



Task Force
on
Effective and
Cost-Efficient
Service Provision

October 1, 2010

Rep. Nancy Nathanson, Chair



Message from the Chair



The economic crisis facing Oregon and her 36 counties is not a simple matter of short term cash flow – the problem runs much deeper than that. The truth of the matter is that we have an economically unsustainable system of delivering services to Oregonians. While we may need to consider revenue restructuring, that is not the charge of this Task Force. This Task Force is charged with looking at government restructuring – and the timing couldn't be better.

Our system of delivering services is complex, and our bureaucracy is in the way. The natural tendency is for bureaucratic systems to become more complex and tangled over time, as good ideas are piled onto existing systems, wedged in here or tacked on there. It's our job to periodically take a step back, look at the whole picture and make adjustments to those systems so that they are working effectively and efficiently.

The state shares the responsibility of delivering services with counties. The state and counties also share a number of revenues. We find ourselves in a place where funding promises have not been realized, funding agreements have changed and shared revenue agreements are under constant pressure.

But the horizon is not all stormy. Technology, in particular, creates opportunities for transformation and efficiency. Our systems are built on a 20th century framework, but with modern technology, communications, geographic and other data, this framework should be re-built for the 21st century. We need to look at simplification, regionalization, consolidation and reorganization with an emphasis on saving money and improving services.

In addition to the legislative charge to the Task Force, I had two primary personal goals for this Task Force:

1. Come up with some practical, achievable ideas that could be implemented in the short- and medium-term, and
2. Establish new working relationships between state and county agencies that will lead to ongoing continuous improvements so that the efforts will continue beyond the lifetime of the Task Force.

I believe we have met these goals.

Many long hours have gone into the work of this Task Force and I want to thank everyone who participated. I look forward to turning our recommendations into reality and to our ongoing collaborations.

Representative Nancy Nathanson
Oregon House of Representatives
District 13

Task Force Members

Task Force on Effective and Cost-Efficient Service Provision Government Efficiency Task Force (GETF)

Membership

| | Last Name | First Name | Affiliation |
|--------------|------------------|--------------|---|
| | Balfour | Clark | Special Districts Association of Oregon |
| | Bonder | Dawn | Governor's Office Human Services Policy Advisor |
| | Brown | Chris | Oregon State Police Deputy Superintendent |
| | Brown | Kate | Secretary of State |
| | DeMuniz | Paul | Chief Justice |
| | Doyle | Denny | City of Beaverton Mayor |
| | Harchenko | Elizabeth | Oregon Department of Revenue Director |
| | Hoffman | Suzanne | Department of Human Services Transformation Director |
| | Miller | Sarah | Oregon Business Development Department Policy & Planning Division Administrator |
| | Modrell | Linda | Benton County Commissioner |
| | Morgan | Susan | Douglas County Commissioner |
| | Morrow | Mitch | Department of Corrections Deputy Director |
| | Naff | Ray | Governor's Office Intergovernmental Relations & Economic Revitalization Team Director |
| Chair | Nathanson | Nancy | State Representative |
| | Pakseresht | Fariborz | Oregon Youth Authority Deputy Director |
| | Richardson | Dennis | State Representative |
| | Schrader | Martha | State Senator |
| | Shiprack | Judy | Multnomah County Commissioner |
| | Warner | Chris | Oregon Department of Transportation Policy Advisor |
| | Wheeler | Ted | State Treasurer |
| | Winters | Jackie | State Senator |

Designees

| | Last Name | First Name | Affiliation |
|--|-----------|------------|---|
| | Pack | Barry | SOS Deputy Secretary |
| | Selvaggio | Michael | Policy Director - Office of State Treasurer |
| | Lemman | Phil | Legislative Communication Manager - Judicial Department |

Report of the Task Force

Overview/Purpose

During the 2009 legislative session, HB 2920 passed with bipartisan support creating the Task Force on Effective and Cost-Efficient Service Provision. The Task Force has been charged with reviewing state and county shared services with the objective of considering opportunities to restructure government programs to be more effective and cost-efficient. The four shared services areas to be reviewed are:

1. Assessment and Taxation
2. Criminal Justice
3. Elections
4. Human Services

In addition, the Task Force was charged with encouraging effective fiscal planning for counties managing the phase-out of federal forest safety net payments and recommending appropriate levels of state funding.

Background

The state of Oregon and her counties have a closely integrated system of service delivery for the residents of Oregon. Many state programs are delivered by counties, where the needs of local communities can best be served. This service delivery system has served Oregonians well for many years. This chart demonstrates the interconnected nature of state/county services.

SHARED STATE-COUNTY SERVICES

SERVING THE CITIZENS OF OREGON

| HEALTH & HUMAN SERVICES | PUBLIC SAFETY | NATURAL RESOURCES & RECREATION | TRANSPORTATION, LAND USE & ECONOMIC DEV. | OTHER COMMUNITY SERVICES |
|---------------------------------|---------------------------|---|--|----------------------------|
| Child Protection | Appellate Court | State Parks | State Highways | Administrative Services |
| Housing | State Police | State Lands | State Fair | Assessment & Taxation |
| Mental Health Hospital | State Prison | Water Regulation | Land Use Planning & Coord. | PERS |
| Aging/Senior Services | Attorney General | Wildlife Regulation | Land Use Permitting | Employee/Labor Relations |
| Alcohol/Drug Treatment | Trial Courts | County Forest Trust Lands/ State Forest Management | Highway & Road System | Elections |
| Alcohol/Drug Prevention | District Attorney | Habitat Restoration | Senior & Disabled Transport. | Extension Service |
| Children & Families Svcs. | 911/Emerg. Communications | Wildlife/Predator Control | Energy Development | Telecommunications |
| Dev. Disabled Services | Emergency Management | Federal Land Policy | Engineering | Administrative Services |
| Mental Health Services | Homeland Security | Noxious Weed Control | Building Permits & Inspection | Procurement |
| Oregon Health Plan Svcs. | Community Corrections | Watermaster | Economic Development | Recording Public Documents |
| Veterans Services | Court Security | County Forest Management | County Fair | County Library |
| Public Health Services | Juvenile Services | County Parks | Infrastructure Development | County Museums |
| Environmental Health | Marine Patrol | Vector Control | Surveying | County Service Districts |
| Housing Services | County Law Library | Soil & Water Conservation | County Transportation System | |
| Medical Examiner | Sheriff Patrol | | | |
| Emergency Planning and Response | Animal Control | | | |
| Solid Waste Management | Justice Courts | | | |
| Recycling Programs | Search and Rescue | | | |
| | County Jail | | | |

Green = State-Provided Services Red = State/County-Shared Services Blue = County-Provided Services



Directly supports schools/education

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This shared State-County Services Chart illustrates services in five broad areas:

1. Health & Human Services (18 services): such as child protection, aging and senior services and solid waste management.
2. Public Safety (20 services): such as state police, 9-1-1 communications and animal control.
3. Natural Resources & Recreation (14 services): such as wildlife regulation, noxious weed control and soil & water conservation.
4. Transportation, Land Use, and Economic Development (14 services): such as state highways, building permits and inspection and surveying.
5. Other community services (18 services): such as assessment and taxation, elections and recording public documents.

Of these 79 separate services, 14 are provided by the state, 19 by counties and 46 are state and county shared services.

The report from the Governor's Task Force on Federal Forest Payments and County Services (January 2009) highlighted the precarious financial situation Oregon faces with the pending loss of federal forest payments. Conditions are such that the health of the state/county shared services system is in danger of collapse in some service areas. Unfortunately, this precarious situation is now exacerbated by the extremely difficult budget condition the state is experiencing.

Delivery of services is not meeting demand. The population of Oregon has grown increasingly urban. Transportation and communication have evolved, increasing service delivery options. And, some of our economic base has shifted from agriculture and manufacturing to a service economy. The underlying government structure, however, has remained largely unchanged.

The state and counties strive for effective and efficient delivery of service, but never has there been a time when the need for efficiencies was greater.

Process

The Task Force met in November 2009 and organized itself into five subcommittees corresponding to the purpose set out in HB 2920. The subcommittees include:

- Assessment and Taxation
- County Services Planning Council
- Criminal Justice
- Elections
- Human Services

Each subcommittee met throughout the first six months of 2010 and developed recommendations to increase the effective and cost-efficient delivery of services. The full Task Force also developed some overarching proposals to move the state and counties toward more effective and efficient service delivery.

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Results

The Task Force is presenting a total of 23 recommendations – five from the full Task Force and 18 from the subcommittees. There are a number of ways in which these recommendations will move forward, including:

- 14 recommendations are being drafted into legislative proposals
- Work groups will be created to continue work with two recommendations
- The Task Force will raise the issues with legislative leadership and/or state agencies with three recommendations
- The Task Force will encourage regional and partnership opportunities with one recommendation
- The Task Force will encourage state agency collaboration with one recommendation
- The Task Force will encourage ongoing efforts with two recommendations

General Task Force Discussions/Recommendations

Over the course of deliberations within the Task Force it became apparent that some ideas simply did not fit into one of the five subcommittees or that they transcended jurisdictional and agency lines. General recommendations of the Task Force include:

Reduce duplicate and unnecessary audits.

The Criminal Justice Subcommittee has a very specific recommendation regarding duplication of jail audits, but this recommendation can also be applied more broadly. The Task Force concluded that state and local government should work together in a coordinated manner to reduce duplicate and unnecessary audits as a matter of course. In order to accomplish this, multiple jurisdictions and agencies could agree to criteria that are accepted for the function that is being audited and agree on who will conduct the audit. Further, the frequency with which an audit is undertaken could be adjusted. Rather than conducting an audit every year, for example, for an agency meeting or exceeding audit standards, an audit would be held less frequently, such as every other year. The recommendation for a pilot project can be expanded to other departments if it meets with success.

Action: Legislative – develop a pilot project for the Department of Human Services to conduct a review to identify duplicate and/or unnecessary audits.

Establish “fiscal impact” guidelines for statutes affecting local governments.

This issue was raised by the A&T subcommittee relative to the addition of new property tax exemptions that seem to occur every legislative session without considering the impacts to those who rely on property taxes to fund their operations. The Task Force suggests that the same level of scrutiny

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be given to impact on local government partners that is given state agencies with regard to referring legislation to Ways and Means.

Action: Raise issue with legislative leadership for possible integration with Legislative Fiscal Office process.

Establish standards for managing public information (data) that balances public value, privacy and public safety.

Certain public information is redacted for those public servants who may be at personal risk of reprisal from disgruntled persons. Over the course of time, the Legislature has dictated different



Secretary of State Kate Brown makes a point as Clark Balfour, Special Districts Association, Linda Modrell, Benton County Commissioner and Phil Lemman, Oregon Judicial Department, listen in.

processes and data sets be used to protect personal information from public disclosure. This has resulted in significant inefficiencies for those offices charged with maintaining these records. The Assessment and Taxation Subcommittee has made a specific recommendation to standardize criteria and processes for disclosure exemption for A&T records, and the Task Force believes this recommendation should be broadly accepted for all records that deal with redaction of information. Further, as the use of technology increases and the amount of information that can be made publicly available increases, the Legislature

needs to articulate standards that balance the needs for privacy and personal safety with government transparency and public value. Some effort must be made to actively manage, and standardize, policies for protecting sensitive information and identities, and reduce the cost of implementing those standards.

Action: Legislative – Create task force charged with the examination of public records statutes and identifying recommendations for improved and appropriate access to government records/data. These recommendations should be geared toward rebalancing the public records law in ways that ensure appropriate protection of confidential and private information and that recognize and enable the legitimate needs for information access and sharing between and among government agencies (at all levels) and the public.

Enable and encourage regional management and partnerships.

There are already numerous examples of effective and efficient regionalization of services. Regionalization has been used to organize services or budgets, utilizing existing mechanisms such as inter-governmental agreements and memoranda of understanding between jurisdictions. Mental health organizations, area commissions on transportation, NORCOR – the Northern Oregon Correctional facility, North Central Regional Health, Oregon Economic Development Districts, Oregon Councils of Government and Oregon Judicial Districts are only the tip of the iceberg when it comes to regional efforts. Regionalization works well in some geographic and programmatic areas, but it may not be

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the answer in every circumstance. The Task Force encourages service providers and stakeholders to explore additional opportunities for regionalization of services and to implement regional strategies where applicable.

Similar to regionalization is the concept of coordination among jurisdictions and agencies – not necessarily in the delivery of services to the people, but moving toward the efficient use of public resources. The Criminal Justice Subcommittee brought this project to the Task Force to be explored – build a Public Safety Center on Department of Corrections land. A combined Public Safety Center would prove beneficial through shared efficiencies such as shared conference rooms, coordinated desk and phone support staff, more modern design and better space utilization, minimal impact to the downtown business district for agencies housed in these areas, reduced costs by combining staff services, e.g. payroll, accounting, human resources. The proposed site would house the Department of Corrections, the Criminal Justice Commission, Oregon Board of Parole & Post-Prison Supervision, the Oregon State Police and the Oregon Youth Authority. Another example brought to the Task Force of potential collaboration among jurisdictions is the concept from Lane County for a shared facility, which would require collaboration between Oregon State Police, Oregon Department of Transportation, county sheriff, other local officials and possibly the Oregon Military Department.

Action: Encourage jurisdictions to explore regional and partnership opportunities.

Continue this collaborative effort.

Perhaps the most valuable part of this Task Force was in bringing the Legislature, the Governor's office, state agencies, counties, cities and special districts to the same table to discuss issues that impact every resident of Oregon. It was particularly valuable to have the policy makers, service deliverers and administrators all together working toward effective and efficient service delivery. Oregon needs more of this type of interaction. This Task Force urges the continuation of this collaboration in an effort to better serve the people of Oregon.

Action: Legislative – continue the work of the Task Force, modifying the focus to include natural resources and education while continuing criminal justice, human services and elections.

In addition to these recommendations, the Task Force discussed some concepts that need to be kept in mind as efforts to enhance efficiencies and cost-effectiveness continue. These include:

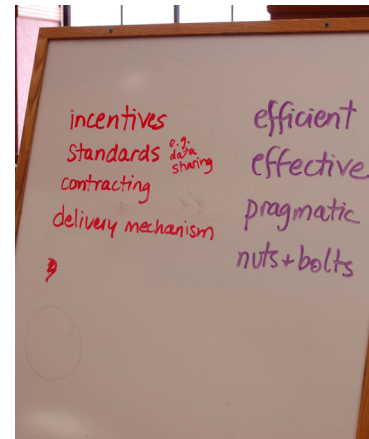
- A cost is often an investment – sometimes you must invest in order to save. Often the budgeting process reveals only costs, and lacks creative processes to “pay” for the investments that yield savings over time.

“The potential opportunities are tremendous if we can just focus more time and energy on these issues. Wonderful things will come if we continue this effort.”

Chris Brown, Superintendent, Oregon State Police

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- Consolidation, merger and regionalization are strategies that should be considered more frequently and utilized when applicable.
- Cost/benefit analysis and cost shift – we must be very deliberative and analytical when looking for efficiencies and be sure not to simply shift the cost onto another governmental entity.
- TTWWADI (pron. “twAH-dee”) That’s The Way We’ve Always Done It – need to move away from this mentality through a change in our culture to one that embraces change, rather than fears change.
- Mosquitoes vs. Alligators: the Task Force wrestled with the size of the problem that could be effectively addressed in the allotted time frame. In the end, the Task Force swatted a lot of mosquitoes, but also opened discussion on how to conquer the alligators.
- Pragmatic – the issues facing the Task Force were sometimes large and often times complex. Effective and cost-efficient solutions require a pragmatic approach to problem solving.
- In order to affect change, there must be a need, willing players and appropriate incentives.
- Don’t add new requirements that make the process more costly or complex. Legislative process often reacts to good ideas or perceived problems without sufficient analysis of the extent of the impact, or consideration of alternatives.
- Partnerships between state agencies, state and local government and between local governments are often times a key component to increasing efficiencies.
- The State (Legislature, agencies) needs to define the “outcome” rather than the “process,” and let the service providers determine the most effective and cost-efficient process for meeting those outcomes.
- Shared solutions – everyone needs to be part of the solution.
- Service delivery systems are interconnected and interdependent – everything is connected to everything else.



Finally, as this Task Force has deliberated for months on recommendations dealing with effectiveness and efficiencies, we should point out that the [Governor’s Reset](#) Cabinet report is another reference point that should be studied and considered as further action in this arena is considered.



Task Force Chair, Rep. Nancy Nathanson, presents some thoughts as Ray Naff, Governor’s Intergovernmental Relations and Economic Revitalization Team Director, looks on.

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Recommendations by Subcommittees

A copy of the full report by each subcommittee can be found in Appendix B. This is a summary of the work for each subcommittee.

Assessment and Taxation

The property tax system is administered in partnership between the counties and the Department of Revenue. Each is responsible for different core functions of the system. The A&T Subcommittee's six recommendations address better use of technology, streamlining of some processes, standardization of some procedures and suggest elimination of requirements that add little or no current value to the property tax system. These recommendations are:

Transform hard-copy, manual processes to electronic, automated processes.

Three components of this concept are being recommended:

- a. Move toward electronic filing and data capture of forms filed with the county assessor or Department of Revenue,
- b. Update archive standards for retention of assessment and tax roll information, and
- c. Modify or eliminate hard-copy notice and mailing requirements.

Action: a. For the electronic filing component, recommend that local tax districts, county assessors and the Department of Revenue develop processes to enable filing of documents electronically, with electronic signatures where necessary.

b. For the archive standards component, recommend that Secretary of State Archives Division update the administrative rules on long-term retention of documents and information to enable archiving of information electronically.

c. For the notice and mailing component, amend statutes to move away from inefficient or ineffective paper-based notices and mailing methods. Need to amend ORS 308.225, 308.290, 308.580, 308A.327, 308A.374, 309.025, 311.223, 311.815, and 321.219.

Eliminate requirement for farm board review of farm values.

Amend statute to allow, but no longer require, counties to use an appointed board to review income factors used in determining farmland values. Each county currently convenes a board to review the value factors, but county assessors have indicated this review process may no longer provide a constructive benefit that outweighs the effort required. This amendment concept would allow a county assessor to determine whether to convene a board for the year, and appoint the board if needed.

Action: Legislative concept being drafted to amend ORS 308A.095 to allow but not require appointment of a farm board at the discretion of the county assessor.

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Require appeals of large industrial property values be made directly to the Tax Court.

Amend statute to require that initial appeals of value of industrial properties that are appraised by the Department of Revenue must be filed with Tax Court rather than the county Board of Property Tax Appeals (BOPTA). These initial appeals at Tax Court would include the appeal of the values of land, improvements, personal property, and machinery and equipment that are part of the industrial property.

Action: Legislative concept being drafted to amend ORS 305.403 and ORS 309.100 to require initial appeals of industrial property appraised by the Department of Revenue to be made to Tax Court instead of the local BOPTA.

Standardize criteria and processes for disclosure exemption.

The goal is to create consistent criteria and processes for exempting personal information from public disclosure and to provide a means by which an exemption from disclosure, once granted, can be canceled.

There are more than 450 public record exemptions in Oregon statute. The Task Force recognized this as a broader problem, affecting many other areas of government. Chair Nathanson has discussed this topic with Attorney General Kroger and the state Archivist. There will be an effort to streamline the statutes and harmonize or standardize the rules to the greatest extent possible.

The work of the task force has allowed us to look at the shared work of the counties and the state through a different lens.

The greatest benefit of our subcommittee's work was our recognition that we must create new ways to collaborate in service delivery and concentrate our efforts on those activities that add the most value for citizens. We can no longer afford to operate 36 separate service delivery systems for core governmental functions.

-Elizabeth Harchenko, Director,
Oregon Department of Revenue

Action: Possible legislation to form a workgroup to develop specific amendments to ORS 192.501 and other public record statutes. Will work jointly with Attorney General and state archivist.

Review efficiency and effectiveness of the Small Tract Forestland Programs (STF).

Consider a range of possible changes to the STF program provided under ORS 321.700 to 321.754. This program has a high administrative cost, evidences relatively low program participation considering the eligible population, and by most appearances is not achieving the purposes for which it was originally intended. The range of possible program changes include: eliminating the program entirely (possibly with a phase-out period), eliminating the program in Eastern Oregon only, increasing the minimum acreage for participation, or removing the mandatory annual acreage verification process.

Action: Agency will work with the Legislature in 2011 to review agency priorities and determine the best method (including consideration of a budget note) to achieve the objectives.

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Recommend changes to exemptions requirements and processes to the 2013 Legislature.

Propose that an interim workgroup be formed to consider options and make recommendations to the 2013 Legislature about centralizing administration of property tax exemption application and certification processing and amending statutes to simplify property tax exemption and special assessment requirements and increase uniformity of the methods of providing exemption.

Action: Agency will work with the Legislature in 2011 to review agency priorities and determine the best method (including consideration of a budget note) to achieve the objectives.

I found this to be very encouraging toward breaking down barriers between different organizations and different entities. I think we've demonstrated it's safe to work together – and that's something we have to change in government from top to bottom and from small to large.

- Denny Doyle, Mayor, Beaverton

In addition to these six recommendations, the subcommittee identified some broader themes and concerns that may impact, but are not unique to, the property tax system. These concerns include:

- The Legislature often prescribes detailed “one size fits all” processes or procedures to address concerns or problems. A better approach would be for the Legislature to create tools to enable counties to address problems at the local level based on desired outcomes. Statutes should specify “what” should be accomplished rather than specifying “how” things get done.
- The Legislature does not give sufficient consideration to the costs to counties of new or changed statutory requirements, nor the counties’ ability to absorb those costs. The Legislature should establish standards for imposing new costs or meaningful review of legislation that increases county costs similar to the standards it uses when reviewing the fiscal impact of legislation on state government.
- On-line access to public information is in demand and should be enabled and supported by state law, including standardized data sets and principles for collaboration between state and local government in sharing data.
- The Legislature should provide support for, and enable, collaboration in managing county functions regionally.

County Services Planning Council

The County Services Planning Council Subcommittee focused on the delivery of services to residents of the six counties that will experience the most dramatic reduction to their general fund resources when federal forest payments end in 2012 (Coos, Curry, Douglas, Jackson, Josephine and Lane). County commissioners and finance/budget officers from each of those counties were invited to participate in subcommittee discussions. The subcommittee recognized there are 10 counties in which

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the general fund will lose 20 percent or more, and 21 counties whose road funds will lose 20 percent or more.

Refinement of SB 77 procedure regarding determination of county inability to meet minimally adequate public safety.

Senate Bill 77 (2009) established the process to declare a public safety services emergency in a fiscally distressed county. (The bill has been codified at ORS 203.095 and 203.100). In the view of the County Services Planning Council Subcommittee, the law does not provide a complete process that will result in recovery of the county. The purpose of this recommendation is to complete this process.

Action: Legislative concept being drafted to:

- **Clarify ORS 203.095 to permit an anticipatory assessment by the Oregon Criminal Justice Commission of when a county will no longer be able to provide a minimally adequate level of public safety services. Current law provides that the Commission finding is that “the county is providing a less than minimally adequate level of public safety services.” In other words, it reacts to, rather than anticipates, the crisis. Permitting the Commission to find that a breach of the standard will occur at a stated date in the future will reduce the subsequent gap in county public safety financing.**

The precarious financial position of counties is not going to end any time soon. It is critical that we continue to work with our state partners on solutions that will work for the people we serve.

- Susan Morgan, Douglas County Commissioner

- **Amend ORS 203.095(5) to provide that when there is a declaration that the county cannot provide a minimally adequate level of public safety services, the fiscal control board shall include in its recommendations an estimate of revenue needed to return to or maintain the minimal standard of services. In other words, the board will establish a potential gap funding amount.**

- **Provide that the details of the gap funding package will be negotiated by the fiscal control board and the county governing body, which then will be recommended to the Governor and Legislature.**

- **Amend ORS 203.095(5)(g) to provide that a county election on a public safety measure will be on the May or November regular election date, to avoid double majority requirements.**

- **Permit the gap funding package to be offered by the State, if the county will hold an election on an adequate local measure**

creating a funded law enforcement district, a permanent county levy, or a local option levy for law enforcement. If the county measure fails, the gap funding will stop. If the measure passes, state gap funding will continue until the county can borrow on anticipated property tax revenues. The state revenue could come from the Emergency Fund; the Legislature would have to anticipate this potential action in its biennial budget.

Continue the work of the County Services Planning Council (CSPC).

Because the CSPC is dealing with issues that will extend beyond the life of the Task Force on Ef-

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fective and Cost-Efficient Service Provision, the CSPC strongly recommends that it continue. The subcommittee recognized the body of work in the Governor’s Task Force on Federal Forest Payments and County Services (January 2009), and is hoping to keep this report at the forefront of continuing discussions. It is accepted that many recommendations from the Governor’s Task Force cannot be implemented at this time due to the severe budget constraints facing the state of Oregon, but the subcommittee further recognizes that the recommendations from the Governor’s Task Force are still good recommendations that should not be forgotten or allowed to languish.

Action: Task Force Subcommittee becomes a work group.

It should be noted that these two recommendations from this subcommittee will benefit all counties, not just the six that were studied.

Criminal Justice

The Criminal Justice subcommittee forwarded seven recommendations, two of which have been incorporated into the broader “general recommendations” category (consolidation of motor pool services and building a public safety center for multiple agencies – general recommendation on partnerships). Several overarching themes were evident during discussions of this subcommittee including economies of scale, duplication of services and regionalization of services. There are many pieces to the criminal justice system incorporating a number of agencies at the state, county and city levels. The subcommittee recognizes that cooperation among the entities will be a key factor in moving these recommendations forward.



Chris Brown, Superintendent, Oregon State Police and Fari-borz Pakseresht, Deputy Director, Oregon Youth Authority

Mitigation of staff overtime when officers (state, county and city law enforcement and Department of Corrections) are subpoenaed to court.

State, county and city law enforcement officers as well as DOC correctional officers are required to appear in court. Scheduling inefficiencies are routine, causing law enforcement officers to sit in courthouses for hours or days at a time, taking them away from their regular work schedule. The subcommittee recommends better coordination on scheduling law enforcement appearances and/or guaranteed access to the Internet in courthouses so that officers can, at a minimum, have access to computerized work.

Action: Legislative concept being drafted to create a pilot project with one or more counties to develop best practices in coordinating court schedules.

Fine collection by Justice Courts.

Efficient collection of fines by justice courts is an issue of concern. Lane County, for example, has approximately \$18 million worth of uncollected fines from the previous ten years. The subcommittee recommendation would allow justice courts to use the full range of collection services from the Oregon Department of Revenue.

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Action: Legislative concept being drafted to amend ORS 293.250 to allow courts to use the full range of collection services from the Oregon Department of Revenue.

Pharmaceutical services sharing by the Department of Corrections (DOC) and the Oregon Youth Authority (OYA).

This recommendation will create a partnership between DOC and OYA in order to be cost efficient for pharmaceutical purchasing, packaging and pharmacist services. The DOC bulk purchases medications through the Minnesota Multistate Contracting Alliance for Pharmacy (MMCAP) and repackages them for inmate use. MMCAP provides a 40 percent discount. OYA currently provides pharmaceuticals through Payless Pharmacies. Through this partnership OYA will decrease medication costs while increasing efficiency and operations.

Action: Agencies will collaborate to explore possibilities, report on progress to the Task Force prior to October 1, 2010, and make a final report to the 76th legislative assembly on the best method to achieve objectives.

Shared housing of special populations in county jails.

Governmental bodies should explore the possibility of sharing certain pods, cell blocks or other units within their correctional facilities for specific categories of inmates. Each county jail houses its own offenders. An entire pod or cell block may be used to house a small specific population such as three female offenders or 10 high-risk offenders. The remainder of that pod or cell block remains unused. The recommendation is for county jails to consider regional housing of these special populations.

Action: Legislative concept being drafted to create a work group.

Reduce duplication in inspection of county jails.

Oregon statute dictates that the Department of Corrections (DOC) conduct inspections of county jails. ORS 169.070 outlines the 14 standards that must be met to ensure compliance. The Oregon State Sheriffs Association (OSSA) has developed a peer audit system whereby other county jail employees conduct their audits. As a result of ORS 169.070, DOC pays for two retired community corrections employees to conduct the county jail audits in concert with the county jail peer auditors. This is a separate component from that part of the statute that mandates that DOC inspect city jails, lockups, temporary holds and juvenile detention facilities. Under the recommendation the DOC will provide technical assistance to counties, but will no longer provide duplicate inspections.



Chair Nathanson displays the state-county shared services chart.

Action: Legislative concept being drafted to amend ORS 169.070.

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Elections

The Elections subcommittee spent time discussing the Voter Registration Modernization Pilot Project (described below). The Oregon Secretary of State is moving forward with this pilot project. The subcommittee focused largely on one recommendation that, if implemented, will greatly increase the efficiency, and decrease the cost, of the elections process. County clerks provided a great deal of technical assistance and information critical to the development of this proposal.

The two recommendations of the Elections Subcommittee are:

Voter Registration Modernization Pilot Project.

The Pew Center on the States conducted a study in Oregon showing the costs of voter registration in Oregon during the 2008 election. State and local government spent approximately eight million dollars, or \$4.11 per registered voter. The Pew Center will bear the cost of the pilot project which will use secure data matching technology already widely used in the private sector to match multiple databases, both public and private, in order to more frequently and accurately update voter registration rolls.

Action: Task Force supports the Secretary of State's office participating in this pilot project.

The work of this Task Force is very complementary to what we're doing in my agency.

- Kate Brown,
Secretary of State

Elimination of county-conducted election of political party precinct committee people.

Currently, county clerks have responsibility for conducting elections for precinct committee people for both the Democratic and Republican parties for approximately 15,000 positions. During the 2008 Primary election only 28 of these 15,000 positions were contested and 12,306 seats remained vacant. During the 2008 Primary election county election offices hand counted 90,488 write-in votes with only 1,406 receiving three or more votes, and only 456 of those write-in candidates accepted the nomination.

Action: Legislative concept being drafted to amend ORS 248.015-248.029.

Human Services

The Human Services subcommittee was somewhat challenged in coming up with recommendations that haven't already been suggested in another forum. The Governor's Reset Cabinet, the Performance Excellence Committee and the Federal Forest Payments Task Force are either in the process of, or already have put forth, applicable recommendations. This subcommittee suggests the recommendations from all of these groups be compiled for review. The Oregon Department of Human Services is in the implementation phase of a major transformation initiative which includes improving service delivery and in creating efficient processes.

The recommendations forwarded by this subcommittee include:

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Transformation of health and human services, from prioritization to redesign to continuous improvement.

With the existing and continuing fiscal crisis, the many entities in state and local government that administer and deliver human services must be examined and improved for the most effective and efficient delivery to maximize remaining resources and protect the most critical services to the greatest degree possible. Service must be prioritized and then targeted for redesign and improvement. Roles must be clearly defined and regulatory requirements streamlined while still ensuring accountability, stewardship of funds, and quality of service through appropriate planning, reporting and auditing.

Action: Legislative concept being drafted to instruct DHS to form a task force or steering committee to choose the highest priority services for analysis and improvement.

Information technology (IT) interoperability.

Ensure interoperability of health and human services information technology systems as part of a long term plan to create efficiencies, reduce costs and ensure systems are working together to provide quality services to Oregonians. This concept can be expanded to include other state and county services such as child support, housing, education and corrections.

Action: Legislative concept being drafted to create a work group or steering committee to assess current situation and recommend ways to manage a data and information system.



A Task Force work session.

Efficient use of legal counsel and streamlining contracting processes between state and county government.

Standardize and simplify contracts and processes to reduce attorney time and cycle time in the contracting process.

Action: Encourage ongoing efforts at Department of Justice and Department of Administrative Services.

The subcommittee discussed two issues that were deemed outside the scope of this Task Force, and therefore were not forwarded as recommendations. However, the subcommittee would like to mention these two ideas so that they may be considered by an appropriate body:

Report of the Task Force

1. Making one's own end-of-life plan (policy issue): this proposal would bring together all necessary resources to inform, educate, promote and assist people who wish to make informed decisions before an emergency arises and avoid many expensive and undesired medical interventions.
2. Community Mental Health Alternatives (policy issues): This proposal entails investing in community mental health residential alternatives and reducing the state's investment in additional psychiatric hospitals.

Conclusion

This effort has not resolved the financial crisis at hand. Nor was it intended to do so. The task force was successful in identifying steps that can be taken to increase the effectiveness and efficiency of governance and service delivery systems. These recommendations are only a starting point – there is much work yet to be done.

There is amazing work in this report in terms of improving processes. I am hopeful that we will be moving forward with some sort of 2.0 version toward a more complete redesign – I think that's where state government really need to be going. There are pieces happening, in the Governor's reset report and in this report, but I hope that this chair would lead the next conversation toward true redesign.

- Kate Brown, Secretary of State

Appendices

Appendix A: Summary of Recommendations

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Appendix C: Summary of Presentations to the Task Force

Appendix D: List of Subcommittee Technical Members

Appendix E: Authorizing Legislation - HB 2920

Appendix F: State/County Shared Services Chart

Appendix A:

Summary of Recommendations

Full Task Force

- a. Reduce duplicate and unnecessary audits (legislative)
- b. Establish “fiscal impact” guidelines for statutes affecting local governments (raise issue with legislative leadership)
- c. Establish standards for managing public information (data) that balances public value, privacy and public safety (legislative)
- d. Enable and encourage regional management and partnerships (encourage jurisdictions to explore possibilities)
- e. Continue this collaborative effort (legislative)

Assessment and Taxation

- a. Transform hard-copy, manual processes to electronic, automated processes (legislative, administrative)
- b. Eliminate requirement for farm board review of farm values (legislative)
- c. Require appeals of large industrial property values be made directly to the Tax Court (legislative)
- d. Standardize criteria and processes for disclosure exemption (possible legislation, work with Attorney General and State Archivist)
- e. Recommend changes to exemptions requirements and processes to the 2013 Legislature (DOR work with Legislature to determine best course of action)
- f. Review efficiency and effectiveness of the Small Tract Forestland Programs (STF) (DOR work with Legislature to determine best course of action)

County Services Planning Council

- a. Refinement of SB 77 procedure regarding determination of county inability to meet minimally adequate public safety (legislative)
- b. Continue the work of the County Services Planning Council (CSPC) (form a work group)

Criminal Justice

- a. Mitigation of staff overtime when officers (state, county and city law enforcement and Department of Corrections) are subpoenaed to court (legislative)
- b. Fine collection by Justice Courts (legislative)
- c. Pharmaceutical services sharing by the Department of Corrections (DOC) and the Oregon Youth Authority (OYA) (collaboration among agencies)
- d. Shared housing of special populations in county jails (collaboration among counties)
- e. Reduce duplication in inspection of county jails (legislative)

Elections

- a. Voter registration modernization pilot project (support current effort)
- b. Elimination of county-conducted election of political party precinct people (legislative)

Appendix A: Summary of Recommendations

Human Services

- a. Transformation of health and human services, from prioritization to redesign to continuous improvement (legislative)
- b. Information technology (IT) interoperability (legislative)
- c. Efficient use of legal counsel and streamlining contracting processes between state and county government (encourage ongoing efforts)

Appendix B: Subcommittee Reports



DATE: May 27, 2010

TO: Rep. Nancy Nathanson, Chair
Task Force on Effective and Cost-Efficient Service Provision

FROM: Elizabeth Harchenko, Chair
Subcommittee on Assessment & Taxation

SUBJECT: Recommendations from A&T Subcommittee

Attached are the A&T subcommittee recommendations to improve efficiency and effectiveness in administration of the property tax system. These recommendations address better use of technology, streamlining of some processes, standardization of some procedures, and suggest elimination of requirements that add little or no current value to the property tax system. Our six recommendations has been labeled for ease of reference (A to F), but we have not established priorities among them.

In addition, the committee is raising some concerns that are inherent in shared state-county services beyond the property tax system. Those concerns are discussed further below.

Background

The property tax system is administered in partnership between the counties and the Department of Revenue. The counties are responsible for the following core functions:

- Determining what property is subject to property tax, what property is exempt, and what property is eligible for special assessment.
- Maintaining an inventory of all property within the county boundary. Describing the location and character of property – mapping; improvements; and ownership.
- Determining the value of all taxable property (personal property, residential property, farm/forest/open space lands, commercial use properties, and small industrial) and defending these values in appeals – except for those that are specifically assigned to the Department of Revenue as described below.
- Applying Measure 5 and Measure 50 limitations on all accounts, including those appraised by the Department of Revenue.
- Preparing annual assessment and tax roll.
- Calculating the tax due and mailing tax statements.
- Collecting and distributing the tax to the districts.
- Enforcing collections on all delinquent accounts including tax foreclosure proceedings.

Appendix B:

Subcommittee Reports

- Preparing a multitude of annual reports and studies for the Department of Revenue and the Legislature as required by statute.

The Department of Revenue is responsible for the following functions:

- Assuring that standards for tax administration are consistently followed in the counties by providing technical support, education and administrative oversight.
- Determining the non-land portion of value of large industrial plants (more than \$1M of value) and utilities (communications, transportation and energy).
- Defining mapping standards and providing contract mapping for 14 counties.
- Defending property value appeals for those accounts that are the department's responsibility to appraise.

Stakeholder Themes and Concerns

The committee asked for comment from county assessors and tax collectors, local government representatives and other stakeholders of the property tax system. Several key themes emerged from those comments:

- The state and the counties should take advantage of technology to improve service and make processes more efficient – investment of dollars to implement technology will reduce costs to operate the system in the long run.
- There are many slight differences between processes for individual property tax exemptions and special assessments that create inefficiency and extra costs in the system.
- There are procedural requirements that had a useful purpose in the past but no longer add value, or that impede efficient property tax administration.
- The statutes tend to direct county tax officials to take specific steps or to use specified procedures (recipes) rather than to describe desired outcomes for the system and give officials tools to achieve those outcomes. For example, division of taxes in an urban renewal district has gotten so complex and confusing that there are now eight different calculation methods.
- The Legislature should do more to recognize that property tax administration benefits the state as well as local taxing districts by reducing the dependence of local governments on the state to fund services.

Additional Property Tax Issues

In addition to the specific recommendations, the subcommittee also offers the following Assessments & Taxation system concerns for additional consideration:

- Each unique exemption or special assessment adds administrative costs and complexity to the property tax system. The Legislature should consider whether other tools to encourage specific activities would be more appropriate than tax exemptions that reduce the resources available to fund local government services.
- The Legislature should not enact new property tax exemptions or special assessments unless there is a demonstrable benefit to the public that outweighs the revenue losses and administrative costs to the system.
- The Legislature should look for ways to standardize processes for exemption applica-

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tions, and engage state agencies with subject matter expertise in exemption administration (example: enterprise zones).

- The Legislature may need to establish specific priorities among the statutory duties of county governments. Should priority be given to property tax administration because it is a core function that serves all of local government?

Additional Subcommittee Concerns

In addition to the specific recommendations presented, the subcommittee identified some concerns that affect most or all shared county-state services. These concerns grew out of discussion of property tax administration, but they are not unique to the property tax system. The subcommittee decided to raise these concerns in narrative form for further consideration by the full task force.

- The Legislature does not give sufficient consideration to the costs to counties of new or changed statutory requirements, nor the counties' ability to absorb those costs. The Legislature should establish standards for imposing new costs or meaningful review of legislation that increases county costs similar to the standards it uses when reviewing the fiscal impact of legislation on state government.
- The Legislature often prescribes detailed "one size fits all" processes or procedures to address concerns or problems. A better approach would be for the Legislature to create tools to enable counties to address problems at the local level based on desired outcomes. Statutes should specify "what" should be accomplished rather than specifying "how" things get done.
- As the use of technology increases and the amount of information that can be made publicly available increases, the Legislature needs to articulate standards that balance the needs for privacy and personal safety with government transparency and public value. Some effort must be made to actively manage, and standardize, the policies for protecting sensitive information and identities, and reduce the cost of implementing those standards.
- On-line access to public information is in demand and should be enabled and supported by state law, including standardized data sets and principles for collaboration between state and local government in sharing data.
- The Legislature should provide support for, and enable, collaboration in managing county functions regionally.

The Assessment & Taxation Subcommittee believes that implementation of its specific recommendations will help create efficiencies and greater effectiveness in administration of the property tax system. The subcommittee also believes that the broader concerns identified in this memorandum should be discussed and addressed by the full task force in the final report.

The subcommittee is deeply grateful for the assistance we received from our technical advisors, stakeholders and Revenue staff.

Appendix B: Subcommittee Reports

Subcommittee: Assessment and Taxation Subcommittee

Title of recommendation: A. Transform hard-copy, manual processes to electronic, automated processes.

Description: Three components of this concept are being recommended. They are: (a) move toward electronic filing and data capture of forms filed with the county assessor or Department of Revenue, (b) update archive standards for retention of assessment and tax roll information, and (c) modify or eliminate hard-copy notice and mailing requirements.

The electronic filing component would encourage moving from paper-based filing processes toward electronic filing processes where data could be electronically captured. This would include real and personal property returns, exemption claim forms, tax certifications, tax deferral applications, and other documents.

The archive standards component would encourage updating archive standards to move from long-term microfiche recording and storage to an automated recording and retention process that is electronically searchable and retrievable.

The hard-copy notice and mailing component is recommended to address the following statutory requirements:

(Mailing requirements)

- Department of Revenue or the county assessor currently mail blank property return forms to taxpayers (ORS 308.290). This could be eliminated.
- Department of Revenue mails approval/disapproval of boundary changes to taxing districts and assessors (ORS 308.225). Amend to “provide notice” instead of mail.
- Convert certified mail requirements to first class mailing requirements in these statutes: ORS 308A.327 and ORS 308A.374 (demands for confirmation by taxpayer of use qualifying for tax benefit), and ORS 311.223 (notice of additional tax and appeal rights).

(Publication requirements)

- Department of Revenue publishes notice of the beginning of the Department’s review of the tentative central assessment roll (ORS 308.580). Eliminate.
- Counties publish notice of the start of the Board of Property Tax Appeals hearings three times (ORS 309.025). Amend to only require public meeting notice.
- Counties publish notice of taxing district abandonment of purpose/project for which taxes were approved. (ORS 311.815). Eliminate this publication requirement because the

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county's resolution would occur after normal public meeting notice anyway.

- Publication of notice of an appeal of certified forestland values twice in two weeks (ORS 321.219). Amend to provide notice as determined by rule of the Department of Revenue.

Recommended action

Action: (a) For the electronic filing component, recommend that local tax districts, county assessors, and the Department of Revenue develop processes to enable filing of documents electronically, with electronic signatures where necessary.

(b) For the archive standards component, recommend that Secretary of State Archives Division update the administrative rules on long-term retention of documents and information to enable archiving of information electronically.

(c) For the notice and mailing component, amend statutes to move away from inefficient or ineffective paper-based notices and mailing methods.

Who is responsible for the action: Department of Revenue and local governments work through electronic filing issues. Secretary of State Archives Division modifies rules on long-term retention standards. Counties and Department of Revenue implement new mailing or notice requirements.

When: 2010 recommendation on the electronic filing and archive standards components.
2011 legislation on the mailing and notice component

How it will be accomplished: By component, (a) counties, local governments, and the Department of Revenue work toward electronic filing, (b) Secretary of State Archives Division amends rules on retention standards, and (c) amendment of ORS 308.225, 308.290, 308.580, 308A.327, 308A.374, 309.025, 311.223, 311.815, and 321.219.

Indicate whether this proposes a change in administrative practice, administrative rule, or state law: By component, (a) change to administrative practice, (b) change to administrative rule, and (c) change to state law.

List units of government that would be affected: Department of Revenue, counties, cities, school districts, and other local governments. Secretary of State Archives Division would be affected by the recommendation on the archiving standards update.

Background information

The problem or issue being addressed: This recommendation addresses the general problem that producing and processing documents in paper form is becoming relatively inefficient, and notice procedures requiring certified mailing or multiple newspaper publica-

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tions may not be particularly effective any longer. Processing costs are greater for paper filings than documents filed electronically in a format compatible with automated data capture. Similarly, archive standards for long-term retention require copying information to microfiche, but doing so means the information is not as readily searchable as electronic files, and it is an expensive process to generate and store the archival copy.

Alternatives considered:

With respect to the electronic filing component, simplification of forms was considered, but that would only address part of the processing concern, and that could require policy decisions about qualifying criteria. Moving to electronic filing could involve simply retaining images of documents electronically, or it could also involve data capture that would lead to greater efficiency.

For the notice and mailing component, the newspaper publication requirements could be amended to continue requiring newspaper publication, but in a lower-cost manner. However, in some cases, it was not clear that newspaper notice was effective or that anyone would be interested in the notice. An example of this was the Department of Revenue publication of the notice of the tentative central assessment roll. The Department is aware of little, if any interest in or need for the notice because the affected taxpayers receive a separate notice anyway. On the certified mailing amendment ideas, there was discussion that recipients may avoid picking up the certified mail, so that notice method might not be appreciably better than regular first-class mail.

A newspaper publication requirement in local budget law is being considered for amendment separately by a workgroup of local government and other stakeholders.

Expected outcome

Describe the expected benefits, including increased efficiency, decreased or avoided cost, improved relationships and new collaborations: Increased efficiency would lead to reduced costs. The combined savings are anticipated at about \$300-400 thousand per year, plus another possible \$100 thousand every five years depending on the permanent archive changes.

- Implementing the electronic filing changes is anticipated to reduce processing, storage, and retrieval costs of counties by about \$100,000 per year.¹
- Amending archive standards could lead to retention of information and documents at lower cost and in a format that is more usable. Potential savings to counties from not copying to microfiche is expected to be about \$100,000 each five years (based

¹ Annual savings statewide are estimated at 2 FTE (at \$50,000 each) as data entry and paper filing work decreases.

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on current permanent retention requirements)².

- The notice and publication amendments are anticipated to generate a net efficiency gain. Direct savings from these changes are estimated to be about \$230,000 per year, with most of these savings accruing to counties and a few thousand in savings for the Department of Revenue³.

Projected cost: \$100,000 to \$1,000,000 for initial development of electronic forms and data capture applications.⁴ Minor ongoing costs for maintenance and continued processing of some paper documents is also anticipated. Costs for archiving to new standards would likely be less than current costs once changes are initially implemented.

Time line for accomplishing results or seeing improvements: The electronic filing and archive standard changes could take 2 to 5 years to implement because of the need to reprogram for processing electronic documents. Publication and notice amendments could be implemented by 2011 or 2012.

Support:

No opposition has been raised. However, newspapers may be concerned about changes to publication requirements and taxpayers might have concerns about moving away from certified mail requirements on collections notices.

Stakeholders

List groups that are interested in this issue: Association of Oregon Counties, county assessors, Department of Revenue, Special Districts Association of Oregon, School Boards Association, League of Oregon Cities, and taxpayers. In addition to these, the newspaper publishers association and county clerks would be interested in the notice amendment ideas, and Secretary of State Archives Division would be concerned with the archive standards recommendation.

Suggestions for individuals and groups to be engaged in working out details or generating support: See stakeholder groups listed above.

² Assume a few thousand dollars savings per county for each 5th year permanent archive.

³ Assume 135,000 returns mailed annually at \$1.40 shipping each, plus staff time, and a few thousand in savings if the notice of the tentative central assessment roll were not published in the paper. Savings from other changes would mostly result from about \$25,000 per year for the BOPTA notice change and \$10,000 from 1st class rather than certified mail on additional tax notices (around 2,500 letters at \$4 each).

⁴ Most counties and the Department of Revenue will incur initial programming cost to develop electronic forms and capture information electronically. This is estimated at 40 to 300 hours development time per county and the Department of Revenue, at \$80/hour.

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Subcommittee: Assessment and Taxation Subcommittee

Title of recommendation: B. Eliminate requirement for farm board review of farm values.

Description: Amend statute to allow, but no longer require, counties to use an appointed board to review income factors used in determining farmland values. Each county currently convenes a board to review the value factors. This amendment concept would allow a county assessor to determine whether to convene a board or not for the year, and appoint the board if needed.

Recommended action

Action: Amend statute to allow but not require appointment of a farm board at the discretion of the county assessor.

Who is responsible for the action: The county assessor would make the determination to appoint a farm board or not and appoint the board if needed.

When: 2011 legislation. Effective in 2012.

How it will be accomplished: Amend ORS 308A.095

Indicate whether this proposes a change in administrative practice, administrative rule, or state law: Statutory change. Administrative practice would change at the discretion of each county assessor.

List units of government that would be affected: Counties.

Background information

The problem or issue being addressed: Current law requires each county to appoint a farm board to review and make recommendations to the assessor concerning the appropriateness of using particular income factors in developing farmland values. The review process requires the county governing body to appoint board members and put resources into coordinating the board meetings as well as preparing for and attending them. Some county assessors have indicated that this review process may no longer provide a constructive benefit that outweighs the effort required.

Alternatives considered: The Subcommittee initially considered eliminating the statute on this altogether, but given the input of assessors supporting the review as an option, the Subcommittee decided to recommend eliminating the requirement but retaining the process as an option.

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Expected outcome

Describe the expected benefits, including increased efficiency, decreased or avoided cost, improved relationships and new collaborations: County assessors would be able to skip this appointment and review process. This would free up at least a few hours of time and resources that could be used for other appraisal and assessment processes.

Projected cost: No cost to implement this change. Counties that continued using the farm board review would see no change.

Time line for accomplishing results or seeing improvements: 2011 or 2012, depending on Legislation timing.

Support:

No opposition has been raised to the idea of making the farm board review optional.

Stakeholders

List groups that are interested in this issue: County commissioners, county assessors, farm owners, and the Oregon Farm Bureau. The OR Department of Agriculture might be interested as well.

Suggestions for individuals and groups to be engaged in working out details or generating support: Oregon Farm Bureau, county assessors, county commissioners, farmers.

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Subcommittee: Assessment and Taxation Subcommittee

Title of recommendation: C. Require appeals of large industrial property values be made directly to the Tax Court.

Description: Amend statute to require that initial appeals of value of industrial properties that are appraised by the Department of Revenue must be filed with Tax Court rather than the county Board of Property Tax Appeals (BOPTA). These initial appeals at Tax Court would include the appeal of the values of land, improvements, personal property, and machinery and equipment that are part of the industrial property.

Recommended action

Action: Amend statute to require initial appeals of industrial property appraised by the Department of Revenue to be made to Tax Court instead of the local BOPTA.

Who is responsible for the action: Following legislation, taxpayers would file initial appeals at Tax Court instead of the BOPTA.

When: Develop recommendation in 2010; legislation to be effective in 2011.

How it will be accomplished: Amend ORS 305.403 and ORS 309.100.

Indicate whether this proposes a change in administrative practice, administrative rule, or state law: Statutory change.

List units of government that would be affected: Counties, Department of Revenue and the Judicial Department.

Background information

The problem or issue being addressed: This addresses an effectiveness and efficiency concern. Current law provides that appeals of large industrial property values may be made first to the county BOPTA or directly to the Tax Court (taxpayer's choice). One issue is that the county BOPTA is made up of appointed volunteers that are not always experienced in complex valuations such as arise with these industrial properties. Therefore, BOPTA appeals may not be consistently dealt with across counties. On average local boards of property tax appeals allow no more than 15 minutes per appeal which means little time exists to consider the complexities of an industrial account.

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Another issue is that a substantial share of the BOPTA value appeals end up being sustained and appealed on to Tax Court. It is estimated that around 60 large industrial sites may be appealed first to BOPTA in any year and another 25 sites may be appealed directly to Tax Court. A little over half of those appealed to BOPTA are estimated to be appealed on to Tax Court⁵.

When appeals run through BOPTA to Tax Court, this can cause a couple negative results. One is that the Department of Revenue duplicates efforts to respond both at the BOPTA and Tax Court levels of appeal. County assessors also track these appeals and the BOPTA board hears them. Another result is that the initial BOPTA appeal for these properties delays the resolution of the appeal. This delay leads to a larger accrual of refund interest due on successful appeals. The resulting increase in refund interest effectively reduces revenue to local governments including schools.

Alternatives considered: The Subcommittee discussed eliminating the initial BOPTA appeals for small industrial and commercial properties, but decided not to include those properties because some assessors found the BOPTA appeals process generally to be productive and preferable to going through Tax Court for those properties.

Expected outcome

Describe the expected benefits, including increased efficiency, decreased or avoided cost, improved relationships and new collaborations: These appeals would be resolved more quickly if begun in the Tax Court rather than at the BOPTA. The appeal process will be reduced by up to three and a half months.⁶ A reduction in the duration of the appeals process would reduce the amount of refund interest paid from funds that would otherwise be distributed to local governments. Counties would benefit slightly from reduced workload of the BOPTA boards, BOPTA clerks, and reduced appeals tracking by the county assessors. Industrial appeals would also be dealt with more consistently.

Projected cost: There is potential for an increase in state defense costs for the sites that might otherwise be appealed to BOPTA and be conclusively resolved there. However, it is reasonable to assume that accounts that settle prior to the BOPTA hearing would just as likely settle early in the Tax Court appeal process.

Time line for accomplishing results or seeing improvements: 2011 Legislation could be effective for 2011-12 tax year appeals filed in 2011.

5 Estimates based on DOR Valuation statistics from 2008 and 2009 (to date).

6 Tax statements are issued in late-October. BOPTA appeals are filed by Dec. 31 and decided by mid-April.

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Support:

County assessors supported this change, but industrial property owners could be concerned about losing an optional appeals avenue and the Tax Court could have concerns about increasing their workload.

Stakeholders

List groups that are interested in this issue: Associated Oregon Industries, Association of Oregon Counties, county assessors, Department of Revenue, industrial property taxpayers, Tax Court.

Suggestions for individuals and groups to be engaged in working out details or generating support: See list of interested groups above.

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Subcommittee: Assessment and Taxation Subcommittee

Title of recommendation: D. Standardize criteria and processes for disclosure exemption.

Description: Amend statute to create consistent criteria and processes for exempting personal information from public disclosure. Amend statute to provide a means by which an exemption from disclosure, once granted, can be canceled. This applies to assessment and taxation records as well as other records at the state and local level.

Recommended action

Action: Amend existing statutes on public records disclosure to provide a single method for protecting confidential personal information.

Who is responsible for the action: The Legislature.

When: Recommendation developed in 2011-12. Legislation to be considered in 2013 session.

How it will be accomplished: Form a workgroup to develop specific amendments to ORS 192.501 and other public record statutes.

Indicate whether this proposes a change in administrative practice, administrative rule, or state law: Statutory change.

List units of government that would be affected: State, county, and other local governments.

Background information

The problem or issue being addressed: Recent legislation has created different exemption criteria and processes for preventing public disclosure of taxpayer information for different groups of people. This has meant counties have implemented multiple processes to prevent disclosure, when a consistent legislative approach could have resulted in a single process that could be more easily implemented. Also, there is not a clear responsibility assigned or method prescribed for canceling an exemption from disclosure after it has been granted and the person no longer qualifies for the exemption.

Alternatives considered: None.

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Expected outcome

Describe the expected benefits, including increased efficiency, decreased or avoided cost, improved relationships and new collaborations: A consistent process would eliminate the need for future programming changes to accommodate new groups of protected individuals. Individuals and title companies would benefit from a single, clear exemption process.

Projected cost: Initial implementation programming costs will vary by county if a new process differs from existing requirements.

Time line for accomplishing results or seeing improvements: 2010 recommendation for legislation would lead to legislation in 2011 and implementation in 2011 or 2012, depending on amount of changes needed.

Support:

No opposition has been raised. It is likely there would be concern about this from the public, the media, financial and real estate industries, public safety officers, and attorneys.

Stakeholders

List groups that are interested in this issue: Counties, county assessors, public safety officers and district attorneys, and title companies.

Suggestions for individuals and groups to be engaged in working out details or generating support: Association of Oregon Counties, title companies, county assessors, delegates of public safety officers, the Department of Justice, and the State Bar.

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Subcommittee: Assessment and Taxation Subcommittee

Title of recommendation: E. Review efficiency and effectiveness of the Small Tract Forestland Program (STF).

Description: Consider a range of possible changes to the STF program provided under ORS 321.700 to 321.754. This program has a high administrative cost, evidences relatively low program participation considering the eligible population, and by most appearances is not achieving the purposes for which it was originally intended. The range of possible program changes include: eliminating the program entirely (possibly with a phase-out period), eliminating the program in Eastern Oregon only, increasing the minimum acreage for participation, or removing the mandatory annual acreage verification process.

Recommended action

Action: Form a workgroup to review the STF program and recommend legislation to increase efficiency and focus government resources on critical policy areas of forestland taxation.

Who is responsible for the action: An interim work group.

When: Develop recommendations 2011-2012, for 2013 legislation recommendations.

How it will be accomplished: Repeal or modify Small Tract Forestland statutes.

Indicate whether this proposes a change in administrative practice, administrative rule, or state law: Statutory change.

List units of government that would be affected: Administrative costs saved by the Department of Revenue will revert to the common school fund, county general funds and the community college fund. Counties will also experience some administrative cost savings under certain options that reduce program participation. Positive revenue impact to local governments under several possible options.

Background information

The problem or issue being addressed: The STF program began in 2004 as an alternative for small forestland owners in Oregon, and coincided with the end of the timber privilege tax in Oregon. Under the privilege tax, timber owners paid tax primarily at the time of harvest and therefore had the cash flow to pay the tax. When the privilege tax was

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phased out it was replaced with a tax on forestland rather than the timber on the land. Larger industrial owners generally rotate their harvests and have a steady cash flow. Small forestland owners are less likely to have an annual rotation and therefore are less likely to have an annual revenue stream to pay an annual tax. The STF program was created to provide cash flow protection for small woodland owners who may not own enough forestland to time their harvest and manage their cash flow between tax payments and harvest receipts.

Taxation of forestland and the STF program scheme:

Forestland has a special tax treatment in that it is assigned a reduced or “specially assessed” value. The STF program participants pay an annual tax on 20% of the reduced (specially assessed) forestland value. The actual taxable value may be less than that when adjusted for the limitations of Measure 50, applicable to all taxable property in Oregon. When STF owners ultimately harvest, if they do, they would be required to pay what amounts to a theoretical equivalent of the remaining 80% of the unpaid tax that cumulatively accrued each year on the forestland. In reality then, while the program was designed to aid select taxpayers with cash flow issues, the design of the program allows taxpayers that do not have a cash flow issue to participate.

Example: STF program participant with 20 acres of forestland in Eastern Oregon. Annual forestland tax difference between STF and non-STF program = \$10.59 (assume tax rate of \$10.74 per 1000).

Statutory program criteria crafted to place eligibility and compliance sideboards on the program requires relatively high verification, validation and processing costs for the number of program participants.

Policy issues with the STF program:

- Owners with minimal acreage arguably do not have a meaningful cash flow problem which puts the value of the policy in question. Sixty percent of the participants own less than 21 acres meaning the whole system operates to aid small forestland taxpayers by allowing them to defer merely \$20 a year.
- The deferred tax can take between 50 and 80 years to realize for local governments.
- The owner might not ever harvest,
- The program could change in the next 80 years or
- The timber, if destroyed by fire, may result in no tax consequence.

Statutory program administrative issues:

Verification of program requirements and account processing functions identified below present a high level of administrative effort for this program that is significantly disproportional.

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tionate to the number of participants and incongruent with the taxation policy objectives.

- Annual maximum and minimum acreage verification,
- Annual matching of harvest information to acres in the program,
- Annual program applications,
- Annual harvest volume returns and
- Processing of disqualification from the program. One recent disqualification took 5.5 hours of staff time (not counting the county assessor office work) to disqualify 8 acres as it no longer qualified. The calculation of the additional tax resulted in a billing of \$20.88.

There are about 14,000 accounts in the program, and the majority of the administration costs tends to be related to a minority of the accounts where ownership changes or new applications are received. Both Department of Revenue's typical administrative costs and the administrative costs of the counties are estimated at roughly \$50,000 per year, for a total of \$100,000 per year⁷.

Alternatives considered: Several alternatives were considered for this proposal. See options noted in the description above.

Expected outcome

Describe the expected benefits, including increased efficiency, decreased or avoided cost, improved relationships and new collaborations:

- Decreasing program administrative costs while minimizing fiscal impact to program participants.
- Directly reduce annual return mailings, return processing (matching of legal descriptions), and eliminate the two month project of collecting and compiling a statewide list of timber owners to create the "common ownership" list. The creation of this alone has a loaded cost of approximately \$12,000 in Department of Revenue administrative expenses.
- Implementing the suggested revisions would allow staff to focus more on the core aspects of the programs and increase assistance to counties with other timber requests.

Projected cost: There is no cost associated with implementing these changes.

Time line for accomplishing results or seeing improvements: 2014, assuming 2013 legislation.

⁷ Estimated Department of Revenue costs based on recent actual costs. Estimated county costs were extrapolated from estimates from Douglas and Lane counties.

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Support:

Small woodland owners represented by the Oregon Small Woodland Association may object to alternatives that reduce program participation. This program is an available alternative to their members, which may be an advantage for some but not all, as demonstrated by the low program participation. The proposals for trimming eligibility with the goal of aligning the policy objective with the need might be seen as splitting the membership of this association on its support.

Stakeholders

List groups that are interested in this issue: Oregon Small Woodland Association, industrial forestland owners, hybrid poplar industry, county assessors, local governments including schools, the Department of Revenue, the Department of Forestry.

Suggestions for individuals and groups to be engaged in working out details or generating support: All stakeholders.

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Subcommittee: Assessment and Taxation Subcommittee

Title of recommendation: F. Recommend changes to exemptions requirements and processes to the 2013 Legislature.

Description: Propose that an interim workgroup be formed to consider options and make recommendations to the 2013 Legislature about centralizing administration of property tax exemption application and certification processing, and amending statutes to simplify property tax exemption and special assessment requirements and increase uniformity of the methods of providing exemption.

Recommended action

Action: Form a workgroup to recommend changes for the 2013 Legislature.

Who is responsible for the action: Workgroup made up of taxpayer, county assessor, Department of Revenue, Legislative Revenue Office, county commissioners, and other local government representatives.

When: Convene workgroup in 2011.

How it will be accomplished: Task Force recommends formation of a workgroup to consider input from county assessors, the Department of Revenue, other state agencies, taxpayers, and Legislative Revenue Office. The workgroup would recommend legislative changes to improve the efficiency of exemptions processing. Changes to exemption criteria may involve policy changes. The workgroup should at a minimum consider low participation programs or ones with relatively high administrative costs.

Indicate whether this proposes a change in administrative practice, administrative rule, or state law: The recommendations would be to amend statutes as well as change administrative practices.

List units of government that would be affected: Counties and Department of Revenue primarily. Cities, schools and special districts may be affected to some extent, and some other state agencies may be affected as well in some cases, including Business Development, Agriculture, Energy, and Parks.

Background information

The problem or issue being addressed: There are 123 types of exemptions and special assessments for different types of property, and the qualifying criteria and certification

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processes vary. Each county assessor must be familiar with all the qualification and certification requirements to properly administer the programs. This duplication of effort is inefficient. In fiscal year 2008-09, all counties assigned staffing resources to exemptions processing, for a statewide total of at least 9 FTE at counties⁸. In addition, DOR provided 1.5 FTE of exemptions training and policy support.

Alternatives considered: Recommendations specific to particular exemptions and centralization. However, changing particular exemptions should be looked at as a whole, which would require more time to evaluate.

Expected outcome

Describe the expected benefits, including increased efficiency, decreased or avoided cost, improved relationships and new collaborations: It is estimated that a net reduction of 1 to 3 FTE could be accomplished by centralizing exemption processes and simplifying and standardizing exemptions criteria⁹. Simplifying criteria and forms would benefit taxpayers as well as processing staff.

Projected cost: Costs for the workgroup would be small. Implementing workgroup recommendations could shift staff costs from counties to the state.

Time line for accomplishing results or seeing improvements: Estimated time frame for the workgroup is 10-12 months, ending with presentation to the 2013 Legislature.

Support:

No opposition to forming a workgroup has been noted. However, specific changes to exemptions criteria may raise opposition from affected taxpayers.

Stakeholders

List groups that are interested in this issue: County assessors, taxpayers receiving exemptions, state agencies (such as Revenue, Business Development, Agriculture, Housing, Energy, and Parks), Association of Oregon Counties, League of Oregon Cities, Special Districts Association, and School Boards Association.

Suggestions for individuals and groups to be engaged in working out details or generating support: See list of groups above.

⁸ Source: 2008-09 CAFFA grant applications.

⁹ Savings relate largely to changes to exemption criteria. At least 0.5 FTE of the savings is estimated to result from centralization.

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County Services Planning Council Subcommittee Final Report to the Task Force on Effective and Cost-Efficient Service Provision

The County Services Planning Council subcommittee focused on the delivery of services to residents of the six counties that will experience the most dramatic reduction to their General Fund resources when federal forest payments end in 2012. County commissioners and finance/budget officers from each of those counties were invited to participate in subcommittee discussions.

This subcommittee is forwarding two primary recommendations to the full Task Force:

1. Continue the work of the County Services Planning Council (CSPC) to encourage and coordinate effective fiscal planning for counties to prepare for and manage through the phase-out of federal forest payments. Because the CSPC is dealing with issues that will extend beyond the life of the Task Force on Effective and Cost-Efficient Service Provision, the CSPC strongly recommends that it continue. This recommendation also refreshes a number of the recommendations from the Governor's Task Force on Federal Forest Payments and County Services (January, 2009). This subcommittee recognizes that the financial situation of the state of Oregon does not allow for implementation of these recommendations at this time. However, the recommendations remain valid and this subcommittee wants to keep them fresh.
2. Senate Bill 77 (2009) established the process to declare a public safety services emergency in a fiscally distressed county. (The bill has been codified at ORS 203.095 and 203.100). In the view of the County Services Planning Council Subcommittee, the law does not provide a complete process that would result in recovery of the county. The purpose of this recommendation is to complete this process.

BACKGROUND

Counties are highly dependent upon state revenues to implement a wide array of state-county shared services, from health care to public safety programs. Oregonians gained immense benefits as counties added significant financial, as well as operational, contributions to those shared services during FY 03-05¹. This benefit was documented in a 2006 interim study that legislative, state and county stakeholders conducted in response to SB 5520. It is accurate to say that the state has become dependent upon county contributions to help fund these programs.

The rate of county contributions in FY 05-06 was on pace to slightly exceed the levels found for the FY 03-05 biennium, as would be expected. However, the second year of the FY 05-07 biennium was a fiscally stressful year as most counties awaited a decision on reauthorization of the Secure Rural Schools and Communities Self-Determination Act (federal forest payments).

¹ *County Budget Project, Association of Oregon Counties, September, 2009*

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Studies into the fiscal stability of counties have already been completed. This subcommittee looked at fiscal information for six SW Oregon counties – Coos, Curry, Douglas, Jackson, Josephine and Lane counties. These six counties were selected because with the expiration of federal forest payments, these six counties will lose between 34 and 67 percent of their county General Fund revenue.

There is no provision in Oregon statute for a county to declare bankruptcy. This subcommittee looked at the question, “what happens when a county can no longer provide statutorily-required services?”

Governor’s Task Force on Federal Forest Payments and County Services

The Governor’s Task Force on Federal Forest Payments and County Services final report (January 2009) identified “hard hit” and “crisis” counties for both General Funds and Road Funds. By the time this report was released in January 2009 these counties had received a last-minute reprieve from pending financial crisis through the reauthorization of federal forest payments. However, this last-minute reauthorization provided for ramped-down payments over four years followed by an end of payments altogether. The ramp-down is based on 2006 payments and started with approximately 90 percent, 80 percent, 70 percent, and finally, 45 percent in the final year – county fiscal year 2012.

“Hard Hit” Counties

The Governor’s Task Force report identified 10 “hard hit” General Fund counties and 21 “hard hit” Road Fund counties. A “hard hit” county will lose 20 percent or more of their general or road funds. They are:

| Hard Hit General Fund | | Hard Hit Road Fund | | | |
|------------------------------|------|---------------------------|------|------------|------|
| Josephine | -67% | Wheeler | -75% | Linn | -49% |
| Douglas | -65% | Harney | -71% | Crook | -48% |
| Curry | -61% | Lake | -70% | Tillamook | -45% |
| Coos | -42% | Grant | -67% | Baker | -38% |
| Jackson | -34% | Curry | -65% | Hood River | -33% |
| Lane | -32% | Lane | -57% | Union | -26% |
| Grant | -29% | Douglas | -54% | Jackson | -26% |
| Klamath | -24% | Klamath | -54% | Josephine | -26% |
| Columbia | -24% | Wasco | -53% | Jefferson | -26% |
| Polk | -21% | Lincoln | -51% | Deschutes | -24% |
| | | Wallowa | -51% | | |

In all, these 24 counties received 88 percent of all federal forest payments to county general funds and 91 percent of all federal forest payments to county road funds.

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Crisis Counties

“Crisis” counties were defined based on the lowest level of discretionary resources needed to provide General Fund services. Some counties have created sizable reserves in anticipation of the end of federal forest payments, so all “crisis” counties will not be impacted immediately. The Governor’s report broke out those crisis counties that are “critical” – severe general fund short-fall within one to two years – and “unsustainable” – counties buffered by reserves that will be exhausted after two to four years. The crisis General Fund counties are:

| “Critical” for General Fund Services | “Unsustainable” for General Fund Services |
|--------------------------------------|---|
| Columbia | Coos |
| Curry | Douglas |
| Josephine | Grant |
| Klamath | |
| Lane | |
| Polk | |

And, finally, the Governor’s report estimated that the minimum road funds needed to maintain low-grade county roads to be \$4,500 per road mile. This is not a measure of adequacy, simply a measure of survival. It is estimated that the following six “crisis” counties will revert to gravel road standards within one to two years after the end of federal forest payments:

| | | |
|--------|---------|---------|
| Baker | Union | Wasco |
| Harney | Wallowa | Wheeler |

The Six SW Oregon Counties

This subcommittee looked at six SW Oregon counties that will experience the largest percentage loss of General Fund revenues when federal forest payments expire. Each of these six counties has been making budget adjustments in anticipation of the end of federal forest payments beginning prior to the 2008 reauthorization. Some general observations include:

- By and large, the counties averaged their federal forest payments over the four-year period in order to maintain consistent service levels throughout the four-year ramp down.
- Most counties have tried to put at least half of each year’s payment into a reserve fund.
- The counties are providing only the very basic services now. Any more funding reductions will result in painful decisions over which services may, or may not, be provided to county residents.

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Specific results based on the survey by this subcommittee include:

Coos County

- General Fund reserves will sustain the county for only two years.
- May return public health functions to the state.

Curry County

- Will have a public safety levy on the ballot in November 2010.
- Reserves will be depleted in county fiscal year 2011/2012.
- Very likely to return public health functions to the state.
- Road Fund reserves will sustain the county for the foreseeable future, as long as there are no major repairs/replacements that need to be made.

Douglas County

- General Fund reserve will last three to four years maximum.
- One of two counties in the state allowed to use Road Fund for road patrol. This exception ends in 2014 when road patrol will have to come from General Fund.
- Road Fund reserves will last approximately seven to eight years.

Jackson County

- Appears to be in the best fiscal position of the six. The county has worked diligently to create General Fund and Road Fund reserves that will sustain them well into the future.
- Jackson County has built their budget based on revenue of \$2.3 million coming directly from timber sales. If the timber sale revenue does not come through, and federal forest payments are not reauthorized, the county will likely have to make more cuts to General Fund supported services.

Josephine County

- Fee-based programs are self-sustaining (fee-based programs include planning/building, recording, parks, etc.).
- Will not provide any county General Fund dollars to shared state/county programs.
- Public safety is the area that will be hit hardest.

Lane County

- Lane County has reduced its General Fund budget an average of \$1.2 million, or 3%, per year since FY91-92 due to a decline in revenue and the structural deficit.
- The budget for FY 2012 is predicted to face a \$10.5 million General Fund shortfall, largely due to the fourth year ramp-down of federal forest payments and the continued impacts of the structural deficit.
- In FY 2011 discussions will begin again about closing jail beds and implementing other service reductions effective July 1, 2011.
- In FY 2013 the financial forecast currently indicates an additional \$7 million General Fund shortfall, followed by an additional \$2+ million shortfall the following year.

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Systemic Fiscal Problems

In addition to the ramp-down and pending loss of federal forest payments, passage of property tax limitation ballot measures are contributing to fiscal instability in Oregon counties. Timber harvest revenues used to be able to fund the general functions of the six SW Oregon counties, so their property tax rates were very low. Those low rates were frozen in place with the passage of Ballot Measure 50. The permanent property tax rates for these six counties are:

| | | | | | |
|-------|----------------|---------|----------------|-----------|----------------|
| Coos | 1.0799/\$1,000 | Douglas | 1.1124/\$1,000 | Josephine | 0.5867/\$1,000 |
| Curry | 0.5996/\$1,000 | Jackson | 2.0099/\$1,000 | Lane | 1.2793/\$1,000 |

Due to these artificially low property tax rates it is virtually impossible for a county to grow its way out of fiscal crisis. New development does not pay for itself.

Total Assessed Value

Another piece of the financial puzzle is a county's total assessed value. When comparing these numbers to the permanent tax rate of the six SW Oregon counties, it is easy to see that even among the six, great disparity of survivability exists.

| County | Total Assessed Value | Non-Profit Housing | Fish & Wildlife | Urban Renewal Excess Value | Net Assessed Value |
|-----------|----------------------|--------------------|-----------------|----------------------------|--------------------|
| Coos | 4,357,898 | 0 | 0 | 185,170 | 4,172,728 |
| Curry | 2,434,921 | 1,429 | 2 | 43,445 | 2,392,907 |
| Douglas | 7,401,781 | 0 | 0 | 208,474 | 7,193,307 |
| Jackson | 15,896,214 | 14,092 | 21 | 262,276 | 15,648,051 |
| Josephine | 5,906,734 | 1,757 | 0 | 0 | 5,908,491 |
| Lane | 25,619,349 | 8,794 | 0 | 288,676 | 25,339,467 |

Notes: NAV includes non-profit housing and state fish and wildlife value and excludes urban renewal excess value.

Source: Oregon Department of Revenue: Oregon Property Tax Statistics, Fiscal Year 2009-10

Local Option Levies

Oregon counties can raise property taxes through local option levies. Local option levies are limited to no more than five years and must be passed by the electorate. Since 2004, the six SW Oregon counties have attempted to pass 13 local option levies – none have been supported at the ballot box. Lane County tried twice to pass a local income tax, to no avail.

There are two major reasons that these levies have failed with voters. Firstly, the low property tax rates have attracted a number of retirees to SW Oregon. Approximately two-thirds of Josephine County, for example, lives on some type of transfer payment. The same holds true, albeit

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to varying degrees, in the other SW Oregon counties. It is possible that many of these fixed-income people simply cannot afford to raise their taxes. Secondly, county leaders have pushed hard for local option levies based on the fact that federal forest payments were expiring, only to have Congress come through at the last minute and reauthorize these payments. The public has become very wary of dire predictions and assume that their county will continue to be bailed out by Congress.

Measure 5 Compression

Measure 5, passed by voters in 1990, when fully implemented in 1995, created limits of \$5 per \$1,000 real market value for school taxes and \$10 per \$1,000 real market value for general government taxes. These limits do not apply to bonds. When tax rates exceed these limits, the rates are compressed proportionally – starting with local option levies.

The chart below shows that each of the six SW Oregon counties, even with their low permanent tax rates, are already under some level of compression.

| County | Inside the Limit | | | Outside the Limit | | | Total Tax Imposed | | | Compression Due to M5 Limits | | |
|-----------|------------------|------------|------|-------------------|------------|-------|-------------------|------------|------|------------------------------|------------|------|
| | FY 2008-09 | FY 2009-10 | % CH | FY 2008-09 | FY 2009-10 | % CH | FY 2008-09 | FY 2009-10 | % CH | FY 2008-09 | FY 2009-10 | % CH |
| Coos | 47,112 | 48,708 | 3.4 | 5,393 | 4,543 | -15.7 | 52,504 | 53,251 | 1.4 | 125 | 140 | 12.3 |
| Curry | 18,537 | 19,151 | 3.3 | 1,704 | 2,181 | 28.0 | 20,242 | 21,332 | 5.4 | 3 | 4 | 17.6 |
| Douglas | 74,538 | 76,588 | 2.8 | 5,255 | 5,459 | 3.9 | 79,793 | 82,047 | 2.8 | 525 | 549 | 4.5 |
| Jackson | 176,055 | 188,901 | 7.3 | 33,916 | 35,516 | 4.7 | 209,972 | 224,417 | 6.9 | 308 | 588 | 91.0 |
| Josephine | 46,009 | 48,680 | 5.8 | 8,468 | 9,029 | 6.6 | 54,476 | 57,710 | 5.9 | 97 | 119 | 23.0 |
| Lane | 316,029 | 330,299 | 4.5 | 56,460 | 63,754 | 12.9 | 372,489 | 394,052 | 5.8 | 3,671 | 5,129 | 39.7 |

Note: Urban renewal revenues are not included in this table.
Source: Oregon Department of Revenue: Oregon Property Tax Statistics, Fiscal Year 2009-10

Conclusion

All six SW Oregon counties have been working diligently to minimize service impacts to their residents as revenues have failed to keep up with costs. While all six continue to provide a wide range of services, each asks the question, “is what we are doing enough or at the level it should be?”

Oregon counties have been struggling to diversify their economies. This is a particularly difficult task when so much of the land base is owned by the federal or state governments. For the six SW Oregon counties highlighted in this report those numbers are:

| | |
|-----------|-------|
| Curry | 60.9% |
| Coos | 31.0% |
| Douglas | 50.5% |
| Jackson | 46.9% |
| Josephine | 62.4% |
| Lane | 55.4% |

Looking ahead, the fiscal state of the six SW Oregon counties over the next four to eight years

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is perilous (with the exception of Jackson County). The trend toward fiscal crisis that was so meticulously laid out in the Governor's Task Force report continues to be a reality. Counties are scheduled to receive their last federal forest payment in the FY 2012 budget cycle. This payment will be dramatically less than what counties have received in the past. There is an effort to once again reauthorize federal forest payments – this time for a ten-year period. By all accounts, this will be an extremely difficult feat to accomplish.

If the reauthorization effort is unsuccessful, any payment received beyond 2012 will be based on actual timber harvest levels and the value of those sales. That revenue to counties is estimated to be approximately 10 percent of 2006 federal forest payment levels.

This report has focused on six SW Oregon counties. It will be felt more immediately in terms of General Fund services to residents, but counties across Oregon are in varying degrees of the same situation.

It is with this background that the subcommittee makes the following recommendations.

Recommendation #1

Continue the work of the County Services Planning Council (CSPC) to encourage and coordinate effective fiscal planning for counties to prepare for and manage through the phase-out of federal forest payments. Refresh recommendations from the Governor's Task Force on Federal Forest Payments and County Services (January, 2009).

Created by Executive Order #07-21, the Governor's Task Force on Federal Forest Payments & County Services (GTF) formed in November, 2007, and published its [final report](#) in January, 2009. Its purpose was to develop recommendations to help preserve essential services at the county level if the Secure Rural Schools & Community Self-Determination Act (federal forest payments) was not reauthorized. Appointed to the GTF were eight state agency directors and deputy directors, five county representatives, two legislators from each chamber, a city representative, and resource persons.

Before the GTF published its final recommendations, two profound events occurred: federal forest payments were reauthorized and the economy dipped into a deep recession, which sharply reduced income tax revenues to fund public services. Federal forest payments reauthorization, however, was in the form of declining payments to Oregon counties and schools, so that in county fiscal year (CFY) 2010-11, payments will be 73% of the 2006 amount (\$188.5 million); in CFY 2011-12, payments will be an estimated 45% of 2006 (\$120.6 million). After that year federal forest payments expire and federal payments revert to traditional revenue sharing on a seven-year rolling average, which will be about 10% of 2006 payments (around \$26 million).

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Nevertheless, the GTF decided that given the two events any recommendations involving revenues would have a ‘four-year tag’, or four years to be accomplished. The full report can be found online at http://governor.oregon.gov/Gov/tf_fed_forest_pmts/tffop_index.shtml.

The County Services Planning Council Subcommittee (CSPC) is charged with coordinating effective fiscal planning, including making recommendations for funding, to prepare for phase-out of federal forest payments. In addition to other actions, the CSPC recommends that the full Task Force carry forward the most timely of the 53 GTF recommendations, as having continued merit and warranting continued discussion by the Legislature. The CSPC recognizes that there may have to be some delay in implementation of state funding items due to the continuing recession-caused revenue short-fall. Nevertheless, the following GTF recommendations make as much sense today as in January of 2009.

Note: GTF recommendations #1 and #2 do not relate directly to state funding.

GTF recommendation #1 is to create a joint State-County Services Planning Council to encourage and coordinate effective fiscal planning for counties to prepare for and manage through the phase-out of federal forest payments, beginning with the recommendations in the GTF report. The plans are expected to identify essential services needs and resources available, and recommend elimination of county services, return of county services to the State, efficiencies in service delivery, and appropriate levels of support from county and state taxpayers. This recommendation was folded into House Bill 2920 (2009), which created the full Task Force, who in turn created the CSPC. Because the CSPC is dealing with issues that will extend beyond the life of the Task Force on Effective and Cost-Efficient Service Provision, the CSPC strongly recommends that it continue. The CSPC makes this recommendation one of its two highest priorities, along with its recommendations related to Senate Bill 77 (2009), discussed in a separate section of the CSPC report.

GTF recommendation #2 is that counties take advantage of their ability to enact local option levies and establish new county service districts with the approval of their voters. The GTF acknowledged that Measure 50 (1997) permanent property tax rates and the limited life of a local option levy are but two of several constitutional hurdles for local public finance adjustment. Further, in areas of overlapping taxing jurisdictions, there is the threat of compression under Measure 5 (1990), a fact in all counties. Nevertheless, the more federal forest payment -dependent counties have relatively low permanent property tax rates, which means there is capacity available for a local option levy or creation of a county service district with their own property tax rates. The GTF noted that proposals for “law enforcement” or “public safety” have had better success rates locally. The CSPC acknowledges the difficulty of increasing property taxes during difficult economic times. We, however, carry forward this recommendation, because counties and their taxpayers share responsibility to provide the means for essential

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local public services. In fact, the CSPC Recommendation #2 below requires an election on an adequate county public safety services levy.

The other GTF recommendations, with one minor exception, do require state funding. Again, the CSPC acknowledges that the current state revenue climate may well require delaying implementation of these GTF recommendations. Nevertheless, the CSPC finds that these recommendations remain important, should be kept in mind by the Legislature, and at the appropriate time, should be implemented in the following priority order. [Note: The GTF recommendation number did not imply a priority ranking.]

- #1. The GTF recommendation #23 is to place all delinquent interest on property taxes into the County Assessment Function Funding Account (CAFFA), thereby redirecting \$15 million per year from local taxing authorities to the fund that supports counties' assessment and taxation functions, and to have the State make up the \$7.8 million annual loss to K-12. The CAFFA supports this core county function by a per-document filing fee (\$9), a portion of interest on delinquent property taxes, and (until recently) a state General Fund payment of \$5 million-plus a biennium. The CAFFA share of county A&T expenses, originally intended to be 35-40 percent, has shrunk to less than 22 percent. Counties collect property taxes for all taxing districts, including \$4 billion/biennium for education, yet only retain some 19 percent of collections. The county A&T function directly benefits the State by providing foundation funding for education and other essential public services. With approved annual A&T budgets of over \$90 million, the 78 percent balance of costs must be covered by county general funds. The CSPC renews this recommendation. An incremental increase in CAFFA funding provided by beneficiary local taxing districts would help relieve county budget pressures between public safety and health, on one hand, and property tax administration, on the other.
- #2. In addition to its recommendation #23 above, the GTF recommended as #24 that the State increase its GF funding for assessment and taxation to pick up full costs of schools' use of those services. Precisely the opposite has occurred, as the Legislature has eliminated its biennial \$5.2 million contribution to CAFFA. Of county A&T collections, 43 percent benefits education, which the State otherwise would have to make up. The CSPC agrees with this recommendation. The biennial cost to the state General Fund is \$8.4 million.
- #3. The GTF recommendation #7 is an increased state General Fund support for prosecutorial assistance from \$0.4 to \$5.0 million per biennium; and re-examination of the distribution formula for these funds to provide a baseline for small counties. In a report to the 2001 legislative session, the Department of Justice noted that the need for increased state contributions to district attorney prosecution costs "has continued to increase since the 1999 session measured against (1) the goal of a fair sharing of costs of a state office, with

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important local dimensions, between the State and counties; and (2) the relative capabilities of state government and local government to shoulder those costs.” DOJ renewed its request for \$20 million; the Association of Oregon Counties (AOC) appealed for \$5 million; neither was granted. The CSPC renews this long-delayed request.

- #4. At #38, the GTF called for the State to pick up the cost of elections for statewide offices and statewide ballot measures now borne by counties in primary and general elections. Elections are essential to governance. Counties conduct them at an estimated cost of eight percent of their general funds, while election frequency and cost can increase that amount. The State reimburses counties for costs of special state elections called by the Legislature, but does not reimburse counties for its share of costs of other elections. The CSPC agrees with this recommendation. (State GF cost is \$5.6 million).
- #5. The GTF recommendation #4 is to extend Oregon State Police responsibility and funding for medical examiner services to the Southern Oregon counties that finance these services from their own budgets. OSP Forensics Division funds medical examiner services in almost all areas of the State except Southern Oregon and several Eastern Oregon counties. The state General Fund cost in 2009-11 would be \$0.3 million. The CSPC renews this recommendation.
- #6. At #25, the GTF recommended a change to state law to give counties the right to charge a fee to utilities for the use of county rights-of-way outside of cities. The CSPC renews this county self-help recommendation.
- #7. Tie: GTF recommendations #18 and #31. The GTF recommended as #18 a minimum baseline funding for local public health agencies to work toward adequate capacity in low population counties. It noted that the current level of state funding for public health is both inadequate and unfair to small and low-population counties. The GTF added that there needs to be maximum flexibility for the counties to define the appropriate baseline in conjunction with Coalition of Local Health Officials and AOC. The CSPC agrees with the GTF recommendation to design the base level of funding with \$5 million.

At #31, the GTF called for restoring 100 percent funding for the Governor’s Economic Revitalization Team from the State’s share of lottery funding. Restoring the original funding from the state share, at a cost of \$1.1 million/biennium, would free Lottery Funds for counties for economic development and infrastructure projects. The CSPC agrees that this remains important.

- #9. The GTF recommendation #40 is for the Legislature to provide sufficient funding for the property tax expenditure compensation fund (ORS 306.350, et.seq.) to cover all eligible local

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government revenue losses in the future. State law governs the property tax system, but local governments bear the brunt of revenue losses when the Legislature enacts new property tax expenditures. The CSPC agrees that the State should comply with its own law.

#10. Tie: GTF recommendations #6 and #27. #6 recommended increasing state support for wildlife services and animal damage control to begin to restore state funding cut since 1999. Funding for the cooperatively funded Wildlife Services Program for 2009-11 is \$5 million, of which the State, through its Departments of Agriculture and Fish & Wildlife, contributes only \$340,000. Despite jurisdiction for wildlife resting with the State, counties will pay around \$2 million of the total. The CSPC reaffirms this recommendation as providing immediate help to rural, federal forest payment-dependent counties.

The GTF recommended at #27 to modify the distribution formula for state highway funds within the next four fiscal years to establish a minimum base level that provides at least \$4,500 per road mile for county arterials and collector roads, provided: (a) there is new revenue to finance this, and (b) the state covers the extra money for the counties that would otherwise come from the cities' share. Low-population counties with expansive road systems are not adequately compensated in the state distribution formula for highway funds. The CSPC believes that this recommendation remains important.

#12. The GTF recommendation #35 is that the Economic Development Commission work to rebuild the capacity in rural and distressed counties to pursue economic development opportunities to diversify their economies and to retain and attract new, family-wage jobs, with a commitment of at least \$11.5 million for county economic development projects. This recommendation remains timely and important.

#13. Related to #4 (CSPC priority #5), the GTF recommended adding a Deputy State Medical Examiner to the Central Oregon region. State GF cost in 2009-11 would be \$0.3 million. The CSPC agrees.

Recommendation #2

Senate Bill 77 (2009) established the process to declare a public safety services emergency in a fiscally distressed county. (The bill has been codified at ORS 203.095 and 203.100). In the view of the County Services Planning Council Subcommittee, the law does not provide a complete process that would result in recovery of the county. The purpose of this recommendation is to complete this process.

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Current law SB 77:

The current law provides several steps in the process.

- The **Oregon Criminal Justice Commission** shall establish **by rule public safety services guidelines to identify the minimally adequate level at which public safety services must be delivered in a county**. In establishing the guidelines, the Commission shall seek broad input from public safety stakeholders and the public; and **consider population density, geographic characteristics, historical crime rates, and other relevant factors in Oregon counties**. The guidelines must provide a basis for analyzing minimally adequate services in: **county jail operations; sheriff's patrol; community corrections; juvenile justice; emergency operations and emergency response; search and rescue operations; criminal prosecution; and court facilities operations**. ORS 203.100(9). The Commission is currently in the public hearings phase of rulemaking, with hearings in Grants Pass, La Grande, and McMinnville. The Commission intends to have a final rule before the beginning of the 2011 legislative session.
- If the **county governing body or Governor** believes that the county is in a state of fiscal distress that compromises its ability to provide a **minimally adequate level of public safety services**, the governing body or Governor may seek a **declaration of a public safety services emergency** by written request to the Commission to analyze public safety services provided by the county. ORS 203.095(1).
- The Commission has 14 days after the request to consult with county stakeholders, analyze public safety services provided by the county, and report its findings and recommendations. ORS 203.095(2). If the Commission finds that the county is providing less than minimally adequate public safety services, the Commission shall recommend to the Governor that the Governor declare a public safety services emergency for the county, and copy its findings and recommendation to the Legislature and the county. ORS 203.095(3).
- Within 14 days after receipt of the Commission's findings and recommendation, the Governor must issue either a declaration of a public safety emergency or a determination that the county's fiscal distress does not cause the county to provide less than minimally adequate level of public safety services. If the Governor issues the declaration, the Governor must establish a **fiscal control board for the county**. ORS 203.095(4).
- The fiscal control board consists of three nonvoting ex officio members (Secretary of State, State Treasurer, and director of the Department of Revenue) and five members "who have knowledge of and experience with public safety services and fiscal management", three of whom appointed by the Governor and one each by the Senate President and House Speaker. Appointed members serve at the pleasure of the appointing authority for four-year terms, except that the board will end when the Governor declares that the emergency is over. The board shall use staff of the Governor, Secretary of State, State Treasurer, and Department of Revenue, but those officials may employ other staff. Fur-

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ther, all state agencies are directed to assist the board. ORS 203.100.

- The board shall meet with county public safety stakeholders and the public, then propose to the county governing body a **recovery plan** to restore minimally adequate public safety services. As part of the plan, the **board may recommend that the county: reallocate funds; cut services, lay off employees, or otherwise reduce expenditures; sell or lease real or personal property of the county; issue bonds; renegotiate payment terms of county indebtedness; refer measures to voters; request an emergency election; or authorize the State to take over services as authorized by law.** ORS 203.095(5).
- In general, a county may only hold an election on the second Tuesday in March; the third Tuesday in May; the third Tuesday in September; or the first Tuesday after the first Monday in November. ORS 203.085(1). Nevertheless, the **county governing body by resolution** may find that an **emergency** exists that **requires an election sooner than the next available date to avoid extraordinary hardship to the community.** This determination is within the sole discretion of the governing body. ORS 203.085(2). Before scheduling the election date, the governing body must hold a public hearing to make findings substantiating the emergency. ORS 203.085(3). No later than 47 days before the desired election date, the governing body must file with the county elections authority the notice of the emergency election, ballot title, and resolution and findings adopted by the governing body to authorize the emergency election. ORS 203.085(4). Double majority requirements apply to any election outside the May or November date.
- If the county governing body approves the recovery plan, the board shall provide technical assistance. If the governing body rejects the plan, the board shall monitor the governing body's efforts to restore minimally adequate public safety services and, if requested, provide technical assistance. ORS 203.095(6).
- The board shall keep the Governor and Legislature informed, and when it concludes that minimally adequate public safety services have been restored, it shall recommend that the Governor terminate the public safety services emergency. ORS 203.095(7).
- When the Governor concludes that the county has restored minimally adequate public safety services, the Governor shall declare the emergency terminated. ORS 203.095(8).

Holes to fill in current law:

The Subcommittee supports the provisions of current law, but notes that in certain likely circumstances they are incomplete to end the emergency. The Subcommittee recommends an attempt to complete a solution.

There is a tension that must be resolved. Voters have not been inclined to vote for higher taxes to replace revenues that, in fact, may not need to be replaced. The prime working example for Oregon counties is the federal forest payments, the revenues from which in 2009 supplied at least 20 percent of county general fund or road revenues for 24 of the 36 counties. Counties knew that

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the original Act of 2000 was to expire in 2007. Yet common experience was that voters assumed it would be reauthorized (which indeed it was for one year) and displayed no appetite to replace the federal revenues. In fact, Josephine County sent a local option levy to voters specifically for public safety services at the May, 2007, primary election. Before ballots were due, however, news of the likelihood of reauthorization of federal forest payments was widespread. The measure was defeated 60 percent – 40 percent. Leading up to the second expiration of federal forest payments, the Governor created the Task Force on Federal Forest Payments & County Services, which produced findings and recommendations in its Final Report (January, 2009) for actions when the law expired. At the same time, Josephine County put creation of a county special district for sheriff services on the November, 2008, general election ballot. Yet again, at the figurative last hour of September, 2008, Congress reauthorized federal forest payments until 2012, but with significantly declining payments. The Josephine County measure, needless to say, was defeated 60 percent – 40 percent. It is no wonder that many voters are jaded to calls by county leaders of upcoming fiscal disaster.

At the same time, however, county judges, commissioners, and stakeholders know that it is much more expensive and inefficient to rebuild a dismantled public service system than to trim it deeply but keep it functioning until adequate revenues are returned to it. For example, the expense of training public safety officers can be wasted with layoffs and position termination. As a result, Curry County has been developing a five-year local option levy for the November, 2010, general election.

If voters stay cynical about the urgency of local funding for the public safety system, and the message from Congress that there is no more money for an extended Secure Rural Schools Act bears out, there may indeed be counties with a non-functioning, dismantling public safety system. County voters may then wish to tax themselves for public safety, but collections will be at least a year away.

Subcommittee recommendation:

Although it is in the process of being implemented, Senate Bill 77 (2009) holds promise of a workable process to define when the crisis in a county's public safety services has or will arrive. The Oregon Criminal Justice Commission defines by rule the standard of "minimally adequate level of public safety services." If those services are compromised, the county governing body or Governor may request the Commission to report findings and recommendations on whether the standard is or will be breached in the county. The County governing body and Governor then can move forward quickly with a declaration and fiscal control board.

The recommendations of the fiscal control board, however, will likely already have been thought of and acted on by the county governing body. Then what? When Secure Rural Schools expires

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and is not reauthorized, a crisis of public safety services is inevitable in Josephine and Curry Counties, and likely in other counties.

The Subcommittee recommends amendments to fine-tune SB 77 and some new provisions to complete its intentions.

- Clarify ORS 203.095 to permit an anticipatory assessment by the Oregon Criminal Justice Commission of when a county will no longer be able to provide a minimally adequate level of public services. Current law provides that the Commission finding is that “the county **is providing** a less than minimally adequate level of public safety services”; in other words, it reacts to, rather than anticipates, the crisis. Permitting the Commission to find that a breach of the standard **will** occur at a stated date in the future will reduce the subsequent gap in county public safety financing.
- Clarify ORS 203.095 to ensure that the public safety services guidelines established by the Commission address the specific fiscal, physical, and historical circumstances of each county, so that the minimum standards applied to the county are directly applicable and appropriate for that county under consideration. In other words, what is the minimally adequate level of public safety services for Curry County may more than minimal for Wheeler County. The Subcommittee interprets the current statute to direct that approach, but is concerned there may be ambiguity in the wording.
- Permit an ex officio member of the fiscal control board (ORS 203.100) to appoint a designee to act for the member.
- Amend ORS 203.095(5) to provide that when there is a declaration that the county cannot provide a minimally adequate level of public safety services, the fiscal control board shall include in its recommendations an estimate of revenue needed to return to or maintain the minimal standard of services. In other words, the board will establish a potential gap funding amount.
- Provide that the details of the gap funding package will be negotiated by the fiscal control board and the county governing body, which then will be recommended to the Governor and Legislature.
- Amend ORS 203.095(5)(g) to provide that a county election on a public safety measure will be on the May or November regular election date, to avoid the added costs of a special election and the double majority requirements.
- Permit the gap funding package to be offered by the State, if the county will hold an election on an adequate local measure creating a funded law enforcement district, a permanent county levy, or a local option levy for law enforcement. If the county measure fails, the gap funding will stop. If the measure passes, state gap funding will continue until the county can borrow on anticipated property tax revenues. The state revenue could come from the Emergency Fund; the Legislature would have to anticipate this potential action in its biennial budget.

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Members of the County Services Planning Council Subcommittee

Susan Morgan, Chair, Douglas County Commissioner

Chris Brown, State Police

Linda Modrell, Benton County Commissioner

Ray Naff, Governor's Office

Michael Selvaggio, State Treasurer's Office

Barry Pack, Secretary of State's Office

Invited participants:

Commissioner Nikki Whitty, Coos County

Commissioner Georgia Nowlin, Curry County

Commissioner CW Smith, Jackson County

Commissioner Dave Toler, Josephine County

Commissioner Faye Stewart, Lane County

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June 2, 2010

Representative Nancy Nathanson
900 Court St. NE, H-280
Salem, OR 97301

Dear Representative Nathanson,

Attached please find the six recommendations from the Government Efficiency Task Force Subcommittee on Criminal Justice. I would like to take this time to thank both the Governor's Office and you, Representative Nathanson, for this extraordinary opportunity to network with many of my criminal justice colleagues throughout the state, as well as engage in some creative thinking around Oregon's investment in future governmental activities and organizational thinking.

Our Sub-Committee consisted of five regular members including myself, and nine technical advisors (the list is below). Chris Brown, Deputy Superintendent of the Oregon State Police, was elected Co-Chair at our first meeting. We conducted a total of five meetings, all of which were very active and generated some great ideas and interesting conversations. Through this process, we solicited input from stakeholder groups and other interested parties.

I want to commend the Sub-Committee for their commitment to the team and to the process. All parties involved introduced ideas, suggestions and recommendations with openness and an eye and ear to innovation. Some ideas spawned a bit of controversy, but those too were openly vetted and handled with respect and broad-minded perspectives. I am confident that this process has served to establish a network that will continue to share ideas and turn to each other for information and assistance.

The fifth suggestion was an "add-on" suggestion stemming from one of my "light-bulb" moments; not all members have weighed in, however, we do have a quorum of voting members in full support. The sixth suggestion was introduced at our May 14, 2010 GETF meeting, and has been discussed by Director Williams and the other four agency heads.

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Once again, I thank you for this opportunity. I extend my appreciation to the members of the Sub-Committee, who gave their time and dedication to produce these six recommendations.

Respectfully,



Mitch Morrow, Deputy Director, Department of Corrections
Chair, GETF Sub-Committee on Criminal Justice

Cc: Max Williams, DOC Director

Committee Members:

Senator Martha Schrader
Chris Brown, Deputy Superintendent, OSP
Fariborz Pakseresht, Deputy Director, OYA
Suzanne Hoffman, Asst. Director for Transformation, DHS

Technical Advisers:

Paul Snider, AOC
Doug Hooley, Capt., Lane County Corrections
Craig Prins, OCJC
Liz Rambo, Trial Court Admin.
Phil Cox, Asst. Direct., Comm. Corrections Div., OYA
Vern Wells, Chief, Independence Police Dept.
Joe Ferguson, Deputy Director, Jackson Co. Comm. Corrections
Jeff Milligan, Rep., Central/East Oregon Juv. Justice Consortium
Todd Anderson, Sheriff, Tillamook Co.

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Subcommittee: Criminal Justice Sub-Committee

Title of recommendation: Mitigation of staff overtime when officers (state, county and city law enforcement and Department of Corrections) are subpoenaed to court.

Description: Inefficiency of officers' time when they are subpoenaed to testify in court. Some of these inefficiencies are caused by scheduling of the courts and the District Attorneys' (DAs) office.

Recommended action

Action: Agreement between DAs, courts, state, county and city law enforcement and Department of Corrections (DOC) to communicate court schedules in alignment with agency needs.

Who is responsible for the action: Representatives from the Association of District Attorneys, Oregon courts, state, county, and city law enforcement agencies and the DOC.

When: To be determined

How it will be accomplished: Representatives should participate in meetings to focus on scheduling and internet access issues.

Indicate whether this proposes a change in administrative practice, administrative rule, or state law: Administrative practice

List units of government that would be affected: District Attorneys' offices, the courts, state, county and city law enforcement agencies and the DOC.

Background information

Currently, state, county and city law enforcement officers as well as DOC correctional officers are required to appear in court based on the DAs schedules or subpoena information. Frequently, this means staff will need to be on-site, sometimes for hours or days, with nothing to do prior to their actual appearance in court. More often than not, this requires the agency to pay overtime costs.

Additionally, some courts do not provide internet access which would allow staff to write reports in their downtime.

Alternatives considered: If scheduling can not be adjusted it's recommended that internet access be made available.

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Expected outcome

Decrease overtime costs for state, county and city law enforcement agencies as well as DOC. Additionally, if a communications network is established, it could be the beginning of enhanced relationships and collaborations among the various agencies.

Projected cost: Medium Cost/Medium Benefit

Time line for accomplishing results or seeing improvements: One year

Support:

All committee members including technical advisors support the recommendation. It is unknown whether DAs offices support or oppose the concept.

Stakeholders

List groups that are interested in this issue: District Attorneys, the courts, state, county and city law enforcement agencies and the DOC.

Suggestions for individuals and groups to be engaged in working out details or generating support: DAs, the courts, state, county and city law enforcement agencies and the DOC.

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Subcommittee: Criminal Justice Sub-Committee Recommendation

Title of recommendation: Fine collection by Justice Courts.

Description: Allow courts to use the full range of collection services from the Oregon Department of Revenue.

Recommended action

Action: Legislative Action_

Who is responsible for the action: The Oregon Legislature_

When: 2011 Legislative Session

How it will be accomplished: Change in ORS. 293.250

Indicate whether this proposes a change in administrative practice, administrative rule, or state law: State law change in ORS 293.250

List units of government that would be affected: Justice Courts, Oregon Department of Revenue_

Background information

There are 41 Justice Courts in 21 counties across the state. These courts have jurisdiction over traffic, boating, wildlife and other violations occurring in the county. The Justice Court has jurisdiction when the money/damages does not exceed \$5,000. Justice Courts are typically funded by the General Fund or in certain cases through county sheriff's offices. They do have the ability to impose fines and these revenues are returned to the county in which they have jurisdiction, or to the State of Oregon, depending on the origin of the citation. These revenues go to pay for administration of the court, and certain sheriffs' office operations.

Efficiently collecting fines remains an issue of concern. For example, Lane County has approximately \$18 million worth of uncollected fines from the previous ten years. One partial solution to this issue is legislation that would enable county courts access to the full range of collection services offered by the Department of Revenue.

Alternatives considered: None

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Expected outcome

The expected benefit is an increase in the collection of fines. The revenue would benefit court operations and county and state budgets.

Projected cost: Low Cost/High Benefit.

Time line for accomplishing results or seeing improvements: End of 2011 legislative session.

Support:

All committee members including technical advisors support recommendation.

Stakeholders

List groups that are interested in this issue: Representatives from Justice Courts (particularly Lane County).

Suggestions for individuals and groups to be engaged in working out details or generating support: Representatives from Justice Courts (particularly Lane County), the Oregon Collectors Association and the Association of Oregon Counties. _

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Subcommittee: Criminal Justice Sub-Committee

Title of recommendation: Pharmaceutical services sharing by the Department of Corrections (DOC) and the Oregon Youth Authority (OYA).

Description: Partnership between DOC and OYA in order to be cost efficient for pharmaceutical purchasing, packaging and pharmacist services._

Recommended action

Action: Already pursuing_

Who is responsible for the action: DOC and OYA__

When: One year

How it will be accomplished: Interagency agreement between DOC and OYA

Indicate whether this proposes a change in administrative practice, administrative rule, or state law: Administrative practice

List units of government that would be affected: DOC and OYA_

Background information

OYA houses approximately 900 youth in close custody, their ages ranging from 12 to 24 with the majority being 16-20. On average, the bulk of their prescriptions come from approximately 325 youth. Payless Pharmacies is the current provider for all OYA facilities except the one in Grants Pass. OYA uses a cycle-fill system that may generate added work. DOC's demand-fill system may generate savings.

The DOC bulk purchases medications through the Minnesota Multistate Contracting Alliance for Pharmacy (MMCAP) and repackages them for inmate use. MMCAP provides a 40% discount. Currently, DOC has two licensed pharmacies. An interagency partnership would assure the availability of necessary medications as well as pharmacists.

Alternatives considered: OYA medical staff have researched other possibilities, the nature of which is unknown.

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Expected outcome

OYA will decrease medication costs while increasing their efficiency and operations. DOC pharmacists will be available for consultation with prescribers. Additionally, this is an additional step to enhance the collaborative process between the two agencies.

Projected cost: Medium Cost/Medium Benefit_

Timeline for accomplishing results or seeing improvements: End of 2011 legislative session

Support:

All committee members including technical advisors support the recommendation.

Stakeholders

List groups that are interested in this issue: DOC and OYA__

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Subcommittee: Criminal Justice Sub-Committee

Title of recommendation: Shared Housing of Special Populations in County Jails_

Description: Governmental bodies should explore the possibility of dedicating certain pods, cell blocks, or other units within their correctional facilities to specific categories of inmates.

Recommended action

Action: Inter-Governmental Agreement_

Who is responsible for the action: Oregon counties with concentrations of correctional facilities

When: TBD

How it will be accomplished: Administratively

Indicate whether this proposes a change in administrative practice, administrative rule, or state law: All of the above

List units of government that would be affected: Counties, the Department of Corrections (DOC) and the Oregon Youth Authority (OYA)

Background information

The problem or issue being addressed: Currently, each county jail houses its own offenders. This often results in considerable space used for a small population of offenders who must be segregated. Examples include using a pod for two or three female offenders or 10 high-risk offenders. The remaining cells in that pod remain vacant. If one jail within a region agrees to house all female offenders or high-risk offenders, it would result in a more efficient use of space.

Alternatives considered: The committee discussed overall regionalization of jails, but determined that focusing on special population housing was a more realistic proposal.

Expected outcome

More efficient use of space and a new collaboration between county jails.

Projected cost: Medium Cost/Medium Benefit_

Time line for accomplishing results or seeing improvements: Three years

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Support:

All committee members including technical advisors support this recommendation.

Stakeholders

List groups that are interested in this issue: Oregon Counties, DOC and OYA__

Suggestions for individuals and groups to be engaged in working out details or generating support: Representatives from all county jails with the guidance of an independent facilitator.

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Subcommittee Reports

Subcommittee: Criminal Justice Sub-Committee

Title of recommendation: Modify ORS 169.070 which states in part: “The Director of the Department of Corrections shall designate staff to provide technical assistance to local governmental agencies in the planning and operation of local correctional facilities, lockups, temporary holds and juvenile detention facilities, and advice on provisions of state law applicable to these facilities. The department shall inspect local correctional facilities, lockups, temporary holds and juvenile detention facilities, to ensure compliance with the standards established in ORS 169.076 to 169.078, 169.740, 419A.059 and 419B.180.”

Description: Oregon statute dictates that the Department of Corrections (DOC) conduct inspections of county jails. ORS 169.076 outlines the 14 standards that must be met to ensure compliance. The Oregon State Sheriffs Association (OSSA) has developed a Peer Audit system whereby other county jail employees conduct their audits. As a result of ORS 169.070, DOC pays for two retired Community Corrections employees to conduct the county jail audits in concert with the county jail peer auditors. This is a separate component from that part of the statute that also mandates that DOC inspect city jails, lockups, temporary holds and juvenile detention facilities as well.

Recommended action

Action: Modify 169.070 allowing County Jail authorities to inspect their own jails. The statute would state: “The Director of the Department of Corrections shall designate staff to provide technical assistance to local governmental agencies in the planning and operation of city correctional facilities, lockups, temporary holds and juvenile detention facilities, and advice on provisions of state law applicable to these facilities. The department shall inspect city correctional facilities, lockups, temporary holds and juvenile detention facilities, to ensure compliance with the standards established in ORS 169.076 to 169.078, 169.740, 419A.059 and 419B.180.” This alternative omits the county jails and allows them to do what they deem necessary.

Another alternative would state: “The Director of the Department of Corrections shall designate staff to provide technical assistance to local governmental agencies in the planning and operation of city correctional facilities, lockups, temporary holds and juvenile detention facilities, and advice on provisions of state law applicable to these facilities. The department shall inspect city correctional facilities, lockups, temporary holds and juvenile detention facilities, to ensure compliance with the standards established in ORS 169.076 to 169.078, 169.740, 419A.059 and 419B.180. **County Jail Sheriffs/Administrators shall designate county jail staff from other than the jail being inspected, to conduct inspections of county jails to ensure compliance with ORS 169.076.**”

Both modifications allow county jails to conduct their own audits as does the Department of Corrections. DOC forms an audit team from other prisons and that peer review team inspects the entire prison based on well over 300 standards. The jail and prison audit processes are similar; however, there is much about prisons and jails that are vastly different. The National Institute of Corrections differentiates between prison and jail audits in their standards as well.

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Who is responsible for the action: Oregon Legislature, DOC, OSSA__

When: 2011 Legislative session.

How it will be accomplished: Submission of Legislative Concept by DOC or OSSA or independent action by Legislature

Indicate whether this proposes a change in administrative practice, administrative rule, or state law: State Law (169.070)

List units of government that would be affected: DOC, Sheriffs and Jail Commanders.

Background information

Oregon Revised Statute 169.070 requires that the Department of Corrections conduct inspections of Oregon county jails using the fourteen (14) standards addressed in 169.076. Some time ago, the Oregon State Sheriffs Association developed a peer audit system using other county jail employees. As stated before, the county jails have gained benefit from using peer review teams to conduct their audits.

At one time, the DOC staff conducted their reviews independently from the county jail peer review team. As a result of enhanced relationships between the DOC and OSSA, the 2 DOC employees now conduct their audit in concert with the county peer audit team.

While the enhanced relationship between the DOC and county jails is a positive thing, it would be more cost effective to modify the statute, thereby allowing county jails to continue with their peer audit system independent of the Department of Corrections.

As a result of the language in 169.070, DOC would still be paying one or two retired Community Corrections employees to conduct the state audits of city facilities, lockups, temporary holds and juvenile detention facilities based on 169.076. However, it is anticipated that eliminating DOC's need to inspect county jails would result in some cost savings as well as continued enhanced relationships with county jail officials.

Alternatives considered: Maintaining status quo.

Expected outcome

Department of Corrections would save in the hours eliminated from one or two retired Community Corrections employees conducting county jail inspections.

Projected cost: Low cost/Medium Benefit_

Timeline for accomplishing results or seeing improvements: 2011 legislative session

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Support:

This was a late recommendation and therefore unavailable to the sub-committee members.

Stakeholders

List groups that are interested in this issue: DOC, Oregon State Sheriffs Association, Jail Commanders __

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Subcommittee: Criminal Justice Subcommittee

Title of recommendation: Build a Public Safety Center on Department of Corrections' (DOC) land to house DOC, the Criminal Justice Commission (CJC), Oregon Board of Parole & Post-Prison Supervision (BPPS), the Oregon State Police (OSP) and the Oregon Youth Authority (OYA.)

Description: A combined Public Safety Center would prove beneficial through: shared efficiencies, such as shared conference rooms, or coordinated desk and phone support staff; more modern design and better space utilization; minimal negative impact to the downtown business district for agencies housed in these areas; reduced costs by combining staff services, e.g., payroll, accounting, human resources, etc. The proposed land is across from the Department of Public Safety Standards and Training (DPSST) on Aumsville Road.

Recommended action

Action: Legislative Action

Who is responsible for the action: Legislature, DOC, OSP, OYA, BPPPS, and CJC

When: 2011 legislative session

How it will be accomplished: Legislative Action – Approval of design, infrastructure and construction costs

Indicate whether this proposes a change in administrative practice, administrative rule, or state law: Administrative or state law

List units of government that would be affected: DOC, OSP, OYA, BPPPS, and CJC

Background information

Currently, the five noted agencies lease several buildings in Salem to accommodate their administrative offices. In 2008, those cumulative lease costs reached \$8.3 million per biennium (Note: DOC leases the Dome Building from DHS for \$2.00 per biennium). By constructing a Public Safety Center, all agencies could benefit through shared efficiencies, communications proximity and strategizing, and cost efficiencies (for example, combining staff services such as human resources, payroll and accounting). In 2008, the estimated budget for design and construction of a Public Safety Center was \$106 million. The average debt service of \$13.5 million per biennium would be off-set by the current lease rates and reduced utility costs. Although 2010 numbers are not immediately available, it is still true that the average debt service would be off-set by the lease rates and utility costs.

Additionally, the State of Oregon would greatly benefit from a focused and collaborative approach to

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public safety policy that the very location and proximity of the agencies would foster.

Alternatives considered: Maintain the status quo.

Expected outcome

The expected benefits are: shared efficiencies, such as shared conference rooms, or coordinated desk and phone support staff; reduced costs by combining staff services, e.g., payroll, accounting, human resources, etc.; more modern design and better space utilization as opposed to agencies housed in older buildings; minimal negative impact to the downtown business district for agencies housed in these areas; a focused area for public safety thus promoting better communications and a broader view of public safety strategies and policy-making; and cost reductions due to no leasing costs and shared utility costs.

Projected cost: High Cost/High Benefit.

Time line for accomplishing results or seeing improvements: End of 2013 Biennium.

Support:

This recommendation was introduced at the May 14, 2010 GETF meeting. In 2008 when it was first being discussed, DOC Director Williams contacted the four other agency heads. They were in favor of the suggestion.

Stakeholders

List groups that are interested in this issue: DOC, OSP, OYA, BPPPS, and CJC

Suggestions for individuals and groups to be engaged in working out details or generating support: Representatives from the Legislature, DOC, OSP, OYA, BPPPS, and CJC

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Subcommittee: Criminal Justice Sub-Committee

Title of recommendation: Closer partnership and consolidation of motor pool services

Description: State, county and city motor pool services become more cost efficient through enhancement of existing partnerships and consolidation of space, purchasing, repairs, etc..

Recommended action

Action: Legislative action to consolidate motor pool services for the Department of Administrative Services (DAS) Fleet Management, counties and cities.

Who is responsible for the action: The Oregon Legislature, Department of Administrative Services (DAS), counties and cities.____

When: Three years

How it will be accomplished: Interagency agreement between DAS and other Oregon governmental agencies

Indicate whether this proposes a change in administrative practice, administrative rule, or state law: Administrative practice

List units of government that would be affected: All Oregon state, county and city agencies that make use of motor pool services.

Background information

DAS Fleet Management currently has intergovernmental agreements with 55 Oregon governmental agencies to provide motor pool services, including rental and maintenance of vehicles. Additionally, cities and counties can purchase vehicles directly from state contracts through membership in the Oregon Cooperative Purchasing Program with the DAS State Procurement Office.

A review of the underuse and overuse of governmental vehicles may also be beneficial. Greater partnerships may also lead to greater networks of individuals who may be able to rideshare.

Alternatives considered: Continue with current practices.

Expected outcome

Describe the expected benefits, including increased efficiency, decreased or avoided cost, improved relationships and new collaborations: As described in the Background Informa-

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tion section, increased partnerships and consolidation of services could bring cost efficiencies through better use of shared resources as well as improved relationships and new collaborations. Extended networks of individuals from different agencies could communicate about travel destinations, thus increasing rideshare resources.

Projected cost: High Cost/ High Benefit

Time line for accomplishing results or seeing improvements: Three (3) Years

Support:

(Succinct description of support or opposition in Subcommittee, Technical Committee advisers, individuals or other groups that have participated in the discussion): A quorum of voting committee members and a majority of technical advisors support recommendation.

Stakeholders

List groups that are interested in this issue: DAS Fleet management, DOC

Suggestions for individuals and groups to be engaged in working out details or generating support: DAS Fleet Management, Association of Counties, League of Oregon Cities

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Government Efficiency Task Force Subcommittee: Elections

Title of Recommendation:

Elimination of Precinct People, Elections

Description:

Currently, the County Clerks have responsibility for conducting elections for precinct people for both the Democratic and Republican parties for approximately 15,000 positions.

Recommended Action:

Action: Eliminate these elections at the county level and have the parties manage them at the local level.

Who is responsible for the action: DPO and RPO would assume full responsibility for the election of precinct people.

When: The presumed starting date would be January, 2012.

How: Statutory changes are required.

List units of government that would be affected: The counties would no longer bear responsibility for this function.

Background Information:

The problem or issue being addressed: See attached information regarding approximate costs for continuing this function.

Alternatives considered: See SB-614 with amendments attached. The proposed alternative would be that only contested races would go on the ballot.

Expected Outcome:

Both the major parties are stakeholders, as well as individual county chairs and individual members. The chairs of both the Democratic and Republican parties have been informed of the subcommittee's position.

The Association of Oregon Counties, the County Clerks Association, and the Secretary of State's office are interested in partnering with the Government Efficiency Task Force.

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Government Efficiency Task Force Subcommittee: Elections

Title of Recommendation:

Voter Registration Modernization Pilot Project

Recommended Action:

Support Oregon's participation in the Voter Registration Modernization pilot project.

Background Information:

Pew conducted a study in Oregon showing the costs of voter registration in Oregon during the 2008 election. State and local government spent approximately eight million dollars, or \$4.11 per registered voter. Please see the attached cost study.

Expected Outcome:

The transition to a universal system is likely to substantially reduce costs and create efficiencies within the system. For example, moving to an online voter registration system reduces costs of voter registration in half. See attached explanation.

Projected Cost:

The Pew Center will bear the cost of the pilot project. Other expenses can be paid for with federal HAVA resources.

Timeline:

We will start implementing changes for the November, 2012 election cycle.

Support:

The Subcommittee and Technical Committee unanimously support Oregon's participation in the pilot project.

Stakeholders:

There are numerous organizations that would have interest in the project, including the League of Women Voters, Common Cause, both major and minor parties, and student associations.

Appendix B:

Subcommittee Reports

Task Force on Effective and Cost Efficient Service Provision
Human Services Subcommittee Recommendations
May 31, 2010

Subcommittee members:

Suzanne Hoffman, Chair
Dawn Bonder, Vice Chair
Linda Modrell
Fariborz Pakseresht
Representative Richardson
Senator Winters

The human services subcommittee was challenged in coming up with recommendations that haven't already been suggested in another forum. The Governor's Reset Cabinet, the Performance Excellence Committee and the Federal Forest Payment Task Force are either in the process of or already have put forth applicable recommendations. This subcommittee suggests the recommendations from all of these groups be compiled. The Oregon Department of Human Services is in the implementation phase of a major transformation initiative which includes improving service delivery and in creating efficient processes.

The subcommittee brainstormed a list of several ideas but was unable to come to consensus about the elimination of any recommendations. With the guidance and direction of Representative Nathanson, several recommendations were combined into one that calls for a prioritization of services followed by redesigning those services and improving processes in keeping with the scope of the task force's charge in relation to efficiency.

Two additional recommendations focus on interoperable information technology systems and streamlining contracting processes as well as reducing legal costs.

Again, with Representative Nathanson's guidance, two suggestions were deemed to be policy issues and therefore outside the scope of the work of this task force, but warrant mention as ideas to be considered by an appropriate body.

Making one's own end-of-life plan (policy issue)

This proposal would bring together all necessary resources to inform, educate, promote and assist people who wish to make informed decisions before an emergency arises and avoid many expensive and undesired medical interventions.

Appendix B: Subcommittee Reports

Community Mental Health Alternatives (policy issue)

This proposal entails investing in community mental health residential alternatives and reducing the State's investment in additional psychiatric hospitals.

Although there's more detailed analysis to be completed on the recommendations submitted, each warrants consideration by the full task force.

Respectfully submitted,

Suzanne Hoffman
Chair, Human Services Sub-committee

Appendix B: Subcommittee Reports

Subcommittee: Human Services

Title of recommendation: Transformation of health and human services, from prioritization to redesign to continuous improvement

Description: Form a task force/executive steering committee to choose a group of the highest priority services for analysis and improvement to maximize efficiency and ensure effective service delivery. Once priorities are selected, the services will be base lined, benchmarked, undergo redesign and rigorous process improvement through use of Lean methodologies. Redesigning includes rethinking who delivers services and how they are regulated and audited how to reduce administrative burden while ensuring quality and compliance. The task force would be charged with looking at service delivery from an entrepreneurial perspective that challenges current ways of doing business. As part of prioritization of services, return on investment would be calculated as well as the use of evidence-based practices that provide greater assurance desired outcomes are achieved. This will require greater collaboration at the state, county and non-governmental levels and greater coordination at the community level.

The task force will:

- Determine the highest priority services to be in the first phase of redesign and improvement.
- Ensure the implementation of Lean process improvement techniques to eliminate waste from each process within the priority services selected.
- Make recommendations about where each component of service oversight and delivery will reside, be it with the state, with local government or non-governmental organizations with the goal of maximizing use of existing resources at all levels as part of the redesign process.
- Make recommendations about how performance will be measured, outcomes assured, and accountability monitored through effective and efficient planning, reporting and auditing.

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Recommended action

Action: Form and charter the task force with a clear vision, scope of work, timelines and deliverables.

By whom: The legislature and the Governor

When: As soon as possible

How it will be accomplished: The task force will require assistance in the form of staff to perform analysis, an outside firm to assist with base lining and benchmarking, and an outside firm or the temporary assignment of a group of staff trained in Lean process improvement methodologies.

Indicate whether this proposes a change in administrative practice, administrative rule, or state law: This is likely to result in significant change in administrative practice and may require changes in rule and law depending upon the recommendations made.

List units of government that would be affected: State, Local and Non-governmental

Background information

The problem or issue being addressed: With the existing and continuing fiscal crisis, the many entities that administer and deliver human services must be examined and improved for the most effective and efficient delivery to maximize remaining resources and protect the most critical services to the greatest degree possible. In light of limited and shrinking resources combined with growing need, services must be prioritized and then targeted for redesign and improvement. Roles must be clearly defined and regulatory requirements must be streamlined while still ensuring accountability, stewardship of funds, and quality of service through appropriate planning, reporting and auditing.

Alternatives considered: Leave the system unexamined and unimproved. This alternative is deemed to be unsustainable given the current economic reality that is projected to last for another decade. More thoughtful approaches for who delivers services, how those services are delivered and how results are measured are called for.

Appendix B: Subcommittee Reports

Expected outcome

Describe the expected benefits, including increased efficiency, decreased or avoided cost, improved relationships and new collaborations:

Services can be prioritized based on quantifiable and measurable outcomes. This can become a tool for legislators, state agencies and the general public. The discussion changes to one that is based on a series of objective factors incorporated into the return on investment calculation.

Redesign efforts enable shifts in service delivery in ways that maximize the use of existing resources at the state and local levels and engage community resources more intentionally and effectively.

With the use of Lean methodologies, a culture and practice of continuous improvement will emerge that ensures waste is being eliminated, performance is being measured, and human service employees have the tools and techniques to be effective decision makers in the activities performed every day.

The State will expend less resource on monitoring service delivery as streamlined, non-redundant requirements are developed for planning, reporting and auditing.

Projected cost: \$3 to \$5 million start up costs with a potential return on investment of many more times that amount.

Time line for accomplishing results or seeing improvements: 2 to 3 years

Support:

(succinct description of support or opposition in Subcommittee, Technical Committee advisers, individuals or other groups that have participated in the discussion)

This initiative requires broad support from all levels of government including the legislature, the Governor, State agency heads, county commissioners, community organizations, and every entity engaged in human service delivery in the priority areas targets for redesign and improvement.

Ideally, the assistance of outside consultants and practitioners will be provided to assist and a temporary group of trained staff provided to carry out the baselining, benchmarking, redesign and Lean activities. Some of these staff should be donated from all affected organizations in order to build skill capacity, ensure sustainability, and minimize costs.

Appendix B: Subcommittee Reports

Stakeholders

List groups that are interested in this issue: Everyone engaged in the funding, administration, and delivery of human services at the state, local and community levels as well as the citizens receiving more cost effective and efficient services.

Suggestions for individuals and groups to be engaged in working out details or generating support: Same as above as well as outside consultants and practitioners that may be able to assist.

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Subcommittee: Human Services

Title of recommendation: Information Technology (IT) Interoperability

Description: Ensure interoperability of health and human services information technology systems as part of a long term plan to create efficiencies, reduce costs, and ensure systems are working together to provide quality services to Oregonians. This concept can be expanded to include other state and county services such as child support, housing, education and corrections.

Recommended action

Action: Charter a group to assess and make recommendations for a set of standards and governance processes by which future IT systems are designed, developed and purchased with interoperability in mind. Formulate and implement a plan to design a future state vision and the phases necessary to reach that overarching vision.

By whom: State, County and partner organizations delivering health and human services

When: 1 year for planning with implementation occurring over approximately 5 to 10 years.

How it will be accomplished:

Indicate whether this proposes a change in administrative practice, administrative rule, or state law: This will result in significant changes in administrative practice and could result in proposed changes to laws and rules.

List units of government that would be affected: State and County government would be affected.

Background information

The problem or issue being addressed: State and county agencies use IT systems that are siloed and program-centric rather than connected and person and service-centric which impacts the quality of service provision and the data avail-

Appendix B: Subcommittee Reports

able to design effective services and measure results. There's an opportunity being missed to leverage existing systems and coordinate the purchase of new systems in ways that enables data to be shared and services to be managed in a more comprehensive and efficient manner.

Alternatives considered: Continue to operate in siloed systems that don't work together, are inefficient and expensive.

Expected outcome

Describe the expected benefits, including increased efficiency, decreased or avoided cost, improved relationships and new collaborations: Benefits include increased efficiency and higher quality with IT systems that enable the sharing of data among agencies that serve the same people, and decrease costs by gaining economy of scale by consolidating and coordinating systems rather than buying hundreds of "one-off" solutions with duplicative functionality.

Projected cost: Unknown beyond the staff time of the participants. Determination of costs and potential return on investment will be a part of the first phase of this initiative.

Time line for accomplishing results or seeing improvements: Immediate results can be achieved by ceasing the purchase of separate systems wherever possible and immediately acting upon existing opportunities (the low hanging fruit) with longer term results being five or more years out as a more comprehensive approach comes to fruition.

Support:

(succinct description of support or opposition in Subcommittee, Technical Committee advisers, individuals or other groups that have participated in the discussion)

This concept will be controversial in that it entails less autonomy and a degree of compromise to create systems that work well from an enterprise perspective. This initiative demands stepping back and focusing beyond one's individual program or unit of government and, instead, on the comprehensive needs of families and populations. This applies not only to the IT systems but also to standardization of business processes. IT vendors may oppose such an approach because it creates an imperative for a more collaborative business model in an

Appendix B: Subcommittee Reports

industry that has developed siloed solutions for siloed programs of government. Federal government support is necessary to braid funding streams as well. Work is already underway at the national level to create a new model for health and human services.

Stakeholders

List groups that are interested in this issue: Federal, State and county governments, individuals who deliver and receive services, IT vendors.

Suggestions for individuals and groups to be engaged in working out details or generating support: Existing groups can be utilized to lead this effort with the addition of other key stakeholders. Work done to date will be leveraged. This is a multi-year effort so the groups engaged will evolve over time.

Appendix B: Subcommittee Reports

Subcommittee: Human Services

Title of recommendation: Efficient use of legal counsel and streamlining contracting processes between state and county government

Description: Standardize and simplify contracts and processes to reduce attorney time and cycle time in the contracting process.

Recommended action

Action: Launch an initiative to standardize and simplify contracts and contracting processes to reduce attorney time and cycle time.

By whom: DOJ, a representative number of state agencies that are primary users of DOJ contract legal services, representatives from counties who interact with DHS in the provision of mental health, public health and services to seniors and people with disabilities.

When: 1 year

How it will be accomplished:

Indicate whether this proposes a change in administrative practice, administrative rule, or state law: The results of this initiative will change administrative practice and may result in the need for rule or law changes.

List units of government that would be affected: state and county government

Background information

The problem or issue being addressed: The contracting process is perceived to be time consuming, expensive and could benefit from a standard and streamlined process that minimizes legal costs and reduce processing time.

Alternatives considered: None

Expected outcome

Describe the expected benefits, including increased efficiency, decreased or avoid-

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ed cost, improved relationships and new collaborations:

Projected cost: The investment of staff time to participate on the group that leads this initiative.

Time line for accomplishing results or seeing improvements: 1 to 2 years

Support:

(succinct description of support or opposition in Subcommittee, Technical Committee advisers, individuals or other groups that have participated in the discussion)

No opposition is anticipated.

Stakeholders

List groups that are interested in this issue: DHS/OHA, county agencies and DOJ.

Suggestions for individuals and groups to be engaged in working out details or generating support: One DOJ representative, representatives from each major service area of DHS/OHA and a three to five county representatives

Appendix C:

Presentations to Task Force

Presentations to the Task Force

In an effort to discover opportunities and issues that currently exist, the Task Force invited a number of people to present information on issues relevant to government efficiency and effectiveness. A brief look at those presentations is provided here.

January 8, 2010

Fred King, Chair, Committee on Performance Excellence

The Committee on Performance Excellence (CPE) was established by Senate Bill 1099 (2008). Consisting of nine members – executive, legislative and judicial branch, union, and business members – CPE is charged with creating a “process that will oversee the journey to excellence and encourage the most vital aspects of Oregon state government to be managed at a world class level.” Mr. King observed that government still thinks in “silo’s” and that there are many ideas from the business community that can be brought to government. The [first annual report](#) (January, 2010) of CPE summarizes activities and lessons learned from the performance improvement examples shared with CPE in 2009. This committee is ongoing.

Jim Weed, Administrator, Northern Oregon Regional Correctional Facilities (NORCOR)

Success in Regionalization. The Northern Oregon Regional Correctional Facilities (NORCOR) was established as an ORS 190.265 organization. NORCOR created an adult jail and a juvenile detention center under single management to serve five counties – Gilliam, Sherman, Wheeler, Wasco and Hood River (Wheeler is no longer a member of NORCOR, but continues to contract with NORCOR for beds). Mr. Weed described the necessity of regionalizing these functions, the culture of the regional entity that drives cooperation and what works in terms of a governance structure. This project demonstrates regionalization of a service as an alternative to the service being delivered by each individual county. Whether responding to lack of capacity, insufficient funds or critical mass, NORCOR provides an example of a successful regionalization effort that has resulted in efficient delivery of this vital service.

2007 report “Federal Forest Payments and County Services”

Chair Nathanson reviewed the 53 recommendations presented by the [Governor’s Task Force on Federal Forest Payments and County Services](#) (January, 2009). While some of the recommendations had been acted on, many had not due, primarily, to fiscal constraints. Chair Nathanson urged the subcommittee chairs to review the recommendations for possible implementation. *Overview of shared service delivery between the state and local government entities; topics covered included delivery mechanisms, structures, contracting, technology, and regionalization.*

Mike Novak, League of Oregon Cities (LOC): The League of Oregon Cities Board of Directors created a City-State Relationship Task Force at its February 27, 2009 meeting. The board recognized that a healthy city-state relationship based on mutual respect and appreciation of

Appendix C: Presentations to Task Force

each other's unique roles and contributions is essential to meeting the needs and expectations of Oregonians. The task force was charged to develop a [report and recommendations](#) regarding the current state of relations between cities and the state as to what was working, could be improved, or wasn't working.

Mike McArthur, Association of Oregon Counties (AOC): Oregon counties share a unique relationship with the state through a vast system of state-county shared services systems. Counties, in many instances, deliver state services. Local delivery of state services should provide local communities the ability to respond to local conditions, but all too often state agencies and/or the Legislature affixes one-size-fits-all mandates and processes on programs, rather than defining a desired outcome and allowing the service deliverers to meet the needs. There are a number of examples of successful regionalization models. These include: AOC districts, mental health organizations, area commissions on transportation, NORCOR, North Central Regional Health, Oregon economic development districts, councils of government and Oregon judicial districts. Regionalization can be a useful tool – local governments frequently regionalize to achieve economies of scale and efficiencies where it makes sense.”

Mark Landauer, Special Districts Association of Oregon (SDAO): The SDAO represents approximately 950 local governments providing 35 different service functions throughout the state. Each of the 950 governing bodies is made up of locally elected officials. Oregon law allows special service districts to perform only one function. Over the course of the last several years, the special districts have attempted to identify new service delivery models that would promote greater efficiency and effectiveness. One such model that the Special Districts Association is likely to pursue is a new type of district that would allow for the delivery of multiple services by an elected board in urbanized areas that are not likely to either incorporate or become annexed by a city.

March 12, 2010

Pat Allen, DCBS, Regulatory simplification and incentives for change

Pat Allen from the Department of Consumer and Business Services described previous efforts to streamline regulations. He discussed regulatory burdens on businesses, such as annual license renewal, duplicative audits, and lack of cooperation among different state agencies that regulate the same business. He provided some examples of what a typical business deals with on a daily basis, including a particular example in which a convenience store has to answer to 14 different agencies. Mr. Allen also identified incentives for moving forward, for example the legislature promotes cooperation between state agencies to reduce duplicative efforts in regulation.

Contracts and inter-governmental agreements

Diane Lancaster, DAS: Any government can participate in the Oregon Cooperative Purchasing Program (ORCPP). This program has over 380 contracts in place for a variety of goods, products and services. State price agreements through ORCPP can reduce costs for governments on

Appendix C: Presentations to Task Force

everyday items. Ms. Lancaster also spoke about the Oregon Procurement Information Network (ORPIN) and how this works together with ORCPP to provide transparency and efficiencies in contracting for goods, products and services.

Stephanie Smythe, DOJ: Ms. Smythe reviewed two contracting workgroups that are currently operating. 1) Department of Human Services County Contracts Committee – working on time lines for contract renewal, reaching agreement on mutually acceptable terms, forum for vetting new language and sharing information, smoothing the negotiation process, optimizing expertise, efficiency and effectiveness. 2) Association of Oregon Counties, Department of Administrative Services Risk Management Division, Department of Justice Tort Limits Workgroup – trying to reach agreement on mutually acceptable contract language on indemnification and insurance; recognizing effect of increased tort claims limits that are different among government bodies resulting from SB 311 (2009); recognizing effect of recent appellate court decisions on government liability for torts of agents and liability in excess of tort claims limits.

April 9, 2010

Contracts and Intergovernmental Agreements follow-up:

Diane Lancaster, DAS; Stephanie Smythe, DOJ; Gordon Fultz, consultant, Association of Oregon Counties and Brad Anderson, Washington County Counsel discussed in more detail the work of the Department of Human Services County Contracts Committee and how that work might be a model for contracting in other areas of government. Ms. Lancaster reiterated the value of the Oregon Cooperative Purchasing Program.

Briefing on Oregon's Economic and Revenue Outlook

Chair Nathanson discussed a Power Point presentation by State Economist Tom Potiowsky from March 17 on Oregon economic and revenue outlook. The report showed that employment gains will lag the recovery, resulting in somewhat of a “jobless recovery.” It was stated that it is a difficult, time consuming process to quantify whether a system or current way of doing things should still exist. Elizabeth Harchenko said the state would be facing a severe budget shortfall in 2011, to the tune of \$2.5 billion. To give an example of how significant that gap is, the legislature could shut down all general fund agencies besides education, human services, and criminal justice, and still not make up the deficit. It is estimated currently that there will be a 63-month recovery, into late 2013, to get back to 2008 budget levels.

May 14, 2010

State-County Collaboration: Alex Gardner, Lane County District Attorney, brought forward a unique idea for collaboration between the state and Lane County to create a new multi-purpose law enforcement facility in or near the Eugene-Springfield metro area. The impetus for the collaboration includes all of the following considerations:

- The OSP Springfield forensic lab was originally designed to house 3 analysts/scientists in

Appendix C: Presentations to Task Force

1985; there are currently 27 analysts working in that original space, a space which is now grossly inadequate and inconsistent with best practices.

- OSP forensic services wishes to expand DNA capability to achieve redundant capacity outside the Portland metro area, so additional analysts would be brought to Lane County.
- The Springfield OSP lab/patrol facility is on its second and last five year lease extension under the original agreement with ODOT, the owner of the property. (It is unknown whether ODOT is willing to rewrite/redesign the current lease structure.)
- The Lane County Medical Examiner's office, a division of the DA's office, needs a new morgue, as the existing morgue lease is inadequate and temporary.
- A stand-alone morgue would be more expensive to build and secure.
- Many efficiencies are achieved by co-locating forensic services, a morgue, and patrol facilities. (Facility security, evidence transfer, shared training/conference/locker facilities/Sally-port, etc.)
- The State Medical Examiner's long term vision provides for a system of regional morgues, each serving multiple counties and co-located with other State Police facilities (like Portland.). A Morgue attached to a law enforcement facility in the Eugene-Springfield area would provide a logical second step towards that objective.

Several locations for constructing a facility to address all of these needs have been identified, but one stands out above the others. The former Armory is enormous, vacant, county-owned, and adjacent to I-105 approximately half a mile west of the I-5 interchange. ODOT could construct a law-enforcement-dedicated access ramp and automatic gate which would provide immediate and convenient access to 105. There is also ample impound/storage/parking space around the existing facility. A co-location of these facilities seems to make sense and there appears to be a logical space available. The question remains as to how to make that happen with so many different entities involved and the legal and regulatory barriers that may exist.

The Task Force showed interest and support for pro-actively working on collaborative projects than span multiple agencies and government jurisdictions, to improve services, outcomes, and costs to individual jurisdictions.

Appendix D: Technical Committee Members

| Technical Committees | | | |
|---|------------------|------------------|--|
| Assessment & Taxation Technical Committee (A&T - TC) | | | |
| | Last Name | First Name | Affiliation |
| | Blackmer | Gary | SOS Audits Division |
| | Guzman | Debra | Tualatin Valley Fire and Rescue |
| Sub-Chair | Harchenko | Elizabeth | Oregon Department of Revenue Director |
| | Langton | Scott | Deschutes County Assessor |
| | Noaks | Mark | Linn County Assessor/Tax Collector |
| | O'Claire | Patrick | City of Beaverton Finance Director |
| | Riddell | Gil | AOC, Policy Coordinator |
| | Spickard | Annette | Lane County Assessor |
| | Vroman | Bob | Clackamas County Assessor |
| Elections Technical Committee (E - TC) | | | |
| | Last Name | First Name | Affiliation |
| | Berman | Dee | Crook County Clerk |
| Sub-Chair | Brown | Kate | SOS |
| | Eliason | Mike | AOC, Policy Manager |
| | Jenkins | Dana | Lincoln County Clerk |
| | Kolen | Renee | Curry County Clerk |
| | Landauer | Mark | SDAO Government Relations Manager |
| | Nelson | Sue | City of Beaverton City Recorder |
| | Scott | Tim | Multnomah County Clerk |
| | Trout | Steve | SOS Elections Director |
| Human Services Technical Committee (HS - TC) | | | |
| | Last Name | First Name | Affiliation |
| | Arenz | Janet | Oregon Alliance of Children's Programs |
| | Bruland | Don | Rogue Valley Council of Governments Program Director of Senior & Disabilities Services |
| | Cowling | Morgan | AOC Policy Manager |
| | Fuller | Jo Ann | Multnomah County Human Services Director |
| | Hall | Bill | Lincoln County Commissioner |
| Sub-Chair | Hoffman | Suzanne | Department of Human Services Transformation Director |
| | Kelley | Alison | Marion County Department of Children & Families |
| | Nikkel | Gina | AOC Mental Health Programs Executive Director |
| | Nibler | Karen | League of Women Voters |
| | Phelps | Jean | Commission on Children and Families |

Appendix D: Technical Committee Members

| Criminal Justice Technical Committee (CJ - TC) | | | |
|---|---------------|--------------|---|
| | Last Name | First Name | Affiliation |
| | Anderson | Todd | Tillamook County Sheriff |
| | Cox | Phil | Oregon Youth Authority Community Services Assistant Director |
| | Ferguson | Joe | Jackson County Juvenile Services, Deputy Director |
| | Hooley | Captain Doug | Lane County Sheriffs Office, Corrections Division Commander |
| | Milligan | Jeff | Central and Eastern Oregon Juvenile Justice Consortium |
| Sub-Chair | Morrow | Mitch | Department of Corrections Deputy Director |
| | Prins | Craig | Criminal Justice Commission Executive Director |
| | Rambo | Liz | Court Administrator-Circuit Court |
| | Snider | Paul | AOC Legal Counsel |
| | Wells | Vern | City of Independence Police Chief |
| County Services Planning Council Technical Committee (CSPC - | | | |
| | Last Name | First Name | Affiliation |
| | McArthur | Mike | AOC Executive Director |
| Sub-Chair | Morgan | Susan | Douglas County Commissioner |

Appendix E: Authorizing Legislation - HB 2920

75th OREGON LEGISLATIVE ASSEMBLY--2009 Regular Session

Enrolled House Bill 2920

Sponsored by Representative NATHANSON; Representatives BARNHART, C EDWARDS, D EDWARDS, HARKER, RICHARDSON, ROBLAN, J SMITH, Senator DEVLIN

CHAPTER

AN ACT

Relating to efficiencies in the provision of governmental services; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) There is created the Task Force on Effective and Cost-Efficient Service Provision, consisting of 21 members appointed as follows:

(a)(A) The Governor shall appoint:

(i) Two members from among staff of the office of the Governor.

(ii) Seven members from state agencies and departments other than the Governor's office.

(iii) Three members who are county commissioners in this state. The Governor shall consider recommendations for these positions from the Association of Oregon Counties.

(iv) One member who is a mayor or city councilor in this state. The Governor shall consider a recommendation for this position from the League of Oregon Cities.

(v) One member who is a member of a special district board of directors.

(B) Of the members appointed by the Governor under subparagraph (A) of this paragraph, at least one shall have served as a member of the Governor's Task Force on Federal Forest Payments and County Services and at least one shall have served as a voting, nonvoting or adjunct member, an advisory council member or a staff member of the Task Force on Comprehensive Revenue Restructuring.

(b) The President of the Senate shall appoint two members from among members of the Senate, including at least one member of the Joint Committee on Ways and Means.

(c) The Speaker of the House of Representatives shall appoint two members from among members of the House of Representatives, including at least one member from the Joint Committee on Ways and Means.

(d) The Secretary of State, the State Treasurer and the Chief Justice of the Supreme Court shall serve as ex officio members.

Appendix E: Authorizing Legislation - HB 2920

(2) The task force shall:

(a) Review opportunities to provide services in the most effective and cost-efficient manner;

(b) Consider the ability of intergovernmental agreements, existing or new service districts and technology to achieve cost savings;

(c) Encourage effective fiscal planning for counties managing the phaseout of federal forest safety net payments; and

Enrolled House Bill 2920 (HB 2920-B) Page 1

(d) Recommend to the Governor and the Legislative Assembly an appropriate level of state fiscal support to counties.

(3) The task force shall analyze, at a minimum, the following categories of services under subsection (2) of this section:

(a) Assessment and taxation;

(b) Elections;

(c) Human services; and

(d) Criminal justice.

(4) The task force may analyze additional services under subsection (2) of this section.

(5) A majority of the members of the task force constitutes a quorum for the transaction of business.

(6) Official action by the task force requires the approval of a majority of the members of the task force.

(7) The Governor shall appoint one of the members as chairperson.

(8) If there is a vacancy for any cause, the appointing authority shall make an appointment to become immediately effective.

(9) The task force shall meet at times and places specified by the call of the chairperson or of a majority of the members of the task force.

(10) The task force may adopt rules necessary for the operation of the task force.

(11) The task force shall submit an interim report to the Legislative Assembly no later than November 30, 2009, reporting progress of work and initial recommendations, and shall submit a final report to the Legislative Assembly no later than October 1, 2010.

(12) The task force shall use the services of permanent staff of the offices of the Governor, Secretary of State, State Treasurer, Judicial Department and Legislative Fiscal Officer. The task force shall also accept staff assistance from the Association of Oregon Counties if the association offers assistance.

(13) All agencies of state government, as defined in ORS 174.111, are directed to assist the task force in the performance of its duties and, to the extent permitted by laws relating to confidentiality, to furnish such information and advice as the members of the task force consider necessary to perform their duties.

(14)(a) The task force shall establish a technical committee to aid and advise the task force in the performance of its functions. The task force shall determine the representation,

Appendix E: Authorizing Legislation - HB 2920

membership, terms and organization of the committee and shall appoint its members. If the Executive Director of the Association of Oregon Counties or the Executive Director of the Special Districts Association of Oregon consents to serve on the technical committee, the task force shall appoint one or both directors to the committee.

(b) The task force shall establish subcommittees to work on the subject areas identified in subsection (3) of this section in the priority order that the task force identifies at its initial meeting.

SECTION 2. Section 1 of this 2009 Act is repealed on the date of the convening of the next regular biennial legislative session.

SECTION 3. This 2009 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect on its passage.

Enrolled House Bill 2920 (HB 2920-B) Page 2

Passed by House June 24, 2009

.....
Chief Clerk of House

.....
Speaker of House

Passed by Senate June 27, 2009

.....
President of Senate

Received by Governor:

.....M.,....., 2009

Approved:

.....M.,....., 2009

.....
Governor

Filed in Office of Secretary of State:

.....M.,....., 2009

.....
Secretary of State

Appendix F: State-County Shared Services Chart

SHARED STATE-COUNTY SERVICES

SERVING THE CITIZENS OF OREGON

| HEALTH & HUMAN SERVICES | PUBLIC SAFETY | NATURAL RESOURCES & RECREATION | TRANSPORTATION, LAND USE & ECONOMIC DEV. | OTHER COMMUNITY SERVICES |
|--|--|---|--|--|
| <ul style="list-style-type: none"> Child Protection Housing Mental Health Hospital Aging/Senior Services Alcohol/Drug Treatment Alcohol/Drug Prevention Children & Families Svcs. Dev. Disabled Services Mental Health Services Oregon Health Plan Svcs. Veterans Services Public Health Services Environmental Health Housing Services Medical Examiner Emergency Planning and Response Solid Waste Management Recycling Programs | <ul style="list-style-type: none"> Appellate Court State Police State Prison Attorney General Trial Courts District Attorney 911/Emerg. Communications Emergency Management Homeland Security Community Corrections Court Security Juvenile Services Marine Patrol Drug Courts County Law Library Sheriff Patrol Animal Control Justice Courts Search and Rescue County Jail | <ul style="list-style-type: none"> State Parks State Lands Water Regulation Wildlife Regulation County Forest Trust Lands/ State Forest Management Habitat Restoration Wildlife/Predator Control Federal Land Policy Noxious Weed Control Watermaster County Forest Management County Parks Vector Control Soil & Water Conservation | <ul style="list-style-type: none"> State Highways State Fair Land Use Planning & Coord. Land Use Permitting Highway & Road System Senior & Disabled Transport. Energy Development Engineering Building Permits & Inspection Economic Development County Fair Infrastructure Development Surveying County Transportation System | <ul style="list-style-type: none"> Administrative Services Assessment & Taxation PERS Employee/Labor Relations Elections Extension Service Telecommunications Administrative Services Procurement Recording Public Documents County Library County Museums County Service Districts |



Directly supports schools/education

Green = State-Provided Services Red = State/County-Shared Services Blue = County-Provided Services