

March 28, 2023



The Honorable Representative Dacia Grayber
Emergency Management, General Government, and Veterans

Subject: House Bill 2178-1

Chair Grayber and members of the committee, my name is Melanie Doolin, and I serve as Administrator for Oregon Corrections Enterprises (OCE). I am providing testimony on House Bill (HB) 2178.

What the Bill Does:

HB 2178 requires state agencies to include, as part of agency request budget, analysis of the extent to which goods and services can be acquired from work programs operated by Department of Corrections (DOC), Oregon Corrections Enterprises (OCE) or certain Department of Administrative Services (DAS)-administered programs. They must consult with DOC, OCE and DAS when conducting the analysis prior to submitting the biennial request budget.

Background Information and Impacts:

In 2022, an audit was completed on the procurement of goods and services purchased from the OCE. Auditors analyzed state purchasing data for the period between 2019 and 2021. Flawed data and inadequate information limited auditors' ability to make a precise estimate in lost revenue, but they determined the amount is likely significant compared with typical OCE sales revenues. OCE's estimate of \$800,000 - \$1,280,000 per year is likely conservative given our tests did not cover all avenues for state purchasing.

Under Oregon law, OAR 125-247-0200, state agencies are required to procure goods and services through the DAS Buy Decision. This requires state agencies to procure first through DAS State Surplus Property (ORS 279A.250 and OAR 125-050-0100 to 0400); then Qualified Rehabilitation Facility Program (QRF) (ORS 279.835 to .855 and OAR 125-055-0005 to 0045), and Inmate Labor, Oregon Corrections Enterprises, Department of Corrections (Oregon Constitution, Article 1, Section 41 (11)). State agencies are then required to purchase products and services from DAS Statewide Price Agreements when other steps in the Buy Decision do not yield results. If steps 1-4 of the Buy Decision are unsuccessful, state agencies may procure needed products and services through the open market. As amended by the proposed dash-one amendments, HB 2178-1 requires agencies to analyze upcoming procurements consistent with the DAS Buy Decision (OAR 125-247-0200).

HB 2178-1 supports the Governor's priorities to tackle Housing and Homelessness in Oregon. If a state agency is responsible for procuring permanent or temporary housing solutions, OCE is

PO Box 12849
Salem, OR 97309-0849
phone 503.428.5500
sales toll-free 800.776.7712
fax 503.363.4170
oce.oregon.gov



March 28, 2023

HB 2178-1

Page 2

here to help. OCE builds cabins, shelters, and tiny homes, and helps ensure Oregon funds are used in and for Oregon. Furthermore, the work and training opportunities adults in custody (AICs) receive while working for OCE, provides them skills for post-release employment which helps reduce the likelihood of them becoming homeless and reduces the risk of future criminal behavior.

Thank you for your time and consideration. Bjoern Bollman, OCE's Deputy Administrator, is available today should there be any questions.

Submitted by:

Oregon Department of Corrections

Melanie Doolin, Administrator, Oregon Corrections Enterprises

mdoolin@oce.oregon.gov