Development, and Stewardship. The OLCC identifies itself as an integral part of a greater alcohol beverage system. Using a systems approach, the OLCC sees itself as meeting the public's need for a livable community and a sustainable, healthy, and responsible marketplace. The alcoholic beverage system in Oregon is managed by the OLCC with two processes. First, the OLCC's Public Safety Services Program seeks to license safe and responsible businesses quickly. Businesses that the OLCC licenses include: bars and restaurants that serve beer, wine, and spirits by the glass; grocery and convenience stores that sell packaged beer and wine; manufacturers (breweries, brew pubs, wineries, distilleries); and importers/distributors that supply beer and wine to licensees. Once in operation, the OLCC monitors liquor law compliance of these businesses, and pursues activities and policies that promote compliance. By focusing on strategies that promote liquor law compliance, the OLCC works to address livability concerns of communities, while facilitating responsible, safe, and sustainable Hospitality, Tourism, and Grocery Industries in Oregon, among others. Second, the OLCC's Distilled Spirits Program seeks to meet current and emerging customer expectations for distilled spirits product selection and availability, price, and retail outlet convenience. Through the work of the Distilled Spirits Program, the OLCC makes a wide selection of distilled spirits products regularly and reliably available at its 248 contract liquor retailer locations, at prices that are the same regardless of where they are purchased in the state. The OLCC contracts with private independent business operators to sell packaged distilled spirits directly to individuals, and to local licensees who then are allowed to sell distilled spirits by the drink at their place of business. Through the processes of both the Public Safety Services Program and the Distilled Spirits Program, the OLCC balances the sometimes competing demands of the agency's stakeholders and customers. By optimizing the alcohol beverage system in Oregon, the OLCC creates a sustainable marketplace, where the concerns and interests of a wide group of individuals and businesses can be accounted for. To insure that the OLCC continues to optimize Oregon's alcohol beverages system, these key measures have been created to monitor the agency's performance.

## **3. PERFORMANCE SUMMARY**

For 2015, the OLCC reports 4 of 6 KPMs met or are near their respective targets. Most notably, the Commissioners' evaluation of best practices improved dramatically and met the 100% target for 2015.

KPM#1, Sales to Minors. Licensees tested recorded a pass rate of 81% for the state during 2015 which is just below the new target of 82%. This was the same as the previous fiscal year. The 2013 Legislature raised the target from 80% to 82%.

KPM#2, Rate of Second Violation. OLCC recorded a rate of 13.9% of licensees committing a second violation within two years of committing a first violation for the FY2015 analysis. This is similar to FY2013 which reported a rate of 12%. The 2013 Legislature established a target of 12%.

KPM #3, Licensing Time. Licensing time averaged 72 days during FY2015, just above the new statewide target of 75 days. The 2013 legislature reduced the target for KPM #3 from 90 days to 75 days, but local governments still have up to 90 days to respond to applications.

KPM#4, Customer Service. The overall agency rating was 77 percent (rated as good or excellent) the same as 2014. The OLCC missed the 85 percent target in all five areas when weighted averages were taken over all survey groups. Overall, the OLCC exceeded targets in 13 out of 30 possible response categories across the five respondent groups. The weighted average was driven down by a massive increase in public survey responses related to marijuana.

KPM#5, OLCC Rate of Return. The OLCC achieved a rate of \$2.82 in revenue distributed for public use for every \$1 spent by the agency during 2015. This significantly exceeded the target of \$2.70. The 2015 rate was influenced by the \$0.50 per bottle surcharge.

KPM#6, Best Practices. The OLCC achieved a rate of 100 percent of the best practices met by the Board according to a self-assessment survey of the Commission. This higher score likely resulted from reduced turnover of Commissioners and Commission leadership during the year.

#### **4. CHALLENGES**

The major challenges to the effective operation of the OLCC, as reflected by these Key Performance Measures, result from a lack of resource flexibility needed to adjust to changing public safety, statutory, and market conditions. Being adaptive is paramount for the agency to successfully respond to growth in Oregon's population and economy, and the subsequent public safety and public demand needs. Upgrading the agency's information technology systems are critical to shortening the licensing process, tracking enforcement data for second violation measurement and making information available to OLCC customers in a timely manner. Factors affecting the results of the following measures are generally related to the needs of the agency to have flexibility to adapt to its changing environment.

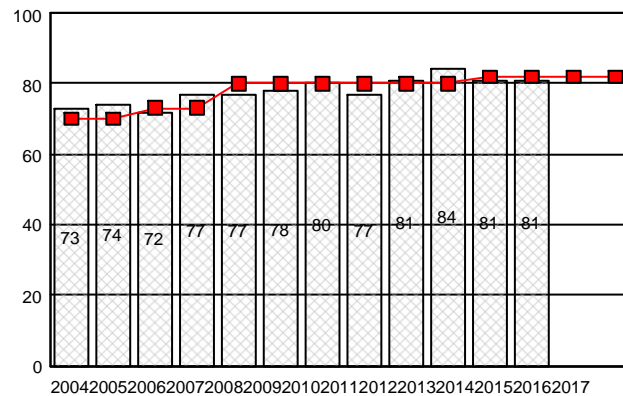
#### **5. RESOURCES AND EFFICIENCY**



<b>KPM #1</b>	Sales to Minors – Percentage of licensees who refuse to sell to minor decoys.	2002
<b>Goal</b>	PUBLIC SAFETY - Meet potential customer demand for alcoholic beverages and outlets in a socially responsible manner.	
<b>Oregon Context</b>	Benchmark #50a - 8th Grade Alcohol Abuse (Formerly BM #49 - Teen Substance Abuse) and Governors Guiding Principle of Public Safety.	
<b>Data Source</b>	OLCC enforcement records, minor decoy database.	
<b>Owner</b>	OLCC Director of Public Safety and Field Operations, Jeff Jett 541-618-7550	

Percentage of Licensees Who Refuse to Sell to Minor

Bar is actual, line is target



Data is represented by percent

### 1. OUR STRATEGY

The OLCC has three principal strategies for achieving the goal of public safety relating to this measure. The first strategy is to ensure the OLCC has adequate resources dedicated to public safety initiatives. The second is to develop and execute policies that ensure outlets comply with state liquor laws. The third strategy is to strengthen partnerships with other stakeholders that share the agency's public safety objectives

### 2. ABOUT THE TARGETS

The targets for this measure are based on historical averages of licensees refusing to sell alcoholic beverages to minor decoys. This target is viewed as a threshold; a level of compliance the OLCC strives to exceed. The OLCC, in the past, has regularly exceeded the target level for this measure. Given this fact, the OLCC proactively increased the target level from 70 percent to 73 percent for the 2006 reporting period. The state Legislature raised the target during the 2007 session to 80 percent and then to 82 percent during the 2013 session.

### 3. HOW WE ARE DOING

The FY 2015 result shows an 81 percent compliance rate of "no sales" to minors and exceeds the legislative target. The compliance rate matches that of FY 2014 and equaled FY 2012 which also had an 81 percent compliance rate; and represents a three point drop from the high of 84% compliance reached in FY 2013.

### 4. HOW WE COMPARE

Other liquor law enforcement agencies around the United States also conduct minor decoy operations. California Alcohol Beverage Control reports an average compliance rate of about 84% over the 2011-2014 period. Washington reported an 81% compliance rate for compliance checks for FY 2014. However, many of these states (e.g. California) will often publicize the decoy operations ahead of time, which may temporarily and artificially inflate those respective compliance rates. In these cases, comparisons to the Oregon compliance rate are misleading. Some states (e.g. Maine and Louisiana) claim to track sales to minor statistics, but either combine that information with other compliance check activities prior to publishing, or do not readily publish the information. The OLCC statistics only reflect the minor decoy operations executed by agency inspectors or minor decoy operations where OLCC participates with local law enforcement. In both cases, the results of these operations are compiled for this KPM.

### 5. FACTORS AFFECTING RESULTS

Law enforcement literature generally finds that consistent application of enforcement is a more important deterrent than infrequent- high penalty enforcement. When the number of operations decreases, a licensee may not perceive the risk of detection as likely and choose to

make decisions that do not comply with the public safety laws, such as selling alcoholic beverages to minors. However, there is no clear relationship between the frequency of operations and the compliance rate over the past ten years.

Another factor affecting results is the random sampling selection of minor decoy operations. With the exception of some targeted premises that have committed a prior offense, the majority of operations are performed on a different group of licensees each year. This can result in some variation from year to year as a result of random variation in the sample population. Over the past 6 years, the average compliance rate among targeted establishments is roughly the same as randomly selected establishments. The compliance rate in FY 2010 was 80 percent but dropped to 77 percent in FY 2011 despite conducting a similar number of operations. The compliance rate increased to 84 percent for FY 2013 then settled to 81 percent in FY 2014 through FY 2015.

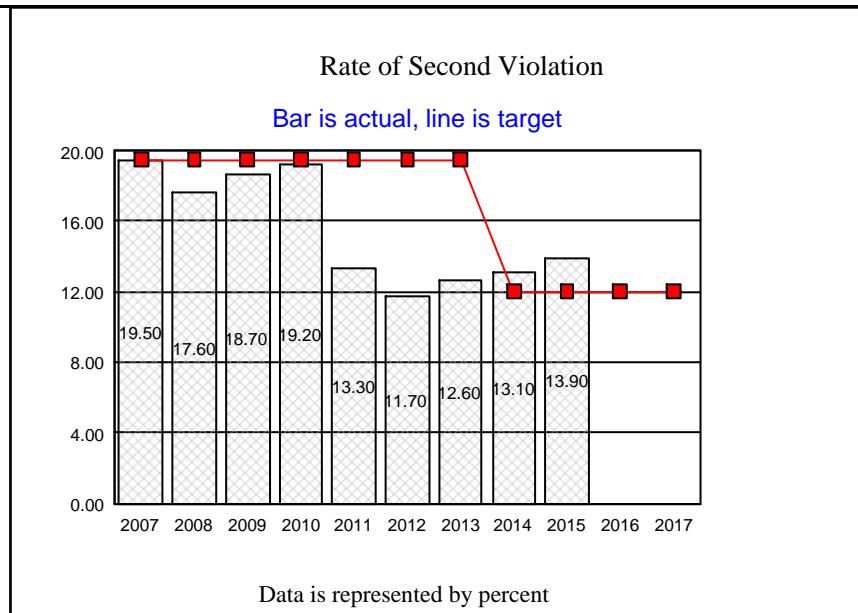
#### **6. WHAT NEEDS TO BE DONE**

The OLCC has leveraged its experience in conducting minor decoy operations by consulting with and training local law enforcement agencies to effectively conduct their own operations. The creation of these synergistic partnerships bring together the OLCC's knowledge base with the personnel resources of other law enforcement agencies so more operations can be conducted around the state. It should also be noted that an "inspection gap" continues to form as the number of licensed businesses is growing with respect to the number of OLCC inspection/public safety personnel. This gap results in a general decrease in the number of minor decoy operations conducted only by the OLCC and the need for local law enforcement partnerships.

#### **7. ABOUT THE DATA**

This measure is calculated from the compiled results of minor decoy operations conducted during the fiscal year out of each of the five OLCC regional offices; Bend, Eugene, Salem, Medford and Portland Metro. The measure is calculated by dividing the total number of instances where a licensed business refused to sell to a minor by the total number of attempted minor decoy purchases. OLCC inspectors conducted 1,660 operations in FY 2015 which constitutes about 12.5 percent of all licensed retail premises during the year.

<b>KPM #2</b>	RATE OF SECOND VIOLATION – Percentage of licensees detected to have violated a liquor law in a second, separate, incident occurring within 2 years after the year of the first violation.	2008
<b>Goal</b>	PUBLIC SAFETY - Meet potential customer demand for alcoholic beverages and outlets in a socially responsible manner.	
<b>Oregon Context</b>	Governor’s Guiding Principle of Public Safety. OLCC Mission Statement.	
<b>Data Source</b>	OLCC Enforcement and Administrative Process and Procedure Records.	
<b>Owner</b>	OLCC Director of Licensing, and Public Safety, Will Higlin 503.872. 5224	



**1. OUR STRATEGY**

Innovations and Enhancements to Education, License Processing, Enforcement, and Adjudication Functions.

**2. ABOUT THE TARGETS**

During the 2013 session, the Legislature set a target of 12 percent for this measure.

**3. HOW WE ARE DOING**

The FY 2015 second violation rate is 13.9 percent which is a slight rise from the previous year. The FY 2014 second violation rate was 13.1 percent. The second violation rate for the last three fiscal years has stayed between 11 and 14 percent. The historical rates back to FY 2004 produces an average a second violation rate of 16 percent.

**4. HOW WE COMPARE**

We have found no other agencies or states with a similar measure.

**5. FACTORS AFFECTING RESULTS**

During FY 2015, 63 percent of violations issued were for sales to minors, an increase of about 11 percent over the 52 percent of the violations in FY 2014. OLCC is implementing a strategy of using resources to engage with business proactively; and reserve compliance actions for the more serious violations such as sales to minors. The overall number of violations has decreased, but the number of violations for sales to minors has stayed high relative to other charges due to a steady rate of minor decoy operations.

**6. WHAT NEEDS TO BE DONE**

OLCC will continue to look at this measure and how the information is generated to determine if significant changes are needed for future years. OLCC continues to implement new strategies of regulating and educating licensees. This includes implementation of the first call program, public service announcements and a poster campaign warning of the dangers of furnishing alcohol to minors. These proactive

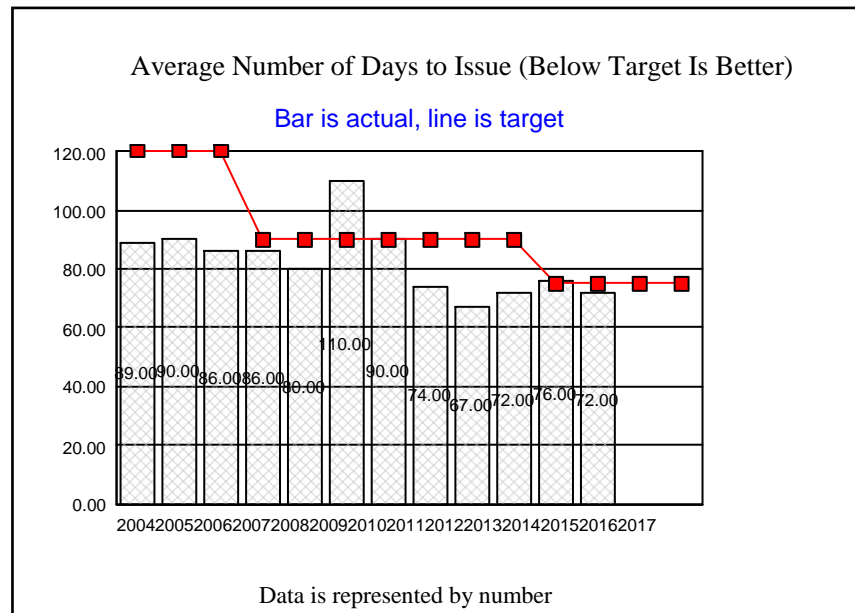
education efforts combined with targeted enforcement operations such as minor decoy compliance checks will improve licensees' compliance with liquor laws.

## **7. ABOUT THE DATA**

Key Performance Measure #2; Rate of Second Violation was crafted in 2007 as a new public safety measure for OLCC. The measure is calculated dividing the number of premises that have committed their first serious liquor law violation (category 1, 2, or 3) in a given year, by the number of those premises that go on to commit another separate serious liquor law violation within the two years following the year of their first. Historically this calculation has been done manually looking for premises matches across thousands of violation records. Recently, OLCC has been able to employ both statistical and database tools to refine the data and allow for electronic matches of licensed premises that violate liquor laws across multiple years. This has resulted in a much more consistent calculation of this measure and objective. The measure results for all years have been recalculated using this new methodology and are presented below.

<b>LIQUOR CONTROL COMMISSION, OREGON</b>	<b>II. KEY MEASURE ANALYSIS</b>
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<b>KPM #3</b>	Licensing Time – Average days from application receipt to license issuance.	2005
<b>Goal</b>	ECONOMIC DEVELOPMENT To enable Oregon businesses to begin and continue to operate safely and responsibly as soon as possible, supporting Oregon's Hospitality and Tourism Industries.	
<b>Oregon Context</b>	Oregon Benchmark #1(Employment in Rural Oregon), #2 (Trade Outside Oregon), #3 (New Employers), #4 (Net Job Growth) Oregon benchmarks relating to Growth of Oregon’s Economy and Job Growth. Governors Guiding Principles of Business and Job Growth.	
<b>Data Source</b>	OLCC license applications processing records. Internally developed system report: License Process Period Analysis-Number of Days to Issue a License.	
<b>Owner</b>	OLCC Public Safety Services Program –Will Higlin – License Services Director 503.872.5224.	



### 1. OUR STRATEGY

The OLCC's strategy for meeting this goal is to streamline, simplify, and automate the liquor licensing process. In pursuing this strategy, the OLCC hopes to achieve many positive outcomes, including the reduction in the number of days to issue a license.

### 2. ABOUT THE TARGETS

Targets are based on historical averages and expected workloads. Previous reports have indicated the target for this measure as a range; this is due to a number of external factors that influence the time to issue a license (e.g. local government review or receipt of license fees). The 2007 Legislature asked the agency to change the target to a fixed level, and to set that level to 90-days beginning in FY 2008. The 2013 Legislature has reduced the target again to 75 days beginning in 2014. The agency strives to issue liquor licenses to responsible and safe businesses faster than the measures target, i.e. it is desirable to report actual levels that are below the target.

### 3. HOW WE ARE DOING



The FY 2015 average licensing time statewide was 72 days. This is below the legislatively set target of 75, and the lowest time to license since 2001—with the exception of 2012. The average time to license for FY 2015 is well below the old target of 90 days. Recent licensing process improvements, including timely identification of outlying cases, have enabled the agency to achieve the targeted time to license.

#### **4. HOW WE COMPARE**

It is difficult to make direct comparisons due to the investigative and legal review aspects of the Oregon licensing process that do not translate to other licensing bodies.

#### **5. FACTORS AFFECTING RESULTS**

There are many factors affecting the number of days it takes to issue a liquor license; some internal and some external. Internal factors continue to be identified and streamlined through process improvements and technological solutions (automations). External factors are difficult to control. The primary external factor affecting how quickly a liquor license can be issued is the license application review by the local governing body (city or county). Statute gives local government up to 90 days (45 days plus and additional 45 day extension – if requested) to review a license application within their jurisdiction and provide a recommendation (positive, negative, or neutral). The OLCC cannot complete the processing of an application until the local government review is completed. Lengthy application review by local governments usually occurs in the larger metropolitan areas, such as Portland. These areas also have higher numbers of license applications, in absolute terms, which influence the overall statewide average licensing times. Additionally, the timeliness of the applicant in providing materials necessary to the application investigation can impact overall processing time. Applicants not prepared for or committed to the process may have longer processing times. One study in 2011 found that the average time to issue a license was approximately 90.7 days, for the Portland office. However, during the same period staff processing time totaled to an average of only 32.9 days; only 36% of the total time to issue a license.

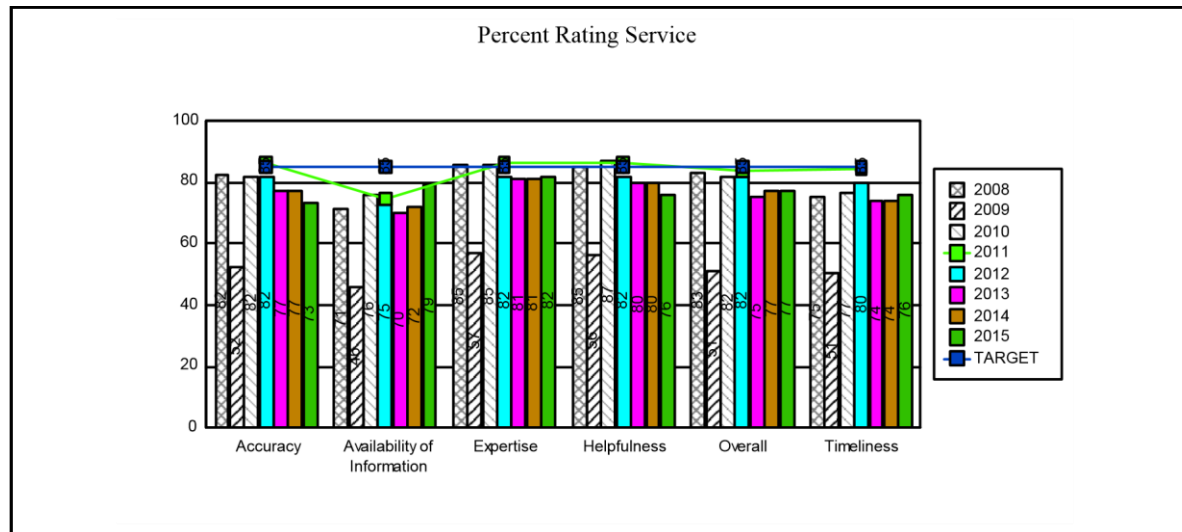
#### **6. WHAT NEEDS TO BE DONE**

The OLCC is pursuing long-term solutions to its business needs that include regulatory innovations, such as risk-based decision making methodologies, the implementation of streamlining measures, and the development of a custom enterprise licensing system that will automate many manual processes as well as growing the agency's online service capacity. The OLCC has proposed an incentive system for applicants who will pay an application fee that is refunded if the OLCC fails to process their application in a timely manner. The fee is forfeit if the target is not met because the applicant failed to complete their responsibilities in a timely manner.

**7. ABOUT THE DATA**

The data supporting this measure is compiled by the OLCC licensing unit and reported through the agency's master file system.

<b>KPM #4</b>	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.	2006
<b>Goal</b>	STEWARDSHIP The OLCC will sustain high-level customer service. It will continue to improve its customer service levels by finding more efficiencies, improving time frames for delivering services, and by making information accessible to customers and the public.	
<b>Oregon Context</b>	Governors Guiding Principle of facilitating the growth of business and jobs by strategically investing in human capital and infrastructure.	
<b>Data Source</b>	Annual OLCC Customer Service Survey conducted via Surveymonkey.com. Links to online survey were sent to 4 stakeholder groups by email including employees, stakeholders, liquor store agents, and Server Education providers. In a break from past years; in order to capture better information, survey links were sent to a random sample of licensees instead of relying a self-selecting group of licensees. Licensees in the sample were sent follow-up letters and emails to encourage participation. Liquor retail agent survey responses were tracked and follow-on contacts to non-responders were made. Public invitations to the survey for the public to take the survey was posted on the OLCC social media sites.	
<b>Owner</b>	OLCC Management and Consulting Services Division, Bill Schuette Research Analyst, 503.872.5023	



**1. OUR STRATEGY**

There are two principle strategies directing the OLCC’s activities toward this goal. First, the OLCC has a strategy of strengthening partnerships with stakeholders (public safety, community, business, government, general public). The second strategy is to provide responsible stewardship to the states assets.

Feedback from stakeholders through a customer service survey is an essential tool for the OLCC to evaluate its performance in following these strategies.

**2. ABOUT THE TARGETS**

The 2007 Legislature asked the agency to set the target to 80% for each category beginning in 2008. The 2013 Legislature asked the agency to raise the target to 85% beginning in FY 2014

**3. HOW WE ARE DOING**

The overall agency rating was 77 percent (rated as good or excellent) compared to 77 percent in 2014 and 75 percent in 2013. The OLCC missed the 85 percent target in all five areas when weighted averages were taken over all survey groups. However, the OLCC met or

exceeded the 85 percent average target for surveys from Staff, Liquor Agents, and Licensees, we received no responses from Server Education providers. Overall, the OLCC exceeded targets in 13 out 30 response categories. The lower average scores were driven by much larger and less favorable responses from the general public compared to prior years (518 responses). The agency continues to make efforts to increase information availability through Gov Alerts and posting updates on the agency website.

The total survey response was much larger than last year with an average of respondents per question (812 total) versus 348. However, the composition of respondents changed dramatically with a 27 percent increase in general public respondents.

#### **4. HOW WE COMPARE**

The Commission is unaware of any other state entities that regulate alcohol or marijuana licensing and sales that conduct similar surveys.

#### **5. FACTORS AFFECTING RESULTS**

There were an average of 812 respondents from the five survey groups that answered every question. There was a significant difference in overall results between weighted and non-weighted averages as our public survey received an average 463 responses per question. Results from the public survey that included marijuana-related keywords in the open response section showed a much lower rate of satisfaction than the rest of the public and other stakeholder groups. The next largest group was agents at 126. The passage of measure 91 and OLCC's roll in recreational marijuana resulted in significant public outreach and media coverage that may have affected results from stakeholders and the general public.

#### **6. WHAT NEEDS TO BE DONE**

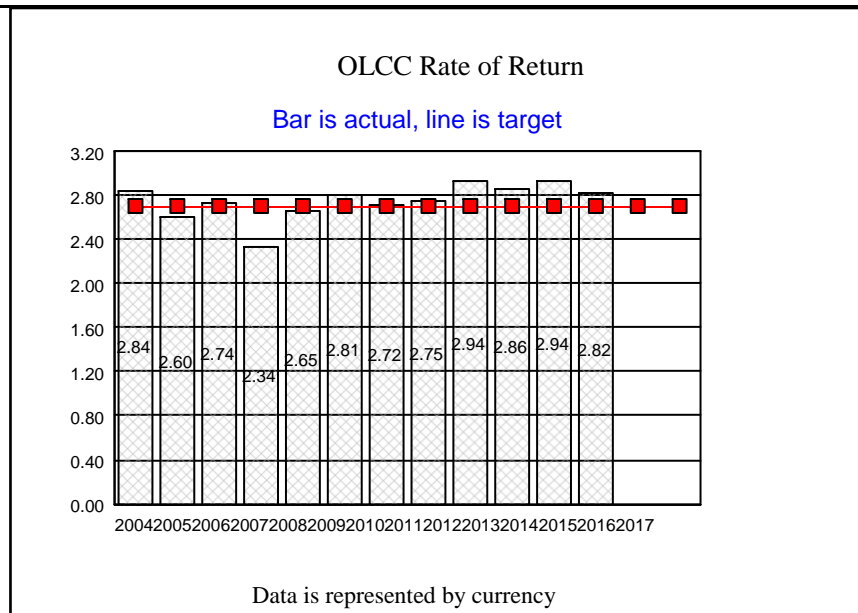
The agency strives to provide the highest levels of customer service, balancing the needs of all its stakeholders. We will continue to seek policy and process enhancements that will result in the agency meeting, and exceeding, its customer service goals such as improving our average licensing time and increasing customer convenience by implementing the pilot programs for selling beer and wine in liquor stores.

#### **7. ABOUT THE DATA**

After the close of the Oregon fiscal year, surveys were collected from identified stakeholders that have had dealings with the OLCC during the previous 12 months. The agency maintains email lists for key stakeholders (e.g. distilleries, neighborhood associations,

law enforcement and manufacturers), liquor store agents, and server education providers. These groups were emailed during the survey period with a link to SurveyMonkey.com where they could provide a response. Licensees could fill out the surveys at the OLCC office or were given a web link where they could take the survey online. This year we also added a QR Code option that would allow potential survey participants visiting the office to scan a card with their smart phones and take the survey online. Public responses were gathered by posting an invitation on OLCC's social media sites (Facebook and Twitter) with a link to take the survey. The OLCC continues to explore cost effective ways of reaching out to all stakeholder groups for feedback.

<b>KPM #5</b>	OLCC Rate of Return - Net OLCC distribution divided by actual expenses.	2007
<b>Goal</b>	STEWARDSHIP The OLCC follows a socially responsible business model, and provide responsible stewardship of its assets, managing risks and protecting revenue flows.	
<b>Oregon Context</b>	Governors Principle of Government Efficiency and Accountability.	
<b>Data Source</b>	OLCC Consolidated Annual Financial Statements (Oregon FY 2015)	
<b>Owner</b>	OLCC Support Services Program Financial Services Division, Kim Davis Financial Services Director, 503.872.5163	



### 1. OUR STRATEGY

Provide a stable rate of return that reflects effective, responsible, and balanced operations.

### 2. ABOUT THE TARGETS

The 2007 Legislature asked the agency to set the target for this new measure at \$2.70. The target reflects the agency's mission of balancing public safety objectives with those of making distilled spirits safely available to consumers and licensees. The OLCC seeks to hit this target as closely as possible; given posting rates of return significantly over or under the target may indicate a system out of balance.

### 3. HOW WE ARE DOING

The OLCC rate of return in FY 2015 was \$2.82 for every dollar spent. It dropped slightly from \$2.94 in FY 2014. During FY 2015 the surcharge generated \$15.6 million in additional revenue. Without the surcharge, the ratio would have fallen from \$2.82 to \$2.63, indicating that the target would have been missed without the surcharge, and that income to state and local governments would be reduced.

### 4. HOW WE COMPARE

Direct comparisons to other Oregon state agencies are difficult to find as the nature of the OLCC's mission is unique. There are very few profit generating agencies in state government, and none that exactly share the OLCC's objective of balancing public safety with revenue generation. Comparisons with private enterprises are also difficult; being most businesses are concerned with strict profit maximization, without performing any self-regulating functions that temper profit.

### 5. FACTORS AFFECTING RESULTS

There are many factors that affect the agency's rate of return. Gross revenue from liquor sales increased 5 percent during FY 2015 over to FY 2014. Sales increased at a higher rate than cost compared to the previous year, resulting in an increase to the distribution of 6.3%. The \$0.12 decrease in the rate of return was primarily due agent compensation and expenses borrowed to cover start-up costs for the recreational marijuana program. Agents' compensation is slightly higher in the second year of a biennium as a result of managing the

budget limitation. The Oregon Liquor Control Commission borrowed \$865,000 from the distribution to pay for the start-up costs of for implementing measure 91 (Recreational Marijuana), these funds will be repaid by the Department of Revenue before distribution of recreational marijuana taxes once recreational marijuana begins in FY 2017.

#### **6. WHAT NEEDS TO BE DONE**

The agency continues to review the underlying factors driving the rate of return, and implement adaptive strategies to optimally manage Oregon's control systems. OLCC continues to anticipate investments needed to maintain the system and will propose changes to the budget to meet the demands of the consumer.

#### **7. ABOUT THE DATA**

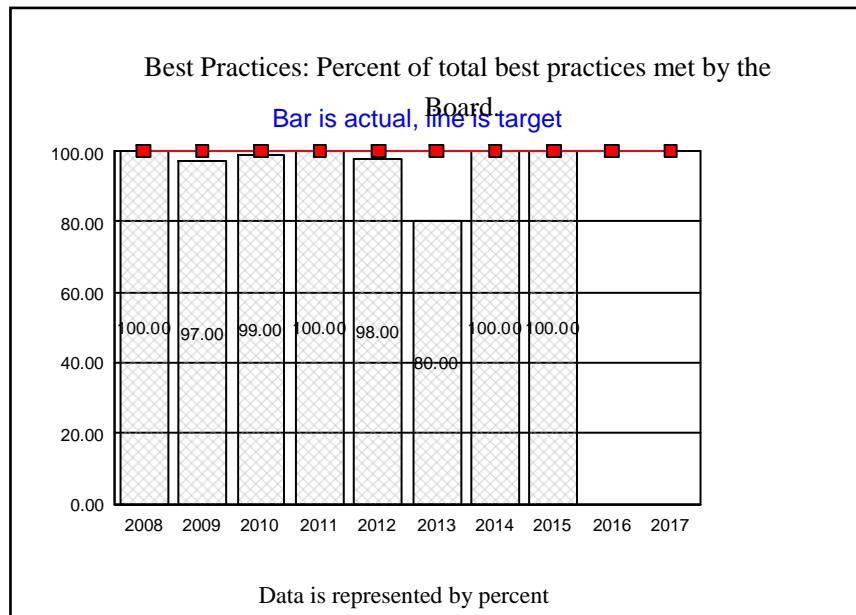
The data supporting this measure is found in the agency's consolidated annual financial report. The distributable revenue in the numerator consists of liquor profits, including the surcharge, at 90 percent; privilege tax collected from beer and wine at eight percent; and licensing fees provide the final two percent. The agency expenditures in the denominator consists of agent compensation and credit card fees for 71 percent and actual agency expenditures at 29 percent. The surcharge added an additional \$15.2 million in distributable revenue, about seven percent of the total.

#### **8. MANAGEMENT COMMENTS**

This measure demonstrates that the agency is currently providing a rate of return that reflects effective, responsible, and balanced operations. OLCC will continue to anticipate the changing environment and propose continued investment in the system to meet the target in future periods. Since 2009, the surcharge has been remained an important part of meeting the legislature's revenue goals for the agency.



<b>KPM #6</b>	Best Practices: Percent of total best practices met by the Board.	2007
<b>Goal</b>	STEWARDSHIP The OLCC will provide responsible stewardship of its assets, managing risks and protecting revenue flows. The OLCC will sustain high-level customer service. It will continue to seek to improve its customer service levels by finding more efficiency, improving time frames for delivering services, and by making information accessible to customers and the public.	
<b>Oregon Context</b>	The 2007 Legislature asked the agency to set the target for this measure to 100%. It is the expectation of the Legislature that the commissioners who head this agency operate with the highest levels of governance, as described by DAS best practices standards.	
<b>Data Source</b>	The 15 question commission governance self-assessment survey was distributed to the 5 OLCC Commissioners via an online survey (surveymonkey.com). The commissioners were asked to respond to the yes/no questions, and had an opportunity to provide comment or explanation for each response. The 5 self-assessment results were downloaded and compiled using MS Excel.	
<b>Owner</b>	OLCC Management Consulting Services Division, Peter Noordijk, Data Analyst, 503.872.5148.	



**1. OUR STRATEGY**

Perform the annual self-assessment and evaluate the OLCC’s performance against the defined best practices for Boards and Commissions. Seek and maintain internal policies and procedures that promote the highest standards at the OLCC.

**2. ABOUT THE TARGETS**

The 2007 Legislature asked the agency to set the target for this measure to 100%. It is the expectation of the Legislature that the Commissioners who head this agency operate with the highest levels of governance, as described by DAS best practices standards.

**3. HOW WE ARE DOING**

This is the seventh year the self-assessment has been taken by the agency’s Commissioners. Four Commissioners responded to the FY 2015 request to complete this self-assessment and three of five Commissioners answered every question. There was 100 percent

agreement among the responding Commissioners that OLCC best practices were being met. The assessment indicated that the Commission's governance practices are hitting the target of 100 percent.

#### **4. HOW WE COMPARE**

Direct comparisons to other Oregon state agencies are difficult to find as the nature of the OLCC's mission is unique.

#### **5. FACTORS AFFECTING RESULTS**

Response rates will impact the average. In the case of FY 2015 four out of five Commissioners responded to the survey. With a new permanent executive director and a full commission, it appears that the Commissioners felt prepared to respond. We did have one Commissioner who failed to respond and one Commissioner who did not complete the survey.

#### **6. WHAT NEEDS TO BE DONE**

The agency expects to bring itself into alignment with the specifically stated standards. The agency will also work to effectively demonstrate to the new and continuing Commissioners the examples of how these standards are being met or exceeded. Agency management also works to educate new Commissioners on governance and processes so that they are current on their responsibilities and agency goals.

#### **7. ABOUT THE DATA**

Data was collected from Commissioners by providing them the self-assessment form online. Fifteen questions were asked that target toward the following five best practice areas; executive leadership, strategic management, policy activities and development, financial and audit information and management practices.

Answers were categorized by yes (agreement) or no (disagreement). This data was compiled by the research analyst, and reported here for FY 2015.

<b>LIQUOR CONTROL COMMISSION, OREGON</b>		<b>III. USING PERFORMANCE DATA</b>	
<b>Agency Mission:</b> To promote the public interest through the responsible sale and service of alcoholic beverages.			
<b>Contact:</b> Peter Noordijk, Data Analyst		<b>Contact Phone:</b> 503-872-5148	
<b>Alternate:</b> Michael O'Connor, Director of Financial Services		<b>Alternate Phone:</b> 503-872-5163	
<b>The following questions indicate how performance measures and data are used for management and accountability purposes.</b>			
<b>1. INCLUSIVITY</b>		<ul style="list-style-type: none"> <li>* <b>Staff :</b> Executive and technical staff are involved in the creation of performance measures. Technical staff is responsible for collecting and reporting performance measure data.</li> <li>* <b>Elected Officials:</b> The Oregon Legislature directed the agency to set various targets for the above measures.</li> <li>* <b>Stakeholders:</b> The OLCC strives to maintain strong relationships with its stakeholders; implicitly and explicitly incorporates stakeholder concerns into agency business.</li> <li>* <b>Citizens:</b> The OLCC strives to maintain strong relationships with its stakeholders; implicitly and explicitly incorporates stakeholder concerns into agency business. The OLCC publishes its KPMs on the agency website for public access.</li> </ul>	
<b>2 MANAGING FOR RESULTS</b>		<p>The OLCC continues to improve the definition, collection, and retention methods of performance data at all levels within the agency. High-level performance measures, and specific management measures, are used as feedback tools helping the agency evaluate its heading and speed as it works towards its strategic objectives. The agency's strategic plan was developed and organized by delineating work unit level goals, activities, and outputs that roll up to higher, more general, agency strategic outcomes. Within this structure, the agency's systemic nature is made evident, and each interrelated unit within our system can see where it fits, and how it contributes to moving the OLCC towards its strategic objectives. The OLCC has initiated streamlining and automation projects that will improve organizational awareness and provide tools to improve performance and customer service, allowing the agency to be much more flexible and adaptive to the demands of Oregonians.</p>	

<b>3 STAFF TRAINING</b>	OLCC's Performance Measure Coordinator participates in the roundtable meetings and regional government accountability/measurement conferences. OLCC technical staff has defined and incorporated the notion of high level performance measurements into the agency's strategic planning as an effective feedback mechanism.
<b>4 COMMUNICATING RESULTS</b>	* <b>Staff :</b> The OLCC communicates KPM results through the posting of the APPR on the agency's website.

	<ul style="list-style-type: none"> <li>* <b>Elected Officials:</b> The OLCC communicates KPM results through the posting of the APPR on the agency's website and by including the annual report in the agency's budget documents, which are reviewed by LFO and the Legislative Ways and Means Committee.</li> <li>* <b>Stakeholders:</b> The OLCC communicates KPM results through the posting of the APPR on the agency's website.</li> <li>* <b>Citizens:</b> The OLCC communicates KPM results through the posting of the APPR on the agency's website.</li> </ul>
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# ALCOHOL LICENSE FEES

License Type	Current Annual or Daily Fee	GRB Proposed Annual or Daily Fee	Total Transactions Forecasted in 2017-19	2017-19 Biennium Revenue Forecast (fees unchanged)	2017-19 GRB Revenue Forecast (fees doubled)
Brewery Public House	\$ 250	\$ 500	664	\$ 165,962	\$ 331,924
Brewery	\$ 500	\$ 1,000	26	\$ 13,181	\$ 26,363
Brewery No Consumption	\$ 500	\$ 1,000	31	\$ 15,578	\$ 31,156
Certificate of Approval	\$ 175	\$ 350	344	\$ 60,274	\$ 120,549
Distillery	\$ 100	\$ 200	247	\$ 24,685	\$ 49,370
Direct Shipper	\$ 50	\$ 100	3,113	\$ 155,659	\$ 311,317
Full On-Premises Sales	\$ 400	\$ 800	11,659	\$ 4,663,604	\$ 9,327,209
Grower Sales Privilege	\$ 250	\$ 500	29	\$ 7,190	\$ 14,380
Grower Sales Privilege No Consumption	\$ 250	\$ 500	65	\$ 16,177	\$ 32,354
Limited On-Premises Sales	\$ 200	\$ 400	7,280	\$ 1,455,943	\$ 2,911,886
Off Premises Sales	\$ 100	\$ 200	12,269	\$ 1,226,932	\$ 2,453,865
Warehouse	\$ 100	\$ 200	93	\$ 9,347	\$ 18,693
Wholesale Malt & Wine Distributor	\$ 275	\$ 550	441	\$ 121,268	\$ 242,535
Wine Self Distribution	\$ 100	\$ 200	427	\$ 42,659	\$ 85,319
Winery	\$ 250	\$ 500	1,160	\$ 290,058	\$ 580,116
Winery No Consumption	\$ 250	\$ 500	858	\$ 214,501	\$ 429,002
Temporary Sales License Events (per day fees)	\$ 50	\$ 100	9,299	\$ 464,939	\$ 929,878
Special Event Winery License (per day fees)	\$ 10	\$ 20	18,353	\$ 183,531	\$ 367,062
Late Fees (average late fee)	\$ 93	\$ 186	3,161	\$ 294,109.17	\$ 588,218.33
			<b>Total Revenue</b>	<b>\$ 9,425,597</b>	<b>\$ 18,851,194</b>

# MARIJUANA LICENSE FEES

Marijuana Fee Type	Current Fee Amount
Application Fee for Initial License or Certificate	\$250
Annual Marijuana Producers License Tier 1 (large grower)	\$3,750
Annual Marijuana Producers License Tier 2 (large grower)	\$5,750
Annual Micro Tier 1 Producers (small grower)	\$1,000
Annual Micro Tier 2 Producer (small grower)	\$2,000
Annual Marijuana Processor License	\$4,750
Annual Marijuana Wholesaler License	\$4,750
Annual Marijuana Retailer License	\$4,750
Annual Marijuana Laboratory License	\$4,750
Research Certificate (three year term)	\$4,750
Marijuana Handler Permit (five year term)	\$100
Additional Criminal Background Check	\$50
Change of Ownership Review	\$1,000
Change of Business Structure Review	\$1,000
Transfer of Location of Premises Review	\$1,000
Packaging Preapproval fee	\$100
Labeling Preapproval Fee	\$100
Late Renewal Fee for license if received less than 20 days before expiration date	\$150
Late Renewal Fee for license if received after expiration date	\$300
Late Renewal Fee for handler permit if received less than 20 days before expiration	\$50
Late Renewal Fee for handler permit received after expiration date	\$100

**Office of the Secretary of State**

Dennis Richardson  
Secretary of State

Leslie Cummings, Ph.D.  
Deputy Secretary of State



**Audits Division**

Mary Wenger  
Interim Director

255 Capitol St. NE, Suite 500  
Salem, OR 97310

(503) 986-2255

January 5, 2017

Steven Marks, Executive Director  
Oregon Liquor Control Commission  
9079 SE McLoughlin Blvd.  
Portland, OR 97222-7355

Dear Mr. Marks:

We have completed audit work of selected financial accounts at your department for the year ended June 30, 2016. This audit work was not a comprehensive financial audit of the department, but was performed as part of our annual audit of the State of Oregon's financial statements. We audited accounts that we determined to be material to the State of Oregon's financial statements.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements of the State of Oregon as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, we considered the department's internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements of the State of Oregon, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. Accordingly, we do not express an opinion on the effectiveness of the department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



The purpose of this letter is solely to describe the scope of our testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of the department's internal control. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the department's internal control. Accordingly, this letter is not suitable for any other purpose.

We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact Sarah Anderson or Kelly Olson at (503) 986-2255.

Sincerely,

*Office of the Secretary of State, Audits Division*

cc: Merle Lindsey, Deputy Director  
Kim Davis, Financial Services Director  
Rob Patridge, OLCC Chair  
Katy Coba, Director, Department of Administrative Services

# Secretary of State Audit Report

Jeanne P. Atkins, Secretary of State

Gary Blackmer, Director, Audits Division



## State Agencies Respond Well to Routine Public Records Requests, but Struggle with Complex Requests and Emerging Technologies

### Executive Summary

Oregon state agencies respond well to most public records requests for routine information, but the infrequent complex requests produce challenges. As a result, some requesters believe that agencies deliberately discourage, delay, or block the release of public information.

The Department of Administrative Services should provide guidance and training to help agencies develop procedures, and agencies should create timeliness goals for responding to requests. Better monitoring, consistent fees, use of technology, and third-party mediation could also help with the retention and disclosure of public records and improve trust in Oregon's government.

Oregon's public records law was enacted in 1973. Known primarily as a law of disclosure, the law grants all citizens within the state of Oregon the right to inspect all records – with some exceptions.

When the law first passed, it included 16 classes of records that could be exempt from disclosure for a total of 55 exemptions. Changes and revisions since that time have raised the total number of exemptions in Oregon law to more than 400. The intent, however, remains the same: that Oregon's government is accessible and transparent to its people.

For our audit, we examined nine agencies of varying sizes and missions to capture a fuller picture of public records in Oregon state agencies. The nine agencies were:

- The Department of Human Services
- The Oregon Employment Department
- The Department of Environmental Quality
- The Public Employees Retirement System
- The Oregon Liquor Control Commission
- The Oregon Department of Education
- The Oregon Real Estate Agency
- The Oregon State Board of Nursing
- The Board of Parole and Post-Prison Supervision

### ***Agencies handle routine requests well, struggle with complex ones***

We found that public records requests generally fall into one of two categories. The first is routine requests, or common requests for information that agencies have easy and ready access to. These requests, which generally make up 90 percent or more of an agency's total requests, can be fulfilled at little to no cost and within a couple of weeks.

The other category is non-routine or complex requests. These are voluminous in scope, ask for "any and all" information, or are otherwise complicated for an agency to complete. These are the requests that can take weeks or months to fulfill and often at a high cost.

In the selected files we reviewed, we found no evidence to suggest that agencies were regularly taking an unreasonably long time, or charging unreasonably high fees, to respond to records requests. But when agencies struggle to respond to complex, non-routine requests, it can foster suspicion and distrust, which in turn can undermine the credibility and transparency of both the agency and Oregon government.

To address this distrust, some states and provinces have established a neutral, third-party entity that helps mediate disagreements between requesters and agencies. An ombudsman or commission can help determine when a request is too broad or when an agency is taking an unreasonably long time to respond. Oregon has no such mechanism. The Attorney General's role is limited to denials based on exemptions and fee waivers.

### ***Agencies retain public records longer than required***

It is important that agencies properly retain and manage their public records so they can be efficiently located and disclosed in response to a records request. To do this, agencies must follow their retention schedules – guidelines, created and authorized by the Archives Division, that determine how long certain records must be kept before they are destroyed or transferred to the State Archives for permanent retention.

But we found that agencies are keeping too many records for too long, resulting in a large volume of information. Some employees are too cautious about accidentally deleting or losing track of a public record, and so have a tendency to "keep everything."

We found that better management tools and specific training on the issue of record retention may help state employees better manage records. This can reduce the volume of public information statewide and assist agencies to more efficiently respond to public records requests.

### ***Exemptions remain an issue and may require a closer look***

Exemptions – those instances in which a record may be exempt from disclosure – make up a major portion of Oregon's public records law.

Agencies generally understand which exemptions most commonly apply to the records in their care. But due to the sheer number of exemptions in the law, including how they are worded and where in statute they are located, staff sometimes must consult with experts or the Department of Justice.

There is a perception among some requesters that agencies inappropriately use exemptions to block the release of public information. Most of Oregon's exemptions are applied at the agency's discretion. After weighing the public interest, these records may be disclosed *even if* an exemption applies. The exception is confidential information, which is legally prohibited from release.

These issues regarding exemptions are not new. After a national report gave Oregon a failing grade in government transparency eight years ago, state officials closely examined the law and accepted feedback from requesters and public officials. Their findings, published in 2010 as the Attorney General's Government Transparency Report, found that "Any meaningful overhaul of Oregon's public records law must reorganize and make coherent sense of the numerous exemptions."

A bill was subsequently introduced in the 2011 legislative session to address some of these recommendations, but it failed to pass. A task force was recently convened by the Attorney General to examine in greater detail the issues of exemptions in Oregon law.

### ***Variations in responses frustrate some requesters***

Requesters expect their government will be transparent and open, that fees charged for requests will be reasonable and records will be made available as quickly as possible. They expect agencies that fail to do so will be held accountable.

But variation among agencies' responses to records requests – in both fees and timeliness – can lead to confusion and frustration among requesters when they are not sure what kind of response to expect.

Agencies charge differing fees to provide public information. This variation extends to both the fees for copying costs and the charge for staff time to respond to a request. Agencies charge anywhere from \$0.05 to \$0.25 per page in copying costs, and from \$15 to \$40 per hour for staff time.

We also found a time variation among agencies in responding to requests, due largely to the differences between routine and non-routine requests. First, agencies have varying internal guidelines for what it means to be timely, if they have any internal guidelines at all. Second, timeliness depends largely on the type of request an agency receives. We found that routine requests were fulfilled within 14 days, while non-routine requests could take upwards of 265 days to fulfill.

We saw no evidence to suggest that adding a specific deadline in law would positively affect agencies' abilities to respond to requests in a timely fashion. But agencies that set internal guidelines or goals to respond to

requests hold themselves accountable to requesters while maintaining the flexibility provided in Oregon law.

### ***Agencies are not keeping up with changing technologies***

Oregon's public records law was updated in 2011 to extend the definition of a public record to electronic or digital messages. Agencies have taken a longer time to update their own policies to include emerging technologies such as email, text, and instant messages.

More than half of the agencies we examined had policies to address email as it relates to public records. But only one agency had specific language to address the use of a personal or private email account in conducting the public's business. Only one agency had a policy to address the use of instant messages, and no agencies had policies regarding text messages, as public records.

A few agencies have adopted policies to address social media, which appear to draw language from the Social Networking Media guide provided by the Department of Administrative Services.

Technologies like those mentioned above have changed how government and its agencies communicate with the public. Technology can also help agencies improve transparency by being proactive and making information available online. Several agencies have done so with commonly requested information, which can help reduce the overall number of public records requests.

## **Recommendations**

Our recommendations are addressed to three groups: the Department of Administrative Services (DAS), all state agencies, and the Oregon Legislature.

We recommend the Department of Administrative Services create statewide, standard rates for copying and rates for employee labor, to resolve some of the inconsistency in public records requests fees statewide. We also recommend they provide guidance to agencies regarding communication technologies as they relate to public records, including personal email, text and instant messages, and social media.

For agencies, we recommend they create policies and procedures to clearly address communication technologies under the guidance of DAS. We also recommend they adopt tools to help manage both record retention and public records requests.

For the Legislature, we recommend they consider creating a neutral third-party, such as an ombudsman, to mediate disputes between requesters and agencies. We also encourage them to consider the forthcoming results from the Attorney General's task force for any recommended changes regarding the public records law.

For a complete list of our recommendations, see page 24 in this report.

## **Agency Response**

The response from the Department of Administrative Services is attached at the end of the report.

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## Background

### The origin of public records in Oregon

#### ***The passage of Oregon's public records law***

The right to inspect public records in Oregon dates back to the early 1900s, when the Legislature first enacted the statute granting citizens the right to inspect public records. This right was subjected to three limitations:

- The inspection of records is to be for a lawful purpose.
- Inspection is to be conducted during business hours.
- Inspection should not interfere with the regular duties of the officer who possessed the records.

But in putting the statute into practice, officials realized there were circumstances that warranted certain limitations. This led to the Legislature passing the 1973 Public Records Act.

The 1973 law gave citizens the right to inspect all records, with some exceptions. Sixteen classes of records were exempted from disclosure for a total of 55 exemptions, covering records such as accident reports, student records, and personal information in which disclosure would result in an invasion of privacy.

Passage of the 1973 law also gave citizens an avenue to obtain records they believed belonged to the public. Anyone who is denied access to records can petition the Attorney General or a district attorney for an order requiring the public body to allow inspection.

The public records laws governing retention and disposition were originally enacted in 1961. The 1973 law established the right of the public to access those records.

The current public records law includes changes and additions made since 1973, but the intent of the law remains the same: that Oregon's government is accessible and transparent to its people.

#### ***Current laws regarding record retention, fees, timeliness, and exemptions***

The current public records law includes an overview of how state agencies should retain their records and how to respond to public records requests. The law allows agencies to charge fees and set guidelines for turnaround time. The law also identifies which records may be exempt from disclosure.

Agencies are required to maintain public records according to retention schedules. Schedules are set based on the content of the record and not the format in which it is recorded.

An agency is allowed to charge fees to recoup the actual cost of making public records available. Fees may include the cost for summarizing,

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The definition of a public record regarding disclosure:

*Any writing that contains information relating to the conduct of the public's business, including but not limited to court records, mortgages, and deed records, prepared, owned, used or retained by a public body regardless of physical form or characteristics. ORS 192.410*

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compiling or tailoring the public records (either in organization or format) to meet a person's request. Fees may also cover the cost of time spent by an attorney in reviewing and redacting requested records or identifying exempt and non-exempt records. Agencies also have the ability to waive or reduce these fees.

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The definition of a public record regarding retention:

*Any information that is prepared, owned, used or retained by a state agency or political subdivision; relates to an activity, transaction or function of the state agency or political subdivision; and is necessary to satisfy the fiscal, legal, administrative or historical policies, requirements or needs of the state agency or political subdivision.* ORS 192.005

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After an agency receives a public records request, it is required to respond "as soon as practicable and without unreasonable delay." Agencies must acknowledge the receipt of the request.

The law lists records that are currently exempt from disclosure. These include, but are not limited to, trade secrets, information relating to the appraisal of real estate prior to its acquisition, and investigatory information compiled for criminal law purposes. Other public records exempt from disclosure include information of a personal nature such as medical files or employee or volunteer Social Security numbers.

Most of these exemptions are considered conditional, meaning that a public body is free to disclose a record or information even if an exemption applies to the record. Agencies must consider the public interest when determining if an exempt record should be disclosed.

Other records are always considered confidential, meaning that agencies are legally prohibited from releasing that information. For example, agencies are prohibited from releasing a public employee's photo I.D. badge or card without that employee's written consent.

### ***Overview of the process for requesting public records***

A public records request can vary in formality, from a simple telephone call to ask for a document to a composed letter that cites the public records law. For the purposes of this audit, we refer to public records requests as those that were documented as such by each agency.

Anyone can request public records by submitting a written request or contacting the agency via telephone or in person. The request usually includes a description of the information, the type of records, subject matter, approximate dates the records were created, names of any people involved, and contact information for the requester.

The custodian (public body mandated to create, maintain, care for or control a public record) has the duty to make non-exempt public records available for inspection and copying. The custodian receives a request, reviews it, and retrieves the records and, if they are not exempt from disclosure, provides the records to the requester.

Generally, a request that requires payment goes through the same process. In the cases where a fee would exceed \$25, the custodian must provide a fee estimate to the requester before the information is retrieved. The requester pays for the fees before records are disclosed.



We asked nine agencies about the public records requests they received between January 2014 and when we contacted them in the summer of 2015. Their responses varied, from one agency receiving approximately 49 requests in that timeframe to another receiving more than 10,000. Some agency staff reported the number of requests for public records has increased in recent years.

Our audit objective was to examine state agency retention and disclosure practices concerning public records and the consistency among agencies in complying with Oregon's public records law. We focused on nine selected agencies of varying sizes and missions.

The nine agencies were:

- The Department of Human Services
- The Oregon Employment Department
- The Department of Environmental Quality
- The Public Employees Retirement System
- The Oregon Liquor Control Commission
- The Oregon Department of Education
- The Oregon Real Estate Agency
- The Oregon State Board of Nursing
- The Board of Parole and Post-Prison Supervision

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## Audit Results

Oregon state agencies are successfully complying with the public records law in responding to routine requests for information. These requests are common and can be fulfilled within a few days at little or no cost.

But agencies struggle to respond to the non-routine requests, which are complex or voluminous in scope. These requests can take weeks or months to fulfill, sometimes at a cost of hundreds of dollars.

We found that poor record retention management may contribute to challenges in responding to records requests. We found that agencies are keeping records for longer than the retention schedules require, resulting in a high volume of public records that are difficult to efficiently manage.

Oregon has also failed to keep up with emerging technologies, such as text and instant messages. Some agencies do not have policies in place to address these technologies, nor do they have policies to govern the use of private email accounts or devices when they are used for the public's business.

We identified a number of steps Oregon government and state agencies can take to approach public records requests with greater accountability and greater consistency.

### **How well agencies respond to requests depends on how routine or complex the request is**

#### ***Majority of requests are routine, easy to fulfill***

When it comes to the vast majority of public records requests, agencies we reviewed were successful in complying with the public records law.

The majority of the records requests agencies receive are routine. They are simple, common and narrow in scope, often asking for one or two documents. For example, more than half of the public records requests the Public Employees Retirement System receives are from members asking to see their own pension records.

The Department of Human Services considers 98 percent of its total requests to be routine. At both the Oregon State Board of Nursing and the Oregon Real Estate Agency, almost all of the total requests received are considered routine.

Our file reviews showed these routine requests did not usually invoke exemptions, if at all. They were often for records the agency had ready and easy access to. Agencies were generally able to provide these records for little or no cost and within a couple of weeks, falling well within the scope of the public records law's "as soon as practicable and without unreasonable delay" provision.

The remaining small percent of non-routine requests are challenging for agencies to fulfill, leading to a perception that agencies deliberately use methods such as high fees and lengthy delays to avoid releasing records.

***Non-routine, complex requests take longer, cost more***

Non-routine requests are those that are unusually complicated, voluminous or otherwise beyond the scope of what agencies typically see in a public records request. These requests are frequently for large amounts of information or for records spanning a lengthy period of time.

Our file reviews showed that many times, these requests begin with the phrase “any and all.” They can include any and all documentation related to a particular person or entity; often, the request is for any and all correspondence related to a particular subject, including letters, memos, and emails.

One such request was made of the Department of Human Services in April 2014, asking for an entire file related to the licensing of a nursing facility. The request included evidence of any contested case involving the licensee, transcriptions, audio records and any and all correspondence. It took the agency 118 days – nearly four months – to fulfill this request, which included removing exempted material, at a charge of \$742 (down from the initial estimate of about \$1,000).

A request may also be complex if it is unique to an agency. The Oregon Employment Department recently received a public records request that included electronic correspondence – specifically, text messages. Staff told us it was the first instance such a request had ever been made of the agency.

Requests for information that may be exempt from disclosure can also be challenging for an agency. Agency staff will sometimes consult with attorneys to ensure such exemptions are properly applied; attorneys may need to review documents for sensitive information prior to their release. This extra attention can translate into longer wait times, higher fees for more staff time, or additional attorney fees.

Because of the factors mentioned above, there is a perception among some requesters that agencies could game the system. From their perspective, silence from an agency may be suspicious. Requests for records that contain sensitive information may take weeks to be released, leaving requesters questioning the reason for the delay.

For this reason, the Attorney General has recommended that agencies keep open lines of communication with the requester:

“Upon receiving a records request, review the request to see if it is ambiguous, overly broad or misdirected. If so, contact the requester for clarification ... A brief conversation with a requester can save considerable time and expense in responding to records requests.”

Journalists we spoke to cited both delays and high costs as frequent tools they believe are used to block records requests. One journalist told us that when he sees a high cost in response to a request, it makes him wonder what the agency is hiding. Another said he was convinced agencies deliberately delayed releasing records for their own benefit, fully aware of the strict deadlines under which the media operate.

In our review of selected public records requests, we found no evidence to suggest that agencies were employing these tactics. But when agencies struggle to respond to complex, non-routine requests, it can foster suspicion and distrust, which in turn can undermine the credibility and transparency of both the agency and Oregon government.

### ***Role of Attorney General is limited in mediating timeliness, fees***

Requesters are limited in how to proceed if they are dissatisfied with an agency's response to a public records request.

In some instances, Oregon's Attorney General may be petitioned to order an agency to release public records. Beyond the Attorney General, requesters may also choose to sue in court. However, the Attorney General's role extends only as far as denials of public records requests or denials of fee waivers or reductions. Requesters who feel that an agency is violating the "unreasonable delay" provision of Oregon law, or who feel that an agency is charging prohibitively high fees, have no such avenue.

Several other jurisdictions have neutral, third-party entities that mediate such disagreements between agencies and requesters. Connecticut has a Freedom of Information Commission, which is a quasi-judicial commission of nine members and 15 supporting staff, who respond to complaints about public records. Complaints are resolved through the commission's hearing process.

In Washington, the Open Government Ombudsman assists both citizens and public agencies to comply with the state Public Disclosure Act. The ombudsman is a single individual appointed by the Attorney General.

British Columbia has an Information and Privacy Commissioner, who has the power to investigate and mediate disputes over privacy and access to information. The commissioner, with the assistance of an external six-member advisory board, provides independent oversight and enforcement of the province's freedom of information laws.

Oregon currently has no such mechanism to help mediate disputes between requesters and agencies over high fees or lengthy disclosure timelines.

## **Agencies retain public records longer than required**

Chapter 192 of Oregon law – more commonly known as the public records law – begins with the subject of retention. "The records of the state and its

political subdivisions are so interrelated and interdependent,” legislators wrote, “that the decision as to what records are retained or destroyed is a matter of statewide public policy.”

Those political subdivisions, defined in the law as “a city, county, district or any other municipal or public corporation in this state,” include state agencies.

The state and its political subdivisions, the law continues, have a responsibility to “insure orderly retention and destruction of all public records ... and to insure the preservation of public records of value for administrative, legal and research purposes.”

But the challenges of manually managing electronic records, along with a tendency to be too cautious, has led Oregon agencies to retain records for longer than necessary, resulting in too many records that complicate agency efforts to efficiently manage the public information with which they have been entrusted.

### ***Agencies must adhere to their retention schedules***

Record retention schedules specify both the minimum and maximum length of time that a public record must be kept to satisfy the administrative, legal, fiscal and historical requirements of that record.

To that end, state agencies must also *manage* their record retention processes, by doing the following:

- Ensure a reasonable level of protection for records.
- Comply with any applicable laws and policies.
- Maintain records in a manner that ensures timely, efficient and accurate retrieval of needed information.
- Provide secure and appropriate disposition or destruction for records that are no longer required to be kept.

This is achieved, in part, through the agency’s retention schedule – a document that indicates how long specific records must be kept. Retention schedules further specify what must happen to records at the end of that period, including destruction or transfer to the State Archives.

Each agency has a retention schedule created and approved by the Oregon State Archives. This schedule is the agency’s legal authorization to destroy public records.

There is a general retention schedule that applies to records common to all state agencies, plus agency-specific retention schedules that include records unique to that agency. For example, at the Department of Environmental Quality, air quality special projects records must be retained for 10 years and then be destroyed.

### ***Agencies struggle with the volume of records***

As important as retention schedules are, agency staff are not always following them. Instead, many employees are keeping far more records than necessary, complicating record management efforts.

In interviews, some employees told us they have a tendency to “hold on to everything,” instead of destroying records that reach their disposition date. In some instances, employees create duplicate copies of records by printing off electronic records and keeping both, expressing distrust with electronic storage systems.

Agency staff may worry about losing track of a public record or accidentally destroying it too soon – actions that may have consequences. They may feel it is safer to simply hold on to everything.

But it is equally important that agencies adhere to their retention schedules, which includes destroying records at the appropriate date. Without the appropriate destruction of records, agencies accumulate more information they must manage, leading to this issue of volume.

Records retention is especially important in that it precedes records disclosure. After all, agencies cannot respond to a public records request and disclose records they do not have.

But they also cannot disclose records they cannot find. These large amounts of information are challenging for agencies to manage efficiently, particularly when trying to find among them a single record in response to a records request – like a needle in a haystack.

In fact, officials at both of the agencies with key public records responsibilities – the Oregon State Archives and the Department of Justice – said this tendency to stockpile records is one of Oregon’s biggest issues in public records management.

### ***Training, technology can streamline management efforts***

Training is important for an organization’s development and success – both for new employees and as a refresher for existing employees.

Agencies reported staff understood the significance of record retention. Each agency had staff dedicated to the task of managing public records. More than half of these employees had undergone training specific to public record retention, whether it was provided internally or by the Oregon State Archives.

However, as all state employees create public records in the course of their duties, the obligation for proper record retention lies with each state employee, not just a select few. We found that training on record retention is not consistently given to all agency staff. As a result, agencies risk noncompliance with retention schedules or internal policies and procedures.

Technology can be immensely beneficial to agencies as they manage increasing amounts of public information. Digital storage can be easier and more cost-efficient for an agency than keeping piles of boxes containing thousands of papers. Computers can search more quickly for a single document than a person can. And some software programs can automatically destroy digital information or remind the user to do so when the retention period has expired. As more records are being created digitally, digital-only storage and retention solutions are necessary.

One such program is HP Records Management, or HPRM, a records management program from Hewlett-Packard. The HPRM applies automatic retention and disposition control to all records and indexes the content of those records for searching, which can be helpful for responding to public records requests.

According to the Oregon State Archivist, several agencies in Oregon already use HPRM, formerly known as TRIM, or will be adopting it shortly, including the Department of Administrative Services and the Department of Environmental Quality. By purchasing the program in conjunction with other state agencies, such as the Secretary of State, the cost to each agency is approximately \$37 per user per month.

Other agencies use other records management programs. For example, the Public Employees Retirement System uses IBM FileNet instead of HPRM to manage its records, including member and employer files.

However, agencies have differing needs for record management. A large agency that is responsible for a large volume of confidential and private information will have more records to manage than a smaller agency with fewer records. Some technologies can be expensive and unwieldy, or unable to securely store records with confidential information. Therefore, agencies should proceed with care when selecting and implementing record management programs.

In addition to helping agencies manage record retention, technology can be beneficial to agencies in tracking the public records requests they receive and how they respond to those requests.

Under a general retention schedule that applies to all state agencies, agencies are required to retain for five years any requests for disclosure of public records. They are also required to retain agency responses, including approvals, denials, Attorney General Orders, and any correspondence.

Many agencies we reviewed maintain a log to help keep track of these requests and their associated documentation. These logs vary in their appearance and level of complexity, from team collaboration software tools to simple spreadsheets. These logs can be useful in helping agencies keep track not only of how timely they were in responding to a request, but also of any documentation and correspondence associated with a request.

Not all agencies maintain a log; others have a log, but don't maintain it consistently. Some logs we saw were more thorough and detailed than others. And agencies that log requests differently within separate divisions are not consistently logging requests agency-wide.

## **Exemptions remain an issue and may require a closer look**

A significant portion of Oregon's public records law is devoted to exemptions – meaning those instances in which a public record may be exempt from disclosure due to the sensitive or private nature of information it contains.

When the public records law was first enacted, it included only 55 exemptions. But over the years, the Legislature has gradually added more exemptions to this list. Today, Oregon's law contains more than 400 exemptions, scattered throughout various chapters and sections.

Compared to the federal public records law – the Freedom of Information Act, or FOIA – and some other states, this number appears high. The FOIA contains nine exemptions, while other states we examined had anywhere from approximately 18 to 175 exemptions built into their laws.

Generally, agency staff told us they had a clear understanding of which exemptions applied to most of their records. We found that most records, if they were subject to an exemption, fell under one of just a few common categories. For example, multiple agencies we visited said they had some records subject to attorney-client confidentiality.

However, due to the vast number of exemptions in the law – including how they are worded and where they are located – agency staff said they would sometimes consult with internal experts or with the Department of Justice to seek guidance on applying exemptions.

This process can delay the timeliness with which an agency responds to a public records request; it can also increase the cost both to an agency and to a requester. The more confusing the exemption, the greater the risk is that a request will both take longer to fulfill and cost more.

There is a perception among some journalists that agencies already use delays and high fees to limit access to public records. In addition to the effect exemptions can have on these factors, there is also a perception among some requesters that agencies improperly use exemptions themselves to decline a request for a public record.

This perception may stem from the discretionary nature of most of Oregon's exemptions. As noted earlier, many records can be disclosed at an agency's discretion even if an exemption applies to that record.

In making that determination, agencies are required to weigh public interests favoring nondisclosure against public interests favoring



disclosure, with a presumption toward disclosure – meaning the right of the public to know what its government is doing on the job. The exception is confidential information, which is legally prohibited from release.

However, it is not clear that agencies are weighing these competing interests in determining whether or not to release a public record. In interviews with agency staff, very few discussed weighing the public interest. According to one Department of Justice official, some agencies may misunderstand this conditional aspect of some of the law’s exemptions.

These difficulties surrounding the exemptions in Oregon’s public records law are not new. In 2007, a national report that gave Oregon a failing grade in terms of its government transparency spurred officials to take a closer look at the law. Their findings, published in October 2010 as the Attorney General’s Government Transparency Report, encouraged the Legislature to make appropriate changes regarding timeliness, fees, and exemptions:

“The steady growth of exemptions is perhaps the most vexing problem with the public records law. Not only are there too many exemptions but they are haphazardly scattered throughout state law and thus difficult to find. Seemingly similar types of information may be subject to different rules depending on the particular language adopted by the legislature in a particular case. Any meaningful overhaul of Oregon’s public records law must reorganize and make coherent sense of the numerous exemptions. Some exemptions should be eliminated altogether.”

A bill was subsequently introduced during the 2011 legislative session to address some of these recommendations, but it failed to pass. An earlier bill introduced in 1993 that would have addressed exemptions also failed to pass. It appears that these issues regarding exemptions, outlined years ago, remain issues to this day.

We did not attempt to determine whether or not agencies are properly applying exemptions, due in part to the efforts of a task force that the Attorney General recently convened. Therefore, we did not draw any conclusions or make recommendations regarding exemptions. The Attorney General’s Public Records Law Reform Task Force plans to examine the issue of exemptions in Oregon law in more detail.

## **Variations in responses frustrate some requesters**

At each of the agencies we reviewed, staff expressed their appreciation for the flexibility built into Oregon’s public records law. It allows them to balance the task of responding to records requests with their regular duties to serve the public. Agencies are able to set policies and procedures that are tailor-made for their individual missions and goals.

However, this flexibility has led to inconsistencies in how agencies are responding to public records requests. Requesters have an expectation that

state government will be accountable to the public, and that public information will be made available within a reasonable time and for a reasonable fee. When requesters are not sure what kind of response to expect from an agency, it can lead to confusion and frustration.

A one-size-fits-all solution regarding cost or timeliness is problematic, given the broad array of services within state and local governments. Prior efforts by the Legislature to apply such a solution have been met with resistance from local governments and smaller public bodies with limited resources.

However, agencies can take certain steps to bring *more* consistency to the process of disclosing public information.

***Fees charged for material costs and staff time vary widely***

Under Oregon law, agencies are allowed to establish fees reasonably calculated to reimburse the agency for the actual cost of making public records available. These fees can cover both the costs of any paper or materials to provide copies of a record, as well as the staff time taken to locate, compile, and provide the records.

Agencies are also required to establish fee schedules, which specify upfront the amounts and manner of calculating fees in responding to requests for public records.

The size and type of a records request will impact the fee an agency may charge to produce it. But we found that even the manner of calculating fees for such things as materials and staff time varies widely among agencies.

For instance, some agencies are charging \$0.25 per page for copies, while other agencies are charging only \$0.05 per page.

Furthermore, some agencies provide a limited number of copies, upfront, free of charge. For example, the Department of Human Services and the Oregon Employment Department provide the first 10 pages free of charge, and then at a cost of \$0.25 for each page beyond that.

When agencies do not consistently offer these initial free copies, it can lead to confusing variations in the cost for providing public records. It may appear that agencies are arbitrarily charging or waiving fees.

But the greatest variation in costs was how much agencies are charging for staff time. Much like the cost for materials, charges for staff time vary widely – anywhere from \$15 to \$40 per hour. Some agencies charge for the first 15 or 30 minutes of work. At other agencies, staff time is charged at the individual employee's hourly rate.

These variations have resulted in frustration and confusion for both agency staff and requesters. The fees paid by a requester do not always cover the cost of an employee's time in searching for and compiling a record. Flat rates such as \$28 per hour for labor, for instance, do not take into account

the variety in salaries among staff who are responding to records requests. In some instances, agency staff expressed confusion over determining when it is or is not appropriate to charge a requester for public information.

Meanwhile, requesters may see widely different costs for similar requests made of different agencies without understanding why. Journalists told us that the fees agencies set seem arbitrary. Several journalists we spoke to said that high fees had, at least once, stopped them from moving forward with a public records request.

### ***Response times for disclosing records vary by agency***

Oregon's public records law is vague in regards to timeliness. Rather than setting a deadline for agencies to respond to a public records request, the law states only that agencies "shall respond as soon as practicable and without unreasonable delay."

The Oregon Attorney General offers more specific guidelines to ensure that public records are being released in a timely fashion:

"In the usual case, we think that it should be possible to make requested records available within ten working days. We recognize that in some cases more time – even significantly more time – may be required."

We found these 'usual case' requests – routine requests – were indeed made available within a couple of weeks. It was the infrequent complex or non-routine requests that required more time.

The flexibility in the law allows agencies to set their own goals and guidelines regarding timeliness – as some agencies have. These deadlines vary, but some of the agencies we examined have adopted the Attorney General's recommendation. For example, the Oregon Employment Department, the Oregon Liquor Control Commission, and the Board of Parole and Post-Prison Supervision all have policies or goals to respond to public records requests within 10 days.

Although Oregon's flexible timeliness provision is not unique, many other states have set stricter requirements within their laws. In Washington and Illinois, for instance, agencies must respond to requests within five business days.

However, we found no evidence, in Oregon or other states, to suggest that implementing a deadline in law would speed up an agency's response. This is due largely to the differences between routine and non-routine requests.

Generally, agencies are already able to comply with routine requests within the Attorney General's recommended timeframe. Based on interviews, available agency turnaround time calculation, and our own analysis of an agency's public records log, we found that agencies generally completed routine requests within 14 days.

It is the non-routine or complex requests that take significantly longer. During our file reviews, we found instances where these requests can take as few as 14 days or upwards of 265 days to fulfill.

To determine this information, we asked each agency to provide us a log or tracking document for each request received between January 2014, and when we contacted them in the summer of 2015.

Most agencies were able to provide us with a log. Two agencies tracked requests individually by section or division and not agency-wide. Two agencies had only recently begun keeping a log of the requests received; those logs, therefore, did not date back to 2014. One agency did not log its public records requests at all.

Only two agencies maintained or tracked in their logs enough data to allow us to calculate timeliness in how the agency responded to all public records requests: the Public Employees Retirement System and the Department of Environmental Quality.

At the latter, employees regularly compile reports on the agency's timeliness. According to a recent staff report, more than 60 percent of public records requests received from 2014 to the second quarter of 2015 were completed within seven days. These reports are useful management tools for determining whether the agency is responding to requests in a timely fashion and seeing where improvements may be needed.

For most agencies, we were unable to determine timeliness due to insufficient data included in the logs. For example, several agencies did not include any dates in their logs – such as a date when a request was received or a date when the request was fulfilled. Other agencies said they did not regularly log every single request that they received.

We also reviewed a selection of agencies' files that related to public records requests. These files generally included the initial request, any correspondence the agency had with the requester, dates the request was received, invoices showing fees charged and paid, and information about what was requested.

To select files for these reviews, we asked agencies to identify requests that took a long time to fulfill or resulted in a fee. We also reviewed a file that we selected at random, in addition to the agency's most recently completed request. The file reviews provided us with a glimpse into the requests agencies receive and how they responded.

Journalists told us they believe there is a problem with agencies taking too long to release public records. They believe that, without specific deadlines, agencies are not holding themselves accountable for responding to requests in a timely fashion.

When agencies adopt their own policies to govern the timeliness for disclosing a public record, they offer requesters a standard to which they can be held accountable. But it also provides agencies with the same

flexibility to handle complex or voluminous requests that is currently built into Oregon's public records law.

However, agencies should better monitor their own timeliness in responding to public records requests to ensure compliance with internal guidelines, hold themselves accountable to requesters, and identify areas for improvement.

## **Agencies are struggling to keep up with changing expectations and technologies**

Since the initial passage of Oregon's public records law, the Legislature over the years has made several changes to update the language or add more exemptions.

One such change, made in 2011, modified the definition of a public record to include digital or electronic records.

But while the law has been updated, agency policy hasn't necessarily followed. When it comes to addressing the use of email, text or instant messages and social media as public records, Oregon agencies have struggled to keep up.

### ***Agencies' policies on email do not address private accounts, devices***

Email is now widely accepted as a public record when state agencies use it to conduct the public's business.

More than half of the agencies we examined have already adopted specific policies governing the retention and use of email as a public record to ensure compliance with the law.

But not all agencies have these policies, or they may be unclear. This lack of clarity may put an agency at risk of failing to retain some public information, or failing to disclose it in response to a public records request.

Written policies can help prevent confusion and potential legal problems. Policies and procedures within an agency can establish a high degree of understanding, cooperation, and efficiency among employees.

Additionally, the distinction between public and private information in emails and on private devices such as laptops, smartphones, and tablets, is not always clear. Agencies and their employees face increasing confusion over when an email is or is not a public record – and how to treat it accordingly.

The new Governor recently adopted an email policy that clears up some of this confusion:

“When the Office of the Governor receives a public records request or valid subpoena, all official e-mail accounts and systems used for official Office business are subject to search and production.”

“To the extent that Office employees use personal e-mail addresses to communicate about official matters (that is, to the extent public records are associated with such addresses), those e-mails are similarly subject to search and production. Office employees are therefore strongly encouraged to engage in communications regarding official business only on their official e-mail accounts. If private accounts must be used, it is Office policy that employees copy their official e-mail accounts on all such outgoing communications, and forward any received messages on which their official e-mail accounts are not copied.”

Of the agencies we examined, which did not include the Governor’s Office, we found only one had adopted policies to specifically address the use of private email in conducting the public’s business.

***Agencies are slower to address text, instant messages***

Beyond email, public employees may be increasingly using other technologies to communicate – namely, text and instant messages. Similar to email, these communications fall under the scope of public records law when they are used in conducting the public’s business, and would require disclosure in response to a public records request.

The Governor’s Office mitigates this risk by specifically addressing both text and instant messages in its policy:

“Office of the Governor employees may use text messaging to communicate factual and logistical information: (a) that is not a substantive part of the Office’s work, or (b) that has been documented, or necessarily will be documented, in separate public records. In the absence of separate documentation, Office employees are not to use text messages for official purposes other than for routine communications that do not meet the definition of a “public record.” This Policy applies equally to an employee’s “official” mobile phone or computer and to an employee’s “personal” mobile phone or computer.”

We found that none of the agencies we examined had adopted clear policies to specifically address the use and retention of text messages as public records, and only the Department of Human Services (DHS) had a policy to clearly address instant messages.

Some agencies have policies in place, such as DHS, that refer to “other forms of electronic communications” as public records and may be interpreted to include text messages. However, this policy could be refined to include explicit guidance on the use and retention of text messages as public record.

Additionally, some agencies, such as the Public Employees Retirement System, told us they are in the process of trying some of these communications, like instant messaging. Should the agency choose to adopt

this form of communication, policies governing its use are anticipated to follow.

### ***Social media creates a public record gray area***

The proliferation of social media is also transforming the way state and local governments communicate with the public. Some Oregon agencies are creating Twitter accounts, and even publishing videos to YouTube.

As with any other writing that pertains to the public's business, these social media postings are included in the umbrella of public records – even if they consist only of 140 characters, as with Twitter.

Only a few agencies have established policies and procedures around social media, to ensure their use aligns with the requirements of the public records law.

Several of these policies appear to draw language from the Social Networking Media guide published by the Oregon Department of Administrative Services, which offers best practices on the use and retention of social media.

The policy also identifies a potential risk associated with a public body's use of social media. For instance, posts made to Twitter under an agency's account may not belong to the agency, but to Twitter. However, under Oregon's public records law, the agency still maintains responsibility for the information's retention.

According to the Oregon State Archivist, this is one portion of the law that has failed to keep up with emerging technologies. She noted that it is considered a best practice for agencies to post only duplicate information, so that they can maintain ownership of the original and compliance with the law.

### ***Conflicting expectations of transparency and privacy***

Emerging technologies have also impacted two conflicting interests: an increased expectation of transparency in our government, as well as an increased expectation of privacy for the individuals it serves.

Requesters who ask for any and all correspondence expect an abundance of information shedding light on conversations and decision-making that goes into the public business. But those records must also be carefully vetted to protect sensitive and confidential information – such as Social Security numbers or attorney-client communications. Disclosure of such confidential information has serious implications, even if it is done for the sake of transparency.

One way agencies can improve transparency is to use technology to be *proactive*, rather than *reactive* – that is, simply make public information available upfront, rather than waiting for the public to ask for it. This is the motivation behind Oregon's Open Data Portal, located at [data.oregon.gov](http://data.oregon.gov).

Several agencies have taken similar action. For example, the Oregon State Board of Nursing posts several types of public information online, including disciplinary actions against licensees. The Oregon Liquor Control Commission posts information about licensed businesses and new license applications it receives.

This kind of proactive accountability is beneficial both for agencies and for requesters. Requesters are able to quickly and easily locate information, eliminating the need for certain public records requests. Agencies, in turn, receive fewer requests and are able to devote more time and resources to unique requests or their other duties.

It does, however, come with its own risks. The Employment Department, for example, told us it has considered putting some information online – but certain information, due to confidentiality, simply cannot be posted. Agencies must be careful about the records they post online to avoid accidentally sharing sensitive or confidential information.



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## Recommendations

To bring more consistency to agency responses to public records requests, the Department of Administrative Services should provide statewide guidance and training on:

- procedures for handling non-routine and complex public records requests, including communicating with requesters regarding fees and timelines;
- procedures for the use and retention of electronic communication, including text and instant messaging as they relate to public records law; and
- procedures for the use of personal devices and personal email accounts, as they relate to public records law.

To address the variation in fees charged by state agencies, the Department of Administrative Services should also consider:

- creating rates to charge for the cost of copies of public records; and
- identifying rates to charge for labor for state employees working on public records requests.

To improve responses to public records requests, state agencies should create policies and procedures based on the guidance to be provided by the Department of Administrative Services, and:

- implement a record management program or process that fits the needs of each agency (e.g. HPRM or another system);
- create goals for turnaround time that fit agencies' processes based on past experiences with responding to requests;
- create and keep a tracking mechanism, such as a log, to measure adherence to turnaround time goals and to track documentation related to each request; and
- identify frequently requested information and consider proactively making the information available (e.g., posting more information on agency website or the Oregon Transparency Website).

To address concerns regarding high fees and long turnaround times for public records requests, the Oregon Legislature should:

- consider creating a third party, such as an ombudsman, to review disputes over non-routine requests; and
- take into consideration the results of the Attorney General's task force for any recommended changes to the public records law.

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## Objectives, Scope and Methodology

Our audit objective was to examine state agency retention and disclosure practices concerning public records and the consistency among agencies in complying with Oregon's public records law. We focused our reviews on nine selected agencies of varying sizes and missions.

The nine agencies were:

- The Department of Human Services
- The Oregon Employment Department
- The Department of Environmental Quality
- The Public Employees Retirement System
- The Oregon Liquor Control Commission
- The Oregon Department of Education
- The Oregon Real Estate Agency
- The Oregon State Board of Nursing
- The Board of Parole and Post-Prison Supervision

We also focused on public records requests received from January 2014 to when we contacted the agencies in the summer of 2015. Our audit work did not include reviews of local government agencies.

To address our audit objective, we reviewed Oregon's public records law and Administrative Rules, agencies' policies and procedures for record retention and disclosure, and researched other states' public records laws for disclosing public records.

We interviewed at least one employee from each selected agency who was knowledgeable about the agency's retention and disclosure processes. We also interviewed several public records requesters who are members of the media to gain an understanding of their experiences with the records request process.

We also conferred with the Oregon State Archives, which is a division of the Secretary of State's Office.

We obtained public records logs from the agencies and analyzed the logs for timeliness, frequency of requests and the types of information requested. We judgmentally selected a number of public records requests from the logs for file reviews. We reviewed files for consistency in complying with agencies' policies and public records laws.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained and reported provides a reasonable basis to achieve our audit objective.

Auditors from our office, who were not involved with the audit, reviewed our report for accuracy, checking facts and conclusions against our supporting evidence.



# Oregon

Kate Brown, Governor

## Department of Administrative Services

Office of the Chief Operating Officer

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November 13, 2015

Gary Blackmer, Director  
Audits Division  
Office of the Secretary of State  
255 Capitol Street NE, Suite 500  
Salem, OR 97310

RE: Audit Report, *State Agencies Respond Well to Routine Public Records Requests, but Struggle with Complex Requests and Emerging Technologies*

Dear Mr. Blackmer:

Thank you for providing the Department of Administrative Services (DAS) with the audit report noted above. This audit, originally requested by Governor Brown, is very important, and DAS and state agencies are ready to implement the recommendations. The report identified areas where improvement is necessary to better and more consistently respond to non-routine and complex public records requests. We appreciate the work of the Oregon Audits Division staff and agree with the recommendations set forth.

Below you will find DAS' response to the specific audit recommendations. Management generally agrees with the recommendations. While DAS was not one of the agencies surveyed in the audit, we understand we are being asked to respond because of our responsibility to provide general oversight to state agencies. In anticipation of the release of this report, DAS has already begun discussion with state agency leaders at the Enterprise Leadership Team about the need for standardization of public records policies and processes that still meet individual agency business needs.

Audits Division recommendation:

**To bring more consistency to agency responses to public records requests, the Department of Administrative Services should provide statewide guidance and training on:** *procedures for handling non-routine and complex public records requests, including communicating with requesters regarding fees and timelines; procedures for the use and retention of electronic communication, including text and instant messaging as they relate to public records law; and procedures for the use of personal devices and personal email accounts, as they relate to public records law.*

DAS' Response:

Management generally agrees with the recommendations. Development of statewide policy regarding text messages and social media is already underway in anticipation of needs

identified by a new communications contract. DAS will work with the State Archivist to create a menu of options to meet retention and disposition requirements that can be adopted based on business needs.

In addition, the Department will provide clear guidance to state agencies to help ensure accuracy and consistency in response to public records requests. DAS will convene agency public information officers (PIOs) to identify best practices and develop recommended policy and procedure guidance to help agencies resolve barriers to effective response to non-routine and complex public records requests. DAS will engage and coordinate with state agency leadership in finalizing that policy guidance.

Audits Division recommendation:

**To address the variation in fees charged by state agencies, the Department of Administrative Services should also consider:** *creating rates to charge for the cost of copies of public records; and identifying rates to charge for labor for state employees working on public records requests.*

DAS' Response:

Management generally agrees with the recommendation. As mentioned above, DAS and the Enterprise Leadership Team are ready and willing to see standardization that still accommodates agency business requirements. DAS will convene agency PIOs and business managers to identify best practices and develop recommended policy guidance regarding standardized fees and charges. DAS will work with agencies to ensure fees and charges are appropriately levied in alignment with these guidelines.

Audits Division recommendation:

**To improve responses to public records requests, state agencies should create policies and procedures based on the guidance to be provided by the Department of Administrative Services, and:** *implement a record management program or process that fits the needs of each agency (e.g. HPRM or another system); create goals for turnaround time that fit agencies' processes based on past experiences with responding to requests; create and keep a tracking mechanism, such as a log, to measure adherence to turnaround time goals and to track documentation related to each request; and identify frequently requested information and consider proactively making the information available (e.g., posting more information on agency website or the Oregon Transparency Website).*

DAS' Response:

Management generally agrees with the recommendations. While these recommendations are directed to state agencies in general, not DAS in specific, the Department will work closely with agencies to make sure the recommendations are communicated to agencies along with DAS' policy guidance.

DAS will work collaboratively with the Office of the State Chief Information Officer, the Governor's Office and the State Archivist to evaluate the feasibility of implementing a technology solution to streamline and automate appropriate records management statewide. As

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an agency, DAS is testing HPRM in the office of the COO with the intent of expanding its use, agency-wide, once testing is complete. DAS will create processes to evaluate effectiveness and monitor performance and will share that information with other state agencies. Any statewide solution will require careful planning and implementation.

**Closing:**

DAS management appreciates your audit team's efforts and for the recommendations made in the audit report. We look forward to working with the Secretary of State's Audits Division along with our statewide partners to improve responses to public records requests across the enterprise. If you have any general questions about this response, please contact Zachary Gehringer, Chief Audit Executive, at 503-378-3076.

Sincerely,

A handwritten signature in black ink, appearing to read "Clyde Saiki". The signature is fluid and cursive, with a prominent initial "C" and a long, sweeping tail.

Clyde Saiki  
DAS Director and Chief Operating Officer

Cc: Barry Pack, DAS Deputy Chief Operating Officer  
George Naughton, DAS Chief Financial Officer  
Madilyn Zike, DAS Chief Human Resources Officer  
Zachary Gehringer, DAS Chief Audit Executive

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## About the Secretary of State Audits Division

The Oregon Constitution provides that the Secretary of State shall be, by virtue of her office, Auditor of Public Accounts. The Audits Division exists to carry out this duty. The division reports to the elected Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The division audits all state officers, agencies, boards, and commissions and oversees audits and financial reporting for local governments.

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### Audit Team

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This report, a public record, is intended to promote the best possible management of public resources. Copies may be obtained from:

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phone: 503-986-2255

mail: Oregon Audits Division  
255 Capitol Street NE, Suite 500  
Salem, Oregon 97310

The courtesies and cooperation extended by officials and employees of the Department of Human Services, Oregon Employment Department, Department of Environmental Quality, Oregon Liquor Control Commission, Public Employees Retirement System, Oregon Department of Education, Oregon Real Estate Agency, Board of Parole and Post-Prison Supervision and Oregon State Board of Nursing during the course of this audit were commendable and sincerely appreciated.

**Oregon Liquor Control Commission (OLCC)**

2017 - 2019 Biennium

**Detail of Reductions to 2017-19 Current Service Level Budget**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Priority (ranked with highest priority first)	Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Impact of Reduction on Services and Outcomes	
Dept	Prgm/ Div													
Admin Svcs	Support Svcs	845 003	Support Services Program – Motor Pool and Supply Center - Eliminate the purchase of replacement motor pool vehicles and reduce supply center costs			125,000				\$ 125,000	0	0.00	OLCC staff travel throughout the state to visit liquor license applicants and established licensees – to investigate, inspect, monitor, and assess compliance with liquor laws. Retail Services district managers travel long distances to visit liquor stores to oversee the retail operation, transfer product, and process claims. OLCC auditors travel to all liquor stores throughout the year to ensure the reporting and depositing accuracy of independent contractors handling state funds. Having reliable vehicles means having a safe work environment for OLCC's staff. This cut would eliminate the replacement of five aging vehicles for the 2017-19 biennium and reduce maintenance activities for the remaining fleet. The average year of the vehicles in the OLCC fleet is 2001. This cut compromises a safe work environment and service to stakeholders.	
Admin Svcs	Support Svcs	845 003	Support Services Program - Administrative Services - Eliminate one Admin Specialist 2 position (1 FTE) Admin Coordinator, and one Supply Specialist 2 position (1 FTE) Supply/Mail Assistant.			228,000				\$ 228,000	2	2.00	This would eliminate an Admin Coordinator responsible for the Agency policy implementation, review and updates. This position also coordinates the OLCC fleet. If this position is eliminated, the OLCC fleet would have to be surrendered to DAS. The OLCC would then incur substantial costs to lease back vehicles from DAS for agency operations. The Supply/Mail Assistant has both purchasing and receiving responsibilities. The elimination of this position would create a backlog in deliveries essential to core operations. It would cause the agency to be non-compliant with the Oregon Accounting Manual rules for timing of receivings and approvals. Vendor payments would be substantially delayed and daily business would be disrupted.	
Retail Svcs	Distilled Spirits	845 001	Distilled Spirits Program – Retail Services Division - Eliminate one Admin Specialist 1 (1 FTE), two Program Analyst 2 (2 FTE - District Managers) in Retail Services and related service & supplies expenditures in Liquor Sales Support			460,000				\$ 460,000	3	3.00	OLCC would be providing less oversight for liquor stores at a time it believes it should be increasing services to agents instead. Reducing staff means fewer contacts with liquor agents, and fewer visits to stores across the state. This cut would reduce OLCC support of store agents regarding store operations, applying the retail operations manual, customer service, inventory control of the state's investment in distilled spirits stock, and liquor law compliance issues. It would affect the timely tracking of damages, claims and inventory adjustments. Would slow down inter-store transfers. Workload would shift to remaining staff, but they would not be able to provide same level of service to each agent. Possible negative impact on agents' viability, store sales and revenue distribution and elimination of the annual agent trainings. The reduction will severely effect the current store expansion efforts resulting in \$38 million less revenue in gross liquor sales and a \$9 million reduction in potential general fund contribution.	



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Distribution	Distilled Spirits	845	001	Distilled Spirits Program – Distribution Center - Eliminate one PEM B (1 FTE Swing Shift Manager), 6.5 Liquor Dist. Worker 1 (6.5 FTE), one Liquor Distribution Worker 2 (1 FTE) and one Liquor Equip Operator (1 FTE) in the Distribution Center			1,126,000			\$ 1,126,000	10	9.50	This reduction would eliminate the distribution center's ability to fill liquor store orders for partial cases or special orders severely impacting the ability to meet demand for \$1.3 billion in liquor sales during the 2017-19 biennium. OLCC would eliminate the repack operation which accounts for 10% or \$128 million in liquor sales. Liquor stores would have to order full cases, or none, of slower-moving products including emerging Oregon craft products which depend on individual bottle sales throughout the state. If stores choose to order full cases, unnecessary state dollars would be invested in higher inventory quantities. If stores do not order the product due to storage or inventory goal restraints, they may lose sales and customers would not find their desired products as dependably. Special orders would have to be dramatically curtailed impacting the ability to meet consumer demand for varieties of products. In either case, state general fund revenue is lost, either by extra inventory investment or lost sales. This reduction has the potential to negatively impact the development of the Oregon Craft Distilling industry. The income of smaller volume, Oregon-based, distilled spirits suppliers' would be reduced, as well as contracted agents' compensation which is determined by sales volume. Would negatively impact the ability to move and ship an increased amount of product that was the result of the conveyor expansion during 2015-17 and the statewide expansion that is adding new retail outlets across Oregon. The OLCC will lose the management function of the swing shift in the Distribution Center.	
Purchasing	Distilled Spirits	845	001	Distilled Spirits Program – Purchasing Division - Eliminate one Administrative Specialist 2 (1 FTE) Special Orders Coordinator.			109,000			\$ 109,000	1	1.00	In conjunction with the Distribution Center eliminations, this position would be eliminated as a result of no longer having a Special Orders service. This service accounts for \$12 million in biennium sales.	
Alcohol Education	Public Safety	845	002	Public Safety Services Program – Alcohol (and MJ) Education - Eliminate one Admin Specialist (1 FTE)			125,000			\$ 125,000	1	1.00	The reduction of one FTE out of a total of 2 FTE from the Alcohol (and MJ) Education Division will lessen the OLCC's ability to monitor and enforce statewide training and testing obligations for 25,000 servers each year. The division's objectives are to equip servers and marijuana retailers with the knowledge and procedures to stop sales to minors and visibly intoxicated persons.	

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License Svcs	Public Safety	845 002	Public Safety Services Program – License Services Division – Eliminate one Office Specialist 2 (1 FTE - Receptionist), three Support Staff (3 FTE) and two Liquor Regulatory Specialists (2 FTE)			802,000				\$ 802,000	6	6.00	Reduces the receptionist position for the front desk of the OLCC main office. The receptionist is the initial contact for walk-ins and telephone calls. Assists with clerical duties for the Communications and Licensing Divisions. Higher-level staff would have to assume the duties, and security would be compromised at the front entrance. The OLCC continues to experience significant increased workloads from businesses wishing to start or renew licenses in the tourism, hospitality, and craft beer, wine, and distilled spirits industries. The licensing function contributes to the economic livelihood of many Oregonians. The loss of 4 FTE would increase the total time to issue liquor licenses substantially from the current performance levels of 72 days (2015 KPW); in the Portland metro area licensing times may increase to between 90 and 120 days. Investigatory and clerical duties currently assigned to these lost FTEs would need to be assumed by other employees, which would add to an already overburdened staff. \$12.7 million in liquor license revenue would be negatively impacted during the biennium.	
Public Safety	Public Safety	845 002	Public Safety Services Program – Public Safety Division - Eliminate the Salem, Warrenton, Newport, Roseburg and Klamath Falls offices and related expenditures resulting in the elimination of one PEM D (1 FTE - Regional Manager), five Office Specialist 2 (2.5 FTE) and eight Liquor Regulatory Specialists (8 FTE) from Public Safety staff.			1,730,000				\$ 1,730,000	11	9.50	This reduction significantly reduces OLCC's ability to enforce liquor laws and protect the public safety in a large area of the state. This reduction would reduce total Public Safety Division staffing by 15 % out of a total of 66 FTE. Public Safety compliance managers and regulatory specialists are stationed in field and district offices throughout the state, servicing license applicants and licensee holders directly. This reduction would eliminate 1 Public Safety management position, 8 liquor regulatory specialist positions and close the Salem, Warrenton, Newport, Roseburg and Klamath Falls field offices, requiring the Portland and Eugene offices to provide coverage. Public safety compliance activity in Portland, Salem and Eugene would be reduced to minimal coverage for only the most serious situations. Public safety functions would become strictly reactive instead of proactive. Liquor license applications would have to be sent to other offices for processing. In addition, private sector jobs in the hospitality industry would be affected by applicants waiting longer for licenses and licensees receiving less OLCC support in learning how to comply with liquor laws effectively. Public safety and economic sustainability would be affected. Minor decoy operations would be eliminated.	
Public Safety	Public Safety	845 002	Public Safety Services Program – Public Safety Division - Eliminate two Liquor Regulatory Specialist positions (2 FTE) in Portland.			290,000				\$ 290,000	2	2.00	This reduction reduces OLCC's ability to enforce liquor laws and protect the public safety in a densely populated area of the state. Regulatory specialists service license applicants and licensee holders directly. Public safety compliance activity in Portland would be reduced. Public safety and economic sustainability would be affected.	

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Administrati on	Support Svcs	845	003 Administration - Eliminate one Operations & Policy Analyst 3 (1 FTE)			195,000				\$ 195,000	1	1.00	This reduction would eliminate professional-level analytical services and consultation to agency executives in the Distilled Spirits, Public Safety Services and Support Services programs on behalf of the Executive Director. It would eliminate the ability to perform analyses on a wide variety of program and policy functions, including: budget development; strategic and business planning; rule-making, operational and program special project development and communications. It would compromise development of communication of the budget process, including budget policy option packages, budget book narratives, or to report on budget notes, budget appeals to persuade the Department of Administrative Services or the Governor's Office to revise their recommendations, and other reports to explain OLCC budget-development principles and their significance.	
Mgmt Consulting Svcs	Support Svcs	845	003 Support Services Program - Management Consulting Services Division - Eliminate one Research Analyst 4 (1 FTE)			209,000				\$ 209,000	1	1.00	The reduction will impact several key areas of agency management. The position is the primary analyst for the agency, duties include forecasting revenue, preparing Key Performance Measures, improving business processes, preparing public safety and licensing statistics, planning for business continuity and many other duties of an analytical nature. Loss of the position would result in reporting delays, lack of improvement in agency business processes and loss of a unique skill set that may not be absorbed by other employees in the agency. The position serves as the fiscal analyst for the agency during the legislative session. Evaluation of bills and legislative concepts would have to be assigned elsewhere. The loss of expertise could result in fiscal analysis and impact statements that are not prepared timely, may be inaccurate, and would overburden other staff that would have to assume the responsibilities.	

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Financial Svcs	Support Svcs	845	003	Support Services Program – Financial Services - Eliminate one Liquor Auditor (1 FTE), one PEM D (1 FTE - Assistant Financial Services Director), one Accounting Tech 2 (1 FTE - Liquor Receipts Clerk), and two Accounting Tech 2 (2 FTE - Privilege Tax).	693,000					\$ 693,000	5	5.00	Losing financial services staff would increase the state's exposure to liquor agents potentially under-reporting their liquor sales. OLCC collects over \$500 million annually in sales revenue which is independently reported by agents. Reducing audit staff would extend the period of time between audits and would require higher-level employees to assume some of the work load of reviewing and reconciling audit activity. Remaining audit staff would have to increase the amount of time spent traveling. Smaller liquor agencies and those in eastern Oregon would be reduced in audit oversight the most. The OLCC is currently in a statewide expansion, increasing the number of retail outlets across Oregon. Reducing management staff would cause the timely reporting and accuracy of financial reporting to be significantly compromised. This would also eliminate two of four positions (60%) in the Privilege Tax group and eliminate the audit functions for wine and beer tax. Currently, the liquor store auditors (5) assist the Privilege Tax group during November and December each year in order to stay up to date. The Privilege Tax group would become payment collectors; no longer performing any audit functions. Impacted revenues to the state include \$1.3 billion in liquor sales and \$36 million in wine and beer tax collections	
IT	Support Svcs	845	003	Support Services Program – Information Services Division - Eliminate three ISS 3 (3 FTE) positions and two ISS 6 (2 FTE) position in IT and S&S for expendable property and computer replacement.	896,000					\$ 896,000	5	5.00	OLCC business partners, such as licensees, liquor agents, and their customers, rely on OLCC's efficient processes. Compromising OLCC's ability to maintain its computer network infrastructure will affect its business processes. Customer service will be impacted reducing report distribution/preparation, order and inventory processing and inventory accountability. The impact of this proposal will be a reduction in maintenance of network infrastructure hardware and software. Customer service, responsiveness, reliability and support of the state's economic infrastructure are directly and indirectly affected. Any changes that may affect OLCC's ability to order and ship distilled spirits to liquor stores may seriously affect sales and revenue distribution to local and state government.	

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AP&P	Support Svcs	845 003	Support Services Program – Administrative Policy and Process Division - Eliminate one Compliance Specialist 3 (1 FTE)	187,000						\$ 187,000	1	1.00	Elimination of the Technical Services Coordinator would result in loss of the technical support, training, and compliance guidance to the public, industry and OLCC staff regarding regulations affecting the relationships between different tiers of the industry, financial assistance laws, advertising laws, sponsorships, promotions, and the Beverage Control Act (Bottle Bill). This loss will result in drastically less compliance in these areas. Separation of these tiers and compliance with the laws designed to maintain this separation is essential to Oregon's three-tier system. Other duties, such as drafting of default final orders and response to complex public records requests, would need to be reassigned to staff in the division. This would result in significant delays in issuing of charge documents for violations, licensing actions and agent contract issues. Contested case hearings and case resolution by settlement would also be delayed. OLCC would lose the deterrent effect of the timely enforcement of laws.	
AP&P	Support Svcs	845 003	Support Services Program – Administrative Policy and Process Division - Eliminate three Compliance Specialist 3 (3 FTE), two Case Representatives and the Bottle Bill staff position	520,000						\$ 520,000	3	3.00	This would eliminate two of the three Case Representatives in the Hearings Unit of AP&P. The only Bottle Bill position on staff would be eliminated. OLCC would not be able to fulfill its statutory obligations.	
Human Resources	Support Svcs	845 003	Support Services Program - Human Resources - Eliminate the Human Resources Assistant (1 FTE)	112,000						\$ 112,000	1	1.00	This would significantly reduce the agency's ability to fill open positions, process new employees, terminations and transfers. Communication of information to/from payroll would be impacted.	
Communications	Support Svcs	845 003	Support Services Program - Communications - Eliminate the Public Affairs Specialist 1 position (1 FTE) Public Information Specialist	145,000						\$ 145,000	1	1.00	This would eliminate the agency's ability to provide timely and accurate information to licensees, applicants, the public and the media via the agency's website. The agency's social media presence and gov delivery service would be eliminated.	
Administration	Support Svcs	845 003	Support Services Program - Administration - Eliminate one Admin Specialist 2 position (1 FTE) Admin Coordinator	110,000						\$ 110,000	1	1.00	This position provides assistance to the HR Department; elimination would impact admin functions and recruiting. It also provides all of the administrative coordination for the Distilled Spirits program along with being a backup for the Executive Director's assistant.	
Capital Improvements	Capital Improvements	845 068	Eliminate 15% of Capital Improvements Fund	30,000						\$ 30,000	0	0.00	OLCC is the steward of state-owned offices, two warehouses, distilled spirits inventory, and grounds situated on approximately 25.0 acres in Milwaukie. The 40,000 sq. ft. office building and 230,000 sq. ft. of warehouse space plus property are worth in excess of \$18 million dollars. An adequate capital improvement budget is needed to assure the property will not diminish in value, protect the warehouse inventory, and assure visitors and employees have a safe facility. All businesses supported by OLCC's functions are in turn affected by how well the state safeguards the facility and its activities; these budget reductions compromise the stewardship. An additional reduction will exacerbate the problems associated with lack of upkeep and maintenance of state owned properties.	
				8,092,000						\$ 8,092,000	55	53.00		

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Target \$ 8,068,816  
Difference \$ 23,184

Target  
Difference