

HB 5018 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Reviewed By: Michelle Deister, Legislative Fiscal Office

**Oregon Liquor Control Commission
2021-23**

PRELIMINARY

Budget Summary*

	2019-21	2021 - 23	2021-23	Committee Change from 2019-21	
	Legislatively Approved Budget ⁽¹⁾	Current Service Level	Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 258,548,499	\$ 267,933,012	\$ 292,967,965	\$ 34,419,466	13.3%
Other Funds Cap. Improvements	\$ 377,943	\$ 237,745	\$ 237,745	\$ (140,198)	-37.1%
Total	\$ 258,926,442	\$ 268,170,757	\$ 293,205,710	\$ 34,279,268	13.2%

Position Summary

Authorized Positions	365	363	383	18
Full-time Equivalent (FTE) positions	362.29	361.00	380.50	18.21

⁽¹⁾ Includes adjustments through January 2021

Summary of Revenue Changes

The Oregon Liquor Control Commission’s (OLCC) main sources of revenue are the sale of distilled spirits, privilege taxes on malt beverages and wines, and licenses and fees. All revenue received by OLCC is Other Funds. Based on the updated gross sales forecast by OLCC for 2021-23 of \$1,639,500,798 (including \$41.3 million in per-bottle surcharge revenue), this recommendation results in an estimated balance for distribution pursuant to ORS 471.810 of \$616.1 million. This results in the following estimated distribution amounts (after adjusting for additional bottle surcharge revenue and agency ending balance of \$1.5 million):

- General Fund: \$351.3 million
- Cities: \$110.8 million
- City Revenue Sharing: \$77.5 million
- Counties: \$55.4 million
- Mental Health: \$20.3 million
- Oregon Wine Board: \$745,172

OLCC allocates marijuana licensing fee revenue to support a portion of agency administration, support services, and overhead expenditures in the Administration and Support Services Division. This budget recommendation assumes 26% of such expenses will be supported by recreational marijuana licensing fees, while 7% will be supported by medical marijuana licensing fees. This recommendation includes adoption of a new compensation formula to retail agents and distillery agents, for which additional expenditure limitation is incorporated in Policy Packages 108 and 110.

Summary of Transportation and Economic Development Subcommittee Action

OLCC's mission is to support businesses, public safety, and community livability through education and the enforcement of liquor and marijuana laws. OLCC is the agency responsible for regulating the sale and service of alcoholic beverages in Oregon. OLCC administers the state's Liquor Control Act and regulates the production, processing, and sale of recreational marijuana in Oregon through the Control, Regulation, and Taxation of Marijuana and Industrial Hemp Act. The agency also regulates the production, processing, and sale of medical products sold to Oregon Medical Marijuana Program (OMMP) cardholders in OLCC licensed marijuana retail shops. Oregon is one of 17 control states where the state maintains the exclusive right to sell packaged distilled spirits. The business of OLCC takes place in communities throughout the state.

The Subcommittee recommended a budget of \$293,205,710 Other Funds expenditure limitation and 383 positions (380.50 FTE). This represents an increase of 13.2% from the 2019-2021 legislatively approved budget. The agency position count is increased by 18 positions (18.21 FTE) from the 2019-2021 legislatively approved budget.

Distilled Spirits Program

The Distilled Spirits Program (DSP) makes distilled spirits available for sale by the bottle through liquor stores run by independent, contracted business people (liquor agents), appointed by the liquor Commissioners in a competitive process, which balances customer service, access, and revenue generation. The program regulates legal and responsible sales through the liquor stores. In addition, distilled liquor is available for sale in distillery tasting room outlets. The program centrally purchases, warehouses, and distributes distilled spirits to Oregon's liquor stores and also oversees liquor agents.

The Distilled Spirits program is supported revenue from liquor sales, license fees and fines, server education fees, taxes on malt beverages and wines (Privilege Tax), and miscellaneous income. ORS 471.805 directs the OLCC to distribute available money to the state General Fund, cities, counties, and Mental Health. The Subcommittee recommended a budget of \$33,857,162 Other Funds expenditure limitation and 77 positions (77.00 FTE). The Subcommittee recommended the following package:

Package 107: Distribution Center Equipment Replacement. This package provides \$270,000 in expenditure limitation for OLCC to replace aging equipment necessary for conducting warehouse/distribution center work. Equipment to be replaced includes fork lifts, order pickers, and batteries. Replacement of this equipment ensures health and safety of distribution center workers, and ensures demand is met for shipping, receiving and replenishment.

Public Safety Services Program

The Public Safety Services (PSS) Program regulates the manufacture, distribution, and sale of alcoholic beverages and provides management of personnel who oversee the production, processing, and sale of recreational marijuana. This program focuses on ensuring the legal sale of alcohol and marijuana, service of alcohol to responsible adults, and minimizing alcohol and marijuana-related public safety risks. This program

implements all fundamental agency responsibilities and strategies related to licensing, education, and enforcement. A primary mission for this work is to prevent the sale of alcohol and marijuana to minors. In addition, the program provides oversight for 2,267 marijuana licenses including producers, processors, wholesalers, retailers, laboratories, and 56,650 marijuana worker permittees. To ensure statewide reach, the program has five regional offices (including its headquarters in Milwaukie) and eight satellite offices.

The PSS program is funded through Other Funds revenue received by OLCC through liquor sales, alcohol and marijuana license fees and fines, server permits and marijuana worker permit fees, taxes on malt beverages and wines (Privilege Tax), and miscellaneous income. The Subcommittee recommended a budget of \$29,751,161 Other Funds expenditure limitation and 116 positions (114.00 FTE). The Subcommittee recommended the following packages:

Package 204: Alcohol Compliance & Licensing Staff. This package includes two permanent management positions (2.00 FTE) for OLCC's public safety division: A Medford Regional Office manager, to supervise both marijuana and alcohol regulatory positions; and an assistant licensing manager for alcohol licensing. Funding is also included to provide for 10 temporary positions related to minor decoy operations. OLCC has a persistently high position turnover among its licensing and enforcement staff, due to growth in the recreational marijuana program. Once existing vacancies are filled, the agency will be more accurately able to assess the number of additional positions - if any - needed to meet its public safety and licensing performance measure targets and workload needs. The agency can return to the February 2022, or a subsequent Emergency Board, with a request for positions based on demonstrable remaining workload needs. The package includes additional expenditure limitation of \$683,758 Other Funds.

Package 205: Administrative Hearings Case Presenters. This package provides resources for four permanent positions (4.00 FTE) to assist OLCC in addressing a backlog of cases, which escalated with growing field compliance and citation of marijuana licensees. OLCC requires additional case presenters to adjudicate these cases and handle the processing of violations resulting from the growing number of licensing and enforcement staff. The backlog compromises the agency's ability to process cases in a timely manner. Additional expenditure limitation in the amount of \$1,052,348 Other Funds is associated with this package.

Administration and Support

The Administration and Support Services Program provides the infrastructure to achieve the liquor commission policy direction and for OLCC programs to provide services to its customers and stakeholders. Functions include setting and implementing policy; providing public information; internal and external communications; hiring staff; providing fiscal accountability and recordkeeping; administering privilege tax collection; providing information technology services; stewardship of facilities; business continuity; internal auditing; staff training; labor relations; commodity purchasing; personal property control; building and equipment leasing; motor pool management; physical plant and building maintenance; mailroom services; and central supplies. OLCC engaged in a partial reorganization of its structure during the 2019-21 biennium, and created a new division within the Administration and Support Services program called the Policy, Analysis, Communication, and Education Division (PACE). The PACE program is designed to streamline and lead improvements to agency-wide policy, analysis,

communication, and education services. PACE replaces the former division of Administration and Support Services known as Management Consulting.

The Administration and Support program is funded through Other Funds revenue received by OLCC, derived through the sale of distilled spirits, license fees from alcohol and marijuana, penalties, transfers from the Marijuana Administrative Fund, privilege tax paid on the sales of beer and wine and other miscellaneous sources. The Subcommittee recommended a budget of \$32,910,552 Other Funds expenditure limitation and 90 positions (90.00 FTE). The Subcommittee recommended the following packages:

Package 090: Analyst Adjustments. This package eliminates two positions (2.00 FTE) that have been vacant an extended period of time. The positions are an Administrative Specialist 2 position (1500018) and an Information Systems Specialist 4 position (2600687). The package has the effect of adjusting Other Funds expenditure limitation downward by \$360,905.

Package 099: Microsoft Consolidation. Microsoft 365 is being consolidated within the Office of the State Information Officer at the E5 level of service. This cost will be built into the State Government Service Charge for every agency as a cost increase for the 2021-23 biennium. This package makes a corresponding reduction to the agency base budget in an amount equivalent to what agencies should be paying in the current 2019-21 biennium for Microsoft 365 at the E3 level of service. The consolidation results in a reduction to Other Funds expenditure limitation of \$256,766. OLCC may require additional expenditure limitation to support its transition to a consolidated Microsoft 365 environment. Once these costs are calculated and assessed within the context of available expenditure limitation, the OLCC can, if necessary, request this limitation during the February 2022 legislative session or at a subsequent Emergency Board meeting.

Package 302: Human Resources Staffing. This package includes four permanent Human Resource Analyst 2 positions (4.00 FTE), three of which will manage standard HR functions (including leave, benefits, safety, labor relations, classification and compensation analyses) but with a particular emphasis on recruitments. The remaining position will function as a full-time dedicated trainer, whose efforts will be focused on establishing training programs for managers (many of whom have been internally promoted but have no formal supervisory training), cross training curricula to maximize efficiencies within divisions, and supporting diversity and inclusion efforts within OLCC. The package results in additional Other Funds expenditure limitation of \$1,009,200 Other Funds.

OLCC has made significant improvements to its marijuana licensing renewals process; however, a moratorium on processing new producer license applications is still in place. A full complement of agency personnel, properly on-boarded, is expected to help ease backlogs in this division, as well as maintain sufficient staffing in the warehouse. Distribution center (warehouse) staffing has been erratic since the outbreak of COVID-19, with a higher percentage of employees in this division utilizing leave, or temporary workers not reporting at all in some cases. As of May, 2021, OLCC had 56 vacant positions, or 15% of its current service level total. Investment in employee recruitment and retention efforts will ensure the agency is able to fully leverage its existing position authority and meet its performance measure targets in the areas of licensing, enforcement, and distribution.

Package 303: Information Services Management & Support. This package includes a permanent Administrative Specialist 2 position (1.00 FTE) to support the division, and a permanent Principal Executive Manager D position (1.00 FTE) serving a Project Management function as Office and Vendor Relationship Manager. This package provides additional assistance for its Enterprise Modernization program, currently underway and with the goal of replacing insufficient, outdated and unsupported technology. This has been a multi-year, multi-project effort. The Office of Information Services operates with no administrative support. Given the number of IT planning and modernization projects underway, the division requires a dedicated position to coordinate the needs and activities related to project completion, as well as manage relationships and responses to multiple quality assurance and IT vendors. Additional Other Funds expenditure limitation of \$522,397 is associated with this package.

Package 306: Liquor Auditor & Payroll Contracting. This package provides the Financial Services Division with a permanent liquor auditor position (1.00 FTE) to address issues related to significant growth (20%) in the number of liquor stores that have opened since expansion began in 2017. This package also proposes to contract payroll services with the Department of Administrative Services. Additional Other Funds expenditure limitation of \$394,185 is associated with this package.

Package 311: Privilege Tax Subscription Services. This package provides \$1,110,000 in additional Other Funds expenditure limitation for subscription and maintenance costs for the online privilege tax system, which allows wine and beer licensees subject to privilege taxes to file reports online and make payments. The system was funded in 2019 and will be operationally completed in the 2021-23 biennium.

Package 801: LFO Analyst Adjustments. This package reclassifies two positions based on position reviews approved by the Department of Administrative Services Chief Human Resource Office, to resolve work out of class issues and allow OLCC to utilize existing position authority to greater effect. The reclassifications upgrade a Public Affairs Specialist 3 to a Principal Executive Management E to manage OLCC's communications group, and an Accountant to a Principal Executive Manager E to reflect supervisory duties related to managing financial services operations. Additional Other Funds expenditure limitation of \$50,976 is associated with this package.

Recreational Marijuana Program

The Recreational Marijuana Program is responsible for enforcing regulations relating to producers, wholesalers, processors, retailers, laboratories, marijuana worker permits, and research certificates with an emphasis on voluntary compliance. The program also manages compliance and enforcement of a product tracking system, which is required to be used by licensees to track all marijuana and marijuana products from plant viability to final sale to the consumer. Additionally, the program is responsible for implementation of a marijuana worker permitting program for all recreational marijuana businesses, and to conduct investigations, inspections, seizures, and detect and deter violations related to OLCC-licensed marijuana facilities. The program maintains a focus on preventing intentional diversion from the OLCC licensed marijuana facilities to the black market, regulation of all marijuana products sold in OLCC retail stores, labeling and packaging

compliance for both recreational and medical marijuana, assisting in the development of testing requirements and standards for product testing, and working with the Department of Revenue to reconcile product movement with taxes paid.

The Recreational Marijuana Program is solely funded with Other Funds revenues from license and application fees for marijuana related businesses. The Subcommittee recommended a budget of \$23,477,207 Other Funds expenditure limitation and 79 positions (78.50 FTE). The Subcommittee recommended the following packages:

Package 088: September 2020 Emergency Board. This package biennializes the costs of a permanent position (1.00 FTE) the OLCC received during the September 2020 Emergency Board meeting, adding \$208,241 Other Funds expenditure limitation.

Package 409: Marijuana Licensing Specialists. This package adds \$1,840,000 Other Funds, and includes an additional six permanent regulatory specialists (6.00 FTE) and two permanent licensing investigator positions (2.00 FTE) to keep up with the demand for complex change requests in business and ownership structures, and in added endorsements requested more than 2,000 active marijuana licensees with annual renewals. As of April, the backlog in license applications awaiting processing stood at 577 (down from 1,100 in August of 2020), and 4,527 worker permits in process. The growth in hemp related operations is driving the need for the two additional investigatory positions.

Package 413: CBD Inhalant Regulation. The package includes two permanent positions: A Compliance Specialist 3 position and an Administrative Specialist 2 position at a cost of \$346,147 Other Funds. These positions are assumed to start in January of 2022 and budgeted at 0.75 FTE each, although they will be permanent full-time positions.

This package assumes the passage of Senate Bill 96 (2021). SB 96 gives OLCC authority to regulate CBD vaping products. Currently, OLCC, the Oregon Health Authority and the Oregon Department of Agriculture cooperate on the regulation of various cannabis product value-chains in Oregon. Marijuana and hemp products intended for human consumption are tested for THC and CBD levels and the presence of certain solvents or pesticides. However, once hemp has been tested and converted into industrial hemp products, there is no longer any tracking or regulation of the product on its path to final consumers. This package, along with SB 96, allows OLCC to coordinate, manage, and facilitate product testing.

Package 801: LFO Analyst Adjustments. This package transfers \$487,897 in Marijuana licensing revenue to the Department of Agriculture (ODA) to support that agency's pesticide regulation program. ODA regulates the sale and use of pesticides and fertilizers in Oregon, and cannabis grown in Oregon is considered an agricultural crop by ODA. It is illegal to use pesticides on cannabis that are not on an approved guide list for this crop. Required product testing in labs that indicates the presence of a prohibited pesticide are referred to ODA for further investigation and follow up.

The ODA pesticide program is supported by fees paid by licensed applicators and dealers, and a small amount of Federal Funds. ODA reports that its pesticide testing program gets about 90 cases per year referred from the OLCC. All such referrals require a site visit, and, if a full investigation is warranted may require about 40 hours of work that could include interviews, detainment of crops, development of a product sampling plan, and maintenance of case files. An educational case involves less work, a standard settlement agreement, and documented follow-up to ensure the grower is meeting terms. ODA has unresolved cases dating as far back as 2017, and cites cannabis case referrals as among the reasons for the difficulty getting caught up. This package is sufficient to support two ODA positions (absent capital outlay costs), and is included for the 2021-23 biennium only. The marijuana program currently also supports -- through a revenue transfer -- a permanent position, a natural resource specialist 4, at ODA with the title of Cannabis Policy Coordinator, at a cost of \$305,175 for the 2021-23 biennium. While cross-agency collaborations regarding cannabis are important for the health and safety of consumers and Oregonians generally, a transparent way of identifying and prioritizing partnerships of this type, and determining whether and how to fund existing collaborations and future proposals, is merited. The Subcommittee approved the following budget note:

Budget Note

The Oregon Liquor Control Commission is directed to inventory existing and anticipated regulatory efforts and services involving recreational and medical marijuana licensees that are delivered cooperatively through other state agencies, but receive or request marijuana licensing revenue to fund costs. These efforts may include (but may not necessarily be limited to) agricultural and crop-related policy development, pesticide labeling and investigation, lab testing of licensee products performed by state regulatory entities, enforcement activities, and public health-related issues. As part of its evaluation, the OLCC is expected to develop narrow criteria for what activities in other agencies have a direct correlation to cannabis licensees, and for which financial support may be sought. OLCC will report to the Joint Committee on Ways and Means prior to the conclusion of the 2021-23 biennium describing the following:

- All existing cross agency partnerships that are currently supported by OLCC marijuana licensee revenue, including the amount supported by licensees and recipient agency contributions to those efforts;
- Requested but as yet unfunded cross-agency initiatives to date (including contributions to those efforts by affected agency parties);
- The extent to which OLCC believes it would be helpful to designate some amount of licensee fees for such efforts;
- Options for identifying -- with the assistance of licensee stakeholders -- transparent funding mechanisms for existing and potentially future efforts, including suggested amounts; and
- Suggested criteria for inclusion of such activities in future agency budget requests.

The Joint Committee on Ways and Means recommends that the OLCC biennially review intergovernmental agreements with agencies and entities with which it transfers revenue or contracts for services supported by marijuana revenue, evaluate the extent to which those arrangements require ongoing support, and include this information in OLCC's budget request document.

The package also reclassifies two positions based on position reviews approved by the Department of Administrative Services Chief Human Resource Office, to resolve work out of class issues and allow OLCC to utilize existing position authority to greater effect. The reclassifications result in \$40,272 in additional Other Funds expenditure limitation to fund the upgrade an Operations and Policy Analyst 3 position to an Operations and Policy Analyst 4, reflecting additional duties as the senior policy advisor for the recreational marijuana program; and reclassification of a Principal Executive Manager D position to a Principal Executive Manager E, reflecting a supervisory role of additional positions, tasked with performance analysis and management, packaging and laboratories, and analysis of data associated with the METRC system.

Agents Compensation Program

The Agent Compensation Program contains the funds OLCC distributes to liquor agents to operate the stores and a commission for sales in distillery tasting room outlets. OLCC contracts with individual and private business people to operate exclusive and nonexclusive liquor stores and distillery tasting rooms around the state to make distilled spirits available in a managed and socially responsible manner. These independent contractors (called liquor agents) receive funds from which they pay all store expenses, including rent, utilities, store fixtures, remodeling, moving, and staffing costs. From the net, they fund their own salary and any benefits or retirement savings.

The Agent Compensation Program is funded solely from liquor revenues received by OLCC. The Subcommittee recommended a budget of \$166,885,952 Other Funds expenditure limitation and no positions within this budget structure. The Subcommittee recommended the following packages:

Package 108: Agent Compensation Formula. This package is the result of work asked of the agency to update the compensation rates for liquor store agents. In 2019-21, the agency worked with liquor store agents to examine the current liquor store agent compensation formula, which has remained relatively unchanged since 1986. This package updates the compensation formula to increase the number of compensation classes from six to ten and includes retail lease and wage escalators to reflect costs in various regions of the state. An additional \$13,500,000 in Other Funds expenditure limitation is included to accommodate the changes in the compensation formula.

Package 110: Distillery Agent Compensation. This package reflects changes to the compensation rates for distillery agents. In 2019, the funding for distillery agents who sell only products they manufacture out of tasting rooms was separated from liquor agents to acknowledge the differences between the business models. At that time, no changes were made to the formula. This package reflects a proposal crafted in 2020 in cooperation with distillery agents. It changes the distiller compensation formula to 45% commission on the first \$250,000 in sales from all tasting rooms connected to a distiller and 17% for all sales over \$250,000. SB 316 (2021) mirrors statutory language for the formula and this package assumes the passage of SB 316 (2021). An additional \$3,500,000 in additional expenditure limitation is included in the budget to accommodate this compensation formula change.

Package 801: LFO Analyst Adjustments. This package adjusts expenditures for store operating expenditures based on an updated sales forecast release subsequent to the Governor’s Budget.

As in previous biennia, sales in excess of forecasts may require the agency to seek additional expenditure limitation for this purpose from the legislature or emergency board.

Medical Marijuana Program

The Medical Marijuana Program resulted from the passage of Senate Bill 1057 (2018), which requires Oregon Medical Marijuana Program (OMMP) medical marijuana grow sites, with more than two patients, and OMMP processors and retailers, to be tracked by OLCC’s cannabis tracking system. OLCC was given the responsibility to administer the tracking and to perform inspections to assure OMMP marijuana is properly accounted for.

The Medical Marijuana Program is funded solely from marijuana tax dollars and fees paying for OMMP tracking program expenses. The Subcommittee recommended a budget of \$6,085,931 Other Funds expenditure limitation and 21 positions (21.00 FTE). The Subcommittee recommended the following package:

Package 090: Analyst Adjustments. This package eliminates two positions (2.00 FTE). The positions being eliminated have been vacant for more than six months and are two Regulatory Specialists (6000163, 6000176) and result in a reduction in Other Funds expenditure limitation of \$377,080.

Capital Improvements

The Capital Improvements program provides for stewardship of OLCC’s building and grounds. OLCC owns its main office and distribution center complex on McLaughlin Blvd., in Milwaukie. OLCC’s distribution center encompasses the warehouse connected to the main office building and a second warehouse on Millport Road, which was acquired in 2007. The entire campus houses approximately 219 employees; and 109 employees are located in 13 different leased field offices.

Funding for Capital Improvements is derived through revenues from the sale of distilled spirits, license fees from alcohol and marijuana and penalties, privilege tax paid on the sales of beer and wine, and other miscellaneous sources. The Subcommittee recommended a budget of \$237,745 Other Funds expenditure limitation and no positions.

Summary of Performance Measure Action

See attached Legislatively Adopted 2021-23 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Liquor Control Commission
 Tamara Brickman - (971) 719-3492

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2019-21 Legislatively Approved Budget at Jan. 2021*	\$ -	\$ -	\$ 258,926,442	\$ -	\$ -	\$ -	\$ 258,926,442	365	362.29
2021-23 Current Service Level (CSL)*	\$ -	\$ -	\$ 268,170,757	\$ -	\$ -	\$ -	\$ 268,170,757	363	361.00
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 84500-001 - Distilled Spirits									
Package 107: Distribution Center Equipment									
Capital Outlay	\$ -	\$ -	\$ 270,000	\$ -	\$ -	\$ -	\$ 270,000		
SCR 84500-002 - Public Safety Services Program									
Package 204: Alcohol Compliance & Licensing Staff									
Personal Services	\$ -	\$ -	\$ 576,538	\$ -	\$ -	\$ -	\$ 576,538	2	2.00
Services and Supplies	\$ -	\$ -	\$ 53,320	\$ -	\$ -	\$ -	\$ 53,320		
Capital Outlay	\$ -	\$ -	\$ 53,900	\$ -	\$ -	\$ -	\$ 53,900		
Package 205: Administrative Hearings Case Presenters									
Personal Services	\$ -	\$ -	\$ 914,908	\$ -	\$ -	\$ -	\$ 914,908	4	4.00
Services and Supplies	\$ -	\$ -	\$ 106,640	\$ -	\$ -	\$ -	\$ 106,640		
Capital Outlay	\$ -	\$ -	\$ 30,800	\$ -	\$ -	\$ -	\$ 30,800		
SCR 84500-003 - Administration and Support									
Package 090: Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ (360,905)	\$ -	\$ -	\$ -	\$ (360,905)	-2	-2.00
Package 099: Microsoft 365 Consolidation									
Services and Supplies	\$ -	\$ -	\$ (256,766)	\$ -	\$ -	\$ -	\$ (256,766)		
Package 302: Human Resources Staffing									
Personal Services	\$ -	\$ -	\$ 871,760	\$ -	\$ -	\$ -	\$ 871,760	4	4.00
Services and Supplies	\$ -	\$ -	\$ 106,640	\$ -	\$ -	\$ -	\$ 106,640		
Capital Outlay	\$ -	\$ -	\$ 30,800	\$ -	\$ -	\$ -	\$ 30,800		

PRELIMINARY

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 303: Information Services Management & Support									
Personal Services	\$ -	\$ -	\$ 453,677	\$ -	\$ -	\$ -	\$ 453,677	2	2.00
Services and Supplies	\$ -	\$ -	\$ 53,320	\$ -	\$ -	\$ -	\$ 53,320		
Capital Outlay	\$ -	\$ -	\$ 15,400	\$ -	\$ -	\$ -	\$ 15,400		
Package 306: Liquor Auditor & Payroll Contracting									
Personal Services	\$ -	\$ -	\$ 195,430	\$ -	\$ -	\$ -	\$ 195,430	1	1.00
Services and Supplies	\$ -	\$ -	\$ 191,055	\$ -	\$ -	\$ -	\$ 191,055		
Capital Outlay	\$ -	\$ -	\$ 7,700	\$ -	\$ -	\$ -	\$ 7,700		
Package 311: Privilege Tax Subscription Services									
Services and Supplies	\$ -	\$ -	\$ 1,110,000	\$ -	\$ -	\$ -	\$ 1,110,000		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ 50,976	\$ -	\$ -	\$ -	\$ 50,976	0	0.00
SCR 84500-004 - Recreational Marijuana Program									
Package 088: September 2020 Emergency Board									
Personal Services	\$ -	\$ -	\$ 208,241	\$ -	\$ -	\$ -	\$ 208,241	1	1.00
Package 409: Marijuana Licensing Specialists									
Personal Services	\$ -	\$ -	\$ 1,565,120	\$ -	\$ -	\$ -	\$ 1,565,120	8	8.00
Services and Supplies	\$ -	\$ -	\$ 213,280	\$ -	\$ -	\$ -	\$ 213,280		
Capital Outlay	\$ -	\$ -	\$ 61,600	\$ -	\$ -	\$ -	\$ 61,600		
Package 413: CBD Inhalant Regulation									
Personal Services	\$ -	\$ -	\$ 294,547	\$ -	\$ -	\$ -	\$ 294,547	2	1.50
Services and Supplies	\$ -	\$ -	\$ 51,600	\$ -	\$ -	\$ -	\$ 51,600		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ 40,272	\$ -	\$ -	\$ -	\$ 40,272	0	0.00
SCR 84500-005 - Agents Compensation Program									
Package 108: Agent Compensation Formula									
Services and Supplies	\$ -	\$ -	\$ 13,500,000	\$ -	\$ -	\$ -	\$ 13,500,000		
Package 110: Distillery Agent Compensation									
Services and Supplies	\$ -	\$ -	\$ 3,500,000	\$ -	\$ -	\$ -	\$ 3,500,000		
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ -	\$ -	\$ 1,502,180	\$ -	\$ -	\$ -	\$ 1,502,180		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
SCR 84500-006 - Medical Marijuana Program									
Package 090: Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ (377,080)	\$ -	\$ -	\$ -	\$ (377,080)	-2	-2.00
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 25,034,953	\$ -	\$ -	\$ -	\$ 25,034,953	20	19.50
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 293,205,710	\$ -	\$ -	\$ -	\$ 293,205,710	383	380.50
% Change from 2019-21 Leg Approved Budget	0.0%	0.0%	13.2%	0.0%	0.0%	0.0%	13.2%	4.9%	5.0%
% Change from 2021-23 Current Service Level	0.0%	0.0%	9.3%	0.0%	0.0%	0.0%	9.3%	5.5%	5.4%

*Excludes Capital Construction Expenditures

PRELIMINARY

Legislatively Approved 2021 - 2023 Key Performance Measures

Published: 6/15/2021 11:50:46 AM

Agency: Liquor Control Commission, Oregon

Mission Statement:

Support businesses, public safety and community livability through education and the enforcement of liquor and marijuana laws.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2022	Target 2023
1. Sales to Minors - Percentage of licensees who refuse to sell to minor decoys.		Approved	84%	90%	90%
2. RATE OF SECOND VIOLATION - Percentage of licensees detected to have violated a liquor law in a second, separate, incident occurring within 2 years after the year of the first violation.		Approved	4.40%	12%	12%
3. Licensing Time - Average days from application receipt to license issuance.		Approved	85	75	75
4. CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Expertise	Approved	82%	85%	85%
	Helpfulness		83%	85%	85%
	Availability of Information		64%	85%	85%
	Overall		74%	85%	85%
	Timeliness		67%	85%	85%
	Accuracy		77%	85%	85%
5. OLCC Rate of Return - Net OLCC distribution divided by actual expenses.		Approved	\$2.61	\$2.50	\$2.50
6. Best Practices - Percent of total best practices met by the Board.		Approved	95%	100%	100%
7. Sales to Minors- Recreational Marijuana - This measure is the rate at which licensees refuse to sell marijuana products to minor decoys.		Approved	90%	90%	90%
8. Time to license- marijuana - Average days to license completed marijuana applications.		Approved	195	85	85

LFO Recommendation:

The Legislative Fiscal Office recommends key performance measures as presented.

The Legislative Fiscal Office notes that should the Joint Ways and Means Subcommittee on Capital Construction approve additional warehouse capacity and IT infrastructure, any resulting increases to agency efficiency and sales (and thus, the rate of return) over time, it will take several years before these improvements are online and being utilized by the agency; in the short term (2021-23 biennia) the OLCC may fall slightly short of its rate of return measure target (KPM #5).

SubCommittee Action:

The Subcommittee recommended approval of the Key Performance Measures and Targets as presented.