

**SB 5516 BUDGET REPORT and MEASURE SUMMARY**

**Joint Committee On Ways and Means**

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

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**Bureau of Labor and Industries**

**2019-21**

PRELIMINARY

## **Budget Summary\***

	2017-19 Legislatively Approved Budget <sup>(1)</sup>	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 13,461,114	\$ 14,341,010	\$ 15,080,204	\$ 1,619,090	12.0%
Other Funds Limited	\$ 12,675,846	\$ 13,264,926	\$ 14,081,828	\$ 1,405,982	11.1%
Other Funds Nonlimited	\$ 1,281,732	\$ 900,000	\$ 900,000	\$ (381,732)	(29.8%)
Federal Funds Limited	\$ 1,297,545	\$ 1,354,891	\$ 1,354,891	\$ 57,346	4.4%
<b>Total</b>	<b>\$ 28,716,237</b>	<b>\$ 29,860,827</b>	<b>\$ 31,416,923</b>	<b>\$ 2,700,686</b>	<b>9.4%</b>

## **Position Summary**

Authorized Positions	107	106	112	5
Full-time Equivalent (FTE) positions	105.38	104.38	108.80	3.42

<sup>(1)</sup> Includes adjustments through December 2018

\* Excludes Capital Construction expenditures

## **Summary of Revenue Changes**

The Bureau of Labor and Industries (BOLI) is supported by General Fund, Other Funds, and Federal Funds revenue. General Fund is appropriated to the Department for a portion of operating expenditures. Other Funds are generated from a variety of sources including fees, publication sales, training, a contract with the Oregon Occupational Safety and Health Division, an assessment on public works construction contracts, an assessment on unemployment taxes, and a transfer from the Oregon Department of Transportation to increase diversity and training in the highway construction workforce. Federal Funds support the work of the Equal Employment Opportunity Commission and Civil Rights Division in contested case hearing proceedings related to discrimination violations.

## **Summary of Transportation and Economic Development Subcommittee Action**

BOLI enforces state laws relating to wages; promotes the development of a skilled workforce; enforces state and federal laws relating to unlawful discrimination; and provides educational services to employers.

The Transportation and Economic Development Subcommittee recommended a budget for BOLI of \$31,416,923 total funds, comprised of the following: \$15,080,204 General Fund, \$14,081,828 Other Funds expenditure limitation, \$1,354,891 Federal Funds expenditure limitation,

\$900,000 Other Funds Nonlimited expenditures, and 112 positions (108.80 FTE). This represents a 9.4% increase over the 2017-19 Legislatively Approved Budget and a 5.2% increase over the current service level.

### **Commissioner's Office / Program Support Services**

The Commissioner's Office provides policy direction and overall management of BOLI's programs. Support Services includes technical assistance for employers, budget and fiscal control, employee services, information systems management, adjudication and alternative dispute resolution of contested wage and hour and civil rights cases, and legislative and community services.

The Subcommittee recommended a budget of \$4,705,035 General Fund, \$3,787,405 Other Funds expenditure limitation, \$299,285 Federal Funds expenditure limitation, and 28 positions (27.38 FTE). The Subcommittee recommended the following packages:

Package 103, TA E-Commerce Expenditure Limitation Increase. This package provides \$60,000 Other Funds expenditure limitation for vendor fees incurred as a result of e-commerce transactions associated with BOLI services.

Package 801, LFO Analyst Adjustments. This package provides \$468,604 General Fund, \$147,605 Other Funds expenditure limitation and two positions (2.00 FTE). Specifically, the package provides:

- General Fund Services and Supplies reductions totaling \$4,524;
- A one-time General Fund investment in the amount of \$250,000 to facilitate upgrades to the agency's website to foster transparency and customer service improvements; and
- Two positions (2.00 FTE) including one permanent General Fund position to coordinate and fulfill public records requests and one permanent Other Funds Accountant 1 position to support timely payment of wage claims.

### **Civil Rights**

The Civil Rights Division investigates complaints and enforces state and federal laws prohibiting unlawful discrimination by investigating allegations of civil rights violations in workplaces, career schools, housing, and public accommodations.

The Subcommittee recommended a budget of \$3,964,582 General Fund, \$1,644,496 Other Funds expenditure limitation, \$1,055,606 Federal Funds expenditure limitation, and 31 positions (30.50 FTE). The Subcommittee recommended the following packages:

Package 100, PEM Reclassification Approved by DAS/CHRO. This package provides \$21,114 General Fund to reclassify management positions in the Civil Rights Division based on classification reviews conducted by the Department of Administrative Services Chief Human Resources Office. This investment resolves current work out of class agreements in the Civil Rights Division.

Package 801, LFO Analyst Adjustments. This package provides \$177,123 General Fund to support a permanent Civil Rights Investigator 2 position (1.00 FTE) to provide added capacity for investigations and resolve Civil Rights claims.

### **Wage and Hour Division**

The Wage and Hour Division is responsible for the administration and enforcement of a broad range of state laws. The division investigates allegations and claims relating to violations of laws related to minimum wage, overtime, child labor, wage collection, labor contractors, sick time, work schedules, and prevailing wages.

The Subcommittee recommended a budget of \$3,064,458 General Fund, \$5,959,173 Other Funds expenditure limitation, \$900,000 Other Funds Nonlimited expenditures, and 35 positions (33.50 FTE). The Subcommittee recommended the following packages:

Package 100, PEM Reclassification Approved by DAS/CHRO. This package provides \$15,614 General Fund and \$14,354 Other Fund expenditure limitation to reclassify management positions in the Wage and Hour Division based on classification reviews conducted by the Department of Administrative Services Chief Human Resources Office. This investment resolves current work out of class agreements in the Wage and Hour Division.

Package 801, LFO Analyst Adjustments. This package reduces General Fund by \$166,294, by reducing FTE on an existing management position (0.75 FTE). The duties of this position will be redistributed among staff. Additionally, this package provides \$41,401 Other Funds expenditure limitation and one permanent Office Specialist 2 position (0.25 FTE) to provide additional support in the Salem field office associated with janitorial contractor licensing. This position is expected to be funded with additional fee revenue assessed against janitorial contractor licensing and the position is expected to be half-time (0.50 FTE) in the 2021-23 biennium.

### **Apprenticeship and Training**

The Apprenticeship and Training Division promotes the development of a skilled workforce in Oregon through apprenticeship programs and through partnerships with government, labor, business, and educational institutions. The Division registers and monitors apprenticeship programs, helps to develop and approve occupational standards, registers apprentices, monitors program completion, and promotes apprenticeship opportunities.

The Subcommittee recommended a budget of \$3,346,129 General Fund, \$2,690,754 Other Funds expenditure limitation and 18 positions (17.42 FTE). The Subcommittee recommended the following packages:

Package 105, HECC Reimbursement Contract Limitation. This package provides \$553,542 Other Funds expenditure limitation and one limited duration Compliance Specialist 2 position (1.00 FTE). This position is intended to fulfill obligations related to a contract with the Higher

Education Coordinating Commission (HECC). As part of an ongoing collaboration with HECC and the Oregon Employment Department (OED), BOLI has been implementing a variety of innovations to expand the use of the registered apprenticeship program. This package allows BOLI to continue the contract with HECC and carry on these activities. Deliverables associated with the contract include enhancement of BOLI's apprenticeship database to increase functionality and data sharing with other agencies, support for pre-apprenticeship programs, services for apprentices, and the expansion of a cultural competency training program for apprentices and journey workers. Professional Services in the amount of \$369,309 Other Funds is included.

Package 801, LFO Analyst Adjustments. This package includes \$223,033 General Fund and one limited duration position (0.92) to provide focused customer service and technical assistance to Eastern Oregon employers. This includes training, resource development and answering questions about employer responsibilities. The position will also focus on apprenticeship opportunities and certification in the eastern region of the state.

**Budget Note:**

The Bureau of Labor and Industries is directed to research and develop alternatives for generating non-General Fund operating revenue to support agency activities and services related to apprenticeship and training. The agency will report back to the 2020 Legislature with a recommended funding model.

**Summary of Maximum Supervisory Ratio**

The Subcommittee reviewed the agency's proposed Maximum Supervisory Ratio of 1:8 for the 2019-21 biennium.

**Summary of Performance Measure Action**

See attached "Legislatively Approved 2019-2021 Key Performance Measures."

PRELIMINARY

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

**Bureau of Labor and Industries  
April McDonald -- 503-877-8125**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2017-19 Legislatively Approved Budget at Dec 2018 *	\$ 13,461,114	\$ -	\$ 12,675,846	\$ 1,281,732	\$ 1,297,545	\$ -	28,716,237	107	105.38
2019-21 Current Service Level (CSL)*	\$ 14,341,010	\$ -	\$ 13,264,926	\$ 900,000	\$ 1,354,891	\$ -	29,860,827	106	104.38
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 010 - Commissioner's Office / Support Services</b>									
Package 103: TA E-Commerce Expenditure Limitation Services and Supplies (Professional Services)	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	60,000		
Package 801: Analyst Adjustments									
Personal Services	\$ 214,546	\$ -	\$ 141,928	\$ -	\$ -	\$ -	356,474	2	2.00
Services and Supplies	\$ 254,058	\$ -	\$ 5,677	\$ -	\$ -	\$ -	259,735		
<b>SCR 030 - Civil Rights</b>									
Package 100: PEM Reclassification Approved by DAS									
Personal Services	\$ 21,114	\$ -	\$ -	\$ -	\$ -	\$ -	21,114	0	0.00
Package 801: Analyst Adjustments									
Personal Services	\$ 170,311	\$ -	\$ -	\$ -	\$ -	\$ -	170,311	1	1.00
Services and Supplies	\$ 6,812	\$ -	\$ -	\$ -	\$ -	\$ -	6,812		
<b>SCR 040 - Wage and Hour</b>									
Package 100: PEM Reclassification Approved by DAS									
Personal Services	\$ 15,614	\$ -	\$ 14,354	\$ -	\$ -	\$ -	29,968	0	0.00
Package 801: Analyst Adjustments									
Personal Services	\$ (166,294)	\$ -	\$ 38,334	\$ -	\$ -	\$ -	(127,960)	1	(0.50)
Services and Supplies	\$ -	\$ -	\$ 3,067	\$ -	\$ -	\$ -	3,067		
<b>SCR 050 - Apprenticeship and Training</b>									
Package 105: HECC Reimbursement Contract Limitation									
Personal Services	\$ -	\$ -	\$ 184,233	\$ -	\$ -	\$ -	184,233	1	1.00
Services and Supplies (Professional Services)	\$ -	\$ -	\$ 369,309	\$ -	\$ -	\$ -	369,309		
Package 801: Analyst Adjustments									
Personal Services	\$ 213,033	\$ -	\$ -	\$ -	\$ -	\$ -	213,033	1	0.92
Services and Supplies	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	10,000		
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 739,194</b>	<b>\$ -</b>	<b>\$ 816,902</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,556,096</b>	<b>6</b>	<b>4.42</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 15,080,204</b>	<b>\$ -</b>	<b>\$ 14,081,828</b>	<b>\$ 900,000</b>	<b>\$ 1,354,891</b>	<b>\$ -</b>	<b>31,416,923</b>	<b>112</b>	<b>108.80</b>
% Change from 2017-19 Leg Approved Budget	12.0%	0.0%	11.1%	(29.8%)	4.4%	0.0%	9.4%	4.7%	3.2%
% Change from 2019-21 Current Service Level	5.2%	0.0%	6.2%	0.0%	0.0%	0.0%	5.2%	5.7%	4.2%

\*Excludes Capital Construction Expenditures

# Legislatively Approved 2019 - 2021 Key Performance Measures

Published: 6/12/2019 4:12:22 PM

**Agency:** Labor and Industries, Bureau of

**Mission Statement:**

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

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
1. CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	a) Overall	Approved	92	100	100
	b) Accuracy		91	100	100
	c) Availability of Information		91	100	100
	d) Expertise		94	100	100
	e) Helpfulness		96	100	100
	f) Timeliness		97	100	100
2. Timely Processing of Civil Rights Complaints - Percentage of target met for timely: intake, completion of perfected charge, initial interview and investigation (composite measure).		Approved	84.75%	80%	80%
3. Timely Processing of Wage and Hour Complaints - Percentage of target met for timely: intake and jurisdiction determination; demand letter, investigation: Composite measure.		Approved	82%	80%	80%
4. WHD - Percentage of WSF claims processed within fewer than 30 days.		Approved	99	85	85
5. WHD - Percentage of PWR investigations completed within 90 days.		Approved	45	65	65
6. ATD - Number of apprentices receiving journey level certificates.		Approved	1,429	1,200	1,200
7. ATD - Number of newly registered apprentices.		Approved	4,079	2,700	2,700
8. Apprenticeship Participation - Percentage of new apprenticeship participants who are minorities.		Approved	19.30%	18.50%	18.50%
9. Administrative Prosecution Unit (APU) - Percentage of cases scheduled for hearing within 30 days of assignment to APU.		Approved	100	88	88
10. TA - Percentage of employer technical assistance calls or emails returned no later than the next business day.		Approved	100%	95%	95%
11. Prevailing Wage Rate Pre-determinations - Response time for requests by public agencies concerning potential coverage of projects under state Prevailing Wage laws.		Approved	100	95	95

**LFO Recommendation:**

The Legislative Fiscal Office recommends Key Performance Measures and targets as presented above.

The following targets have been adjusted:

KPM #2 (Timely Processing of Civil Rights Complaints) from 72% to 80% based on data from recent reporting years, and recommendations to add a permanent Civil Rights Investigator position as part of the 2019-21 recommended budget. It's worth noting that the degree of complexity of each claim impacts the timing of how quickly it can be resolved. Pending legislation relating to workplace harassment and additional requirements for employers may impact the volume of claims received by the agency.

KPM #4 (Percentage of WSF claims processed within fewer than 30 days) from 80% to 85% based on data from recent reporting years.

KPM #7 (Number of newly registered apprentices), from a target of 2,200 to 2,700, based on data from recent reporting years, and to recognize the state's emphasis on creating new apprenticeship opportunities in non-building Trade occupations;

KPM #11 (timely prevailing wage rate determinations) from 92% to 95%, to reflect consistent determinations within 15 days. Note that the complexity of a proposed project – such as whether it is "mixed use" or "public/private" may have an impact on the number of days required to make a determination.

**SubCommittee Action:**

The Ways and Means Subcommittee on Transportation and Economic Development expressed particular support for the Agency's target of 100% for excellent customer service and approved the LFO recommendation.

PRELIMINARY