

ANALYSIS

Item 53: Department of Land Conservation and Development Agency Level Change

Analyst: Haylee Morse-Miller

Request: Appropriate \$623,858 General Fund, establish one new position, and reclassify nine existing positions for the Department of Land Conservation and Development agency level change.

Analysis: The Department of Land Conservation and Development (DLCD) requests authorization to establish of one new permanent Deputy Director position (Business Operations Administrator 1), and reclassify nine existing positions, due to a change in agency level. The Department of Administrative Services (DAS) has recently developed criteria to classify agencies into different “levels” based on size, budget, and responsibilities, among other attributes. The assigned agency levels also correspond to agency management structures, and management position classifications.

DLCD was initially classified as a Level 6 agency and is requesting funding to complete the transition to a Level 5 agency. Level 6 agencies are generally larger boards or commissions, or very small agencies, with 20-60 full-time equivalent positions and budgets of \$9-\$100 million. Level 5 agencies are generally smaller agencies with 100-200 full-time equivalents and budgets of \$40-\$200 million. DLCD’s 2023-25 budget is \$52.9 million and includes 78 positions, making it one of the largest Level 6 agencies by number of positions.

DAS approved the DLCD move to a Level 5 agency in May 2023, based on the agency’s expanding scope of work, including an increased role in housing. DLCD notes that the agency also distributes grant funds to local governments, and funding in the grants program has nearly quadrupled over the past two biennia. A total of \$4.2 million in grant program funding was expended during the 2019-21 biennium, while the 2023-25 agency budget includes \$15.7 million in General Fund grant funds. During the same period, the agency has seen a 24% increase in the number of positions (from 63 to 78 positions).

Based on the agency level change, DLCD’s request is to reclassify nine primarily management positions, backdated to the beginning of the 2023-25 biennium. The agency would also add one new Deputy Director position who will oversee agency administration, while the existing Deputy Director will continue with a solely programmatic focus. The addition of a Deputy Director is authorized, though not required, for Level 5 agencies, but is recommended due to the need for additional oversight of internal processes as the agency continues to grow.

The Legislative Fiscal Office recommends supporting DLCD’s request at a modified amount. Recalculation of projected cost of living adjustments has changed the estimated cost of the transition to \$607,000.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend appropriating \$607,000 General Fund, authorizing the establishment of one permanent full-time position (0.63 FTE), and supporting the reclassification of nine positions, for the Department of Land Conservation and Development, in a budget reconciliation bill during the 2024 legislative session due to a change in agency level.

Department of Land Conservation and Development
Crawford

Request: Appropriate \$623,858 from the General Fund and establish one position to complete the agency reclass from Level 6 to 5.

Recommendation: Approve the request during the 2024 Legislative Session.

Discussion: The Department of Administrative Services (DAS) assigns each Executive Branch agency an Agency Level (Level). These Levels range from Level 1 to Level 9, with the largest, most complex, or most comprehensive in statewide scope assigned to Level 1 descending to Level 9. Depending on the Level, different organizational support and position classification levels are assumed to comply with pay equity laws and the Oregon Management Project (TOMP).

In 2021, the Department of Land Conservation and Development (DLCD) was assigned as a Level 6 agency. In April of 2023, after the passage of several pieces of legislation, DLCD requested DAS reexamine its Level assignment and in May of 2023, DAS reclassified the agency as a Level 5 agency.

As a result, DLCD needs to reclassify several agency management positions, as well as create a new Business Administrator 1 position (0.63 FTE) to serve as the DLCD's Chief Operating Officer. The combined cost of these actions for the 2023-25 biennium would be \$623,858, assuming the reclassifications start July 1, 2023, and the new position begins on April 1, 2024.

Legal Reference: Appropriation of \$623,858 General Fund to supplement the appropriation made by chapter 455, section 1 (1), Oregon Laws 2023, for the Department of Land Conservation and Development, Planning program for the 2023-25 biennium.



December 4, 2023

Senator Elizabeth Steiner, Co-Chair
Representative Tawna Sanchez, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301



Dear Co-Chairs:

The Department of Land Conservation and Development (DLCD) respectfully requests recommendation for position authority and General Fund budget in the amount of \$623,858 to complete the reclass of DLCD from Agency Level 6 to Agency Level 5 that was approved by memo from the Department of Administrative Services on May 5, 2023.

Nature of the Request

DLCD is requesting authority for one new position and the reclass of nine existing positions along with General Fund budget to implement the move to a Level 5 agency from a Level 6 agency in the February 2024 Legislative Session.

While this move was approved by the Department of Administrative Services on May 5, 2023, it was not taken up in the 2023 Session. DLCD is requesting the nine existing positions be approved retroactively to July 1, 2023. The agency is requesting the new position begin on April 1 at step 9.

Below is the pricing of nine current positions with a reclass starting July 1, 2023, and one new position starting April 1, 2024.

Current	Re-Class / New Position	AY2023-25
Agency Head 6	Agency Head 5	45,892
Business Ops Mgr 3 (Deputy Director)	Business Ops Administrator 1	56,293
NEW POSITION - Step 9	Business Ops Administrator 1	286,911
Land Use/Enviro Planning Mgr 2	Land Use/Enviro Planning Mgr 3	32,762
Land Use/Enviro Planning Mgr 2	Land Use/Enviro Planning Mgr 3	32,762
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Policy OPA 4 (MMN)	Gov't Relations Mgr 2	15,656
Human Resource Analyst 3	Human Resources Mgr 1	26,858
Office Specialist 2	Executive Support Spec 1	9,327
Estimated Cost of reclassified and additional positions		\$ 571,985
Estimated Cost of December 2023 6.50% COLA for 13 months		\$ 93,738
Estimated Cost of January 2025 6.55% COLA for 6 months		\$ 51,873
Total requested additional General Fund for the AY 2023-25 Biennium		\$ 623,858

Note: Cost for the AY2025-27 biennium is estimated to be \$830,000 assuming 8% Personal Services inflation factor

New Position - Chief Operating Officer Position Authority Request

In addition to the business case made in May 2023 that led to the DAS approval for the Agency Reclass to Level 5, it is important note that DLCD is rapidly growing as a result of Governor's priorities and Executive Branch and Legislative mandates in the past decade. The authorities and responsibilities assigned to DLCD include housing production, yes, but also include weighty and timely topics such as climate change & natural hazards, equity / community engagement, coastal protections, and modernization of internal business operations (e.g., Governor's expectations regarding succession, emergency preparedness, strategic planning, and IT infrastructure).

As a Tier 6 agency, DLCD is required to structure its work so that the Deputy Director supervises it all—the programs, outreach, grants, AND the business services such as HR, IT, budget and accounting, procurement, facilities, and fleet. The resulting work and staff supervision represent far too much for one person, in terms of span of control. The overload on the deputy director exists already; even more new positions in 2024 will exacerbate an already untenable workload without getting significant help! Fortunately, DCLD has a plan.

As a Tier 5 agency, DLCD will now be authorized to split its work into two parts: programmatic work, with which the legislature and public are more familiar, and business services that take place behind the scenes and underpin the work of the entire agency. The current deputy director will remain in charge of the programmatic side of the house. A new Chief Operating Officer (COO) will take responsibility for the business services side of the house.

As a smaller agency, DLCD did much of its work on an ad hoc basis. Now, the new COO position will be responsible for establishing and maintaining more sophisticated systems required of an ever-growing agency. (While these systems exist at larger agencies, they do not yet exist at DLCD.) Examples of such systems include: updated internal policies; a governance system for making decisions about data and information; a records management system with original documents accessible to the public; a data management system (i.e., naming conventions, consistent terminology across programs, and the ability to roll up all of our activities into coherent reports appropriate to share with the legislature, partners, and stakeholders); and delivery and tracking of Governor's expectations (including an annual employee engagement survey, director's 360 evaluation, performance audits and reports).

Justification for Step 9 request for new position

First, salary step caps on the pay equity tool are higher for executive level positions; they are set at step 9.

Second, the desired attributes for the COO position include:

- Knowledgeable and experienced in state agency administration. We are too small to grow this knowledge internally.
- Working knowledge of business services, such as: human resources; information technology; fiscal, accounting, and budget services; facilities; fleet. The new COO must already have expertise in state policy and systems; we cannot train this person in-house.

Third, it is likely that we will follow pay practice policy for current state employees rather than the initial hire pay practice. Seniority and state service are one of the factors considered in the salary offered to current state employees. Step 9 for this position is far more realistic than step 3.

Agency Action

DLCD has increased its staffing by 31 percent since AY2019-2021 and added a new program division in this current biennium. Our General Fund Grants Program has gone from \$1.8 million in AY2017-2019 to \$15.7 million this biennium; an increase of more than 770 percent.

This increase in work, much of it statutorily required, has been a challenge with the decision-making structure and positions allowed to an Agency Level 6 organization. While DLCD has done its best to provide quality services to our state and local partners by reorganizing internal staff, updating procedures, and cross-training fiscal staff to meet the increased demand in issuing payments and tracking funds, this change will help increase the quality and certainty of our work.

Action Requested

DLCD requests that the IJWM Committee approve the full amount of General Fund for \$623,858 along with the one new position and nine reclassified positions with a “do recommend” to be voted on in the February 2024 legislative session.

No Legislation Affected

No Additional Information

Respectfully,



Brenda Bateman, Ph.D., Director

cc:

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