

**75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5513-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. D. Edwards
Carrier – Senate: Sen. Monroe**

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 20 – 0 – 2

House – Yeas: Buckley, D. Edwards, Garrard, Gilman, Jenson, Komp, Nathanson, Richardson, Shields, G. Smith

– Nays:

– Exc: Galizio, Kotek

Senate – Yeas: Bates, Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Whitsett, Winters

– Nays:

– Exc:

Prepared By: Michael Kaplan, Department of Administrative Services

Reviewed By: Susie Jordan, Legislative Fiscal Office

Meeting Date: April 10, 2009

Agency

Department of Consumer and Business Services

Budget Page

H-8

LFO Analysis Page

374

Biennium

2009-11

Budget Summary*

	2007-09 Legislatively Approved Budget (1)	2009-11 Essential Budget Level	2009-11 Committee Recommendation	Committee Change from 2007-09 Leg. Approved	
				\$\$ Change	% Change
Other Funds	\$ 208,628,572	\$ 220,849,969	\$ 219,048,238	\$ 10,419,666	4.9%
Other Funds Nonlimited	\$ 523,267,375	\$ 603,775,069	\$ 603,755,069	\$ 80,487,694	15.4 %
Total	\$ 731,895,947	\$ 824,605,038	\$ 822,803,307	\$ 90,907,360	12.4 %

Position Summary

Authorized Positions	1,088	1,071	1,070	(18)
Full-time Equivalent (FTE) positions	1,072.03	1,064.58	1,061.08	(10.95)

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Department of Consumer and Business Services (DCBS) is funded by more than 500 dedicated fees, assessments and charges. The department does not receive General Fund. Federal Funds received by DCBS are expended as Other Funds according to legislative directive.

The Subcommittee, through Senate Bill 5514 (the agency’s fee bill), approved three fee increases. Within the Department’s Division of Finance and Corporate Securities the following hourly rates were increased from \$60 to \$75; examinations and audit for mortgage lending, prearranged funeral plans, credit service organizations, collection agencies, consumer finance lenders, debt consolidation agencies, money transmitters and pawnbroker programs. The intent of the fee increase is for the recipients of these services to pay for their cost.

Through Senate Bill 5514 the Subcommittee also approved both the Consumer finance short-term lender applicant or licensee fee, increased from \$520 to \$750, and the Consumer Finance Conventional Lender applicant or license fee, increased from \$520 to \$600. The intent of the fee increase is for the recipients of these services to pay for their cost.

Summary of Transportation and Economic Subcommittee Action

The mission of the Department of Consumer and Business Services is to protect and serve Oregon’s consumers and workers while supporting 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. The agency administers two Nonlimited Special Payments accounts and five workers’ compensation reserve programs within the Workers’ Benefit Fund.

The Subcommittee approved a budget of \$822,803,307 Other Funds and 1,061.08 full-time equivalent (FTE) positions. This represents a 0.21 percent decrease from the agency's Essential Budget Level. This decrease is attributable to the downturn in Oregon's economy which has reduced the agency's revenue and demand for some services.

The Subcommittee approved Package 070 Revenue Shortfall that recognizes a deficit in revenue for the Boiler and Pressure Vessel program within the agency's Building Codes division. Current revenue does not cover program expenses. This reduction includes \$499,527 and 3.00 FTE.

The Subcommittee approved Package 082 September Emergency Board. This package biennializes September 2008 Emergency Board action which added five permanent field bank examiner positions to the Finance and Corporate Securities Division. This package costs \$1,119,933 and 5.00 FTE.

Also, within the Finance and Corporate Securities division, the Subcommittee approved Package 161 Mortgage Lending Enhanced Examinations. This package adds five permanent full-time positions and one limited duration position within the Mortgage Lending Examination unit that will increase the frequency of compliance examinations and licensing. This package also includes one position within the Shared Services section of the Department. In total, the package costs \$1,065,021 and 7.00 FTE. The Finance and Corporate Securities division portion is \$889,761 and 6.00 FTE, and the Shared Services Section will share the remaining \$175,260 and 1.00 FTE.

The Subcommittee approved Package 142 SHIBA Expenditure Reduction. This package reflects a reduction in federal funding paid to DCBS from the Department of Human Services to administer the Oregon Senior Health Insurance Benefits Assistance program. This is a reduction of \$825,346.

The Subcommittee approved Package 810 Workload Reduction that reduced the DCBS's budget by \$1,564,436 and 12.50 FTE. These reductions spanned several divisions within the agency and reflect decreased workload projections for the 2009-11 biennium due to the economic downturn in Oregon. The reductions are as follows:

- The Workers Compensation Board was reduced by \$473,421 and 3.00 FTE.
- The Workers Compensation Division was reduced by \$843,425 and 8.50 FTE.
- The Shared Services section of DCBS was reduced by \$247,590 and 1.00 FTE.

The Subcommittee approved Package 804 Roll-Up of 2007-09 Reductions that reduced DCBS's budget by \$1,097,376. This package continues cost savings measure that the DCBS instituted during the 2007-09 biennium to handle revenue decreases caused by the economic downturn. This package also requests the Department of Administrative Services (DAS) to unschedule a total of \$2,995,745. The requested unsheduling will allow DCBS be responsive to changing conditions to quickly hire needed positions should the economy recover during the 2009-11 biennium. The reductions and unsheduling are as follows:

- The Workers Compensation division was reduced by \$230,803 and DAS has been asked to unschedule \$386,255.
- The Occupational Safety and Health Administration division was reduced by \$200,235 and DAS has been asked to unschedule \$600,704.
- The Insurance division was reduced by \$23,273 and DAS has been asked to unschedule \$69,818.
- The Shared Services section was reduced by \$13,262 and DAS has been asked to unschedule \$49,559.
- The Building Codes division was reduced by \$629,803 and DAS has been asked to unschedule \$1,889,409.

Summary of Performance Measure Action

See attached Legislatively Adopted 2009-11 Key Performance Measures form.