



Legislative Fiscal Office
83rd Oregon Legislative Assembly
2025 Regular Session

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Bill Title: Relating to government efficiency; prescribing an effective date.

Government Unit(s) Affected: Office of the Governor, Department of Administrative Services, Legislative Fiscal Office, Legislative Counsel, Judicial Department, Secretary of State, Task Force/Committee/Workgroup, Legislative Assembly, Legislative Policy and Research Office

Summary of Fiscal Impact

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Department of Administrative Services	\$ 251,960	\$ -	\$ -	\$ -	\$ 251,960	1	0.88
Legislative Fiscal Office	\$ 323,681	\$ -	\$ -	\$ -	\$ 323,681	2	0.88
Secretary of State	\$ -	\$ -	\$ 280,744	\$ -	\$ 280,744	3	0.75
Total Fiscal Impact	\$ 575,641	\$ -	\$ 280,744	\$ -	\$ 856,385	6	2.51

2027-29 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Department of Administrative Services	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
Legislative Fiscal Office	\$ 710,130	\$ -	\$ -	\$ -	\$ 710,130	2	2.00
Secretary of State	\$ -	\$ -	\$ 1,004,979	\$ -	\$ 1,004,979	3	3.00
Total Fiscal Impact	\$ 710,130	\$ -	\$ 1,004,979	\$ -	\$ 1,715,109	5	5.00

Measure Description

The measure directs the Department of Administrative Services (DAS) to develop workforce plans, definitions, and standards for executive branch agencies to inform workforce development, budgeting decisions, and management analysis. The measure also requires DAS to develop a reporting process for nongovernmental entities receiving public funds. In addition, the measure establishes the Key Performance Measure Council and requires the Secretary of State (SOS) to maintain at least a three-person team of auditors to perform annual audits of public entities that have less than 75 FTE or haven't been audited for 10 years.

Workforce Plans

The measure authorizes DAS to develop enterprise strategic workforce plans, standards, and policies for executive branch agencies. Workforce plans are required to be updated every two years and cover agency director reviews, succession planning, manager and employee training, statewide values, best practices, and other subjects to improve the state workforce. The measure stipulates that each labor union representing state employees must be allowed to consult in the creation, revision, and update of workforce plans. DAS is required to prepare the initial strategic workforce plan by January 1, 2026.

Enterprise Definitions and Standards

DAS is directed to develop enterprise-wide definitions and standards for programs, studies, processes, task forces, work groups, boards and commissions to improve budgeting decisions and value-based analysis. Common definitions and functions that are obsolete are also required to be identified. Agencies, the Legislative Policy and Research Office (LPRO), Legislative Counsel (LC), and labor unions representing state employees must be consulted during development of the enterprise-wide definitions, which are required to be adopted through rule by January 1, 2027. Subsequent agency rules must align with the adopted enterprise-wide definitions and standards.

Reporting Requirements for Nongovernmental Entities

The measure mandates that nongovernmental entities receiving legislatively directed distribution of public funds must file a report in the manner prescribed by DAS at least once per a biennium in which the entity receives public funds. The measure is silent on accountability and enforcement for entities that fail to timely submit their reports, including rulemaking authority that permits DAS to establish enforcement of provisions. The measure requires DAS to develop a reporting process for nongovernmental entities that receive legislatively directed distribution of public funds. The reporting form must include the use of the funds and expenditure category, as well as any other information DAS requires through rule. DAS is required to develop and maintain internal profiles of these nongovernmental entities. DAS is required to publish aggregated information from reports on the Oregon transparency website. Reports and any internal profiles, notes, and summaries may be shared with the Secretary of State (SOS) and Legislative Fiscal Office (LFO).

Legislative Key Performance Measure Council

The measure establishes the Legislative Key Performance Measure Council, comprised of the Senate President, Speaker of the House, Governor, DAS Director, Secretary of State, Legislative Fiscal Officer, Legislative Policy and Research Director, Legislative Counsel, and state agency representatives. The Council is directed to meet every four years to review, analyze, and make adjustments to the key performance measure (KPM) system and KPMs for each agency. In addition, the Council may make recommendations for improvements and best practices related to aligning KPMs with agency best practices, create a process for legislative agencies to provide outcomes and measures for each legislative measure, and align KPMs to specific legislation and agency budgets, as well as recommendations for changes to Senate and House Rules or statute to support these objectives.

Expanding Audit Functions

The measure requires SOS Division of Audits to maintain at least a three-person team of auditors to perform annual audits of public entities that have less than 75 FTE or have not been audited for 10 years. These audits are required to be incorporated in the SOS audit plan beginning with the 2027-28 fiscal year.

Fiscal Analysis

The total quantifiable fiscal impact of this measure is \$856,385 total funds and 6 positions (2.51 FTE) in 2025-27 and \$1,715,109 total funds and 5 positions (5.00 FTE) in 2027-29. In addition, as outlined below, there may be additional costs which cannot be determined at this time.

Department of Administrative Services

The quantifiable fiscal impact to DAS, in the 2025-27 biennium, is estimated to be \$251,960 General Fund, including one position (0.88 FTE) and \$10,000 for Attorney General expenditures for rulemaking review. DAS anticipates one limited duration, full-time, Information Systems Specialist 6 position to work with existing staff to create an online portal to manage the nongovernmental entities reporting requirements. This estimate assumes that once the online portal is created, the existing Program Analyst 2 currently responsible for managing DAS passthrough grants can absorb the work of managing the reports and publishing information on the Oregon Transparency website. However, once the online portal is created, there will be costs to maintaining the application and software, but these costs cannot be estimated at this time. Furthermore, additional

resources may be needed depending on the volume of legislatively directed distribution of public funds, the work required to coordinate with state agencies distributing the funds, and the work required to enforce the timely and accurate reporting from nongovernmental entities receiving public funds.

The fiscal impact of developing enterprise workforce plans, definitions, and standards for executive branch agencies is anticipated to be absorbable because these initiatives are currently being spearheaded by the Strategic Initiatives and Enterprise Accountability and Chief Human Resource Offices in DAS, as part of efforts directed by Governor Kotek's Expectations Memo issued January 11, 2023 and the February 2024 Secretary of State Audit report titled, "Ongoing Workforce Crises and Disruption Demand Strategic Workforce Planning."

The fiscal impact of supporting the work of the Key Performance Measure Council is anticipated to be absorbable using existing staff and resources. This fiscal determination assumes that the only directive for DAS related to the Council is the membership of the DAS Director on the Council. If the Council's recommendations expand the agency's responsibilities, DAS may require additional staff and resources.

Legislative Fiscal Office

The quantifiable fiscal impact to LFO in the 2025-27 biennium is estimated to be \$323,681 General Fund, including two positions (0.88 FTE), and \$710,130 General Fund (2.00 FTE) in the 2027-29 biennium. The measure requires the Legislative Fiscal Officer to be a member of the Key Performance Measure Council, and although not specified, based on the current Key Performance Measure (KPM) process, this estimate assumes LFO will provide staff support to the Council, in collaboration with DAS. LFO anticipates one permanent, full-time, Senior Legislative Analyst and one permanent, full-time, Legislative Fiscal Analyst to support the work of the Council. In addition, the measure permits the Council to create a process to evaluate the outcomes for each legislative measure. The Council's recommendations related to this process could require additional staffing as well as modifications to the existing KPM system or implementation of a new system to evaluate legislative measures. These costs cannot be quantified until the Council is established and recommendations are made.

Note that if the Council recommendations include modification or implementation of a new system to evaluate legislative measures, this information technology (IT) component will require LFO and DAS to comply with the state's IT investment oversight process. The fiscal impact of this component is indeterminate until LFO and DAS begin this process. The process requirements include the following steps and corresponding expenses: (1) analysis of business requirements; (2) business case development; (3) establishing a project management team or other professional staff resources; and (4) developing foundational project management plans and updated cost estimates. Depending on various cost or risk factors, including (but not limited to) the scope and complexity of the IT contract(s) that may be required, DAS and LFO may also be required to contract for independent quality management services in compliance with ORS 276A.223.

Secretary of State

The fiscal impact to SOS in the 2025-27 biennium is estimated to be \$280,744 Other Funds, including three positions (0.75 FTE), and \$1,004,979 Other Funds (3.00 FTE) in the 2027-29 biennium. The measure requires the Division of Audits within the Secretary of State (SOS) to create a new specialist team of at least three full-time auditors to conduct performance audits on scheduled public entities. To comply with the measure, SOS anticipates hiring three permanent, full-time positions beginning January 1, 2027, including one State Auditor 4 position and two State Auditor 2 positions.

Other Entities

There is a minimal fiscal impact to all other entities.

Relevant Dates

The measure takes effect on the 91st day after sine die.

DAS is to prepare the first enterprise strategic workforce plan by January 1, 2026.

DAS is to adopt rules establishing enterprise-wide definitions or standards, for which agency rulemaking must align, by January 1, 2027. This requirement is repealed on January 2, 2030.

DAS is to report recommendations for legislative change to the interim or session committees on rules for consideration during the 2027 regular session of the Legislative Assembly.