
MEMORANDUM

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To: General Government Subcommittee of the Joint Committee on Ways and Means

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Date: Monday, January 28, 2019

Subject: Review of the Semi-Independent Agency Reports
Work Session Recommendation

Background

The 2005 Legislature passed legislation requiring this review of semi-independent agencies. The first review was in 2006. This is the 7th review LFO has presented to the Legislature.

The Legislature first started granting agencies semi-independent status in 1991. The intent of this status was to allow these agencies to deliver services in a more business-like manner. Currently, 15 agencies have semi-independent status. Only 12 of the 15 are subject to ORS 182.456 to 182.472 which require them to submit reports for this review. The other three agencies are the Oregon Tourism Commission, the Travel Information Council, and the Film and Video Office. Because the Travel Information Council and the Film and Video Office are required to present their budgets and agency operations information to a legislative committee, this report does not include a detailed review for these two agencies. This report does provide a brief review of the Oregon Tourism Commission's use of transient lodging tax for the 2015-17 and 2017-19 biennia.

The twelve semi-independent agencies subject to this reporting requirement are self-funded and fully supported by income such as license, application and examination fees; federal funds; grants; and other program revenue. A semi-independent agency's budget is not subject to Executive Branch review, or approval or modification by the Legislative Assembly.

The Semi-Independent Agency Reports

Starting in 2006, every April of even-numbered years, 12 state semi-independent agencies are required by statute to submit information regarding licensing, complaints, investigations, and consumer protection activities as well as financial review and budget information. LFO reviews this information for completeness and compliance with statutory requirements. As part of the review, LFO corresponded via email, by telephone and met in person with agencies as needed to collect missing information, provide feedback on report content, and to discuss proposed recommendations for future reporting. In all cases, agencies were responsive to requests for information. LFO compiled the information gathered into the attached review.

The review covers agency performance for the 2015-17 biennium and the adopted budget for the 2017-19 biennium. Included in the LFO summary review of these reports are budget analyses for each of the twelve agencies, tables and charts summarizing budget to actual numbers, as well as staffing, and licensing information. In short, all twelve agencies submitted information that generally complied with statutes.

LFO continues to work with these agencies to ensure that information regarding licensing activities, complaints, investigations, resolutions, and sanctions are reported in a way that will be reliable.

Included in the LFO review are updated instructions to help these semi-independent agencies prepare future reporting, and the following recommendations for improving the semi-independent review process:

For future reports, LFO recommends that all 12 agencies subject to this reporting requirement:

1. Follow the updated reporting guidelines prepared by LFO (Appendix D) for the 2020 reporting cycle.
2. Consider including candidates with financial expertise (i.e. experience as a public accountant or auditor, or a principal financial officer, comptroller, or principal accounting officer) in their recommendations to the Governor for Board appointments. The Oregon Board of Accountancy may be able to assist with a list of potential candidates for recruitment.
3. Work in conjunction with other small licensing boards to develop a list of investigators available on contract for use across geographic regions.

Recommendation

LFO recommends acknowledging receipt of LFO's review of Semi-Independent Agency Reports.

Motion

Senator/Representative _____:

I move LFO's review of Semi-Independent Agency Reports to the Full Committee with a recommendation to acknowledge receipt of this report and approve the LFO recommendations.

Assignment of Carriers

Full: _____