

**HB 5008 BUDGET REPORT and MEASURE SUMMARY**

**Joint Committee On Ways and Means**

**Prepared By:** Michelle Lisper, Department of Administrative Services

**Reviewed By:** John Borden, Legislative Fiscal Office

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**Employment Relations Board**

**2017-19**

PRELIMINARY

## **Budget Summary\***

	2015-17 Legislatively Approved Budget <sup>(1)</sup>	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 2,463,085	\$ 2,720,476	\$ 2,521,323	\$ 58,238	2.4%
Other Funds Limited	\$ 2,067,604	\$ 2,164,482	\$ 2,517,261	\$ 449,657	21.7%
Total	\$ 4,530,689	\$ 4,884,958	\$ 5,038,584	\$ 507,895	11.2%

## **Position Summary**

Authorized Positions	13	13	13
Full-time Equivalent (FTE) positions	13.00	13.00	13.00

<sup>(1)</sup> Includes adjustments through December 2016

## **Summary of Revenue Changes**

The Employment Relations Board (ERB) generates the majority of its Other Funds revenue through an assessment to state agencies based on the number of covered employees, including employees from the Executive, Legislative and Judicial branches and temporary employees. For the 2017-19 biennium, the state agency assessment will increase from \$1.92 per month to \$2.14 per month. The assessment is estimated to generate \$1,903,440 in Other Funds revenue.

ERB is expected to expend \$485,991 in Other Funds revenue from fees for services including contract mediation fees to local governments, grievance and Unfair Labor Practice fees, interest based bargaining training fees and filing fees for Unfair Labor Practice complaints and answers. Of this amount, \$264,449 is fee revenue for the 2017-19 biennium and \$221,542 is from previously collected fee revenue.

ERB will receive \$2,521,323 in General Fund revenue to support labor relations functions conducted on behalf of local governments.

The agency revised their revenue projections and it is expected to increase the agency's 2017-19 beginning balance by \$127,226 Other Funds. This increases the agency's 2017-19 beginning balance to \$730,833 Other Funds; \$420,238 Other Funds (state assessments) and \$310,595 Other Funds (fees). The Subcommittee recommendations are expected to reduce the 2017-19 ending balance carryforward to \$536,675 for a projected 5.1 months of operating capital.

In a separate action, the Subcommittee approved House Bill 2264 (2017)(see Policy Package 102, Arbitrator Fee Increase). This revenue only bill increases two fees for the State Conciliation Service program. The first fee increases the application fee for an individual who applies to be

included on the list of qualified arbitrators for labor controversy from a \$50 fee to a \$100 fee; the second fee increase is for the individual to remain on the list of qualified arbitrators for labor controversy from a \$100 fee to a \$150 fee. This measure is projected to generate \$8,000 per biennium.

### **Summary of General Government Subcommittee Action**

ERB's mission is to resolve labor relations disputes for an estimated 3,000 employers and 250,000 employees in public and private employment in the state. The agency is responsible for administering specific portions of Oregon law: the Public Employee Collective Bargaining Act, which governs collective bargaining in state and local government; the State Personnel Relations Law, which creates appeal rights for some personnel actions regarding certain non-union state employees; and the private sector labor-management relations law, which addresses collective bargaining for private sector employers who are not covered by federal law.

The Subcommittee approved a budget of \$5,038,854 total funds; \$2,521,323 General Fund, \$2,517,261 Other Funds expenditure limitation and 13 positions (13.00 FTE). This represents a total fund increase of 11.2 percent from the 2015-17 Legislatively Approved Budget, as of December 2016. The agency position count and full-time equivalents (FTE) are unchanged.

### **Administration Program**

The three-member board acts as a "labor appeal court" for labor and management disputes within state and local governments. The board is appointed by the Governor and is responsible for issuing final agency orders in declaratory rulings, contested case adjudications of unfair labor practice complaints, representation matters and appeals from state personnel actions. Board orders can be appealed to the Oregon Court of Appeals.

The Subcommittee approved a budget of \$2,393,645 total funds; \$1,208,942 General Fund, \$1,184,703 Other Funds limitation, and five positions (5.00FTE). The Subcommittee approved the following adjustments to ERB's current service level budget:

- Package 100, Executive Service. This package increases the budget by \$109,323 total funds, \$61,220 General Fund and \$48,103 Other Funds limitation. This package identifies the following adjustments: (a) A Department of Administrative Services compensation plan change was reported to the Emergency Board (December 2016), which changed the classifications of the agency's three board members positions. The reclassification resulted in a compensation plan increase of \$86,433 total funds, \$48,403 General Fund and \$38,031 Other Funds limitation; and (b) provides an upward reclassification to the agency's Business Operations Manager position from a Principal Executive Manager B to a Principal Executive Manager D. The reclassification increases the budget by \$22,889 total funds, \$12,817 General Fund and \$10,072 Other Funds limitation. For this package, the Subcommittee directed that the adjustments under Account 3280 - Other OPE be moved into Account 3465 - Reconciliation Adjustment to properly account for the one-time nature of the adjustments.

- Package 101, Case Management System Phase 2 (Electronic Filing). This package increases the budget by \$30,000 Other Funds limitation. Specifically, this request will allow the board to add a web-based electronic filing and electronic payment capabilities to the new electronic case management system funded in the 2015-17 biennium. The Other Funds (state assessment and fees) limitation is one-time only. Once both phases of the project are complete, the vendor will charge an annual licensing and hosting fee estimated at \$60,192 total funds, \$36,192 General Fund and \$24,128 Other Funds, beginning July 2018.
- Package 801, LFO Analyst Adjustments. This package reduces \$250,000 General Fund, Services and Supplies to this program as a one-time adjustment. A like amount of Other Funds limitation is added in the Mediation and Conciliation Services Program. This change allows the agency to use excess Other Funds fee revenues in place of General Fund during 2017-19 biennium.

### **Mediation and Conciliation Services Program**

The Mediation and Conciliation Services Program provides services to resolve a variety of disputes, including those related to collective bargaining, contract grievances, unfair labor practice allegations, State Personnel Labor Relations Law appeals and representation matters. Mediation and Conciliation Services also provides training in interest-based bargaining, labor/management problem solving and other similar programs designed for specific needs of the parties. These services are non-mandatory.

The Subcommittee approved a budget of \$1,384,889 total funds, \$633,438 General Fund, \$751,451 Other Funds limitation and four positions (3.50 FTE). The Subcommittee approved the following adjustments to ERB's current service level budget:

- Package 100, Executive Service. This package increases the budget by \$14,303 total funds, \$8,010 General Fund and \$6,293 Other Funds limitation and changes the compensation plan for the State Conciliator position, resulting in a salary increase including Other Payroll Expenses.
- Package 102, Arbitrator Fees Increase. This package is a revenue only package for \$8,000 of Other Funds revenue associated with House Bill 2264 (2017).
- Package 801, LFO Analyst Adjustments. This package adds \$250,000 Other Funds, Services and Supplies limitation replacing a one-time General Fund Services and Supplies reduction from the Administration Program. The agency is estimated to have a \$310,595 Other Funds revenue beginning balance, which is estimated to be a 118 percent above normal biennial fee revenue. This is a one-time fund shift, primarily due to extended mediation sessions occurring during the 2015-17 biennium. The fund shift is projected to leave a \$107,436 Other Funds ending balance for the 2017-19 biennium, estimated to provide 1.8 months operating capital.

### **Hearings Office**

The Hearings Office is comprised of Administrative Law Judges (ALJ's) that hear all unfair labor practice complaints filed by state and local government labor or management representatives, all state personnel appeals and representation matters referred by the Elections Coordinator, which require a contested case hearing. All proposed decisions are forwarded to ERB for automatic review and the issuance of a final order. Parties who disagree with the ALJ's proposed decision have the right to appeal the decision as it is being reviewed by ERB.

The Subcommittee approved a budget of \$1,260,050 total funds; \$678,943 General Fund, \$581,107 Other Funds expenditure limitation, and four positions (4.50 FTE). The Subcommittee approved the following adjustments to ERB's current service level budget:

- Package 801, LFO Analyst Adjustments. This package reverses a base budget position adjustment made during the Governor's Budget reconciliation. The position remains fully funded but the compensation split, made during the Governor's Budget reconciliation, of 56 percent General Fund and 44 percent Other Funds limitation is being reverted to a 30 percent General Fund and 70 percent Other Funds limitation in the budget. General Fund will be reduced by \$18,383 and the Other Funds limitation will be increase by \$18,383.

### **Summary of Performance Measure Action**

See attached Legislatively Adopted 2017-19 Key Performance Measures form.

## DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Employment Relations Board  
Michelle Lisper -- 971-283-6360

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2015-17 Legislatively Approved Budget at Dec 2016 *	\$ 2,463,085	\$ -	\$ 2,067,604	\$ -	\$ -	\$ -	4,530,689	13	13.00
2017-19 Current Service Level (CSL)*	\$ 2,720,476	\$ -	\$ 2,164,482	\$ -	\$ -	\$ -	4,884,958	13	13.00
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 030-00 - Administration</b>									
Package 100: Executive Service									
Personal Services	\$ 61,220	\$ -	\$ 48,103	\$ -	\$ -	\$ -	109,323	0	0.00
Package 101: Case Management System Phase 2 (Electronic Filing)									
Services and Supplies	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ -	30,000		
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ (250,000)	\$ -	\$ -	\$ -	\$ -	\$ -	(250,000)		
<b>SCR 040-00 - Mediation</b>									
Package 100: Executive Service									
Personal Services	\$ 8,010	\$ -	\$ 6,293	\$ -	\$ -	\$ -	14,303	0	0.00
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ -	250,000		
<b>SCR 050-00- Hearings</b>									
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ (18,383)	\$ -	\$ 18,383	\$ -	\$ -	\$ -	-		
<b>TOTAL ADJUSTMENTS</b>	<b>\$ (199,153)</b>	<b>\$ -</b>	<b>\$ 352,779</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>153,626</b>	<b>0</b>	<b>0.00</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 2,521,323</b>	<b>\$ -</b>	<b>\$ 2,517,261</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>5,038,584</b>	<b>13</b>	<b>13.00</b>
% Change from 2015-17 Leg Approved Budget	2.4%	0.0%	21.7%	0.0%	0.0%	0.0%	11.2%		
% Change from 2017-19 Current Service Level	-7.3%	0.0%	16.3%	0.0%	0.0%	0.0%	3.1%		

\*Excludes Capital Construction Expenditures

# Legislatively Approved 2017 - 2019 Key Performance Measures

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**Agency:** Employment Relations Board

**Mission Statement:**

The Mission Of The Employment Relations Board Is To Resolve Disputes Concerning Labor And Employment Relations.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
1. Union representation - Average number of days to resolve a petition for union representation when a contested case hearing is not required.		Approved	30	79	60
2. Recommended orders - Average number of days for an Administrative Law Judge to issue a recommended order after the record in a contested case hearing is closed.		Approved	69	110	100
3. Final Board orders - Average number of days from submission of a case to the Board until issuance of a final order.		Approved	26	60	50
4. Mediation effectiveness - Percentage of contract negotiations disputes that are resolved by mediation for strike-permitted employees.		Approved	100%	94%	95%
5. Appeals - Percentage of Board Orders which are reversed on appeal.		Approved	2%	10%	5%
6. Mediation effectiveness - Percentage of contract negotiations disputes that are resolved by mediation for strike-prohibited employees.		Approved	95%	80%	85%
7. Customer Satisfaction - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, and availability of information.	Expertise	Approved	76%	95%	95%
	Helpfulness		89%	95%	95%
	Accuracy		82%	95%	95%
	Timeliness		87%	95%	95%
	Overall		76%	95%	95%
	Availability of Information		73%	95%	95%

**LFO Recommendation:**

The Legislative Fiscal Office recommends approval of the proposed key performance measures and updated targets.

**SubCommittee Action:**

The General Government Subcommittee voted to adopt the Legislative Fiscal Office recommendations.