

Detail of 5% Reduction to 2007-09 Legislatively Approved Budget Level

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Priority (ranked with highest priority first)	Dept. Initials	Prgm. 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													
	Civil Rights Division	CRD	Civil Rights Field Rep. 2	38,204						\$ 38,204	0	0.25	See Attached	
	Wage & Hour Division	WHD	Wage and Hour Compliance Spc.	38,204						\$ 38,204	0	0.25	See Attached	
	Wage & Hour Division	WHD	Wage and Hour Compliance Spc.	38,204						\$ 38,204	0	0.25	See Attached	
	Wage & Hour Division	WHD	Public Service Rep. 4	26,445						\$ 26,445	0	0.25	See Attached	
	Civil Rights Division	CRD	Office Specialist 2	28,336						\$ 28,336	0	0.25	See Attached	
	Wage & Hour Division	WHD	Office Specialist 2	22,719						\$ 22,719	0	0.25	See Attached	
	Apprenticeship & Training Division	ATD	Administrativ Spc. 1	30,416						\$ 30,416	0	0.25	See Attached	
	Apprenticeship & Training Division	ATD	Apprenticeship & Training Rep.	31,565						\$ 31,565	0	0.25	See Attached	
	Civil Rights Division	CRD	Civil Rights Field Rep. 2	34,058						\$ 34,058	0	0.25	See Attached	
	Civil Rights Division	CRD	Civil Rights Field Rep. 2	29,380						\$ 29,380	0	0.25	See Attached	
	Civil Rights Division	CRD	Civil Rights Field Rep. 2	34,058						\$ 34,058	0	0.25	See Attached	
	Civil Rights Division	CRD	Civil Rights Field Rep. 2	38,204						\$ 38,204	0	0.25	See Attached	
	Civil Rights Division	CRD	Administrative Specialist 1	28,336						\$ 28,336	0	0.25	See Attached	
	Hearings Unit	HU	Administrative Law Judge	44,047						\$ 44,047	0	0.21	See Attached	
	Apprenticeship & Training Division	ATD	Apprenticeship & Training Rep.	29,380						\$ 29,380	0	0.25	See Attached	
	Hearings Unit	HU	Compliance Specialist 3	44,837						\$ 44,837	0	0.25	See Attached	
	Office of Administrative Services	ISU	Info Systems Specialist 5	46,644						\$ 46,644	0	0.25	See Attached	
	Wage & Hour Division	WHD	Office Specialist 1	21,696						\$ 21,696	0	0.25	See Attached	
			General Service and Supplies	42,395						\$ 42,395				
				-						\$ -				
				647,124	-	-	-	-	-	\$ 647,124	0	4.46		



Oregon Bureau of Labor and Industries

Memo

DATE: December 1, 2008

TO: Ken Rocco, Legislative Fiscal Officer

FROM: Doug McKean, Deputy Commissioner

REGARDING: **Reduction Options** -- Description of the Impacts on Services and Outcomes

Background

You asked us to develop a total of 20% in reduction options in 5% increments for the 2009-11 biennium. You also asked for a reduction option equivalent to 5% of the 2007-09 appropriations.

This memo is an attachment to the spreadsheet we have submitted showing the reduction options. This memo describes the impacts on services and outcomes under the reduction options.

The bureau is a very lean agency. The loss of even a small number of employees has a significant effect on the bureau's ability to pursue its mission. Consequently, once we move beyond a 5% cut, the bureau has to look for discrete programs, areas of work, or offices that we can shut down without imperiling the remaining employees' ability to carry out the agency's mission.

Thus, the factors we considered when planning for a 5% budget reduction were very different from the factors we considered when planning for a 20% reduction. As a result, the cuts we have proposed under the 5% option do not roll up perfectly into the 10% option. The same is true between the other reduction options. Consequently, as we moved from one reduction option to the next, sometimes we restored positions or funds that were cut in another reduction option and made different cuts.

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20% Reduction Option

Apprenticeship and Training Division (ATD)

Under this option, the bureau would close its Bend office, which eliminates the only Apprenticeship Representative east of the Cascades, and it would eliminate an Apprenticeship Representative and an Administrative Specialist 1 in Portland.

This reduction would require ATD to substantially rearrange its service delivery model, focusing on statutorily mandated duties such as the registration of programs and apprentices and conducting compliance reviews of approved programs. All or most discretionary or supportive services would no longer be offered, including coordination with other workforce development agencies and providers, assistance with outreach, and recruitment activities and web support to promote apprenticeship opportunities.

Closing the Bend office will result in ATD having no presence east of the Cascades. Combined with the loss of the Apprenticeship Representative in the Portland office, representing a 22% reduction in professional staff, the remaining seven Apprenticeship Representatives would realize a substantially increased workload.

Elimination of these Apprenticeship Representatives, combined with the elimination of the Administrative Specialist 1 position, would have severe impacts on the division. ATD would reorganize its service delivery model and focus only upon the evaluation and registration of new programs, the registration of apprentices, and conducting compliance reviews. Travel costs to conduct compliance reviews and provide other essential services to programs would increase substantially.

Since the elimination of the Administrative Specialist 1 position would result in the division having no administrative support for the compliance function or direct computer support, this work would have to be done by the remaining seven Apprenticeship Representatives. To accommodate this additional work, the division would reduce its general workforce development efforts. The division would no longer provide facilitation and supportive services to its programs as these services are discretionary. Elimination of these positions would result in the elimination of some functions, such as serving as a liaison to the State Electrical Board or the Office of Community Colleges, that private industry partners have asked the division to assume.

Civil Rights Division (CRD)

This option would eliminate five CRD Investigators (Civil Rights Field Representative 2), one Administrative Specialist 1, and one Office Specialist 2. It would eliminate the agency's ability to administratively investigate complaints alleging violations of the Oregon Family Leave

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Act (OFLA). Depending on the legislative action to implement this change, the courts would likely bear the brunt of an increased caseload, unless OFLA is repealed. OFLA sets requirements for employers with 25 or more employees in granting and taking of leave for family and medical reasons. By comparison, the federal Family and Medical Leave Act (FMLA) covers employers with 50 or more employees. Thus, because only OFLA covers businesses with from 25 to 49 employees, these employees would either lose their leave rights or, at a minimum, lose any administrative enforcement of the law by a state agency.

Moreover, all Oregonians would lose administrative enforcement of coverage for leave to care for a sick child or for care seriously ill grandparents, parents-in-laws or a same sex partner, rights offered only under state law. OFLA complaints comprise 15-20% of CRD's caseload. Elimination of these investigators will erode employment protections for workers who need job-protected leave. In addition, a reduction of this magnitude will seriously disrupt the division's ability to respond to all types of discrimination complaints.

Protecting leave rights under OFLA contributes to the Governor's principle that Oregon must have a positive business climate and invest in economic development to create and retain sustainable businesses and family-wage jobs. All citizens benefit from having an administrative agency enforcing anti-discrimination laws. Administrative processing of these cases is cost-effective and eases the burden on the judiciary, since these OFLA claims would otherwise be directed to the courts. In addition, there are the unaccounted for costs to employers and workers in the additional time delay and anxiety that play out in the workplace while cases wait several years to be heard in court rooms. The alternative is to repeal OFLA, but that represents a significant policy step backwards. It would leave Oregonians who work for employers with 25 to 49 employees without any family medical leave protections.

Wage and Hour Division (WHD)

The 20% reduction option would cause the bureau to close its Salem office, eliminate the Farm/Forest Labor Unit/enforcement program, and eliminate 2.75 FTE Wage and Hour Compliance Specialist positions, a Public Service Representative position, two Office Specialist positions, and half of a Program Executive/Manager (PE/M) C position (compliance manager).

In addition to eliminating the agency's ability to administer and enforce the farm/forest labor contractor law as required (ORS 658.407), and requiring extensive legislative changes, elimination of BOLI's Salem office will reduce the agency's services to Salem-area Oregonians and require the division to eliminate its acceptance and processing of non-"minimum standard" wage claims, i.e., wage claims in which there is no minimum wage or overtime violation. Reduction of Salem office staff will also reduce the ability of the Wage and Hour Division to timely address and conduct investigations of child labor violations.

The elimination of farm/forest labor enforcement by the agency and the reduction of wage claim services will almost certainly result in an increase in violations and the exploitation of

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employees by unscrupulous employers if they know the agency is unable to and will not pursue violations.

Reducing the PE/M C position (compliance manager) to a half-time position will result in the reassignment of staff supervised by the position to the division's other compliance manager, who already supervises 11.75 FTE, and will reduce the quality and timeliness of service delivery to the public.

As mentioned above, the 20% reduction option would eliminate a .75 FTE Wage and Hour Compliance Specialist, which was authorized by the 2007 Legislature to address the division's inability to timely process approximately 2,500 wage claims received annually with only 3.0 FTE General Fund compliance specialists. Elimination of this position will require the agency to curtail its acceptance and processing of non-"minimum standard" wage claims, i.e., wage claims in which there is no minimum wage or overtime violation, in order to maintain its services to the state's lowest paid workers. Although employees may pursue unpaid wages privately, most wage claimants do not have the resources to do so, and they rely on BOLI to collect their unpaid wages.

Finally, the 20% reduction option would eliminate an Office Specialist 1 position, which would reduce the agency's ability to carry out its plan to reallocate resources to improve service delivery.

Hearings Unit (HU)

The 20% reduction option would eliminate one of two administrative law judges and one of three case presenters. Each year some 85 employers exercise their right to challenge BOLI findings that they violated civil rights or wage and hour laws. The Hearings Unit settles these cases or hears them, creating precedent to guide employers, workers and courts.

Elimination of one administrative law judge would double the work of the only remaining ALJ, significantly delaying justice for employers and workers. In addition, the reporter volumes and the Digest of Commissioner's Final Orders, maintained from 1973, would no longer be published.

Hearings Unit Case Presenters review and either settle or present wage and hour and civil rights cases at hearing. Elimination of one of three case presenters will increase each remaining case presenter's caseload from an average of 63 to 95 cases, significantly delaying cases from being settled or heard, and impeding justice for employers and workers.

Information Services Unit (ISU)

The 20% reduction option would eliminate an Information Systems Specialist 5 (IS 5). This position is one of only four positions in ISU, and it is one of only two positions whose primary duties are Oracle database application development, maintenance and support.

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The IS 5 has primary responsibility of developing improvements, maintaining and supporting users on the following database applications: WHD SunTRACK Case Management System, WHD Child Labor Employer Certificates, WHD Prevailing Wage Rate Wage Certifications, WHD Farm Labor Contractor Licensing, and Fiscal Inventory. Additionally, the IS 5 provides backup support to the CRD SunTRACK Case Management System and the ATD Apprentice Tracking System. The IS 5 also provides primary support to the Portland PCs, printers and users in WHD and the Office of Administrative Services (OAS) (40 users) and backup support to CRD and ATD (30 users). This includes addressing user questions and problems on the PC operating system, Internet Explorer, antivirus and antispyware software, network connection issues and insuring all desktop applications start and run properly.

Loss of this position will have the following impact on IT services to BOLI:

1. Database application development, maintenance and support will be significantly impacted. Database projects have been scheduled for this position through July 2011 and would need to be transferred and handled by the one other database position. This other position also has projects scheduled through the same time period and means the time required for any application fixes and development will be more than doubled and only the high priority fixes or enhancement work will be done.
2. No backup will be available for Oracle database administration or issues with user access and assignment. This work will be low priority, only critical problems addressed, and there will be delays responding to access/control modification.
3. Plans to move applications from client-server to a web-based environment will be significantly impacted. Although contractors were planned for the migration work, application planning and coordination for this move will be delayed as well as all maintenance and support of this new environment falling to the one remaining IS database position. This work must continue because the Oracle Forms/Reports version the agency uses is no longer supported, and moving the applications to a supported version requires the applications to be moved to the web.
4. PC, printer and user support of the Portland office WHD and OAS users will need to be allocated to the remaining IT staff, which will add to their work levels. Problem response resolution time will be doubled for this support.

15% Reduction Option

Under this reduction option, the effects on bureau services would be almost the same as under the 20% reduction option, except that:

1. ATD would not cut the two Apprenticeship Representatives, and therefore most of the effects on services described on page 1 would not occur. Elimination of the Administrative Specialist position, however, would result in the division having no administrative support for the compliance function or direct computer support. This work would have to be done by Apprenticeship Representatives.

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2. CRD would not cut one investigator. The effects described on pages 2 and 3 would be nearly the same.

3. WHD would not reduce its compliance manger to half time or eliminate one compliance specialist. The .75 FTE compliance specialist would be reduced to about half time. Therefore, the effects on services and outcomes described on pages 3 and 4 would be nearly the same; that is, the bureau would close the Salem office, eliminate the Farm/Forest Labor Unit enforcement program, and restrict its acceptance and processing of non-“minimum standard” wage claims, i.e., wage claims in which there is no minimum wage or overtime violation.

10% Reduction Option

Apprenticeship and Training Division (ATD)

Elimination of an Administrative Specialist position would result in the division having no administrative support for the compliance function or direct computer support. This work would have to be done by Apprenticeship Representatives.

Civil Rights Division (CRD)

Under the 10% reduction option, the bureau would close its Salem office, which would eliminate one CRD Investigator (Civil Rights Field Representative 2) and one Office Specialist 2. The loss of an investigator would further erode the division’s ability to enforce the anti-discrimination laws of this state. The heavy caseloads of the remaining 15 investigators would grow faster, affecting the quality and timeliness of investigations.

Wage and Hour Division (WHD)

Under this reduction option, the effects on the Wage and Hour Division’s services would be almost the same as under the 20% reduction option, except that the division would not: (a) reduce its compliance manger to half time; or (b) eliminate 1.75 FTE compliance specialists. Therefore, the effects on services described on pages 3 and 4 would be nearly the same; that is, the bureau would close the Salem office, eliminate the Farm/Forest Labor Unit enforcement program, and restrict its acceptance and processing of non-“minimum standard” wage claims, i.e., wage claims in which there is no minimum wage or overtime violation.

Hearings Unit (HU)

The 10% reduction option would eliminate one of two administrative law judges. Each year some 85 employers exercise their right to challenge BOLI findings that they violated civil rights or wage and hour laws. The Hearings Unit settles these cases or hears them, creating precedent to guide employers, workers and courts.

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Elimination of one administrative law judge would double the work of the only remaining ALJ, significantly delaying justice for employers and workers. In addition, the reporter volumes and the Digest of Commissioner's Final Orders, maintained from 1973, would no longer be published.

Information Services Unit (ISU)

The effects and outcomes of the 10% reduction option on ISU would be exactly the same as described in the 20% reduction option. See pages 4 and 5.

5% Reduction Option

Apprenticeship and Training Division (ATD)

Under this option, the bureau would eliminate an Apprenticeship Representative. The remaining eight Apprenticeship Representatives would realize an increased workload. Since workloads are already high for this small division, any reduction in professional staff will require the division to rearrange its service delivery model, focusing on statutorily mandated duties, such as the registration of programs and apprentices and conducting compliance reviews of approved programs, and limiting discretionary or supportive services.

Wage and Hour Division (WHD)

This reduction option would require the division to eliminate a .75 FTE compliance specialist and an Office Specialist 1.

The .75 FTE compliance specialist was authorized by the 2007 Legislature to address the division's inability to timely process approximately 2,500 wage claims received annually with only 3.0 FTE General Fund compliance specialists. Elimination of this position will require the agency to curtail its acceptance and processing of non-"minimum standard" wage claims, i.e., wage claims in which there is no minimum wage or overtime violation, in order to maintain its services to the state's lowest paid workers. Although employees may pursue unpaid wages privately, most wage claimants do not have the resources to do so, and they rely on BOLI to collect their unpaid wages.

The elimination of the Office Specialist 1 position would reduce the agency's ability to carry out its plan to reallocate resources to improve service delivery.

Hearings Unit (HU)

The 10% reduction option would eliminate one of two administrative law judges. Each year some 85 employers exercise their right to challenge BOLI findings that they violated civil

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rights or wage and hour laws. The Hearings Unit settles these cases or hears them, creating precedent to guide employers, workers and courts.

Elimination of one administrative law judge would double the work of the only remaining ALJ, significantly delaying justice for employers and workers. In addition, the reporter volumes and the Digest of Commissioner's Final Orders, maintained from 1973, would no longer be published.

Information Services Unit (ISU)

The effects and outcomes of the 10% reduction option on ISU would be exactly the same as described in the 20% reduction option. See pages 4 and 5.

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5% Reduction Option

Because the timing of this reduction option makes it equivalent to a 20% reduction of BOLI's budget for the remaining months of the 2007-09 biennium, and because of your direction to develop options that represent a direct connection to those being provided for the 2009-11 biennium, BOLI's 5% reduction option for the 2007-09 biennium reflects the 20% reduction option we submit for the 2009-11 biennium. Likewise, the effects on services and outcomes we described on pages 2 to 5 are the same.

Conclusion

As I said at the start, the bureau is a very lean agency. We can't thin the soup much more and still carry out our full mission. If the bureau has to cut more than 5% of its budget, we will need to consider closing our Salem or Bend office or both, stop enforcing farm/forest labor contracting laws, stop enforcing the Oregon Family Leave Act, and stop performing discretionary duties within the Apprenticeship and Training Division. We believe these actions would allow the agency to adequately carry on its remaining mission.