

**74th OREGON LEGISLATIVE ASSEMBLY – 2007 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5014-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Shields
Carrier – Senate: Sen. Verger**

Vote: 20 – 0 – 1

House – Yeas: D. Edwards, Galizio, Garrard, Hanna, Jenson, Morgan, Nathanson, Nolan, Shields

– Nays:

– Exc:

Senate – Yeas: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson, Schrader, Verger, Westlund, Whitsett

– Nays:

– Exc: Winters

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Reviewed By: Robin LaMonte, Legislative Fiscal Office

Meeting Date: 3/16/07

Agency

Department of Consumer and Business Services

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Biennium

2007-09

Senators: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson,
Schrader, Verger, Westlund, Whitsett, Winters

Senator Kurt Schrader, Co-Chair

Representatives: D. Edwards, Galizio, Garrard, Hanna, Jenson,
Morgan, Nathanson, Nolan, Shields

Representative Mary Nolan, Co-Chair

Senator Betsy Johnson, Transportation and Economic Development
Subcommittee Chair

Budget Summary*

	<u>2005-07</u>	<u>2007-09</u>			<u>Percentage Committee</u>
	<u>Legislatively Approved Budget (1)</u>	<u>Governor's Budget</u>	<u>Committee Recommendation</u>	<u>Difference from Governor's Budget</u>	<u>Change from Governor's Budget</u>
Other Funds	184,204,305	200,526,723	200,526,723	0	0.0%
Other Funds Nonlimited	443,287,607	448,267,375	448,267,375	0	0.0%
Total	\$ 627,491,912	\$ 648,794,098	\$ 648,794,098	\$ 0	0.0%

Position Summary

Authorized Positions	1,083	1,079	1,079	0
Full-time Equivalent (FTE) Positions	1,068.47	1,067.42	1,067.42	0.00

(1) Includes adjustments through the December 2006 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Department of Consumer and Business Services (DCBS) is funded from a number of Other Fund revenues sources including workers’ compensation “cents-per-hour” assessments and contributions (also known as the Workers’ Benefit Fund), workers’ compensation premium assessments, premium payments and health insurer assessments for the Oregon Medical Insurance Pool, insurer assessments for the Insurance Division, license and permit fees, other charges for services, interest earnings, earnings from investment sales, and fines and penalties. In addition to its Other Fund revenues, the Department also receives Federal Funds that it spends as Other Funds. Federal Funds are received for administration of the Occupational Safety and Health Act, collection of statistics for the U.S. Bureau of Labor and Statistics, regulation of the production of manufactured housing, and administration of the Oregon Senior Health Insurance Benefits Assistance Program.

The Subcommittee did not approve a policy package that would have transferred \$25 million in revenue from a surcharge on motor vehicle insurance to the Oregon State Police for 24-hour patrol operations.

Summary of Subcommittee Action

DCBS administers programs that protect consumers and workers while promoting a positive business climate in the state. The agency has eight major programs: Workers’ Compensation Board; Workers’ Compensation Division; Oregon Occupational Safety and Health Division; Insurance Division; Division of Finance and Corporate Securities; Building Codes Division; Oregon Medical Insurance Pool; and Office of Minority, Women, and Emerging Small Businesses. DCBS is also the lead state agency for the Governor’s regulatory streamlining initiative.

The agency administers two Nonlimited Special Payments accounts and five workers’ compensation reserve programs within the Workers’ Benefit Fund.

The Joint Committee on Ways and Means Transportation and Economic Development Subcommittee approved a budget of \$648,794,098 total funds and 1,079 positions (1,067.42 full-time equivalent) for the Department of Consumer and Business Services. This represents a 0.86 percent increase from the agency's Essential Budget Level. Details of the approved budget by division appear in the following pages of the report.

Workers' Compensation Board

The Workers' Compensation Board works to provide timely and impartial resolution of disputes arising under the Workers' Compensation Law and the Oregon Safe Employment Act. The Subcommittee approved the submitted Essential Budget Level of \$18,993,433 Other Funds and 94.00 full-time equivalent positions for the Workers' Compensation Board.

Workers' Compensation Division

The Workers' Compensation Division works to efficiently and impartially enforce workers' compensation insurance coverage law. The Subcommittee approved the Division's budget as submitted, representing an Essential Budget Level of \$44,630,858 total funds and 261 positions (258.00 full-time equivalent).

Oregon Occupational Safety and Health Administration (OR-OSHA)

OR-OSHA works to advance and improve workplace safety and health for all workers in Oregon. The Division is responsible for administering the Oregon Safe Employment Act and enforcing Oregon Occupational Safety and Health rules under a state plan agreement with the federal Occupational and Safety Health Act. The Subcommittee approved a budget of \$43,273,266 Other Funds and 225.00 full-time equivalent positions for OR-OSHA. This represents funding at the Essential Budget Level.

Insurance Division

The Insurance Division works to administer the insurance code for the protection of the insurance-buying public while supporting a positive business climate. The Subcommittee approved a budget of \$18,129,287 Other Funds and 94 positions (92.50 full-time equivalent) for the Division. This funding level includes the approval of \$825,346 Other Funds expenditure limitation for Policy Package 141: Senior Health Insurance Benefits Assistance (SHIBA) Program Enhancement. The SHIBA program recruits, trains, and monitors a network of community volunteers that provide assistance to Oregonians with Medicare. The program enhancement will provide two staff (1.50 full-time equivalent) in DCBS to deal with increased workload, and expand support for the current 25 local programs to add and train local volunteers. This package is funded with General Fund in the Department of Human Services that will be expended as Other Funds in DCBS. The package was approved with the understanding that an alternate to the General Fund source may be found to finance this package.

Division of Finance and Corporate Securities

The Division of Finance and Corporate Securities ensures that a wide range of financial services, products, and information for Oregonians are provided in a safe, sound, equitable, and fraud-free manner. The Subcommittee approved a budget of \$11,958,046 total funds and 64.00 full-time equivalent positions for the Division. Included in this total is approval of Policy Package 161: Check Cashers, increasing Other Funds expenditure limitation by \$126,962 and establishing one position (1.00 full-time equivalent) to implement legislation authorizing the licensing and regulation of check cashers. The package is funded with license fees.

Shared Services

Shared Services provides direction, leadership, and support to the variety of diverse divisions, offices, and boards within DCBS. The Subcommittee approved a budget of \$37,028,087 total funds and 174 positions (169.67 full-time equivalent) for this program unit. The Subcommittee included \$3,886,249 Other Funds expenditure limitation to establish nine positions (6.00 full-time equivalent) and provide funding for Policy Package 191: Statewide E-permitting System. This effort begins the process of implementing a 10-year program to provide statewide electronic permitting system for building codes. The system will ultimately serve all 132 local jurisdictions, and is funded with a four percent surcharge on building permits.

The Subcommittee approved the following budget note relating to the development of performance measures:

Budget Note

The Department of Consumer and Business Services is directed to update the Legislative Fiscal Office quarterly on its progress in revising its key performance measures. The Legislative Fiscal Office may request the Department to seek advice or concurrence from an appropriate interim committee on its key performance measures.

Building Codes Division

The Building Codes Division works to ensure safe building construction while supporting a positive business climate within the state. The Subcommittee approved a budget of \$28,343,248 total funds and 153 positions (150.25 full-time equivalent) for the Division. The Subcommittee included \$728,066 Other Funds expenditure limitation to establish four positions (3.50 full-time equivalent) and provide funding for Policy Package 191: Statewide E-permitting System. This effort begins the process of implementing a 10-year program to provide statewide electronic permitting system for building codes. The system will ultimately serve all 132 local jurisdictions, and is funded with a four percent surcharge on building permits.

The Subcommittee approved the following budget note relating to the development of the Statewide E-permitting System:

Budget Note

The Department of Consumer and Business Services is directed to update the Legislative Fiscal Office quarterly on its progress in developing and implementing the e-permitting project. The report should include, but is not limited to: a) during the design and implementation phase – the progress in the design and implementation of the program and the license and permit services available through the electronic program; b) the cost of the program biennium to report date; c) the revenue for the program biennium to report date; and d) the number of jurisdictions that have connected to the e-permitting program. DCBS is also requested to identify a methodology for estimating the benefits of the e-permitting program to state and local government and citizens, including savings or cost-avoidance within the construction system. The Legislative Fiscal Office may request the Department to report to an appropriate interim committee on the e-permitting project.

Oregon Medical Insurance Pool

The Oregon Medical Insurance Pool provides access to health benefit coverage to Oregonians who are unable to obtain health insurance due to pre-existing health conditions or who have no other portability options due to either exhausting COBRA benefits or changing residences in Oregon. The Subcommittee approved an Essential Budget Level of \$1,930,187 Other Funds and 9.00 full-time equivalent positions.

Office of Minority, Women, and Emerging Small Businesses

The Office of Minority, Women, and Emerging Small Businesses works to ensure that minorities, women and emerging small businesses have equal access to contracting opportunities in both the public and private sectors through certification programs that document the status of such businesses. The Subcommittee approved a budget of \$855,170 Other Funds and 5.00 full-time equivalent positions, equal to the Office's Essential Budget Level.

Summary of Performance Measure Action

See attached Legislatively Adopted 2007-09 Key Performance Measures form.