

2025-27 Budget Review

Bureau of Labor and Industries

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
General Fund	37,111,513	34,002,114	34,594,538	35,558,264
Lottery Funds	202,834	316,222	307,006	307,006
Other Funds	12,849,290	22,127,472	23,361,958	44,437,183
Other Funds (NL)	235,751	938,700	938,700	938,700
Federal Funds	1,486,593	3,122,531	2,715,926	2,323,667
Total Funds	51,885,981	60,507,039	61,918,128	83,564,820
Positions	150	183	161	230
FTE	138.92	157.43	156.88	227.25

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

The Oregon Bureau of Labor and Industries (BOLI) enforces labor and civil rights laws across Oregon, overseeing issues such as civil rights, public accommodations, sick leave, wage issues, and workplace discrimination. It also oversees skilled labor apprenticeship programs, partnering with employers, educational institutions, and workforce agencies. Through its Technical Assistance for Employers program, BOLI offers training, resources, and support to help employers comply with workplace laws.

BOLI's divisions include:

- **Civil Rights Division:** Enforces state and federal laws on discrimination and retaliation in employment, housing, and public accommodations. It addresses workplace safety, whistleblowing, and disability discrimination issues.
- **Wage and Hour Division:** Investigates unpaid wage claims and enforces wage laws, including management of the Wage Security Fund, which compensates workers when employers close without paying wages.
- **Apprenticeship Programs:** Supports registered programs to develop skilled labor in fields such as construction, healthcare, and manufacturing.

BOLI's revenue comes from a combination of General Fund, Other Funds, Federal Funds, and Lottery Funds. General Fund is the agency's largest revenue source, covering core functions and staff. The Wage Security Fund, primarily funded by employer-paid unemployment insurance taxes, provides final wages for employees of closed businesses. Additional revenue sources include public works assessments supporting prevailing wage compliance, fees for employer training materials, and licensing fees for labor contractors. BOLI also collaborates with the Department of Consumer and Business Services to

investigate workplace discrimination cases, with specific funding allocated for cases related to workplace safety and injuries. The Apprenticeship Division receives support from the Department of Transportation, while Lottery Funds support outreach to veterans, particularly those from the Oregon National Guard, to connect them with apprenticeship opportunities.

BUDGET ENVIRONMENT

The workload for BOLI's two largest divisions is primarily driven by complaints. BOLI investigates claims related to unpaid wages, working conditions, civil rights violations, and fair housing protections. Prevailing wage rate claims fluctuate based on the volume and type of publicly funded construction, while Wage Security Fund claims tend to align with changes in Oregon's economy.

Over the past eight years, BOLI's Wage and Hour Division has experienced a significant rise in workload, with wage and hour claims increasing by 262% and investigations by 288%. Since 2017, the Legislature has approved major investments, increasing Wage and Hour Division staffing by 44% (14.13 FTE) and Civil Rights Division staffing by 67% (19.63 FTE). Despite these increases, case backlogs continue to grow.

New laws often drive additional inquiries to the Wage and Hour Division, Civil Rights Division, and Employer Assistance Program, as workers and employers seek guidance on rights, applicability, and compliance. However, the impact of these laws on BOLI's workload is often unknown at the time of implementation, leaving the agency to absorb additional responsibilities without corresponding funding. Since 2017, approximately 20 new laws affecting BOLI's workload have been enacted without additional resources.

To manage limited resources, BOLI has adopted a strategic enforcement approach, prioritizing cases that promote broader compliance within industries. For example, pursuing penalty wages in wage theft cases aims to deter future violations. While these strategies help mitigate strain, they cannot fully address the increasing demand for services. Without additional resources, BOLI may need to consider measures such as setting an earnings threshold for wage claims, which could limit its ability to address all reported cases. This may leave some claims uninvestigated, delaying or denying workers access to timely resolutions of wage and civil rights issues.

Adding to these challenges, BOLI has faced significant staff turnover and retention issues, primarily due to comparatively low pay relative to private-sector and other government positions. These compensation disparities have hindered recruitment and retention of qualified staff, resulting in persistent vacancies. Staffing shortages further limit BOLI's ability to process claims efficiently and keep pace with growing demand.

BOLI's current case management system is outdated, resulting in high maintenance costs and inefficiencies in processing and tracking claims. The system's end-of-life status limits the agency's operational capacity. In the 2023 legislative session, \$162,500 General Fund was provided for phase one of its case management system upgrade. This phase focused on assessing the limitations of the existing system and identifying necessary improvements. BOLI will likely need funding for phase two of the system upgrade to improve case intake, tracking, and resolution processes. The proposed system includes automation of workflows, centralized document management, and enhanced reporting capabilities. The goal is to improve operational efficiency, enhance transparency, and ensure better

service delivery. The new system is expected to address case backlogs and improve resource allocation. Funding need for phase two is estimated at \$2.2 million.

Revenue reductions totaling \$1.2 million across multiple funding sources will be needed in BOLI's 2025-27 budget to reflect lower public records fee revenue, the absence of a federal U.S. Department of Housing and Urban Development (HUD) contract, and capped costs for the Oregon Department of Transportation Highway Diversity Project. Corresponding expenditure reductions are taken in the following areas:

- Other Funds reduction of \$236,000 due to lower public records revenue, reflecting reduced fees for equitable access. Funding support (Pkg 106) is requested in GRB to retain the Administrative Specialist 2 position.
- Federal Fund reduction of \$454,656 due to a budgeted HUD contract that did not materialize. This contract was intended to allow BOLI to enforce federal housing discrimination law on behalf of HUD.
- Other Funds reduction of \$527,860 associated with the Oregon Department of Transportation Highway Diversity Project. The amount of the existing program contract is capped at \$3.6 million, and the reduction brings the project total back in line with the cap amount.

CURRENT SERVICE LEVEL

The 2025-27 current service level budget (CSL) of \$61.9 million is \$1.4 million, or 2.3%, more than the 2023-25 legislatively approved budget of \$60.5 million. The increase is primarily due to standard personal services growth and inflation for services and supplies expenditures net of the phase-out of the following one-time expenditures:

- Firefighter Apprentice Program authorized by HB 2294 (2023), which provided \$5 million General Fund to administer a grant program for firefighter apprenticeship pilot programs.
- Future Ready Oregon authorized by SB 1545 (2022), which provided \$1.7 million General Fund to continue the Future Ready Oregon apprenticeship grant program established in the 2022 legislative session.
- CHIPS Child Care Fund (CCCF) authorized by HB 4098 (2024), which provided \$681,662 Other Funds to enter an Intra Agency Agreement (IAA) with the Oregon Business Development Department to receive special payment funding from the CCCF, for the Apprenticeship Related Child Care program.

GOVERNOR'S BUDGET SUMMARY

The 2025-27 Governor's budget is \$83.6 million total funds and 230 positions (227.25 FTE). The budget is \$21.6 million, or 35%, more than the current service level of \$61.9 million. The Governor's budget includes \$17.2 million in Other Funds investments and 67 limited duration positions (67.00 FTE) to modernize and sustain the agency, funded by a one-time \$15 million transfer from the Department of Business and Consumer Services' (DCBS) Worker's Benefit Fund and \$2.2 million from BOLI's Wage and Hour Fund. These investments intend to expand capacity in the agency to reduce backlogs, improve service delivery, address recruitment and retention challenges, and enhance operational efficiency.

However, hiring 67 limited duration positions is problematic for an agency with existing recruitment and retention issues. In addition, the proposed one-time funding source from the DCBS Worker's Benefit Fund does not provide a sustainable solution to the problems being addressed. Extending this as a permanent funding source for future biennia will likely result in increases to fees assessed on workers' compensation insurance policies.

\$2.2 million General Fund and five position (5.00 FTE) is also included for phase two of BOLI's case management replacement IT project. This includes \$1 million for system costs such as vendor contracts, implementation, licenses, and ongoing services, and \$1.2 million to fund five positions vital to the project: a Project Technical Lead, Project Manager, Administrative Specialist, Testing Specialist, and Change Management Analyst. These roles will provide coordination, implementation, and support of the new system, aimed for completion by the end of 2027 to improve BOLI's operational efficiency and service delivery. Approximately \$440,000 of this will be ongoing funding in future biennia to support two of the five positions. Phase three costs will require an assessment as more is known from the implementation of phase two.

An additional \$5 million was provided to respond to CHIPS Child Care Fund requirements funded by a one-time transfer from the Oregon Business Development Department's (OBDD) fund balance.

KEY PERFORMANCE MEASURES

A copy of the Bureau of Labor and Industries Annual Performance Progress Report can be found on the LFO website: [KPM - View Report](#)

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