

A-Engrossed House Bill 3803

Ordered by the House May 14
Including House Amendments dated May 14

Sponsored by Representatives GRAYBER, BOWMAN, Senator JAMA; Representative PHAM H, Senator REYNOLDS

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act directs DAS to write workforce plans and work with agencies to carry out those plans. The Act directs DAS to identify uniform terms and functions, and directs agencies to change rules to conform rules to the terms and functions that DAS has identified. The Act makes certain entities that get public funds file reports about the use of those funds. The Act creates a council to look at and seek changes in KPMs. The Act adds to the SOS audit section a team to focus on small public entities or public entities that have not been audited in at least 10 years. (Flesch Readability Score: 67.7).

[Digest: The Act directs DAS to write workforce plans and work with agencies to carry out those plans. The Act creates a task force to identify uniform terms and functions and directs agencies to change rules to conform rules to the terms and functions the task force has identified. The Act creates a task force to look at and seek changes in KPMs. The Act adds to the SOS audit section teams to focus on small public entities and audits to enhance ROI. (Flesch Readability Score: 72.2).]

Directs the Oregon Department of Administrative Services to develop enterprise strategic workforce plans and to work with executive department agencies on implementation. Grants the department the authority to require agency-specific plan implementation and grants the department director the authority to exempt specific agencies from planning programs.

[Establishes the Enterprise Definitions and Standards Task Force and authorizes the task force to adopt] **Directs the department to develop enterprise-wide** definitions and standards that are common among agency functions and to identify dormant or obsolete definitions and standards. Requires state agencies to make prospective conforming changes to agency rules. Authorizes the *[task force]* **department** to recommend proposed statutory changes to the Legislative Assembly. Sunsets the *[task force]* **enterprise-wide definitions and standards effort** on January 2, 2030.

Establishes reporting requirements for public funds that are distributed by state agencies to private, nonprofit and nongovernmental entities. Provides direction *[on the use of these reports, and alternative information,]* to enhance transparency concerning the use of these funds.

Establishes the Key Performance Measure *[Task Force]* **Council** to make recommendations to enhance the effectiveness of key performance measures in measuring performance-based outcomes and to achieve other outcomes.

Creates the *[small agency team and the economic impact team]* **specialist team of auditors** within the Secretary of State's Division of Audits and directs that *[each]* **the** team be staffed by at least three auditors. Directs that the *[small agency]* team focus on conducting audits of small public entities *[and that the economic impact team focus on conducting audits to maximize economic returns on investment]* **or public entities that have not been audited in at least 10 years.**

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to government efficiency; creating new provisions; amending ORS 297.020; and prescribing an effective date.

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

AGENCY AND WORKFORCE STRATEGIC PLANNING

(Oregon Department of Administrative Services)

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

Enterprise Planning Authority)

SECTION 1. (1) As used in this section:

(a) "Agency":

(A) Means a board, commission, department, agency or other entity, without regard to the designation given to the entity, that is within the executive department and that:

(i) Has at least _____ full-time equivalent employees; or

(ii) Has authority to make decisions that are more than recommendations.

(B) Does not include the offices of the Governor, the Secretary of State or the State Treasurer.

(b) "Executive department" has the meaning given that term in ORS 174.112.

(2) The Oregon Department of Administrative Services has authority to develop enterprise strategic workforce plans, standards and policies to facilitate and enhance the development of an agency workforce that is more flexible, dynamic, efficient and effective at responding to current and potential future needs.

(3)(a) The department shall develop an enterprise strategic workforce plan and then revise and update the plan during each second year of a four-year gubernatorial term to permit the department to take input and direction from the Governor into account in plan revisions.

(b) Each labor union that represents state employees shall be given a reasonable opportunity to be consulted in the creation of the plan and in any revision and update of the plan.

(4) The enterprise strategic workforce plan shall inform agencies about:

(a) Agency head performance reviews, quarterly check-ins, employee engagement and feedback surveys, succession planning and new manager and employee development training;

(b) Enterprise values and competencies, including the alignment of staffing to meet operational needs and the development of coordinated staffing models that focus on data collection and analysis;

(c) Standardizing best practices for agency-level review and planning;

(d) Developing an oversight process to monitor agency workforce strategic planning progress;

(e) Developing workforce planning processes and methodologies to integrate workforce planning with statewide budget and equity processes; and

(f) Other subjects that the department determines are appropriate for inclusion in an enterprise strategic workforce plan.

(5)(a) The department has authority to direct agencies to develop and submit for review agency-specific strategic workforce plans that contain specifics and details regarding the items described in subsection (4) of this section that are applicable to the agency submitting the agency-specific strategic workforce plan. An agency-specific strategic workforce plan may also address implementation efforts that pertain to the items described in subsection (4) of this section, or the department may require implementation efforts to be addressed in an agency-specific strategic workforce plan.

(b) The department shall adopt a schedule establishing when agency-specific strategic workforce plans must be submitted to the department for review.

(6)(a) When an agency submits an agency-specific strategic workforce plan to the department for review, the submitting agency shall identify and explain any plan specifics that deviate from the most recent iteration of the enterprise strategic workforce plan developed

1 by the department under subsection (4) of this section.

2 (b) The department shall review each agency-specific strategic workforce plan submitted
3 by an agency and may require modification of a submitted plan.

4 (c) Following submission, each agency shall comply with the terms of the agency-specific
5 strategic workforce plan the agency submitted, or as further modified by the department.

6 (7) The Director of the Oregon Department of Administrative Services, in the discretion
7 of the director, may exempt any agency from participation in the strategic workforce plan-
8 ning program, or may modify or withdraw the exemption, at any time.

9 **SECTION 2.** The Oregon Department of Administrative Services shall prepare the first
10 enterprise strategic workforce plan described in section 1 of this 2025 Act on or before Jan-
11 uary 1, 2026.

12
13 (Enterprise-wide Definitions and Standards)

14
15 **SECTION 3.** (1) The Oregon Department of Administrative Services shall undertake the
16 development of enterprise-wide definitions and standards under this section.

17 (2) The purpose of developing enterprise-wide definitions and standards is to improve
18 budgeting decisions and value-based analysis by reducing administrative variations in similar
19 agency functions.

20 (3)(a) The department shall create enterprise-wide definitions and standards for pro-
21 grams, studies, processes, task forces, work groups, boards, commissions and any other de-
22 finitions and standards that the department determines are common agency definitions,
23 standards and functions.

24 (b) The department shall research and identify guidelines, time frames and other indicia
25 that suggest that a common agency definition, function or standard is obsolete.

26 (c) In creating enterprise-wide definitions or standards, or adopting guidelines, time
27 frames or indicia of obsolescence, the department shall consult with:

28 (A) Two large agencies that have full-time equivalent staff of more than 3,000 positions;

29 (B) Two medium-sized agencies that have full-time equivalent staff of between 201 and
30 3,000 positions;

31 (C) Two small-sized agencies that have full-time equivalent staff that do not exceed 200
32 positions;

33 (D) Two advocacy commissions established under ORS 185.110 to 185.230, 185.310 to
34 185.330, 185.410 to 185.430 or 185.510 to 185.550;

35 (E) Two governance boards within the executive department, as that term is defined in
36 ORS 174.112;

37 (F) The Legislative Policy and Research Director;

38 (G) The Legislative Counsel; and

39 (H) _____ labor unions that represent state public employees.

40 (4) When the department determines to create an enterprise-wide definition or standard
41 under subsection (3)(a) of this section and after the consultation described in subsection
42 (3)(c) of this section has occurred, the department shall adopt a rule identifying the defi-
43 nition or standard. In order to permit the public and affected agencies to provide input on
44 the proposed definitions or standards, the department may not use ORS 183.335 (5) in
45 adopting the rule.

(5) When the department determines to create a set of guidelines, time frames and indicia indicating the obsolescence of definitions, standards and functions, and after the consultation described in subsection (3)(c) of this section has occurred, the department shall adopt a rule setting forth those obsolescence factors. In order to permit the public and affected agencies to provide input on the proposed obsolescence of the definition, standard or function, the department may not use ORS 183.335 (5) in adopting the rule.

(6) An affected agency shall implement the enterprise-wide changes the department identifies in rules adopted under subsection (4) or (5) of this section by making conforming changes to the agency's rules through the rulemaking process, except that rule changes need only be made prospectively to future programs and functions.

(7) If implementation of an official action requires legislative change, the department shall recommend proposed legislation to the Legislative Assembly to implement the official action.

(8)(a) Notwithstanding subsections (4) and (5) of this section, enterprise-wide definitions and standards or determinations of obsolescence may not limit agency functions in subject matter, scope or duration. Agency functions that exist on January 1, 2027, need not align with rules adopted by the department under subsections (4) and (5) of this section.

(b) Any agency rulemaking that occurs after January 1, 2027, must align with official determinations made in rules adopted under subsection (4) or (5) of this section, except that an agency may deviate from rules adopted under subsection (4) or (5) of this section when authorized by the Director of the Oregon Department of Administrative Services.

SECTION 4. (1) The Oregon Department of Administrative Services shall adopt rules establishing enterprise-wide definitions or standards under section 3 (4) of this 2025 Act or rules setting forth obsolescence factors under section 3 (5) of this 2025 Act on or before January 1, 2027.

(2) The department shall make any recommendations for legislative change to the interim or session committees on rules for consideration during the 2027 regular session of the Legislative Assembly.

SECTION 5. Sections 3 and 4 of this 2025 Act are repealed on January 2, 2030.

REPORTING REQUIREMENTS FOR PUBLIC FUNDS DISTRIBUTED TO PRIVATE, NONPROFIT OR NONGOVERNMENTAL ENTITIES

SECTION 6. (1) The Legislative Assembly finds that in each biennium a significant amount of public funds are ultimately distributed to private, nonprofit or nongovernmental entities through distributions by state agencies that are authorized by law.

(2) The Legislative Assembly declares that:

(a) Improving accountability and transparency in how public funds are spent by private, nonprofit and nongovernmental entities will result in significant improvements in government efficiencies; and

(b) Utilizing the requirements, procedures and processes in sections 6 to 10 of this 2025 Act will achieve those improvements in government efficiencies.

SECTION 7. (1) A distribution of public funds is subject to sections 6 to 10 of this 2025 Act if:

(a) A state agency is directed by statute to distribute public funds to a private, nonprofit or nongovernmental entity by name, without the agency being granted any discretion over the distribution or the choice of entity; or

(b) A state agency is directed by statute to distribute public funds to an unnamed private, nonprofit or nongovernmental entity that is described with such specificity that the agency must distribute the funds to a particular entity, without the agency being granted any discretion over the distribution or the choice of entity.

(2) The Oregon Department of Administrative Services shall develop reporting forms for private, nonprofit and nongovernmental entities that receive public funds in a distribution subject to sections 6 to 10 of this 2025 Act to use to report the information described in subsection (3) of this section.

(3) Each reporting form must request information on:

(a) The use of public funds received and spent by category of expenditure, including but not limited to salaries, administration, infrastructure costs, debt service and other categories listed by the department; and

(b) Any other category of information that the department has by rule identified as needed to be reported.

(4) The department shall include on the reporting form opportunity for additional commentary and explanation by the recipient of the funds.

(5) The department shall study the types of existing reports and information gathering that entities described in subsection (2) of this section are already providing to the State of Oregon and that satisfy the requirements of sections 6 to 10 of this 2025 Act. The department shall by rule exempt from the reporting requirements of section 9 of this 2025 Act entities that file the reports or other information that the department has determined are adequate to satisfy the requirements of sections 6 to 10 of this 2025 Act.

SECTION 8. (1) The Oregon Department of Administrative Services shall by rule provide a process by which private, nonprofit or nongovernmental entities that receive public funds in a distribution subject to sections 6 to 10 of this 2025 Act receive notice of reporting requirements under sections 6 to 10 of this 2025 Act and any other information that reporting entities need in order to comply with sections 6 to 10 of this 2025 Act.

(2) The department shall develop and maintain internal profiles on entities that are subject to reporting under sections 6 to 10 of this 2025 Act, including reporting history. The department may include internal notes and summaries that pertain to information described in this subsection. The department may share information described in this subsection with the Secretary of State or the Legislative Fiscal Officer.

SECTION 9. (1) A private, nonprofit or nongovernmental entity that receives public funds in a distribution subject to sections 6 to 10 of this 2025 Act shall file a report described in section 7 of this 2025 Act at the time and in the manner prescribed by the Oregon Department of Administrative Services that is at least once per a biennium in which the private, nonprofit or nongovernmental entity receives public funds in a distribution subject to sections 6 to 10 of this 2025 Act.

(2) An entity that already provides a report or information that the department has identified under section 7 (5) of this 2025 Act as sufficient to satisfy the requirements of sections 6 to 10 of this 2025 Act need not comply with subsection (1) of this section.

(3) A report required to be made under this section must be submitted to the department

1 in the time and manner prescribed by the department by rule.

2 (4) The department shall publish aggregated information from reports filed under this
3 section on the Oregon transparency website, except that information for which an exemption
4 from required disclosure may be claimed under ORS 192.311 to 192.478 shall be redacted or
5 otherwise anonymized.

6 **SECTION 10.** The Oregon Department of Administrative Services may adopt rules to
7 implement the provisions of sections 6 to 10 of this 2025 Act.

8 **SECTION 11.** Section 9 of this 2025 Act becomes operative on July 1, 2026.

9 **SECTION 12.** Section 9 of this 2025 Act applies to distributions of public funds described
10 in section 7 (1) of this 2025 Act that occur on or after July 1, 2026.

11
12 **IMPROVING THE LEGISLATIVE KEY PERFORMANCE MEASURE SYSTEM**

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14 **SECTION 13.** (1) There is established the Key Performance Measure Council.

15 (2) The council consists of the following, or their designees:

16 (a) The President of the Senate.

17 (b) The Speaker of the House of Representatives.

18 (c) The Governor.

19 (d) The Director of the Oregon Department of Administrative Services.

20 (e) The Secretary of State.

21 (f) The Legislative Fiscal Officer.

22 (g) The Legislative Policy and Research Director.

23 (h) The Legislative Counsel.

24 (3) Representatives of the agencies of the executive department, as defined in ORS
25 174.112, may attend council meetings.

26 (4) The council shall meet every four years to review, analyze and make adjustments to
27 the key performance measure system, including recommended adjustments to key perform-
28 ance measures for each state agency, so as to achieve maximum clarity on performance-
29 based outcomes for legislation.

30 (5) The council may also make recommendations for improvements and best practices to:

31 (a) Align legislative key performance measures with existing agency best practices;

32 (b) Create a process for legislative service agencies to set forth anticipated outcomes and
33 accountability measures for each legislative measure to enhance the transparency and an-
34 ticipated effects of the legislative measure;

35 (c) Align and more closely tie key performance measures to specific legislation and spe-
36 cific agency budgets; and

37 (d) Provide sources of record for desired performance outcomes and future accountabil-
38 ity.

39 (6) The council may create template documents for legislative service agencies to use to
40 achieve the documentation described in subsection (5) of this section.

41 (7) The council may make recommendations to:

42 (a) The Senate and the House of Representatives for modifications to Senate Rules and
43 House Rules to achieve the objectives of this section; and

44 (b) The Legislative Assembly for statutory changes to achieve the objectives of this sec-
45 tion.

(8) ORS 173.240 does not apply to recommendations made under subsection (7) of this section.

REINFORCEMENT OF STATE AUDIT FUNCTIONS

SECTION 14. ORS 297.020 is amended to read:

297.020. (1) The Division of Audits shall have the function and duty of carrying out the provisions of ORS 297.070, 297.210, 297.230, 297.405 to 297.555, 297.990 and this section **and section 15 of this 2025 Act.**

(2) All moneys received under authority of the sections listed in subsection (1) of this section and moneys appropriated for use by the Secretary of State in carrying out the provisions of those sections hereby are made available for use by the Division of Audits.

SECTION 15. (1) The Division of Audits shall maintain a specialist team of auditors, consisting of at least three full-time equivalent auditors.

(2) The specialist team shall for each fiscal year establish a schedule of audits of public entities that:

(a) Have fewer than 75 full-time equivalent employees; or

(b) Have not been audited by the division for at least 10 years, without regard to the number of employees.

(3) The schedule adopted under this section shall be incorporated into the audit plan prepared by the Secretary of State under ORS 297.076.

(4) The specialist team shall conduct performance audits in conformance with ORS 297.070 on the public entities listed on the schedule adopted for the year.

SECTION 16. The Secretary of State may, in the secretary's discretion, dedicate more resources than prescribed in section 15 of this 2025 Act to the specialist team of auditors to further the purposes and objectives of the team.

SECTION 17. The Secretary of State may, in the secretary's discretion, defer the staffing of the specialist team of auditors described in section 15 of this 2025 Act until a date that is sufficiently in advance of the 2027-2028 fiscal year to ensure that the specialist team audit schedule will be incorporated into the audit plan prepared under ORS 297.076 for the 2027-2028 fiscal year.

CAPTIONS

SECTION 18. The unit captions used in this 2025 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2025 Act.

EFFECTIVE DATE

SECTION 19. This 2025 Act takes effect on the 91st day after the date on which the 2025 regular session of the Eighty-third Legislative Assembly adjourns sine die.