



DCBS:

OREGON'S LARGEST BUSINESS REGULATORY **AND CONSUMER PROTECTION AGENCY**

Ways and Means Subcommittee on Transportation and
Economic Development – Subcommittee Presentation
March 4 - 6, 2013



Agency Presentation Schedule

Monday, March 4, 2013

Agency overview

Patrick Allen, Director

Workers' Compensation System

- Workers' Compensation Division
- Oregon OSHA
- Workers' Compensation Board

John Shilts, Administrator
Michael Wood, Administrator
Abigail Herman, Chairperson

Tuesday, March 5, 2013

Consumer Protection and Safety

- Insurance Division
- Division of Finance and Corporate Securities
- Building Codes Division

Lou Savage, Commissioner
David Tatman, Administrator
Mark Long, Administrator

Wednesday, March 6, 2013

Department of Administrative Services Presentation
Public testimony

Mission

To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.

What We Value

- A commitment to public service
- Integrity, expertise, and personal responsibility
- Collaborative, creative efforts to find solutions
- Effectiveness and accountability in our people and our programs
- Excellent customer service
- Effective communication
- Respect for the diverse community of DCBS and Oregon
- A positive business climate



What We Do

License/Charter/Examine

- Securities broker dealers, investment advisors, and insurance companies
- Banks, trusts, credit unions, mortgage bankers, brokers, and loan originators
- Payday lenders, consumer finance companies, pawnbrokers, check cashing businesses
- Building trades workers and building code inspectors
- Worker leasing companies



Set/Enforce Standards

- Securities, mortgage lending, other consumer finance law
- Workplace deaths/injuries, prevention, and insurance benefits
- Worksites for safety/health violations
- Insurance companies/agents for insurance law violations
- Building construction standards

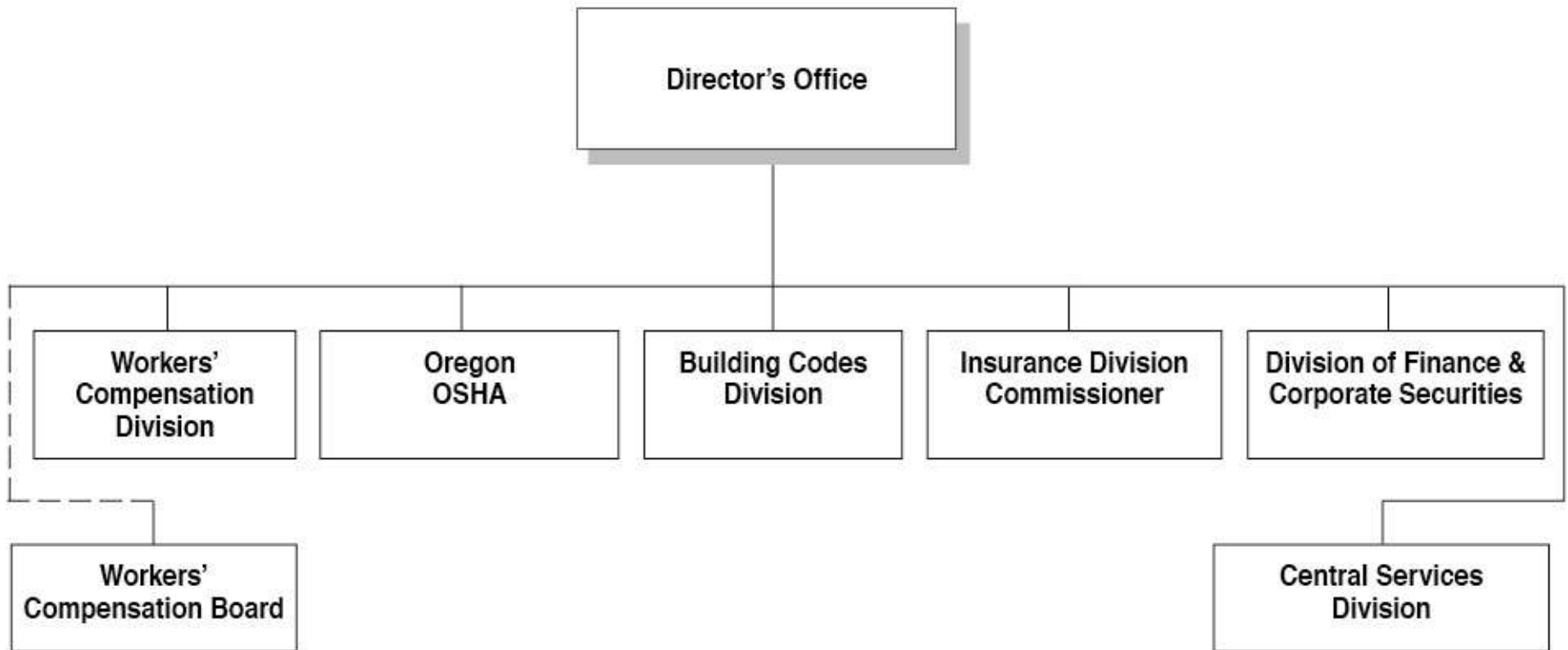


Educate/Advocate

- Workplace safety workshops
- Outreach for investors and homebuyers seeking mortgages
- Financial scam alerts
- Medicare counseling
- Insurance hotline, help with appeals of claim denials, and delays
- Small business workers' compensation and injured workers advocacy



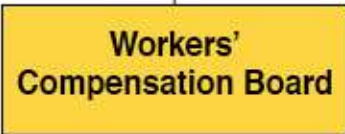
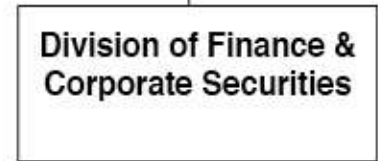
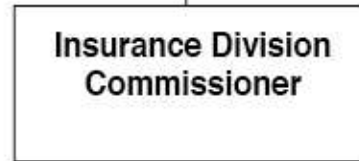
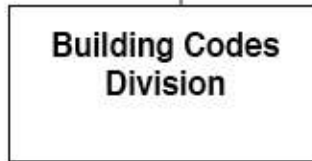
DCBS Organizational Chart



DCBS Organizational Chart



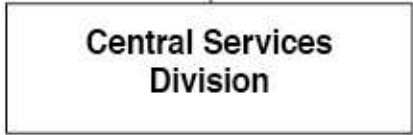
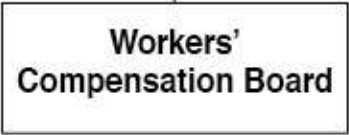
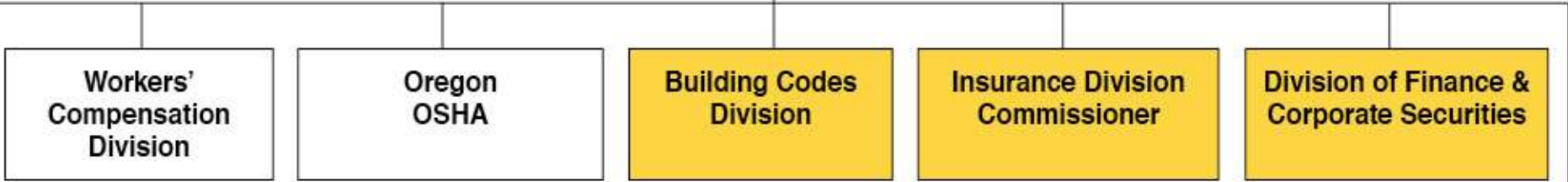
Workers' Safety



DCBS Organizational Chart



Consumer Protection



DCBS Organizational Chart

Director's Office

Financial Safety and Soundness

Workers' Compensation Division

Oregon OSHA

Building Codes Division

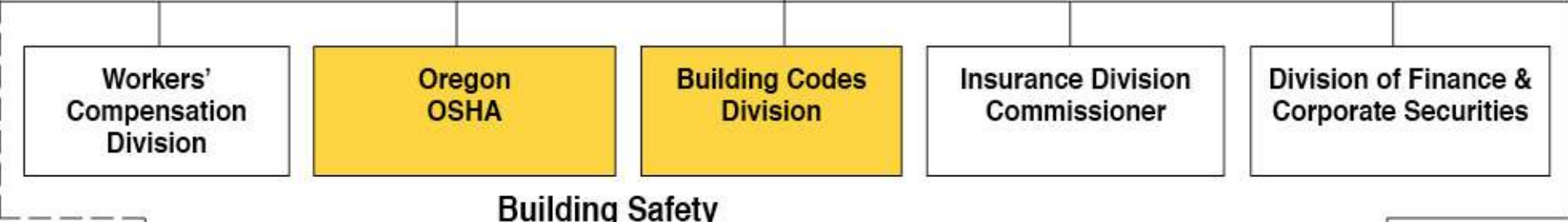
Insurance Division Commissioner

Division of Finance & Corporate Securities

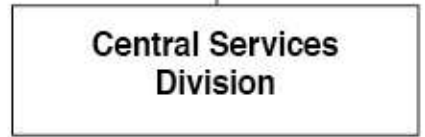
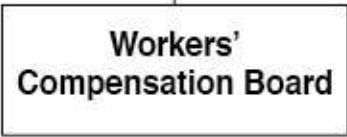
Workers' Compensation Board

Central Services Division

DCBS Organizational Chart



Building Safety



2013 Department-Sponsored Bills

WORKERS' COMPENSATION BOARD

Senate Bill 190 – *Electronic Document Transmission*

INSURANCE DIVISION

House Bill 2240 – *Health Insurance Reform*

House Bill 2241 – *Update Insurance Holding Company Statutes*

DIVISION OF FINANCE AND CORPORATE SECURITIES

House Bill 2239 – *Subsidiary Mortgage Licensing*

Senate Bill 189 – *Manufactured Structure Dealer Regulation*

BUILDING CODES DIVISION

House Bill 2206 – *County Building Inspections (DAS County Payments Bill)*

What Drives Our Business?

Administrative Efficiencies:

- Reorganization and consolidation of shared services
- Consolidation of administrative functions within divisions
- Cost reduction partnerships
- Initiating process improvement reviews

What Drives Our Business?

Consumer Protection:

- Cross-division focus
- People, not programs
- Risk-focused
- Education and outreach



Ratio of Non-Supervisors to Supervisors





Financial Overview

Service Priorities

Principles:

- Health and safety of Oregonians
- Financial safety
- Impact on Oregonians
- Emerging issues
- Revenue constraints and reductions
- Ease of compliance and public access

Budget Drivers, Environmental Factors

- The economy
 - Not fully recovered
 - Foreclosures
 - Revenues directly tied to changes in economy
 - Increased opportunity for victimization
- Building Codes county issues
- Federal health care changes

Funding

- 30 dedicated funds
- More than 500 dedicated fees, assessments, and charges
- Federal funds
- Funded by those we regulate
- Collect approximately \$131 million for General Fund and other purposes

2013-15 Governor's Balanced Budget

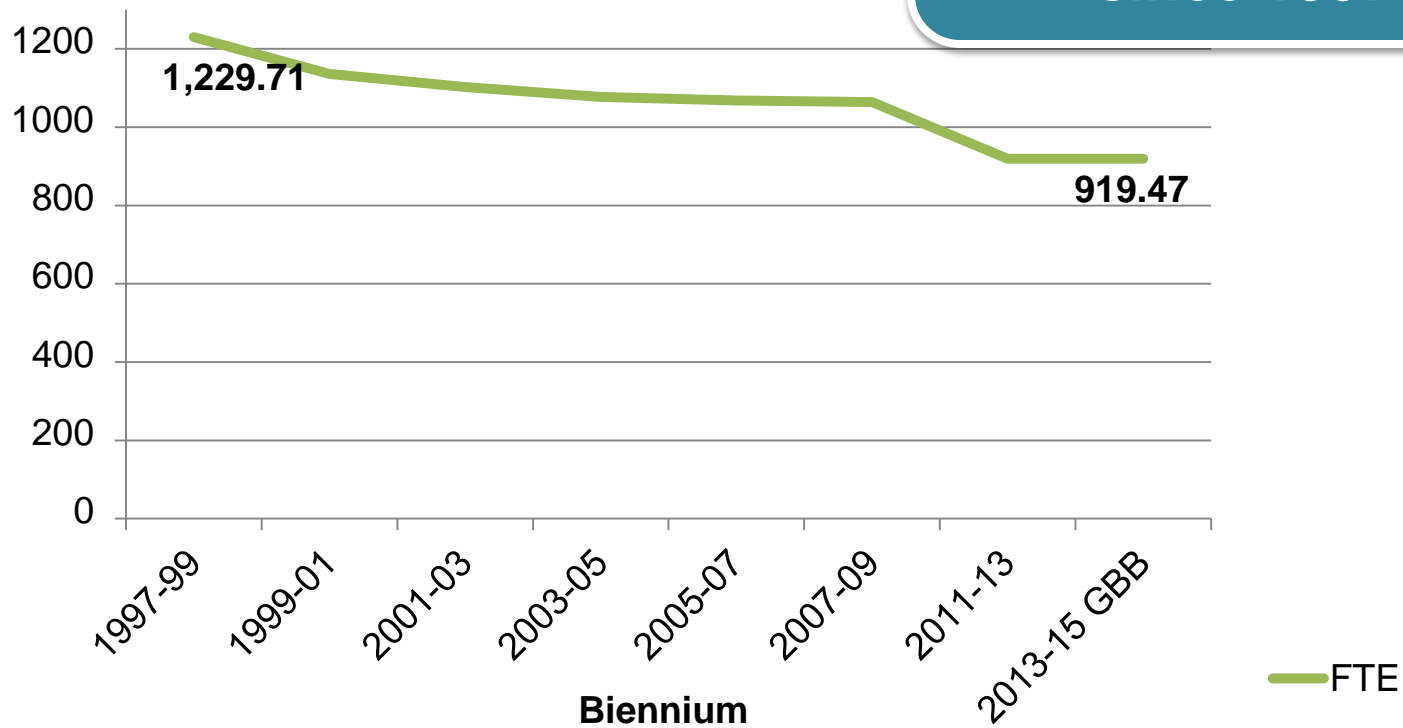
2013-15 Expenditure Summary

Expenditures	2011-13 Legislatively Approved Budget	2013-15 Governor's Balanced Budget	Percent Change
Base Budget	\$231,968,374	\$215,666,166	-7.03%
Essential Packages	\$1,371,019	\$1,890,675	37.90%
Base Budget plus Essential Packages	\$233,339,393	\$217,556,841	-6.76%
Policy Packages	(\$32,563,604)	(\$5,421,795)	83.35%
Subtotal Limited Operating Budget	\$200,775,789	\$212,181,860	5.68%
Nonlimited Budget	\$604,862,452	\$199,564,462	-67.01%
Package 075 Transfer OMIP Nonlimited to OHA	(\$407,443,443)	\$0	100.00%
Nonlimited Budget	\$197,419,009	\$199,564,462	1.09%
Total Budget	\$398,948,460	\$411,746,322	3.21%
FTE	919.68	919.47	-0.02%
Positions	930	927	-0.32%

Position History

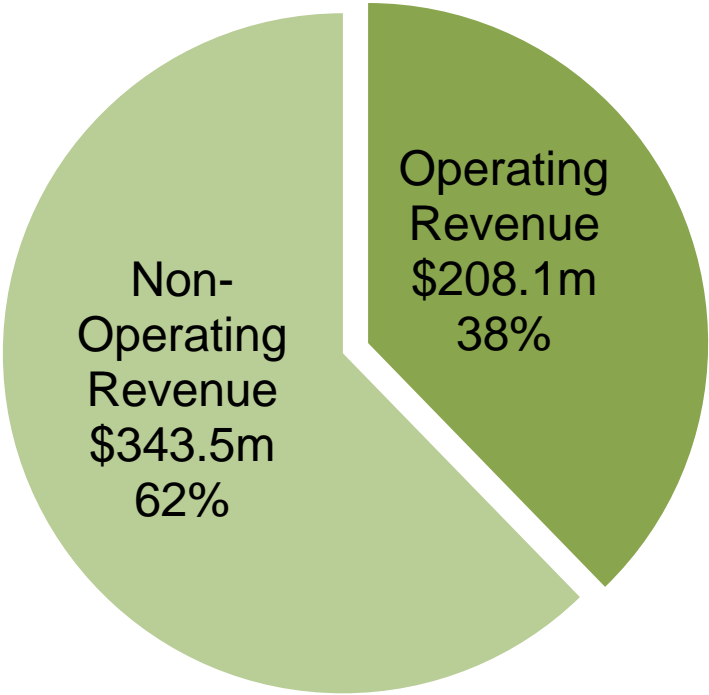
Down 25%
(310.24 employees)
since 1997-99

Number of Full-Time Positions

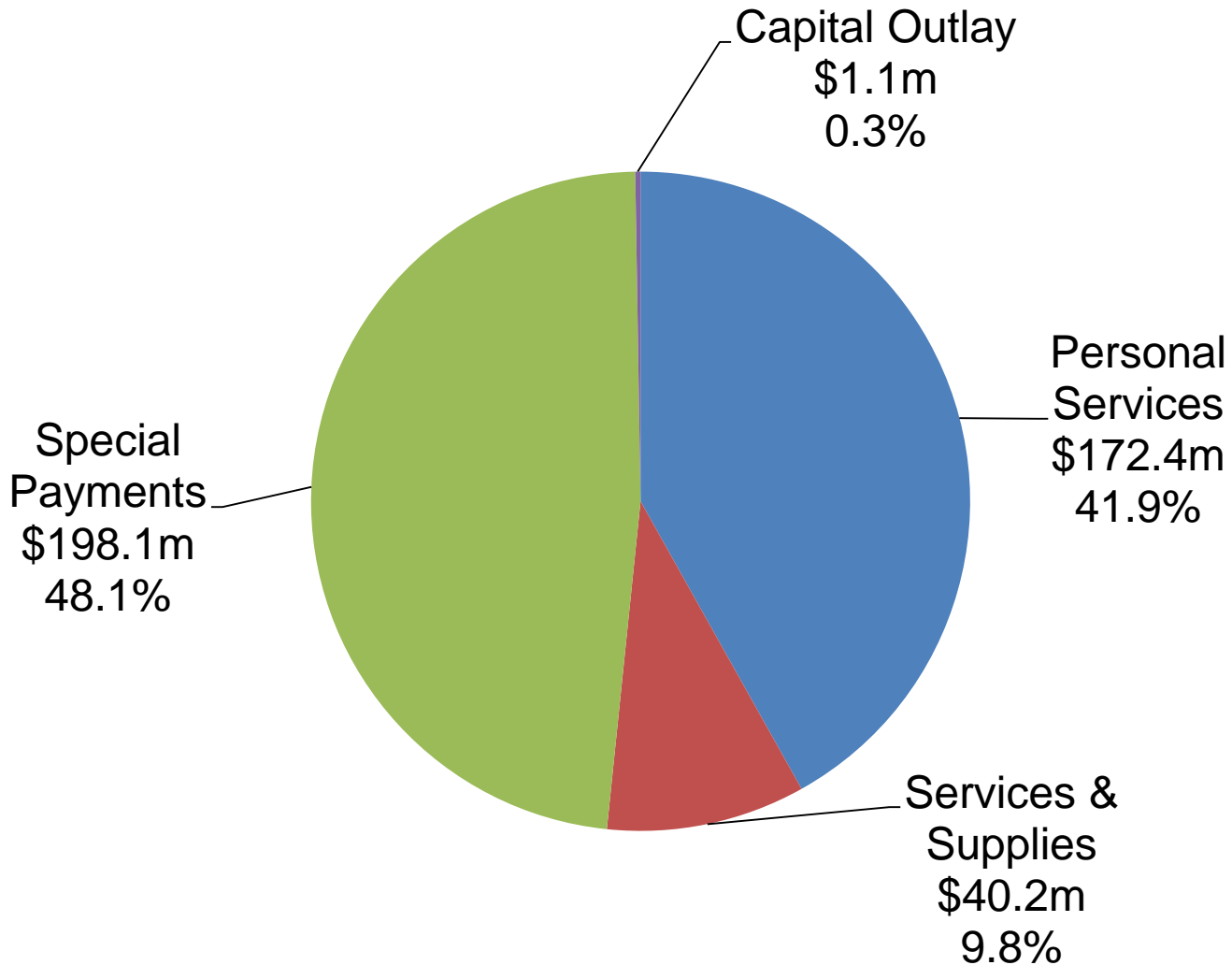


Projected Revenue: 2013-15

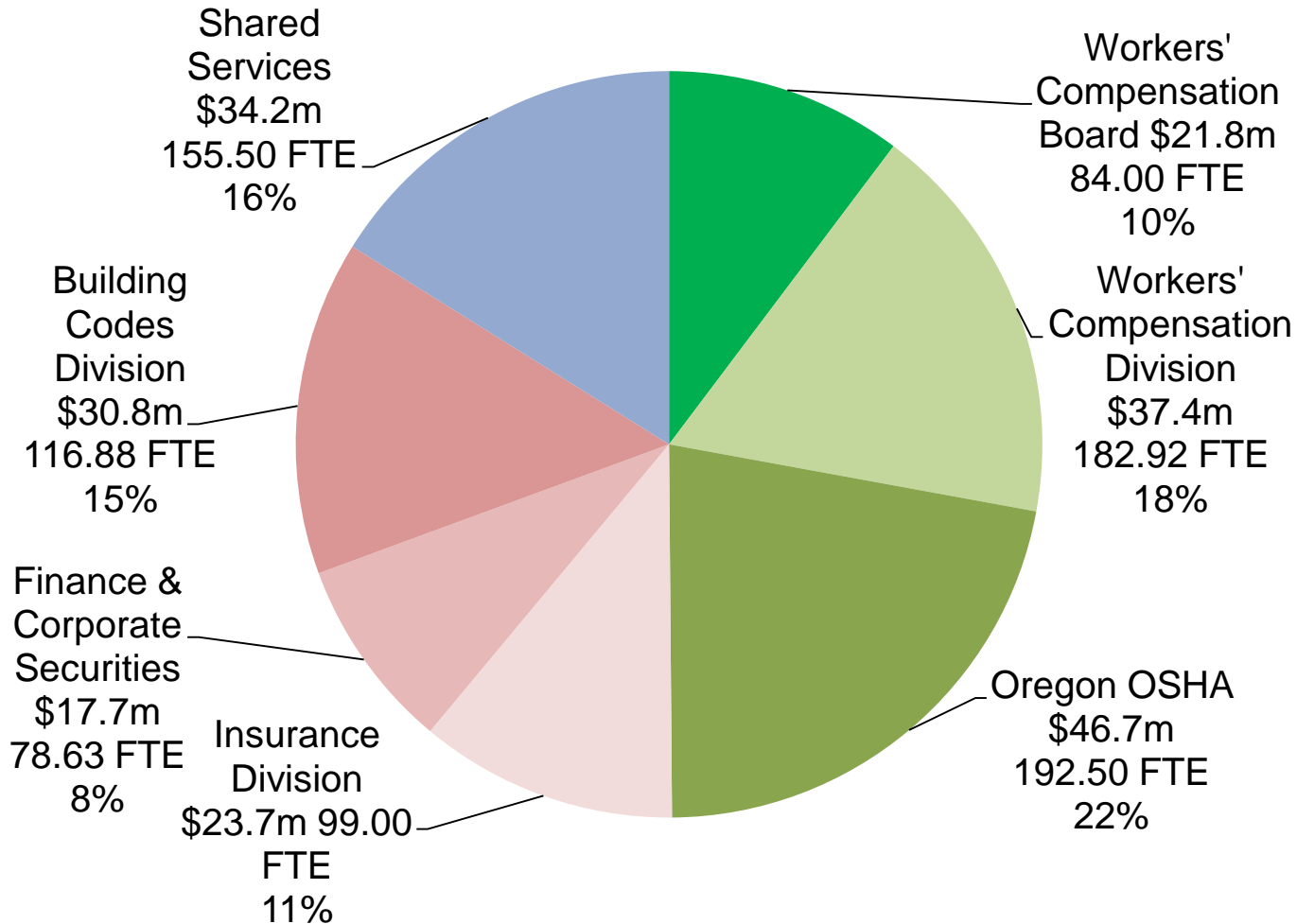
\$551.6 million



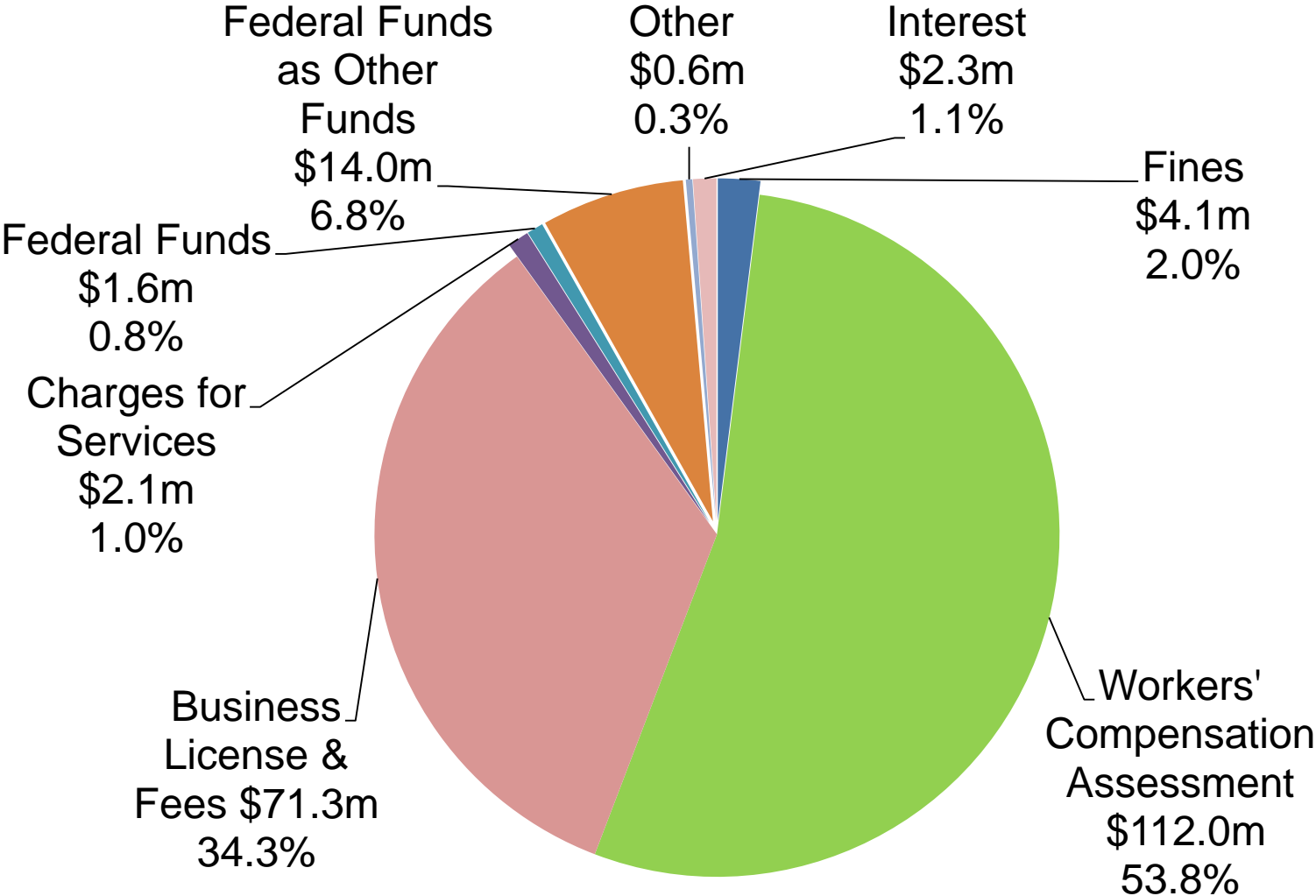
Budget by Category



Total Operating Budget



Projected Operating Revenue

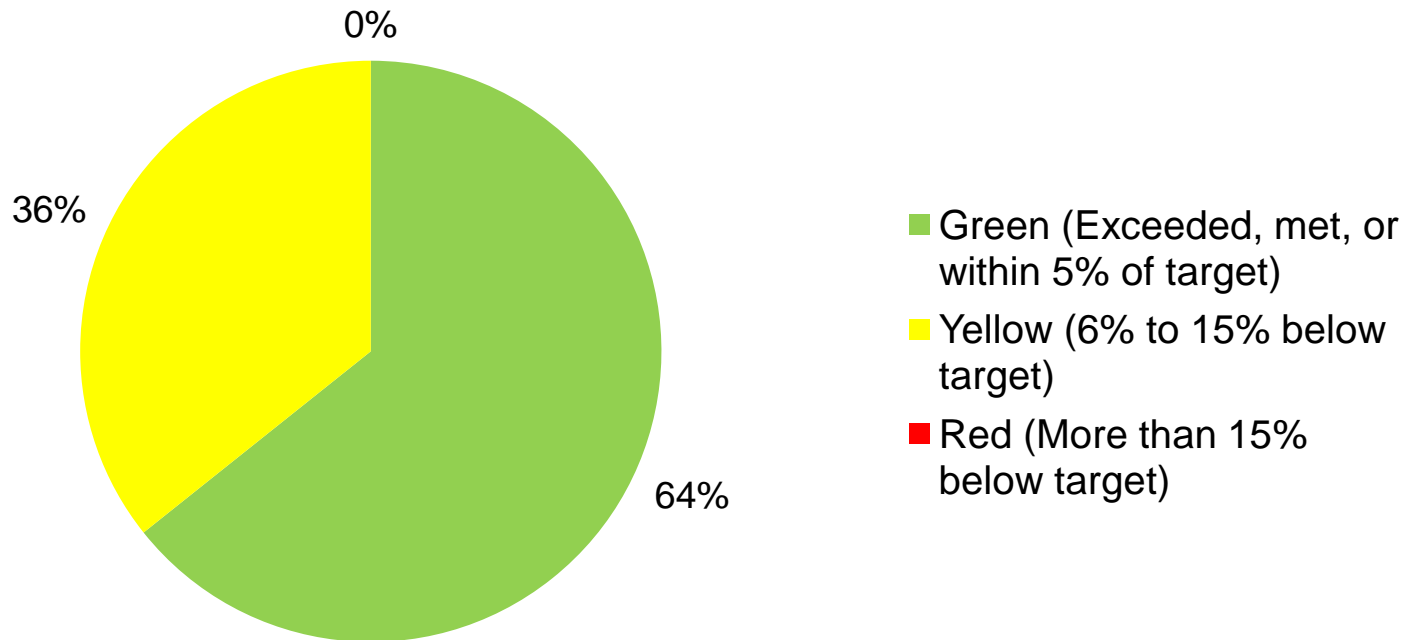




**Key Performance
Measures and
Outcomes**

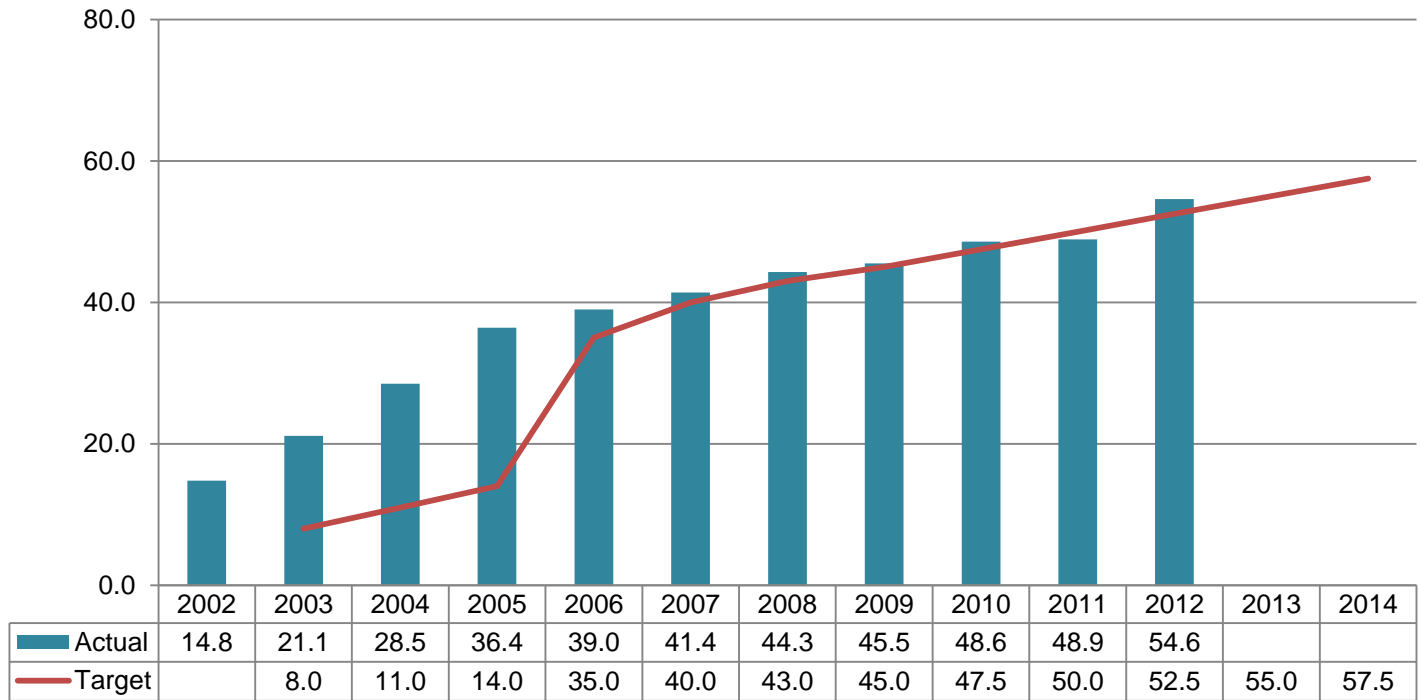
Key Performance Measures

Performance Summary



KPM #13 – E-Transactions for Customer Electronic Transactions

Percent of customer transactions completed electronically



2013-15 Proposed Technology Projects

- Workers' Compensation Division Online Claim
- Workers' Compensation Board Web Portal
- Finance and Corporate Securities Data System Replacement
- Oregon OSHA IMIS System Replacement
- Oracle Forms Migration



**WORKERS'
COMPENSATION
SYSTEM**



**Workers'
Compensation
Division**

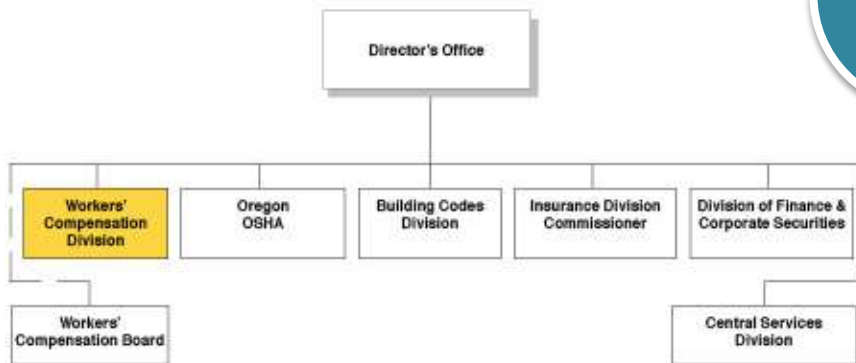
Workers' Compensation Division

Improving Oregon's workers' compensation system for employers and workers

13th lowest workers' comp rate in nation

System is designed to provide:

- Prompt and complete medical treatment
- Adequate and reasonable income benefits
- A fair and just administrative system
- Workers are restored to self-sufficiency
- A sole and exclusive remedy



Big Four Reform Successes

- ✓ Fewer injuries
- ✓ Better claims and medical practices
- ✓ Affordable for employers
- ✓ Good benefits and outcomes for workers

Workers' Compensation Division

Accomplishing the mission in 2013-2015

- Reduce the administrative burden on medical providers.
- Evaluate treatments to ensure better medical outcomes for workers at the lowest cost.
- Improve return-to-work outcomes for more workers without increasing costs.

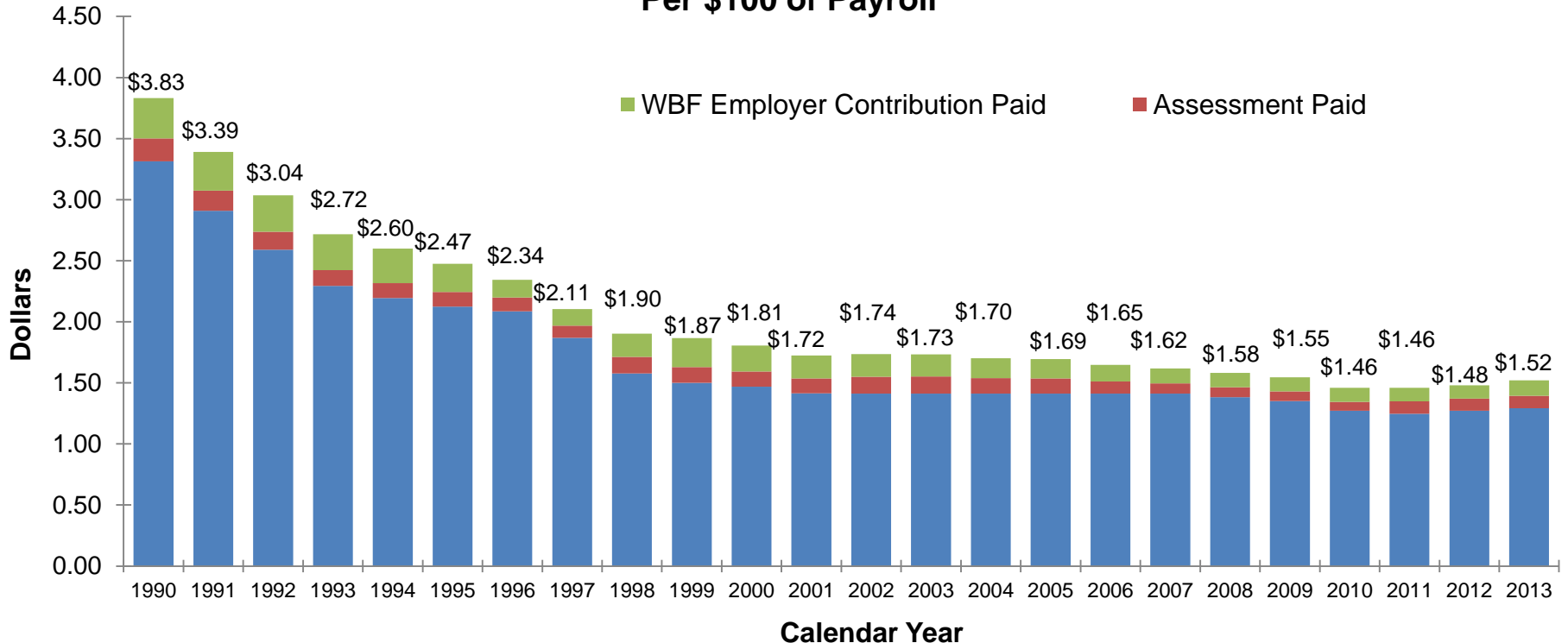
Workers' Compensation Division

Accomplishing the mission in 2013-2015

- Risk-based audit program focused on poorer performing insurers.
- Minimize disruption for employer by coordinating activities with other agencies.
- Reduce administrative burdens on stakeholders by increasing electronic exchange of information.

Workers' Compensation System

**Total Pure Premium, Assessment, and Contribution Paid
Per \$100 of Payroll**



Total employer costs per \$100 payroll for pure premium, premium assessment, and Workers' Benefit Fund cents-per-hour assessment. This chart does not include insurer costs, known as expense loading factors. Historic figures are adjusted to reflect the 2010 mix of employment and payroll.

Workers' Compensation Division

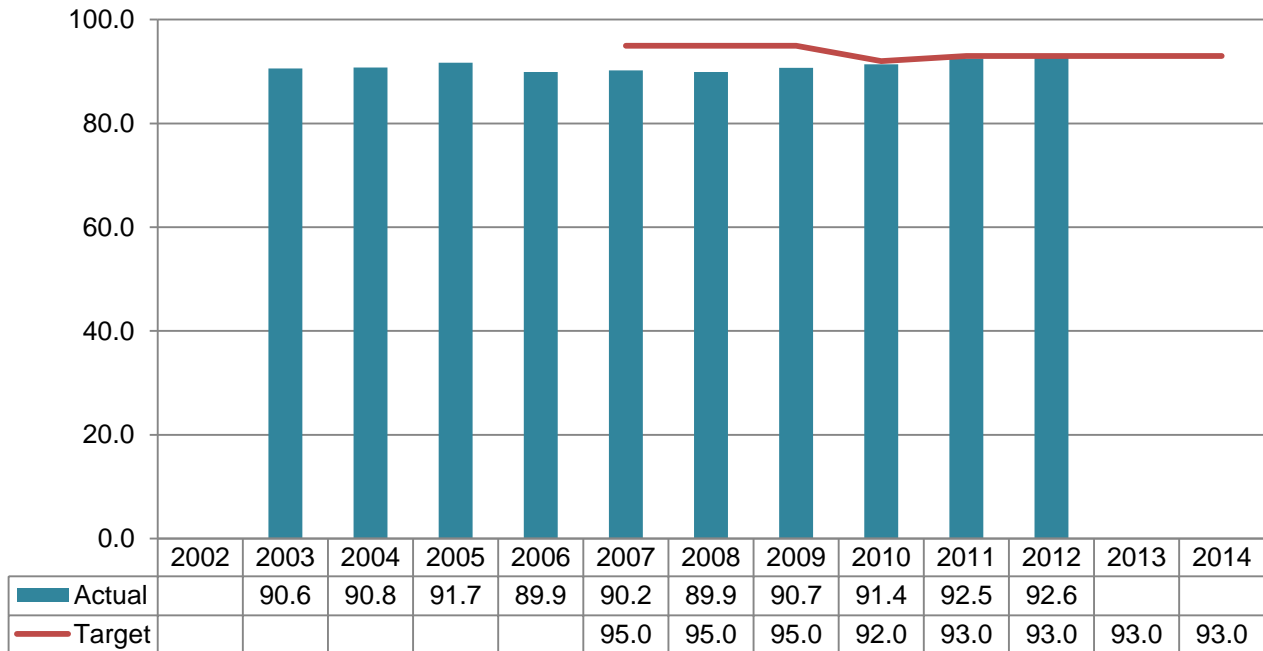


**Key Performance
Measures and
Outcomes**

KPM #4 – Timely Worker Benefits

Injured workers receive timely benefits

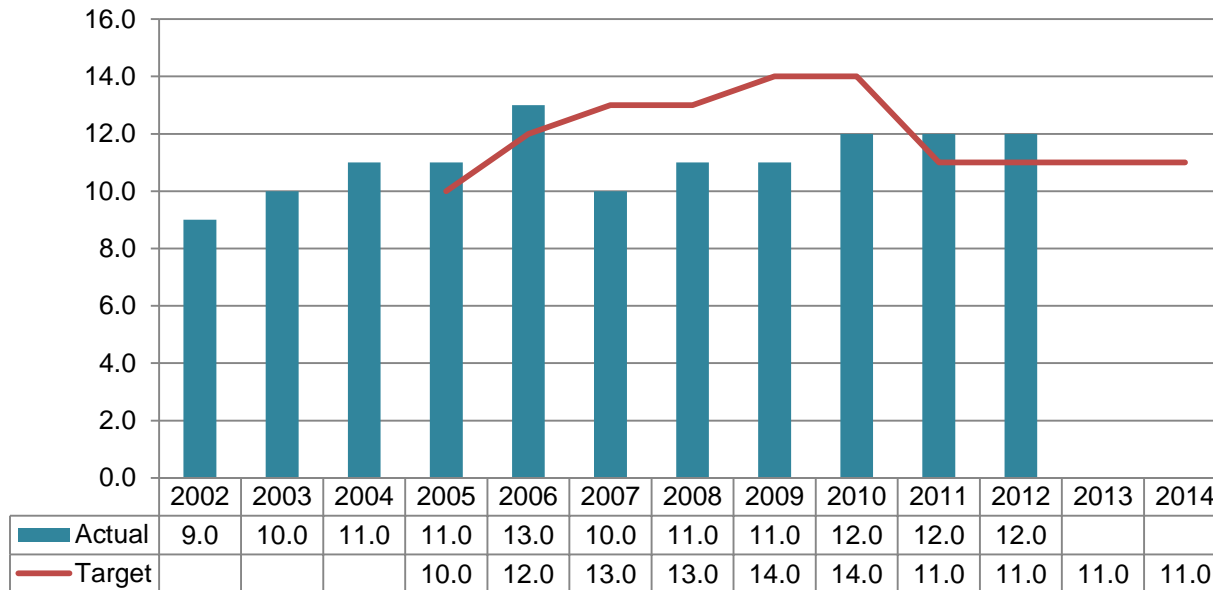
Percent of injured workers who receive timely benefits from insurers



KPM #6 – Reemployment for Injured Workers

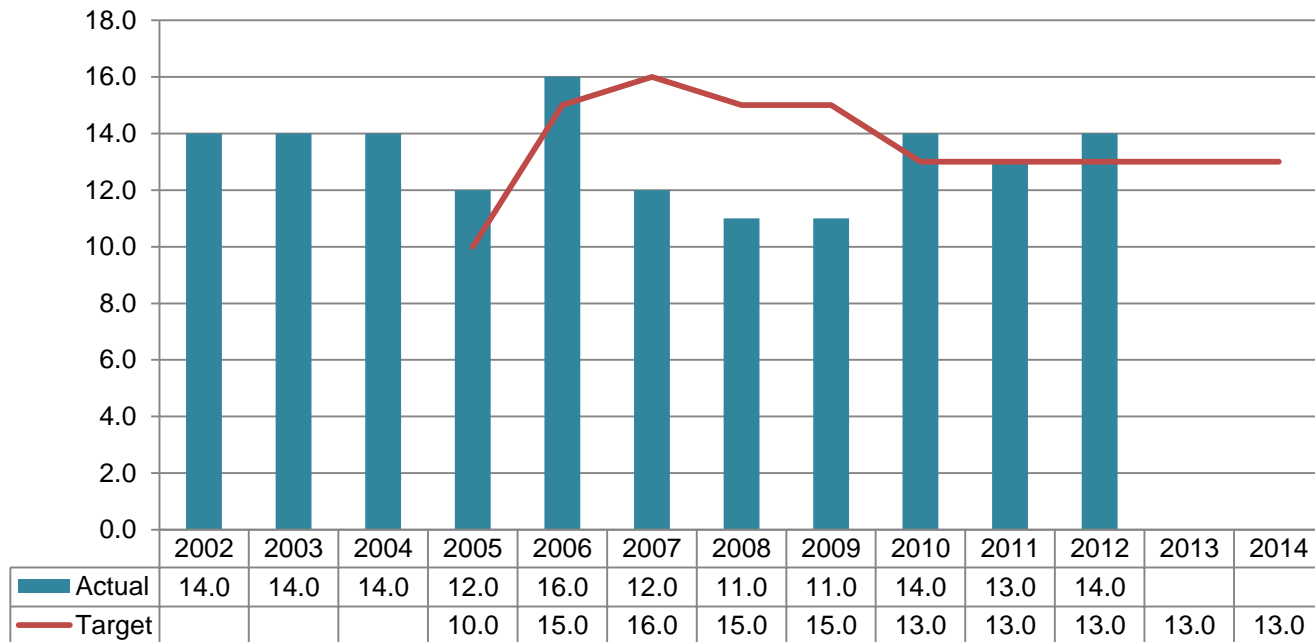
Return-to-work programs for injured workers

Difference in percentage of eligible workers who RTW using RTW programs vs. those who do not use RTW programs



KPM #7 – Wage Recovery for Injured Workers

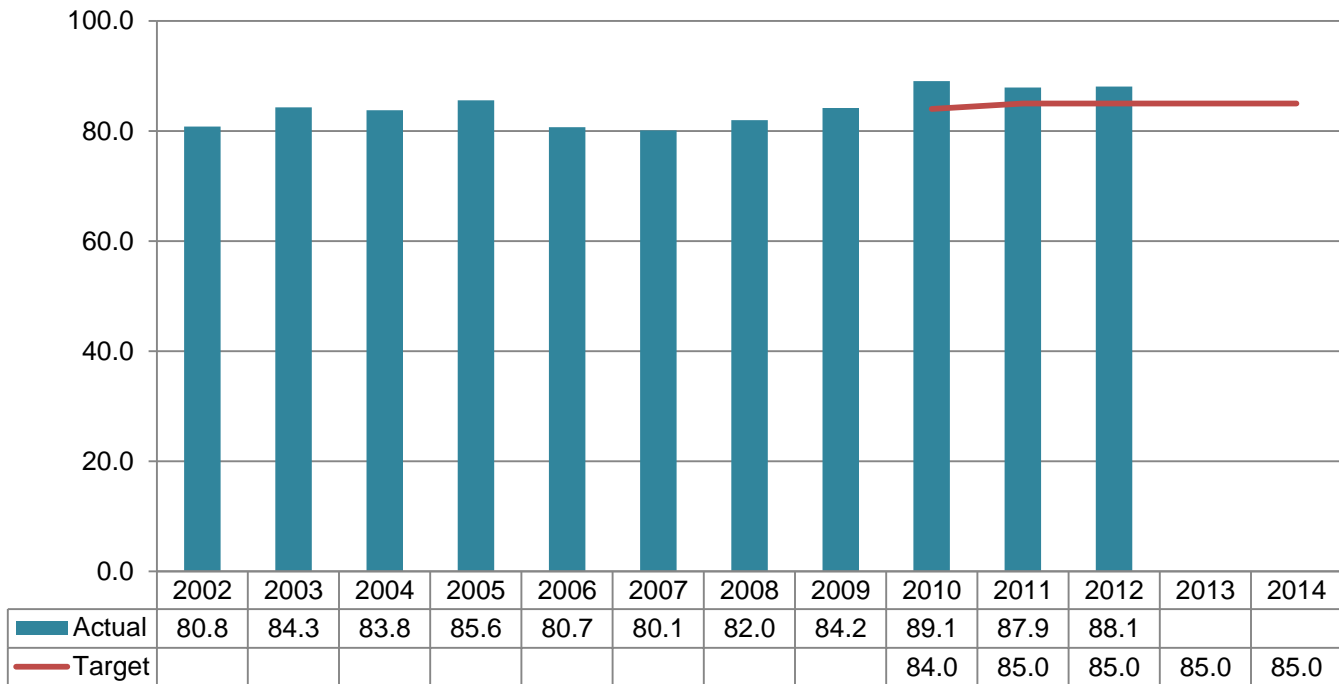
Percentage difference in wage recovery for workers who use RTW programs vs. workers who do not



KPM #9 – Workers’ Compensation Insurer Performance

WC Insurers meet strict performance standards

Percent of WC insurers meeting standards for benefit delivery and reporting





Oregon Occupational Safety and Health Division

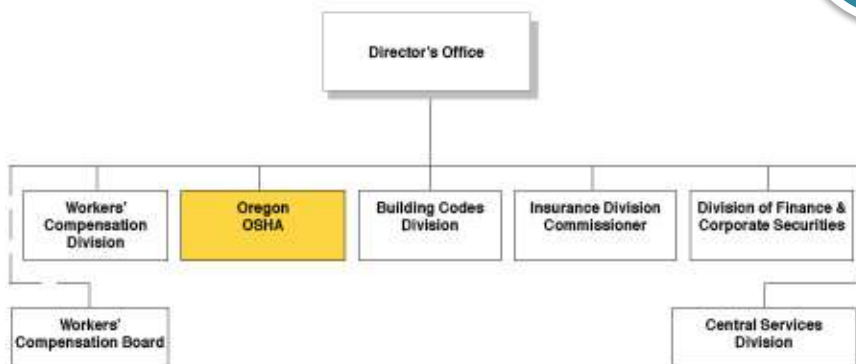
Oregon OSHA

(Improve workplace safety and health)

Improving workplace safety and health for all Oregon workers

Worker fatality rate dropped by more than half over past 15 years

- Inspect workplaces based on referrals/complaints
- Help employers avoid hazards
- Investigate workplace fatalities/injuries
- Resolve most appeal cases through dispute resolution



Oregon OSHA

Accomplishing the mission in 2013-2015

- Maintain strong presence in the workplace
- Enforcement/education focus: high-hazard industries and occupations, and small employers.
- Outreach focus: Vulnerable and hard-to-reach workers.
- Ensure enforcement is used more effectively as a tool to promote worker safety, both before and after a particular workplace has been inspected.

Oregon OSHA

Accomplishing the mission in 2013-2015

- Use technology to increase employer and employee safety and health training.
- Make safety and health standards easier to understand by writing rules more clearly and using common industry terms.
- Maintain partnerships to help “spread the word” about workplace safety and health.

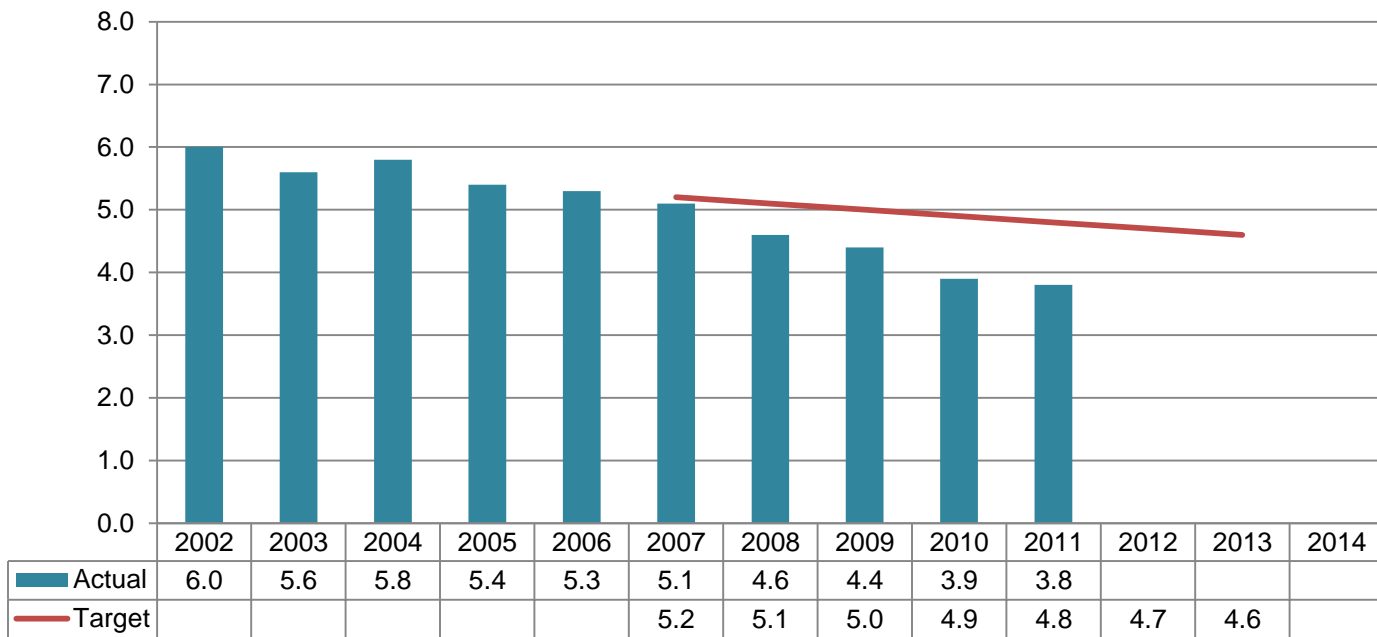
Oregon OSHA



**Key Performance
Measures and
Outcomes**

KPM #3 – Occupational Injury and Illness Incidence Rates

Number of occupational injury and illness cases per 100 full-time workers





Workers' Compensation Board

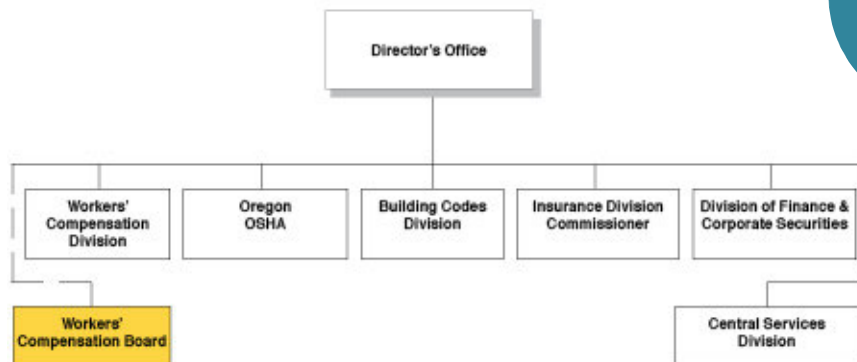
Workers' Compensation Board

(Resolving disputes of workers' compensation laws and safety laws)

Producing sound legal decisions for Oregon's workers' compensation system

*99% of ALJ orders timely issued
90% of mediations settle*

- Administrative Law Judges (ALJs):
 - Hold due process hearings of workers' compensation and Oregon OSHA disputes
 - Provide mediation services
- Board Members:
 - Provide appellate review of ALJ decisions
 - Approve claim disposition agreements
 - Exercise own motion jurisdiction



Workers' Compensation Board

Accomplishing the mission in 2013-2015

- Continue to provide timely and impartial dispute resolution of cases arising under the workers' compensation laws and safety laws.
- Maintain high affirmation rate of board orders at the Court of Appeals.
- Offer stakeholders an alternative to litigation in the form of successful mediation services.
- Expand WCB portal capability to allow stakeholders to send and receive secure electronic transmissions pertaining to filings, notifications, and other required documents.
- Enhance electronic docket to provide quicker and more efficient service to stakeholders.

Workers' Compensation Board



**Key Performance
Measures and
Outcomes**



Ombudsmen

Ombudsmen

(Help for injured workers and small employers)

Helping consumers and small business owners through the workers' compensation system

- 2,313 total SBO contacts
- 8,670 total OIW inquiries

Small Business Ombudsman (SBO)

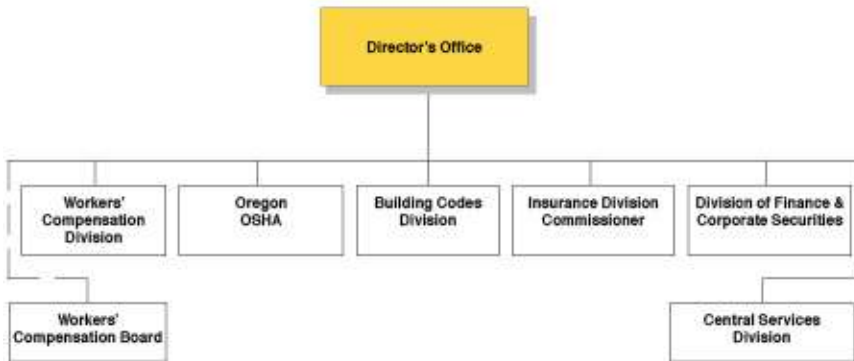
Answers questions about:

- Shopping for workers' compensation insurance
- Premiums/audits

Ombudsman for Injured Workers (OIW)

Answers questions about:

- Worker rights and responsibilities
- Benefits
- Returning to work



Ombudsman Offices

Accomplishing the mission in 2013-2015

Ombudsman for Injured Workers

- Conduct outreach to injured workers and stakeholders to increase awareness of the services the ombudsman's office provides.
- Ensure that workers who need help have access to the ombudsman's services regardless of language, disability, or other potential barriers.

Ombudsman Offices

Accomplishing the mission in 2013-2015

Small Business Ombudsman

- Continue to build awareness of services by working with Small Business Development Centers, trade groups, small-business fairs, and other agencies and employer groups.
- Maintain a 24-hour response time on all inquiries.
- Collaborate with the Insurance Division on how to maintain the health of the Oregon voluntary workers' compensation market and the Oregon Assigned Risk Plan.



**CONSUMER
PROTECTION AND
SAFETY**



Insurance Division

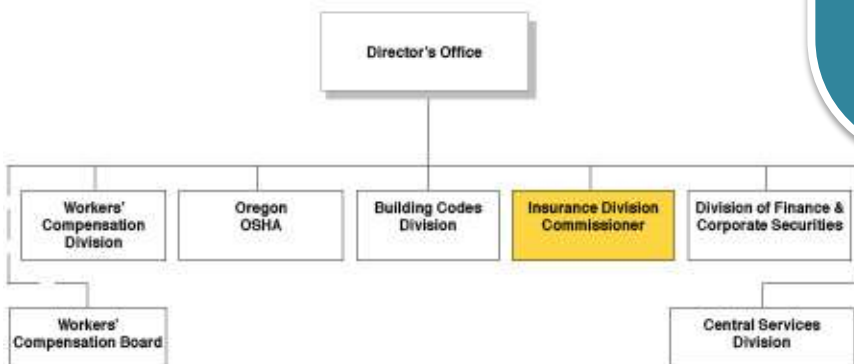
Insurance

(Enforce Insurance Code; educate public on insurance issues)

Ensuring the financial soundness of insurers and the fair treatment of policyholders

More than 15,500 phone calls annually from policyholders

- Ensure companies can pay claims
- Ensure policies comply with Oregon law
- Investigate complaints
- Ensure consumers pay fair and non-discriminatory rates
- Advocates answer insurance questions
- Medicare counseling
- Implement federal health care reform in Oregon



Insurance Division

Accomplishing the mission in 2013-2015

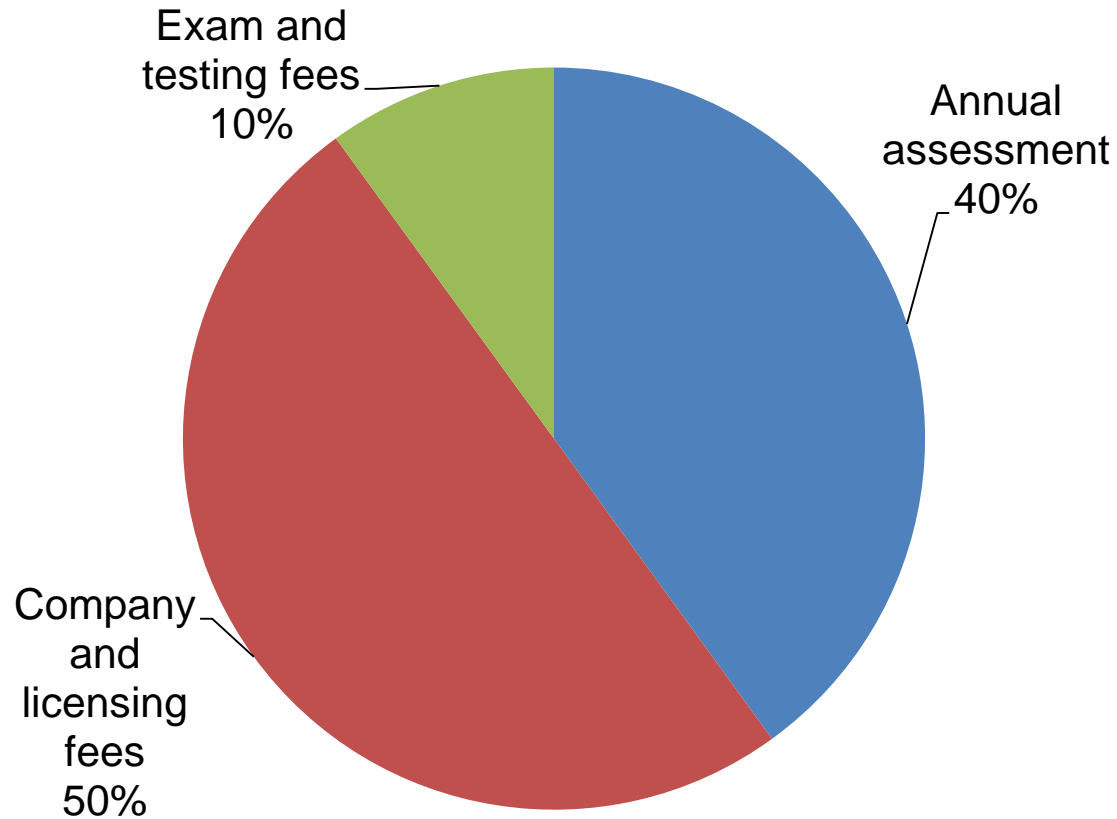
- Continue using federal grants through fall 2014 to enhance health insurance rate review.
- Implement the federal Affordable Care Act.
- Work with the Oregon Health Authority and Cover Oregon to launch the exchange website.

Insurance Division

Accomplishing the mission in 2013-2015

- Ongoing efforts to ensure market stability and guarantee that no one insurer or plan suffers disproportionate risks when federal reforms are implemented in January 2014.
- Work with public and private partners to develop education/outreach to the public on health insurance in 2014.
- Increase Senior Health Insurance Benefits Assistance's (SHIBA) local counseling services and outreach for low-income and disabled beneficiaries.

Insurance Division Revenue



Insurance Division

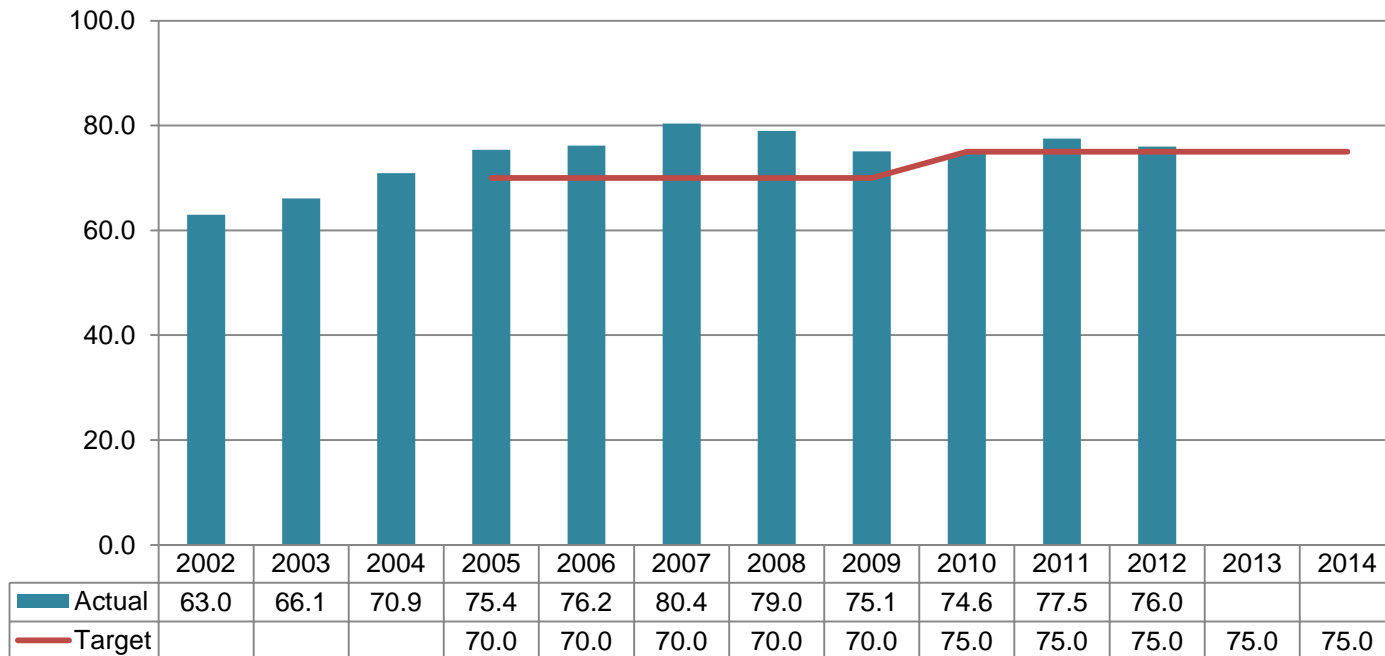


**Key Performance
Measures and
Outcomes**

KPM #2 – Insurance Consumer Relief

Helping consumers resolve insurance complaints

Percent of confirmed complaints resolved with relief for the consumer





Division of Finance and Corporate Securities

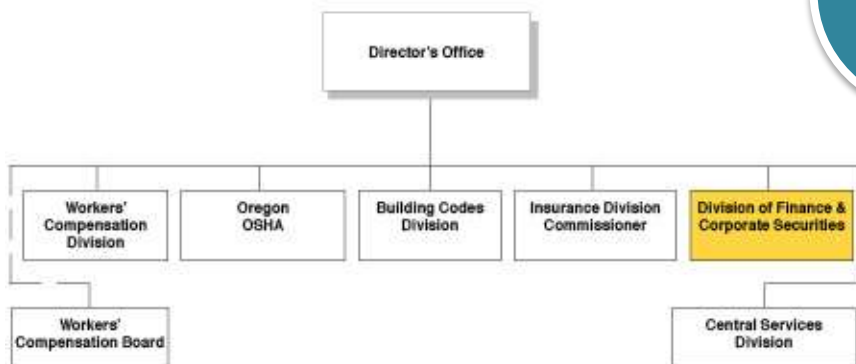
Finance and Corporate Securities

(Administers multiple programs involving financial products/services)

Ensuring sound financial services and products and protecting consumers from fraud

Investigated 1570 complaints in 2011-2012

- Regulates banks, trusts, and credit unions
- Protect consumers from businesses that want to help lower debt or modify home loans
- Ensure sound mortgage lending practices
- Licenses people who sell investment securities; investigates investment fraud
- Consumer education on how to avoid financial fraud/foreclosure safeguards



Division of Finance and Corporate Securities

Accomplishing the mission in 2013-2015

- Increase interaction between DCBS divisions and other agencies to better address consumer financial abuses.
- Continue to work with banks and credit unions to return them to “satisfactory condition.”
- Identify new methods to ensure that Internet providers of financial services meet consumer protection standards.
- Help consumers understand how to avoid fraud when purchasing online financial services.

Division of Finance and Corporate Securities

Accomplishing the mission in 2013-2015

- Steer Oregonians toward licensed entities.
- Educate Oregonians about consumer protection laws involving loan modification and debt management services.
- Continue to work with other state agencies and nonprofit housing counselors to assist homeowners facing foreclosure.
- Work with other state agencies to roll out foreclosure prevention initiatives.
- Conduct outreach aimed at helping seniors and other investors avoid financial fraud.

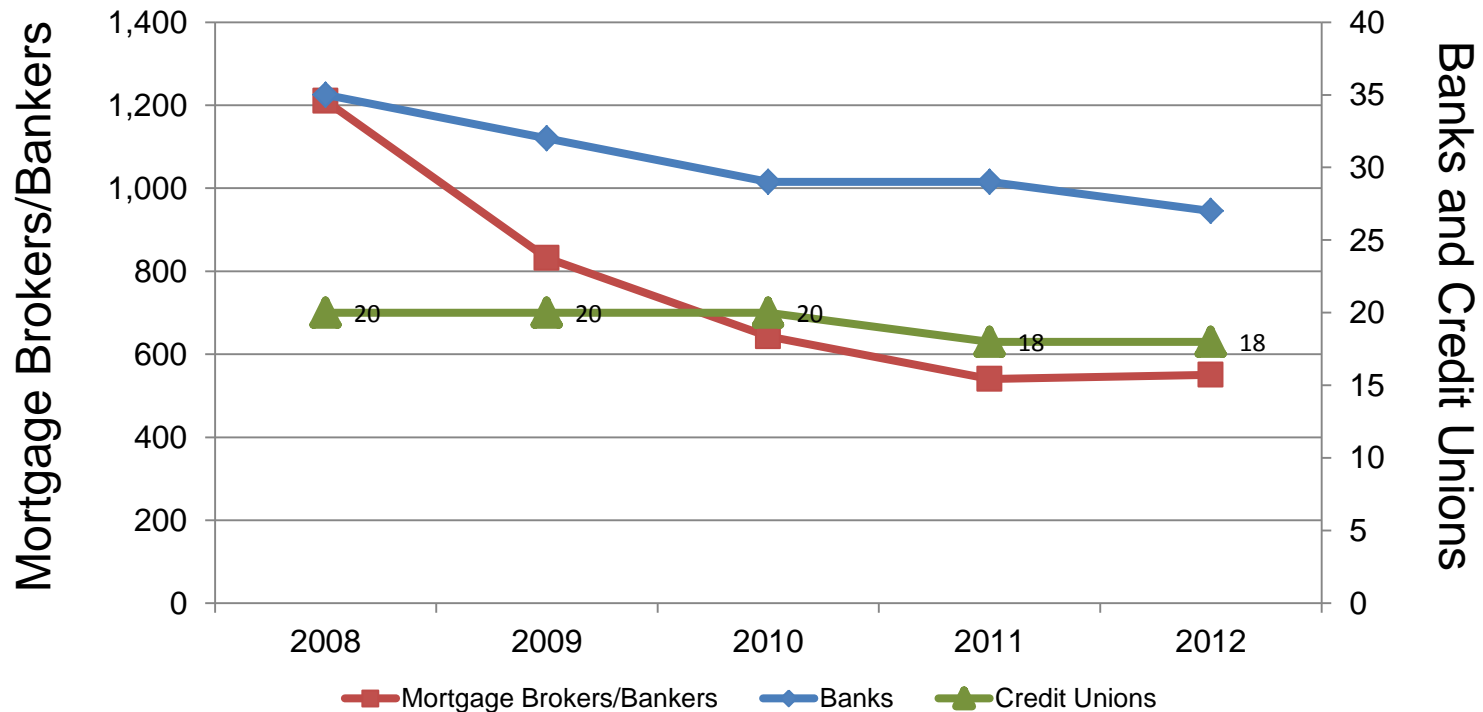
Division of Finance and Corporate Securities

Accomplishing the mission in 2013-2015

- Continue to implement enhanced mortgage lending office examinations to ensure sound mortgage lending.
- Continue to deter financial abuse through strong enforcement efforts, working with state and federal partners to prosecute violators, deter scammers, and protect consumers.
- Increase examination of investment advisers as a result of the Dodd-Frank Act.
- Continue to explore ways to promote licensing efficiency through the use of the Nationwide Mortgage Licensing System.

Division of Finance and Corporate Securities

Licenseses and Charters per Year



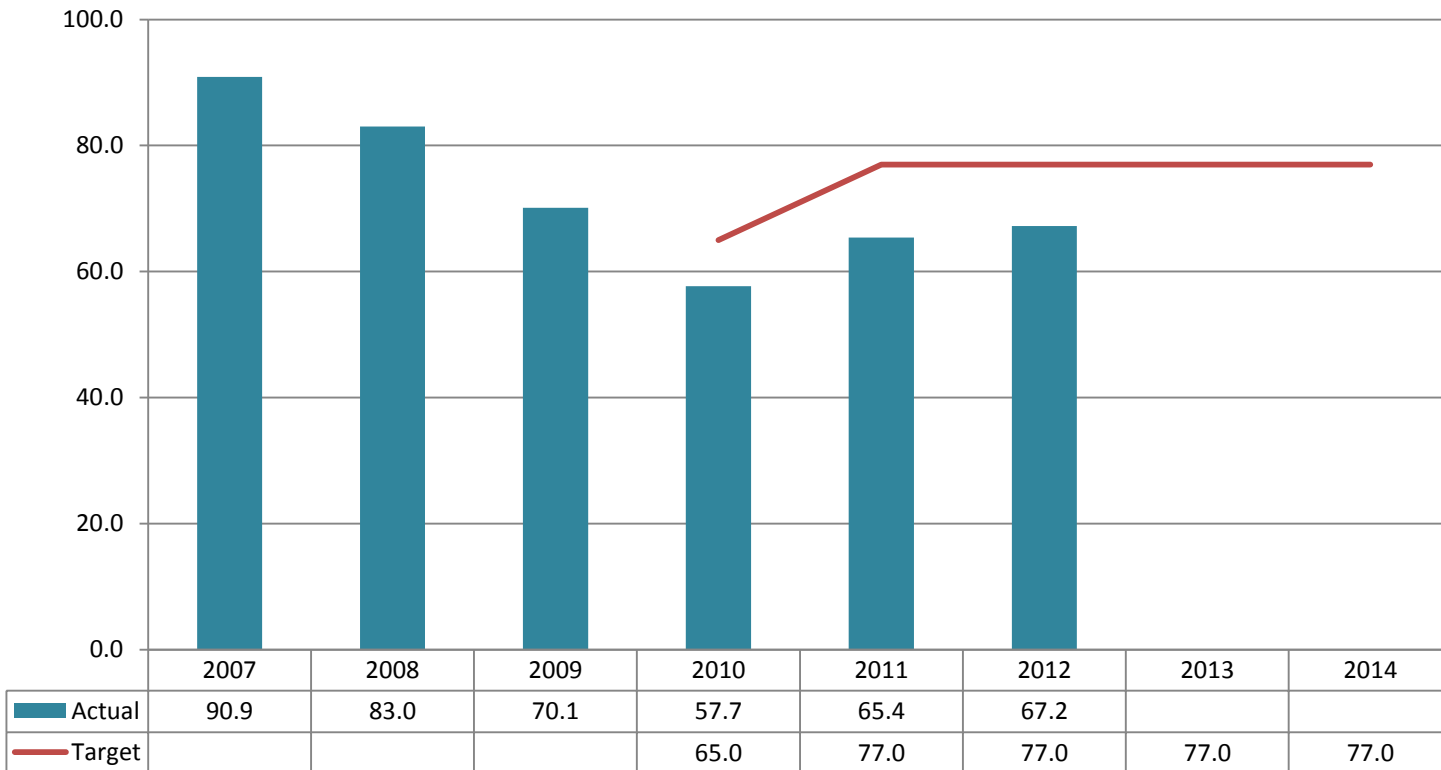
Division of Finance and Corporate Securities



**Key Performance
Measures and
Outcomes**

KPM #1 – Performance of Financial Service Entities

Percentage of financial services entities rate satisfactory or higher





Building Codes Division

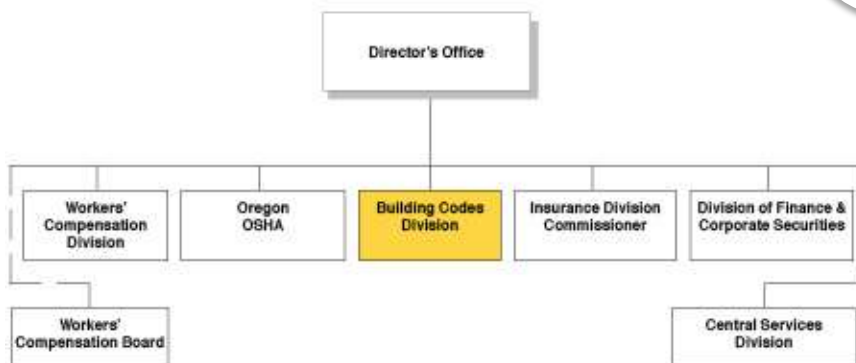
Building Codes Division

(Safe building construction)

Set Uniform Standards

Oversee 130 city and county building departments

- Adopts and enforces uniform building code for Oregon
- Resolves code disputes
- Helps local building inspection programs
- Certifies inspectors and license trades workers
- Conducts inspections where local entities do not



Building Codes Division

Accomplishing the mission in 2013-2015

- Align Oregon codes with national model codes and further reduce Oregon amendments with some exceptions.
- Continue implementing a comprehensive electronic permitting program.
- Continue alerting consumers, government, and businesses about local code violators.

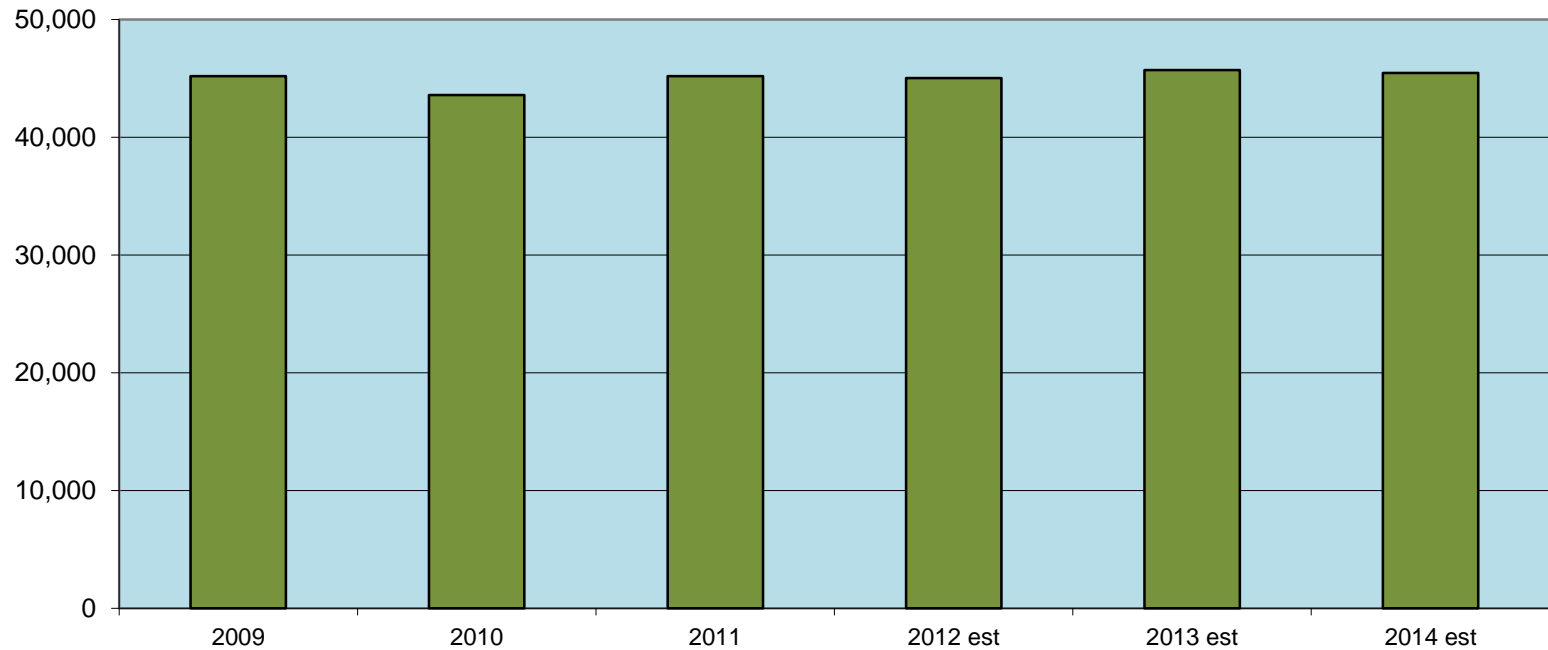
Building Codes Division

Accomplishing the mission in 2013-2015

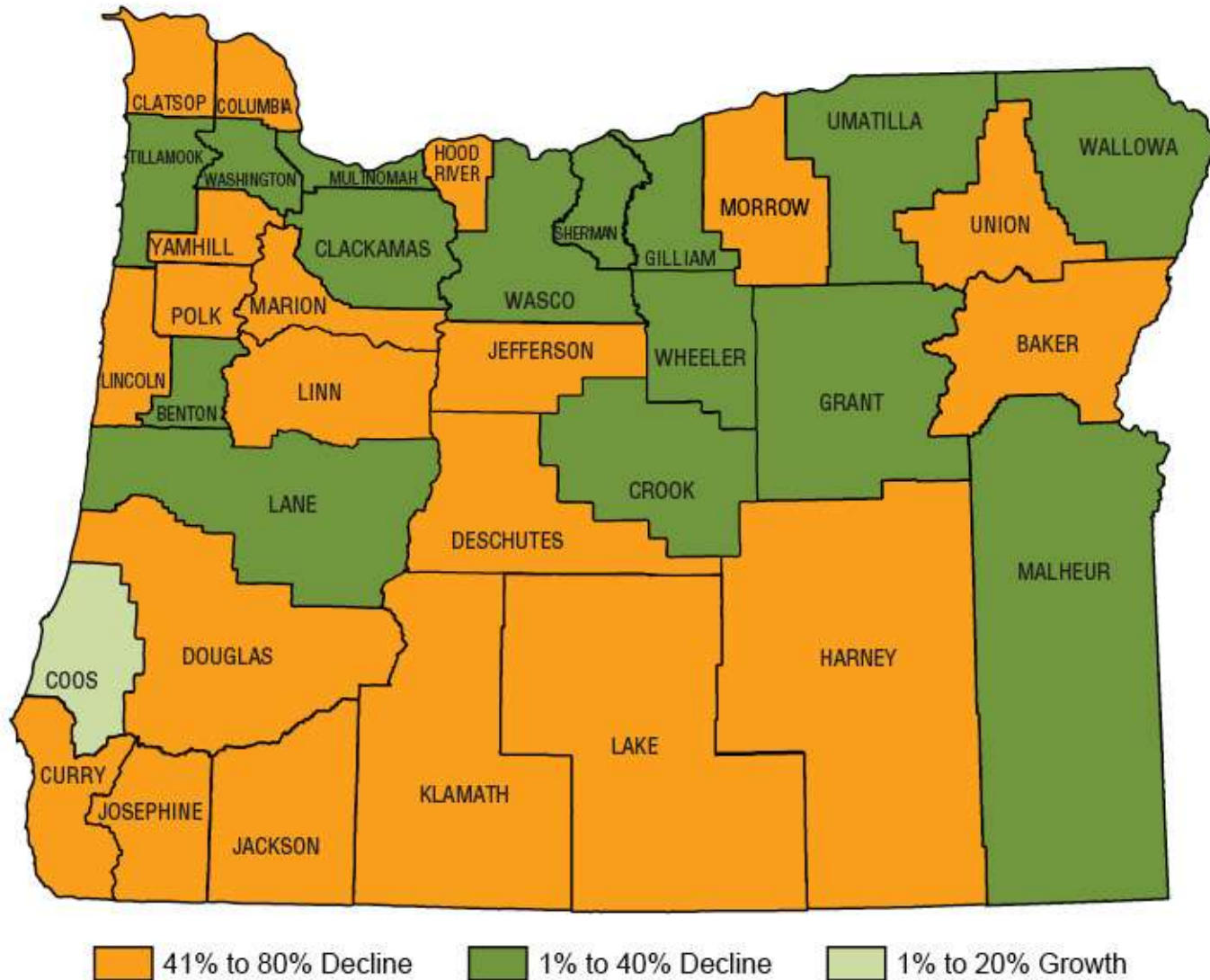
- Create additional streamlined permitting processes, such as minor label permits.
- Continue Web-based continuing education program opportunities for inspectors, planners, designers, and contractors.
- Work with city and county local programs to address revenue shortfalls to ensure viable local inspection services.
- Increase training and inspection staffing options for local governments.

Building Codes Division

Permits Issued (Building Codes Division has Statewide Responsibility)



Local Government Permit Revenue – FY 2007-2012



Building Codes Division

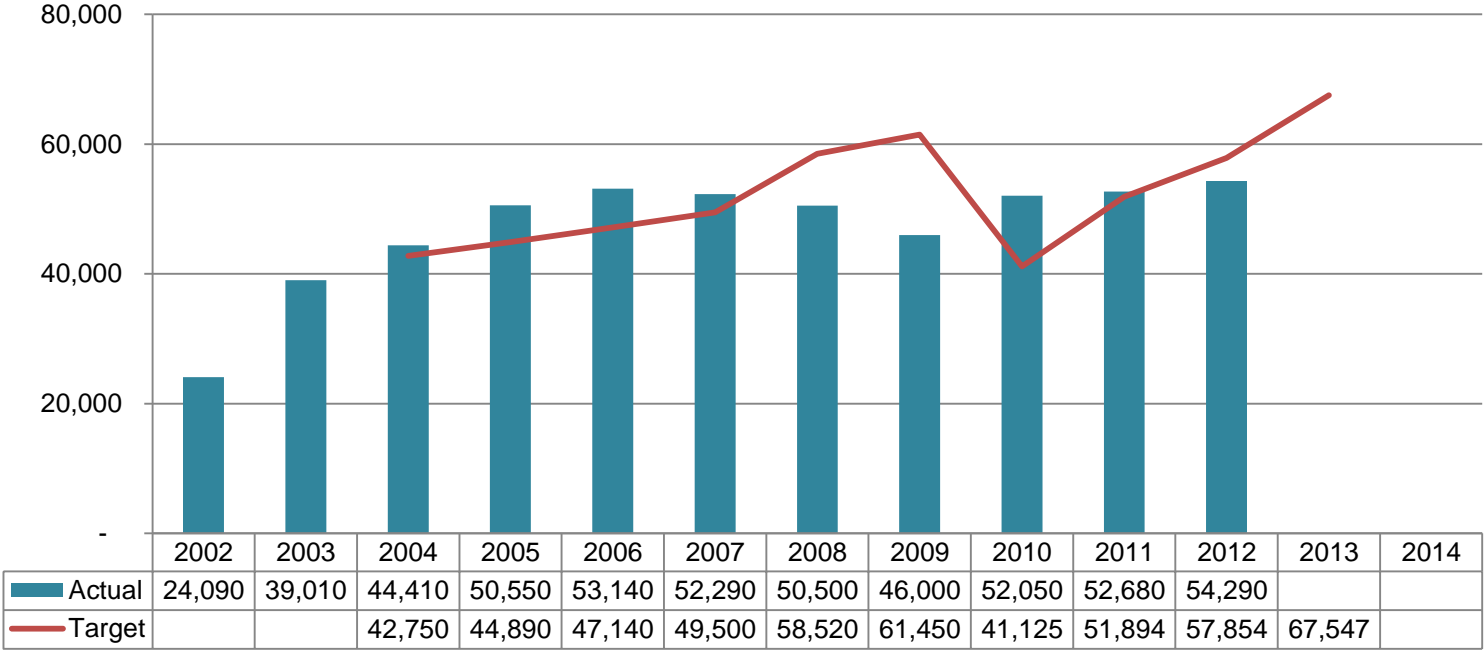


**Key Performance
Measures and
Outcomes**

KPM #11 – Permits for Minor Construction Work

Streamlined processes for contractors

Number of building permits sold that can be used by contractors in multiple jurisdictions for minor construction work





CONCLUSION

Appendices

<ul style="list-style-type: none">• Annual Performance Progress Report	<ul style="list-style-type: none">• 2011-13 Position Reclassification
<ul style="list-style-type: none">• Governor's Phase II Bid Sheets	<ul style="list-style-type: none">• DFCS Budget Note
<ul style="list-style-type: none">• 2011-13 New Hires	

CONSUMER & BUSINESS SERVICES, DEPARTMENT of
Annual Performance Progress Report (APPR) for Fiscal Year (2011-2012)

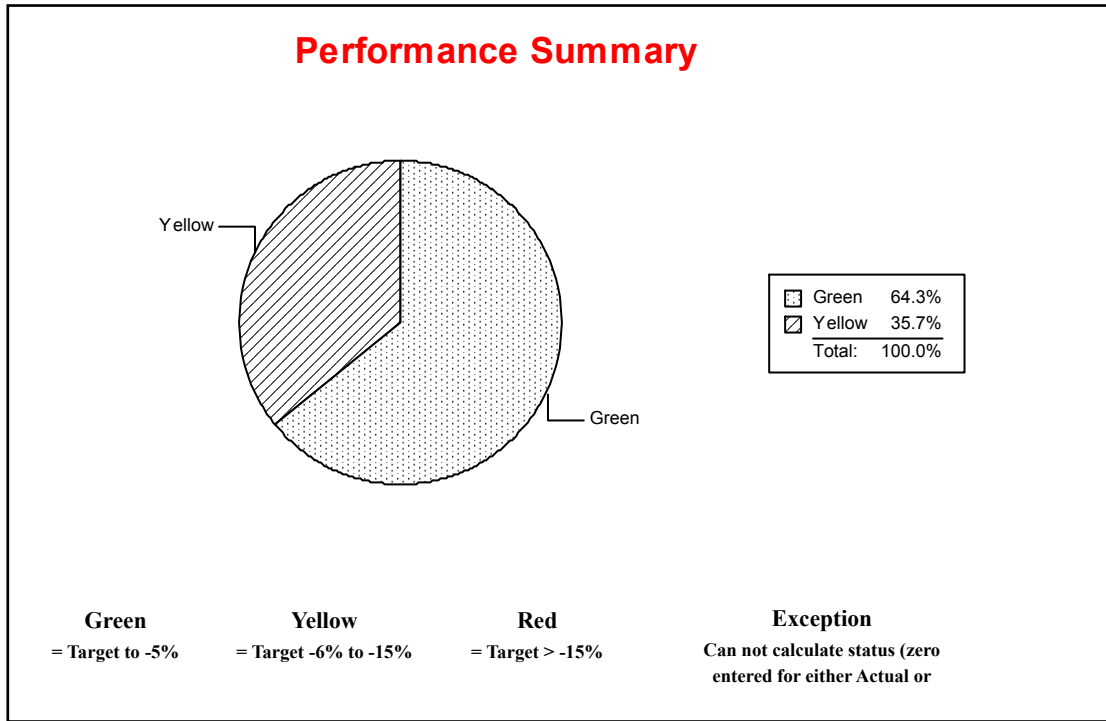
Original Submission Date: 2012

Finalize Date: 1/16/2012

2011-2012 KPM #	2011-2012 Approved Key Performance Measures (KPMs)
1	PERFORMANCE OF FINANCIAL SERVICE ENTITIES - Percentage of financial services entities rated satisfactory or higher.
2	INSURANCE CONSUMER RELIEF – Percent of confirmed complaints resolved with relief for the consumer.
3	OCCUPATIONAL INJURY AND ILLNESS INCIDENCE RATES – Number of occupational injury and illness cases per 100 full-time workers.
4	TIMELY WORKER BENEFITS – Percent of injured workers who receive timely benefits from insurers.
5	ACCURATE WORKER BENEFITS – Percent of injured workers who receive accurate benefits from insurers.
6	REEMPLOYMENT FOR INJURED WORKERS – Difference in percentage of eligible workers who return to work using return-to-work programs from those who do not use return-to-work programs.
7	WAGE RECOVERY FOR INJURED WORKERS – Difference in percentage wage recovery for workers who use return-to-work programs versus workers who do not.
8	WORKERS' COMPENSATION COVERAGE – Number of claims against employers without workers' compensation coverage per 1,000 accepted disabling claims.
9	WORKERS' COMPENSATION INSURER PERFORMANCE - Percentage of workers' compensation insurers meeting standards for benefit delivery and reporting.
10	UPHELD WORKERS' COMPENSATION DECISIONS – Percent of Workers' Compensation Board decisions affirmed on appeal to the Judiciary.
11	PERMITS FOR MINOR CONSTRUCTION WORK – Number of building permits that can be used by contractors in multiple jurisdictions for minor construction work.
12	ON-TIME WORK – Percent of timelines for key department activities that are met.
13	E-TRANSACTIONS FOR CUSTOMERS – Percent of customer transactions completed electronically.
14	CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.

New Delete	Proposed Key Performance Measures (KPM's) for Biennium 2013-2015
	Title: Rationale:

CONSUMER & BUSINESS SERVICES, DEPARTMENT of		I. EXECUTIVE SUMMARY	
Agency Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.			
Contact: Jean Straight, Deputy Director		Contact Phone: 503-947-7872	
Alternate: Cheryl Martinis, Public Information Director		Alternate Phone: 503-947-7897	



1. SCOPE OF REPORT

At the Department of Consumer and Business Services (DCBS), we protect consumers and workers from fraud, unfair treatment, and injury in the areas we regulate. We also realize the importance of those industries to Oregon’s economy, and work hard to make sure our regulations foster a positive business climate. We have three fundamental goals to advance our mission: 1) Protect consumers and workers in Oregon, 2) Regulate in a manner that supports a positive business climate, and 3) Be accountable to the public we serve, with excellent service to our customers. As Oregon’s largest business regulatory agency, DCBS administers state laws to protect consumers and workers and support business in the areas of workers’ compensation; workplace safety (Oregon OSHA); insurance; financial services and institutions

(banks, credit unions, mortgage companies, consumer lending, securities, ID theft, and others); and building codes. DCBS staff members are committed to carrying out the department's statutory responsibilities and fulfilling our mission and goals to serve both the public and the businesses and professionals we regulate.

With the help of our DCBS staff, stakeholders, and interested citizens, we have developed 14 key performance measures that were adopted by the Legislature. These measures help us gauge our progress in key areas toward meeting our mission and goals as well as to help us develop strategies for improvement. We have many internal measures of performance, but we have identified these 14 measures as key measures because they represent significant activities we perform to accomplish our goals. The measures reflect the activities and operations of all divisions within DCBS. This report summarizes our current performance on these 14 key measures, identifies challenges and barriers we face, and discusses strategies to help us overcome these barriers and achieve our goals.

2. THE OREGON CONTEXT

The work of DCBS has a major effect on the economic vitality and quality of life in Oregon. Through its diverse divisions, DCBS protects and serves Oregon's consumers and workers while supporting a positive business climate.

Many of DCBS' performance measures and outcomes align with Oregon Benchmark #9, Oregon's national rank in the cost of doing business. For example, improved workplace safety through Oregon OSHA programs – measured in KPM #3 – not only protects workers, but has been a key contributor to keeping workers' compensation insurance rates down and has been statistically shown to reduce the rate of disabling injuries. DCBS sets the workers' compensation "pure" premium insurance rate; in 2012, the department approved a 1.7 percent increase in the rate. This increase tracks continued growth in medical claims costs; even so, Oregon currently has the 13th least expensive workers' compensation rates in the nation, as measured by the department. This significantly lowers the cost of doing business in Oregon and helps attract and retain businesses. At the same time, the department has been able to provide benefits for injured workers using return-to-work programs provided through the Workers' Compensation Division. Injured workers who use these programs return to work faster (KPM #6) and at a higher wage (KPM #7) than injured workers who do not use return-to-work programs. The Building Codes Division has continued to streamline processes for contractors through projects such as the minor label (KPM #11) and e-permitting programs that make it easier for businesses to acquire necessary documents. The Building Codes Division was the first in the nation to develop a statewide e-permitting system, which allows contractors to do permitting and other department business 24 hours a day, seven days a week. All divisions have been aggressive in moving their licensing and other functions online (KPM #13) to make it faster and easier for businesses to work with us.

Consumer protection is another key outcome. The Division of Finance and Corporate Securities regulates financial companies to make sure they are financially sound (KPM #1) and offer suitable products to consumers. The Insurance Division advocates for consumers who have complaints about their insurance companies (KPM #2). In fiscal year 2012, the division helped consumers recover approximately \$1.1 million in benefits from their insurance companies. The divisions also protect consumers from fraud and abuse through education and enforcement.

The department frequently collaborates with other state agencies and government entities allowing us to enhance the service we provide to Oregonians. The Building Codes Division partners with local governments in the delivery of services to Oregonians. The Workers' Compensation Division works with other agencies, such as Revenue and Employment, to educate businesses about workers' compensation insurance and verify that businesses have workers' compensation insurance; this contributes to workers' compensation coverage (KPM #8). Also, the Workers' Compensation Division has been active with the Independent Contractor interagency workgroup, participating on steering committees with the Employment Department, Department of Revenue, Bureau of Labor and Industries, Construction Contractors

Board, Landscape Contractors Board, and Department of Justice with an interest in better coordinating regulatory actions, enforcement, data sharing and analysis, investigation of criminal law violations, and outreach and assistance. The Division of Finance and Corporate Securities works with the Department of Justice by sharing consumer complaints and referrals and collaborating on cases of mutual interest. The division coordinates regulation of pre-need funeral services and endowment care with the Mortuary and Cemetery Board. It also works with the Real Estate Agency on the regulation of mortgage professionals and with Oregon Housing and Community Services and Department of Justice on foreclosure prevention and outreach. These collaborative efforts with other state agencies and government entities allow us to be more effective and efficient in serving our customers.

3. PERFORMANCE SUMMARY

We are performing at or near the 2012 targets for many of our measures. The agency's performance has contributed to a number of positive outcomes for workers, consumers, and businesses in Oregon.

Green (measures that are performing on target or within 5 percent of targets, see graph on page 5): For the eighth consecutive year, the Insurance Division has stayed near or above target for the percentage of complaints resolved with relief for the consumer (KPM #2), ensuring insurance companies treat their customers fairly. The workplace injury rate, as measured by the Occupational Injury and Illness Rate (KPM #3), has declined for seven consecutive years, reflecting our continued effort to promote workplace safety. Injured workers also continue to receive timely benefits (KPM #4): more than 90 percent of benefit payments to workers were timely in 2012, a continued improvement from previous years. Beyond receiving timely payments, injured workers are receiving accurate benefits (KPM #5) as more than 90 percent of audited benefit payments are found to be accurate. The Workers' Compensation Division's return-to-work programs are getting injured workers back to work faster and workers who use the programs are receiving higher wages and benefits than workers who do not use the programs (KPMs #6 and #7). Also, for 2012, we found that 88 percent of workers' compensation insurers regulated by WCD were operating at or above desirable levels of acceptability (KPM #9), which exceeds targets and represents continuation of the high performance reported in the previous year and indicates a high level of insurer performance with respect to payment timeliness, timely acceptance/denial decisions of workers' claims, and first claim reports. The percent of our customers' transactions conducted electronically (KPM #13) in 2012 has significantly increased from 2011, indicating our continued improvement in making it faster and easier for our customers to do business with DCBS. Our overall customer service satisfaction rating (KPM #14) continues to exceed 90 percent.

Yellow (6 percent to 15 percent from target, see graph on page 5): Our performance in a few areas falls just outside of the targeted range. The performance of financial service entities, especially banks and mortgage lenders, is challenged by the economic environment (KPM #1). The Legislature has provided the department with more resources to increase oversight of these companies and help them to meet regulatory standards and results are evident as 2012 saw an increase over 2011 results. The measure of workers' compensation coverage (KPM #8) – which considers the number of claims made against employers without workers' compensation coverage – decreased modestly in 2012. However, because the measure maintains such a high level of performance and is measured on a scale of thousands, a small number of claims without coverage can adversely affect final results. The measure for Workers' Compensation Board decisions affirmed on appeal to the Oregon Court of Appeals (KPM #10) is just short of targeted performance for fiscal year 2012. However, as a limited number of cases are appealed, affirmation of three or four cases can have a significant effect on final results. The number of minor label permits (KPM #11) sold through the Building Codes Division in fiscal year 2012 stands at the highest since the start of the program. These minor labels permits make it easier and more efficient for contractors to do business in Oregon and customers report high levels of satisfaction with these permits. Our timeliness in performing key activities (KPM #12) is slightly below target, but still strong considering many of our standards are higher than what is required by the law.

Red (15 percent or more, away from target, see graph on page 5): The department had no performance measures that were 15 percent or more away from targets for fiscal year 2012.

4. CHALLENGES

As noted, many of the agency's key performance measures are affected by the strength or weakness of the economy. For example, slowing in the construction industry may be affecting the number of minor permits sold (KPM #11). The slowness in the improvement in the economy continues to affect the performance of the businesses we regulate (KPM #1), such as Oregon-chartered banks and mortgage lenders. Although banks are beginning to show signs of financial improvement, several of the Oregon-chartered banks are still subpar. For these banks, we continue to conduct more frequent exams. In addition, we are seeing the economic environment result in more bank mergers. If the surviving bank is an Oregon charter, that means more time and assets that need reviewing. Conversely, if the surviving bank is out of state, that reduces the exam load. The increased regulation does not directly result in the improving health of our institutions, but we find that banks that are able to meet regulatory requirements, especially around capital levels and resolution of troubled loans, see their scores and status improve.

Changes in mortgage-lending practices have seen a noticeable reduction of state-chartered mortgage lenders and an increase in national bank lenders. Those Oregon-licensed mortgage lenders will likely do a larger percentage of business, once the mortgage lender sector re-ignites. We continue to develop the mortgage lender examination program to identify problems in a timely manner and to protect borrowers. We expect these changes to lead to increased compliance and performance of mortgage lending companies. The recently implemented national system for tracking mortgage lender licenses is also serving to protect Oregonians by helping the department identify lenders who break the law in other states. We do not expect examination scores to greatly improve until the economy fully recovers although improvements are observed.

5. RESOURCES AND EFFICIENCY

The DCBS operating budget for 2011-2013 is approximately \$202 million. Three of the agency's key performance measures gauge efficiency.

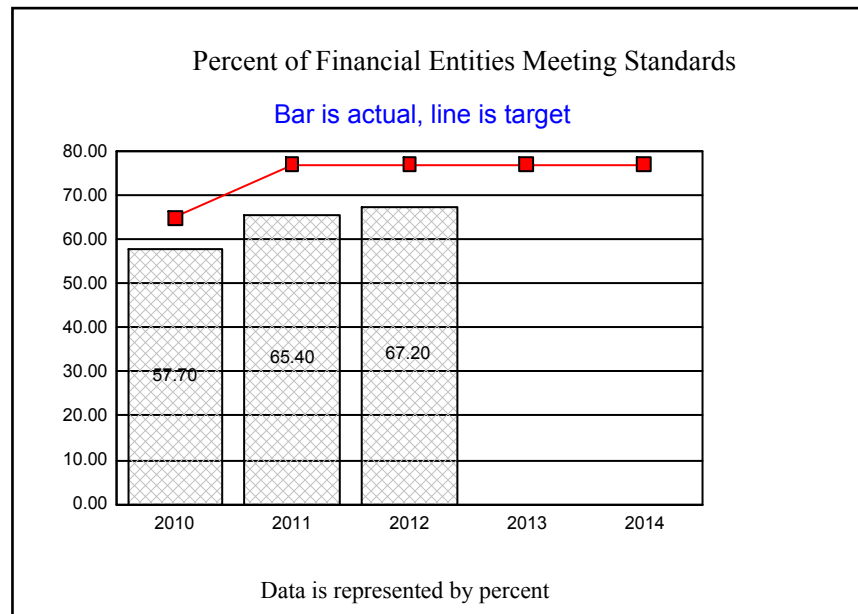
KPM #11, Permits for Minor Construction Work, tracks the number of permits DCBS sells that can be used by contractors in multiple jurisdictions for small projects. This streamlines the permit process for contractors and DCBS. The number of minor label permits sold has steadily increased, although recent growth has been modest due to the slow recovery of the construction industry.

KPM #12, On-time Work, measures timeliness in department activities such as closing complaints, completing applications, responding to inquiries, and issuing orders. This measure, which reflects our efficiency in providing service to our customers, is below the target of 95 percent, but many of the timeliness standards we impose are stricter than statutory requirements.

KPM #13, E-Transactions for Customers, measures the percent of customer transactions completed electronically. Electronic transactions save time for DCBS and its

customers and stakeholders, making it more efficient for them to do business with us. DCBS has recorded increases in the percent of transactions completed electronically every year since it started tracking this measure.

KPM #1	PERFORMANCE OF FINANCIAL SERVICE ENTITIES - Percentage of financial services entities rated satisfactory or higher.	2010
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	Oregon Benchmark #9: Oregon's national rank in the cost of doing business.	
Data Source	DFCS data systems.	
Owner	Shelley Greiner, Budget and Legislative Coordinator, Division of Finance and Corporate Securities, 503-947-7484	



1. OUR STRATEGY

Maximize the number of regulated entities in the financial services industry that perform at or above desired levels of acceptability or soundness to achieve increased protections for consumers. We strive to achieve efficient, effective regulation through routine, risk-based, and for-cause examinations of financial

entities. Routine exams are regularly scheduled per Oregon law. Risk-based exams target companies and operations within a company where there is a high risk for noncompliance or areas that may harm consumers. The department also conducts for-cause exams of financial entities when it has received a complaint or other indication that there may be a problem at a particular business.

2. ABOUT THE TARGETS

This measure is a composite of the performance of mortgage lenders, banks and trusts, credit unions, and consumer finance and payday lending companies regulated by the Division of Finance and Corporate Securities (DFCS). It shows the percentage of entities examined by DFCS that operate at or above desirable levels of acceptability or soundness, defined in accordance with relevant regulatory criteria. Our initial targets of 65 percent for fiscal year 2010 and 77 percent in fiscal year 2011 and thereafter reflect the risk-based nature of our examinations and the current economic climate.

3. HOW WE ARE DOING

For fiscal year 2012, we reviewed 593 regulated entities, including 32 banks and trusts, 18 credit unions, 385 mortgage lenders, and 158 consumer finance and payday lending firms. Of those entities, we found that 67.2 percent were operating at or above desirable levels of acceptability or soundness. Despite improvement over the previous year, the economic challenges in Oregon, particularly in real estate values and lending, continue to negatively affect examination scores at many companies.

4. HOW WE COMPARE

In the 11 western states (excluding California), 71 percent of credit unions examined by the National Credit Union Administration (NCUA) were rated satisfactory or better as of June 30, 2012, while 94.4 percent of Oregon state-chartered credit unions DFCS examined were found to be satisfactory or better using an identical rating system, indicating the strength of Oregon's credit unions. As of June 30, 2012, 60 percent of FDIC-supervised institutions in the FDIC's San Francisco region were rated satisfactory or better, while 46 percent of Oregon's 28 state-chartered banks were rated satisfactory or better. Oregon has a lower percentage of banks rated satisfactory or better because of the more pronounced weakness in economic and real estate market conditions in the state relative to most other states in the region. Despite the challenging economic environment, the overall condition of Oregon banks has improved during the past year and this trend is expected to continue. Oregon's three state-chartered trust companies remain in strong condition. We will continue to closely monitor the performance of our banks and trusts and compare their performance to those in other regions.

5. FACTORS AFFECTING RESULTS

The economy has a significant effect on the safety and soundness of financial institutions. Oregon's state-chartered banks have been heavily concentrated in real estate loans, and that area of the economy has been slow to recover. DFCS has stepped up its oversight of financial institutions, but increased regulatory or education efforts alone cannot improve a bank's condition.

The department's risk-based approach to regulation affects results as well. Examinations of financial entities target operations within a company where there is a high risk for noncompliance. Focusing on these areas is a more effective use of limited resources and provides greater protection to Oregonians; however, it can lead to decreased ratings for the examined companies in the short term. In the long term, the department expects risk-based examinations to result in greater compliance as financial entities adjust performance to comply with laws and regulations.

6. WHAT NEEDS TO BE DONE

DFCS has increased its oversight of financial institutions in recent years, conducting more frequent examinations and, if necessary, facilitating an orderly closure of a bank to ensure depositors are protected. The division will continue to work closely with Oregon's financial institutions as they manage through these difficult economic times.

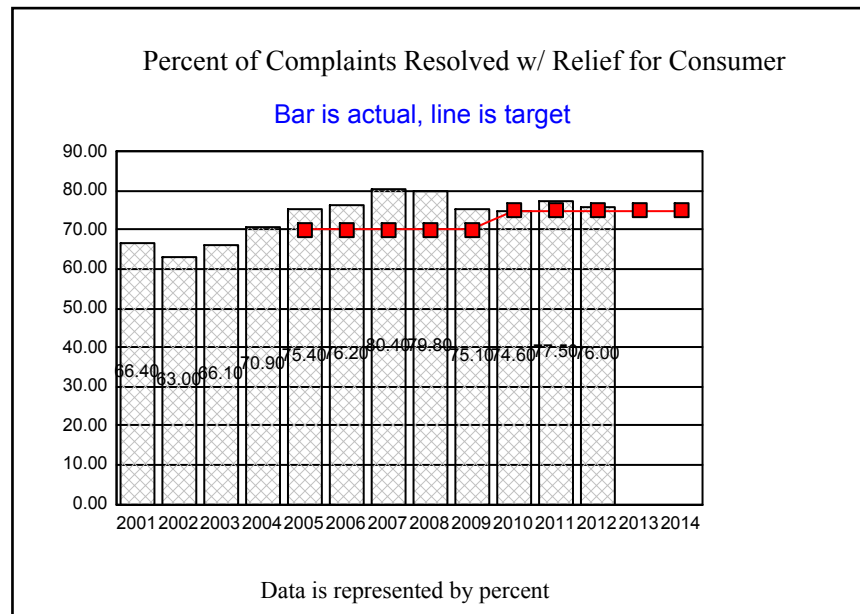
DFCS also has increased the number of mortgage lending examinations to identify problems in a timely manner and protect borrowers. In another effort to protect borrowers, the department has begun participating in a national system for issuing and tracking mortgage lender licenses, which will help identify lenders and loan originators who have been barred from doing business in other states and prevent them from doing business in Oregon.

In all areas, the division will continue to focus on risk-based and for-cause exams and audits in order to identify common problems, and will continue to educate specific entities and industry segments to improve performance.

7. ABOUT THE DATA

Data is reported for the Oregon fiscal year (July 1 to June 30). Financial data is derived from examination results of banks, credit unions, mortgage lenders, and consumer finance and payday lending companies based on an established rating system within each program and is reported annually. Please contact DCBS for more detailed information on the regulatory condition of banks and trusts, credit unions, mortgage lenders, and consumer finance companies.

KPM #2	INSURANCE CONSUMER RELIEF – Percent of confirmed complaints resolved with relief for the consumer.	2001
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
Data Source	Insurance consumer complaint data stored in the Complaints subsystem of the INSLIC data system.	
Owner	Ron Fredrickson, Manager, Consumer Advocacy Unit, Insurance Division, 503-947-7277	



1. OUR STRATEGY

Ensure consumers receive the benefits they are entitled to under the terms of their insurance contract and applicable laws by advocating on their behalf. Toward this end, the Insurance Division’s consumer advocates respond to thousands of complaints each year from consumers who believe insurance companies or

agents have treated them unfairly.

2. ABOUT THE TARGETS

The Insurance Division's goal is to encourage prompt and effective advocacy and resolution for all consumers. Recognizing that not every individual filing a complaint has a basis for resolution in his or her favor, a target of 75 percent has been established.

3. HOW WE ARE DOING

In fiscal year 2012, the Consumer Advocacy Unit resolved confirmed complaints for 1,632 consumers, helping them to recover more than \$1.1 million in benefits. In total, the consumer advocacy unit resolved 76 percent of confirmed complaints with relief for consumers exceeding targeted performance.

4. HOW WE COMPARE

We do not know of any comparable data. While other states collect data, they use different standards for defining confirmed complaints, so it is difficult to compare. Additionally, not all states offer consumer advocacy units like Oregon.

5. FACTORS AFFECTING RESULTS

The Consumer Advocacy Unit's improved processes helped us handle more complaints while improving levels of performance, resulting in increased service and protection for Oregonians. For example, the unit allows consumers to file complaints online and encourages the use of e-mail and electronic responses by insurers. The Advocacy Unit has received more exposure through outreach and education efforts. As a result, complaints are often submitted to the Advocacy Unit earlier in the process, increasing the ease of resolution. Externally, changes in policies and procedures by insurers can affect the number of complaints and the results. For example, an insurer might add a mechanism for consumers to appeal decisions, which would decrease the number of complaints the Insurance Division receives because more cases would be settled between the consumer and the insurer. An insurer's willingness to settle a particular type of dispute may also affect results.

6. WHAT NEEDS TO BE DONE

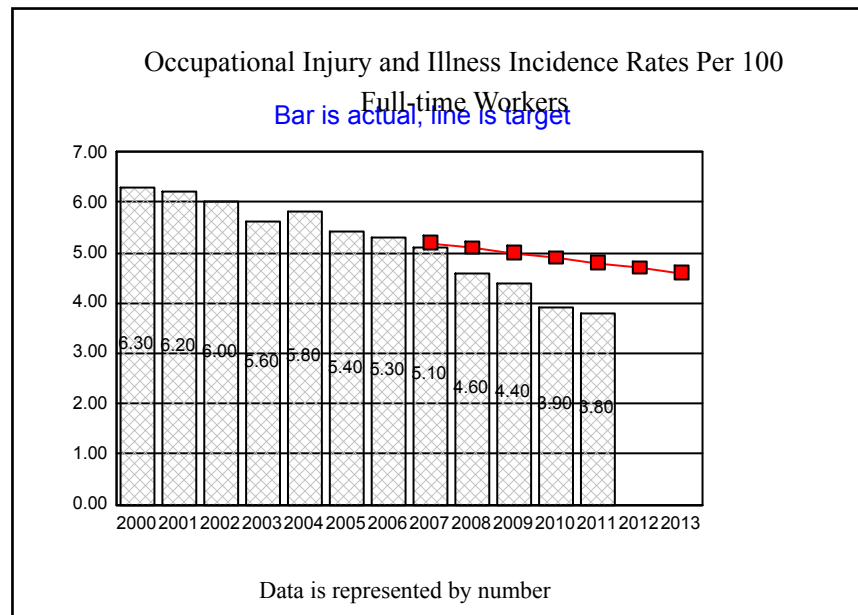
We need to continue to deliver quality results to consumers by anticipating and addressing trends in the industry, such as timely payment of benefits and suitability of insurance products. We also must continuously improve our processes; we are pursuing additional electronic processes to eliminate paperwork

and further streamline the complaint process. We have continued to expand content on our website to help consumers make informed decisions when purchasing health insurance and provide information on the cost of insurance.

7. ABOUT THE DATA

Data is collected quarterly and reported for the Oregon fiscal year (July 1 to June 30). To calculate this measure, the department divides the number of confirmed complaints resolved with relief for the customer by the total number of confirmed complaints. A confirmed complaint is a complaint that has been reviewed by the division and determined to hold merit with respect to the terms and conditions of the consumer's insurance policy or Oregon law.

KPM #3	OCCUPATIONAL INJURY AND ILLNESS INCIDENCE RATES – Number of occupational injury and illness cases per 100 full-time workers.	2007
Goal	DCBS Goal # 1: Protect consumers and workers in Oregon.	
Oregon Context	Oregon Benchmark #9: Oregon's national rank in the cost of doing business.	
Data Source	Data are reported on an annual basis via an employer-based survey collected by the Bureau of Labor Statistics.	
Owner	Michael Wood, Administrator, Oregon OSHA, 503-947-7400	



1. OUR STRATEGY

Advance workplace safety and health and reduce workplace injuries and illnesses by inspecting worksites for safety and health violations; investigating workplace fatalities, serious accidents, and complaints; providing training and consultation; and developing clear standards.

2. ABOUT THE TARGETS

This measure relies upon and tracks private sector occupational injury and illness rates as a primary indicator of Oregon OSHA performance. These rates are a measure of all recordable Oregon workplace injuries and illnesses per 100 full-time workers. Targets for this measure are set to achieve continuous reduction in the rate of workplace injuries and illnesses each year and reflect our continued focus on making Oregon's workplaces safer and healthier.

3. HOW WE ARE DOING

During 2011, Oregon's occupational injury and illness incidence rate was 3.8 per 100 full-time workers, which exceeds our targeted goals and represents a small improvement over the 2010 rate of 3.9. This performance marks the seventh consecutive year of injury and illness rate declines and a 50 percent rate decrease since 1998, indicating our continued success in partnering with employers to promote safer work environments in Oregon.

4. HOW WE COMPARE

Monitoring Oregon's occupational injury and illness rate over time gives us valuable information on workplace safety and health trends. Oregon's rate is slightly higher than the national injury and illness rate calculated by the Federal Bureau of Labor Statistics; however, because each state has a different workforce composition (e.g., relative proportions of clerical staff to construction), results are not directly comparable to the national level or across jurisdictions.

5. FACTORS AFFECTING RESULTS

The injury and illness incidence rates are based on an annual survey of Oregon employers. The Federal Bureau of Labor and Statistics guides the survey sample selection. For the survey, approximately 4,000 Oregon employers are selected to participate and the sample size is consistent with other states. Ultimately, the safety and health practices of Oregon employers and employees affect this measure. Also, economic factors, such as the relative number of new employees in the workforce or the availability of employer resources to invest in safety training and equipment can affect the injury and illness incidence rates.

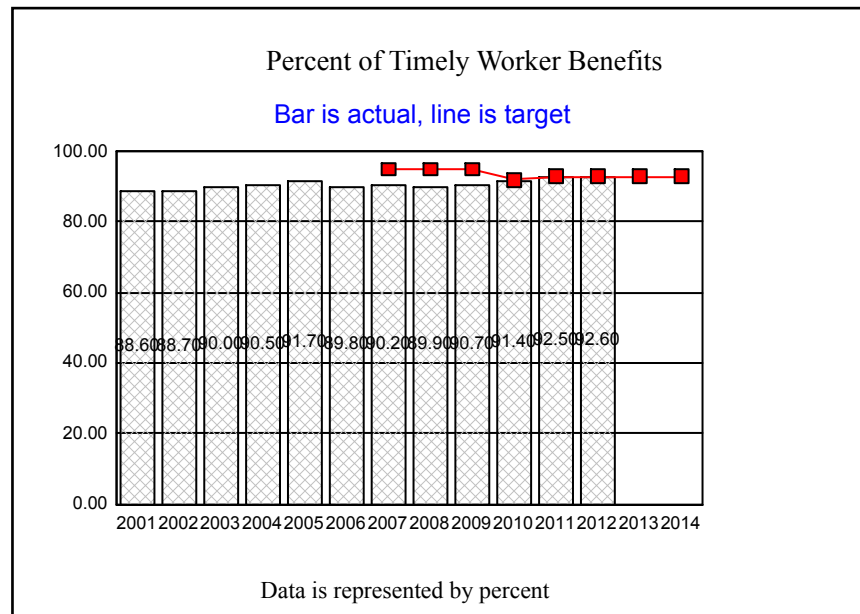
6. WHAT NEEDS TO BE DONE

Oregon OSHA will continue to deploy the programs such as inspections, consultations, and ongoing education that enhance workplace safety and health and contribute to reductions in the overall injury and illness rate.

7. ABOUT THE DATA

Data is reported on a calendar-year basis using results from the Bureau of Labor Statistics' (BLS) national survey of occupational injuries and illnesses, conducted by the DCBS Information Management Division. The total-cases incidence rate is a measure of all recordable Oregon workplace injuries and illnesses per 100 full-time workers. Beginning with the 2002 BLS survey, incidence rates are based on revised requirements for recording occupational injuries and illnesses. Due to the revised requirements, the rates since the 2002 survey may not be comparable with those of prior years.

KPM #4	TIMELY WORKER BENEFITS – Percent of injured workers who receive timely benefits from insurers.	2007
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
Data Source	WCD Field Audit Unit Quarterly Claims Processing Performance audit and Annual audit data	
Owner	Sally Coen, Manager, Field Audit Unit, Workers' Compensation Division, 503-947-7687	



1. OUR STRATEGY

Ensure injured workers receive timely benefit payments from insurers. Benefit payments include time loss, permanent disability, death, and reimbursement of worker expenses. To achieve results, the department educates insurers and self-insured employers, conducts audits, and streamlines benefit delivery processes.

2. ABOUT THE TARGETS

This measure tracks the timeliness of benefit payments by insurers to injured workers, providing a gauge for the efficiency of claims processing and benefit delivery. The targets reflect our goal of facilitating and ensuring a high level of timeliness for all benefit payments.

3. HOW WE ARE DOING

For fiscal year 2012, benefit payments that were audited for timeliness showed 92.6 percent of the payments were made to injured workers in a timely fashion. This is the highest performance in more than a decade of measurement.

4. HOW WE COMPARE

The Workers' Compensation Research Institute (WCRI) has stated that Oregon continues to have one of the highest rates of timeliness in the nation. A 2008/2009 Benchmark study of 16 states by the WCRI showed that only 44 percent of injured workers received their first benefit payment within 21 days of injury. Oregon's injured workers received their first benefit payment within 14 days of injury 90 percent of the time in 2003 and Oregon has since maintained that strong performance. Another source for comparison of Oregon's performance in this measure is Florida's report on its average for timely initial indemnity benefit payments; their result was 95 percent in fiscal year 2009-2010.

5. FACTORS AFFECTING RESULTS

Education and enforcement efforts by the department can help further improve insurer performance. For example, when the Workers' Compensation Division (WCD) finds incorrect reporting of benefit payments or untimely payments during audits, we assess civil penalties for performance below standards, provide specific training to the insurer, and may conduct follow-up audits. Factors beyond the insurer's control can affect results as well, such when the employer delays notifying the insurer of an injury. When employers do not notify insurers in a timely fashion, this may lead to a late first benefit payment to the injured worker. To improve performance in this area, WCD continues to encourage insurers to educate their insured employers of the importance of notifying them of claims quickly to ensure workers receive their benefits on time.

6. WHAT NEEDS TO BE DONE

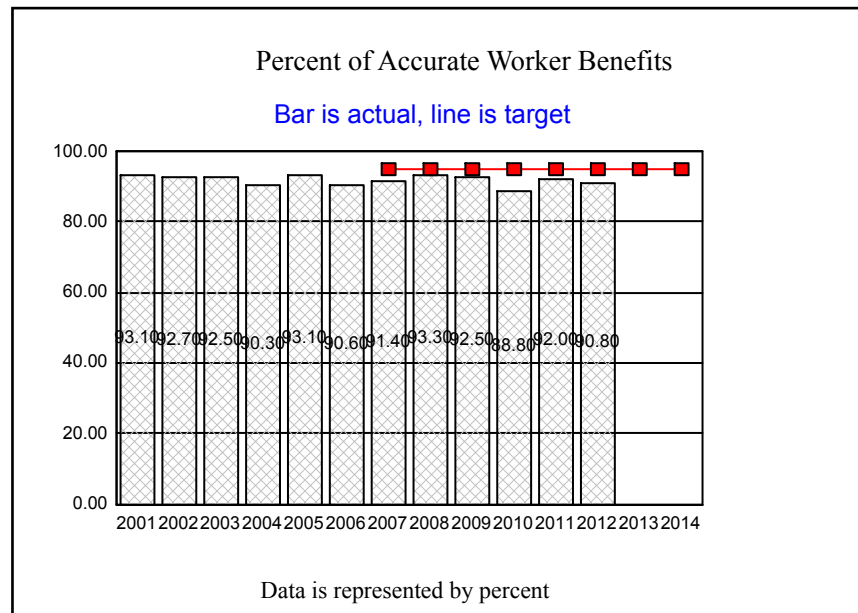
The department reviews insurer records for compliance with requirements. As part of that effort, WCD conducts audits to ensure compliance with workers' compensation requirements to validate the accuracy of insurers' self-reported performance and to provide training for companies that do not meet performance

standards. WCD implemented a new audit method in fiscal year 2011 to help improve insurer performance. Under the new methodology, WCD annually monitors certain key performance areas, including timeliness of benefit payments, and uses a more risk-based approach, focusing on insurers and areas with low claims processing performance. We believe a more risk-based approach will ultimately lead to greater protection for injured workers and use audit resources more efficiently. In addition, the division will continue to educate insurers about payment requirements.

7. ABOUT THE DATA

Data is collected quarterly and reported for the Oregon fiscal year (July 1 to June 30). Data includes benefit payments for time loss, permanent disability, death, and reimbursement of worker expenses. Data comes from insurer self-reports that are verified by WCD and captured in the WCD Quarterly Claims Processing Performance audit of insurer claims records and the annual audit of insurers and self-insured employers, which is an on-site field audit of insurer claims records. The department's risk-based audit methodology that focuses more on poor performers may result in lower performance. However, the focus on improving the performance of lower-performing insurers will ultimately lead to higher industrywide performance. To calculate the overall value, the total number of benefits payments found to be timely are divided by the total number of benefits payments audited for timeliness.

KPM #5	ACCURATE WORKER BENEFITS – Percent of injured workers who receive accurate benefits from insurers.	2007
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
Data Source	WCD Field Audit Unit field audit data	
Owner	Sally Coen, Manager, Field Audit Unit, Workers' Compensation Division, 503-947-7687	



1. OUR STRATEGY

Ensure injured workers receive accurate benefit payments from insurers. Benefit payments include time loss, permanent disability, death, and reimbursement of worker expenses. To achieve results, the department educates insurers and self-insured employers, conducts audits, and streamlines benefit delivery processes.

2. ABOUT THE TARGETS

This measure tracks the accuracy of various benefit payments by insurers to injured workers, providing a gauge for the efficiency of claim processing and benefits delivery. The targets reflect our goal of facilitating and ensuring a high level of accuracy for all benefit payments to Oregon's injured workers.

3. HOW WE ARE DOING

The department found 91 percent of the 4,815 benefit payments audited for accuracy in fiscal year 2012 to be accurate. This is consistent with the past several years; however, with the implementation of the new audit methodology, what and whom we audit varies and can influence the results. Regardless, this still represents a high level of accuracy over the years.

4. HOW WE COMPARE

Direct comparisons to other jurisdictions are difficult as many states do not track and publish comparable accuracy data. However, Oregon compares well with other states in claim processing performance. In a 2008 Workers' Compensation Research Institute (WCRI) study, "Lessons from the Oregon Workers' Compensation System," the institute cited Oregon's approach to measuring insurer performance as a lesson for other states: "... Oregon's approach to compliance helps ensure that injured workers receive benefits accurately and predictably."

5. FACTORS AFFECTING RESULTS

The majority of factors that can affect results are within an insurer's control, such as its employees' knowledge and skills in calculating benefit payments. To improve insurer performance in this area, the Workers' Compensation Division (WCD) assesses civil penalties against insurers that do not meet performance standards, provides training on accurate benefit calculation and payment requirements for individual insurers, and may conduct follow-up audits. Additionally, WCD provides tools, such as a Web-based benefit calculator, to help companies ensure their benefit payments are accurate. Who and what WCD audits can also really affect the results.

6. WHAT NEEDS TO BE DONE

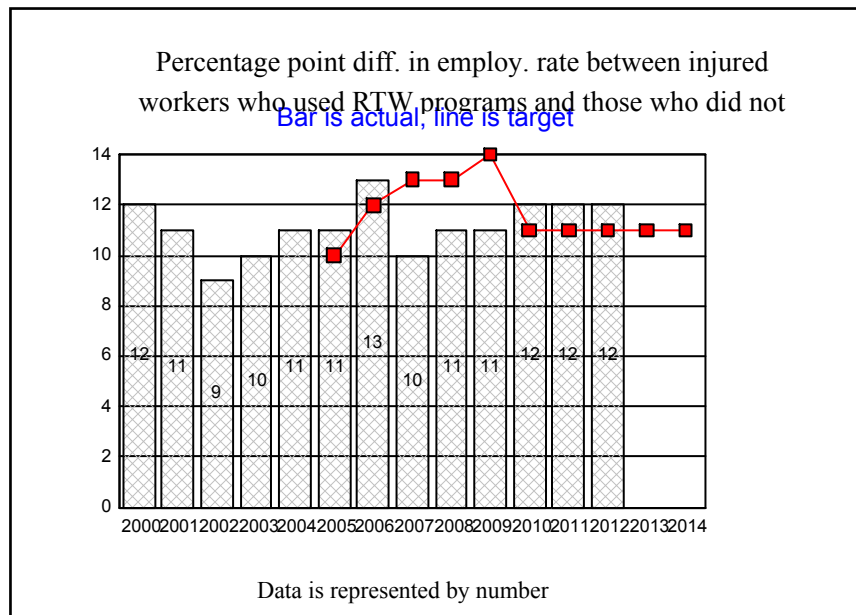
WCD is committed to carrying out the department's statutory responsibilities and fulfilling its mission and goals in a manner that serves the needs of the public and the businesses and professionals it regulates. WCD has changed to a new, risk-based audit methodology that monitors certain key performance areas and focuses on companies that do not meet requirements and areas of low performance throughout the industry. We expect that a more risk-based approach will

ultimately lead to greater protection for injured workers and use audit resources more effectively. In addition, by identifying systemic problems, WCD will be able to use the information gathered from audits and industry partners for targeted education and improved administrative rules and industry bulletins.

7. ABOUT THE DATA

Data is collected quarterly and reported for the Oregon fiscal year (July 1 to June 30). Data may include benefits payments for time loss, permanent disability, death benefits, and reimbursement of worker expenses. Data comes from on-site field audits of insurer and self-insured employer claims records. The data for fiscal year 2012 includes industry payments for reimbursement of worker expenses and time loss payments. To calculate the overall value, the total number of benefit payments found to be accurate is divided by the total number of benefit payments audited for accuracy.

KPM #6	REEMPLOYMENT FOR INJURED WORKERS – Difference in percentage of eligible workers who return to work using return-to-work programs from those who do not use return-to-work programs.	1999
Goal	DCBS Goal #2: Regulate in a manner that supports a positive business climate.	
Oregon Context	Oregon Benchmark #9: Oregon's national rank in the cost of doing business.	
Data Source	Workers' Compensation and Employment Department data files.	
Owner	Rae Howe, Employment Services Team Manager, Resolution Section, Workers' Compensation Division, 503-947-7018	



1. OUR STRATEGY

The department’s goal is to restore injured workers to a self-sufficient status and lower costs for employers by increasing the use of return-to-work programs. The return-to-work programs help injured workers in a variety of ways depending on their injury and provide incentives to employers for getting workers back

to work quickly, resulting in better outcomes for the injured workers and lower costs for employers.

2. ABOUT THE TARGETS

This measure compares the difference in employment rates between injured workers with disabling claims using return-to-work programs and similarly injured workers who did not use the programs. Our targets reflect our goal of getting workers back to regular employment quickly so they can become self-sufficient.

3. HOW WE ARE DOING

The return-to-work programs assist approximately 4,000 workers per year. In 2012, workers who used return-to-work programs had an employment rate 12 percentage points higher than those who qualified but did not use the programs. There are significant benefits to injured workers who take advantage of the programs, particularly for the more severely injured workers who would otherwise face significantly greater earning challenges after being injured. Oregon employers recognize the programs' value as well, evidenced by the slight increased use of the Employer at Injury Program (EAIP) program. Use of the longer-term programs, Vocational Assistance and Preferred Worker, has decreased by less than 5 percentage points.

4. HOW WE COMPARE

Oregon's return-to-work programs are nationally recognized and unique to Oregon. Many other jurisdictions have sought to introduce these programs in their jurisdictions due to the successes in Oregon. A 2008 study by the Workers' Compensation Research Institute highlights Oregon's return-to-work programs as one of four key lessons other states can learn from Oregon. According to the study, "Oregon policymakers have fashioned some potentially powerful program elements aimed at stimulating early return to work and long-term recovery of wages for injured workers."

5. FACTORS AFFECTING RESULTS

Changes in the Oregon economy or in business practices may affect this measure by reducing or increasing opportunities for job openings. Also affecting results are changes in laws, rules, or department initiatives during the various times employees or employers trigger the use of return-to-work programs. For example, the Workers' Compensation Division has streamlined the rules and processes for the Employer-at-Injury Program to enable more workers and their employers to participate. This resulted in significant growth in the use of the program during the past several years, benefitting both the injured workers and the employers.

6. WHAT NEEDS TO BE DONE

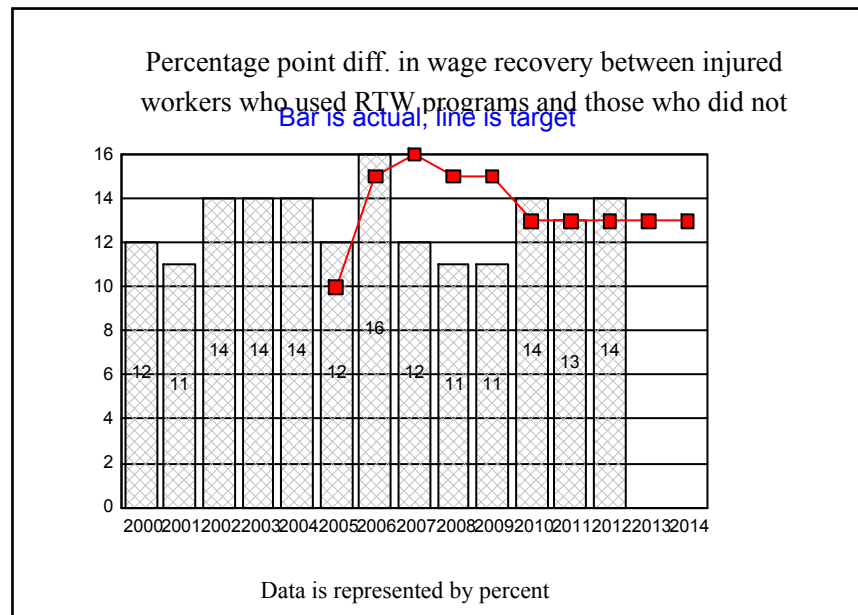
WCD will continue to provide education and outreach that promotes use of the return-to-work programs and dispute resolution services for vocational assistance matters. In addition, WCD has implemented incentives to those who help injured workers find new vocations and jobs and further decrease the time

it takes for return-to-work services to be provided to workers and their employers.

7. ABOUT THE DATA

To see the effects of return-to-work programs, it is necessary to track injured workers' employment over time. The data reported for 2012 represents employment levels for workers who were injured in calendar year 2008. This measure calculates the percentage increase in employment levels between eligible injured workers who use the return-to-work programs and eligible workers who do not use them or who did not complete their vocational assistance training. We compare the post-injury employment rates of these two groups 13 quarters after injury.

KPM #7	WAGE RECOVERY FOR INJURED WORKERS – Difference in percentage wage recovery for workers who use return-to-work programs versus workers who do not.	1999
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	Oregon Benchmark #9: Oregon's national rank in the cost of doing business.	
Data Source	Workers' Compensation and Employment Department data files.	
Owner	Rae Howe, Employment Services Team Manager, Resolution Section, Workers' Compensation Division, 503-947-7018	



1. OUR STRATEGY

The department’s goal is to restore injured workers to a self-sufficient status and lower costs for employers by increasing the use of return-to-work (RTW) programs. The Oregon RTW programs help employers and injured workers by providing incentives for getting workers back to work quickly. This results in

better outcomes for the injured workers and lower costs for employers.

2. ABOUT THE TARGETS

This measure compares the difference in wage rates between injured workers with disabling claims using return-to-work programs and similarly injured workers who did not use the programs. Our targets reflect our goal of getting workers back to work quickly with wages that are equivalent or better than before their injury.

3. HOW WE ARE DOING

The return-to-work programs help approximately 4,000 workers per year. In 2012, workers who used return-to-work programs had a wage rate 14 percentage points higher than those who qualified but did not use the programs. There are significant benefits to injured workers who take advantage of the programs, particularly for the more severely injured workers who would otherwise face significantly greater earning challenges after being injured. Oregon employers also recognize the programs' value, evidenced by the large number of employers who use them. Although the result for each program may vary slightly, we continue to see significantly higher wage difference for workers who use these programs and those who were eligible but do not use them.

4. HOW WE COMPARE

Oregon's return-to-work programs are nationally recognized and unique to Oregon. Many other jurisdictions have sought to introduce these programs in their jurisdictions due to the successes in Oregon. A 2008 study by the Workers' Compensation Research Institute highlights Oregon's return-to-work programs as one of four key lessons other states can learn from Oregon. According to the study, "Oregon policymakers have fashioned some potentially powerful program elements aimed at stimulating early return to work and long-term recovery of wages for injured workers."

5. FACTORS AFFECTING RESULTS

Changes in the Oregon economy or in business practices may affect this measure by reducing or increasing opportunities for job openings. Also affecting results are changes in laws, rules, or department initiatives during the various times employees or employers trigger the use of return-to-work programs. For example, the Workers' Compensation Division has streamlined the rules and processes for the Employer-at-Injury Program to enable more workers and their employers to participate. This resulted in significant growth in the use of this program during the past several years, benefitting both the injured workers and the employers.

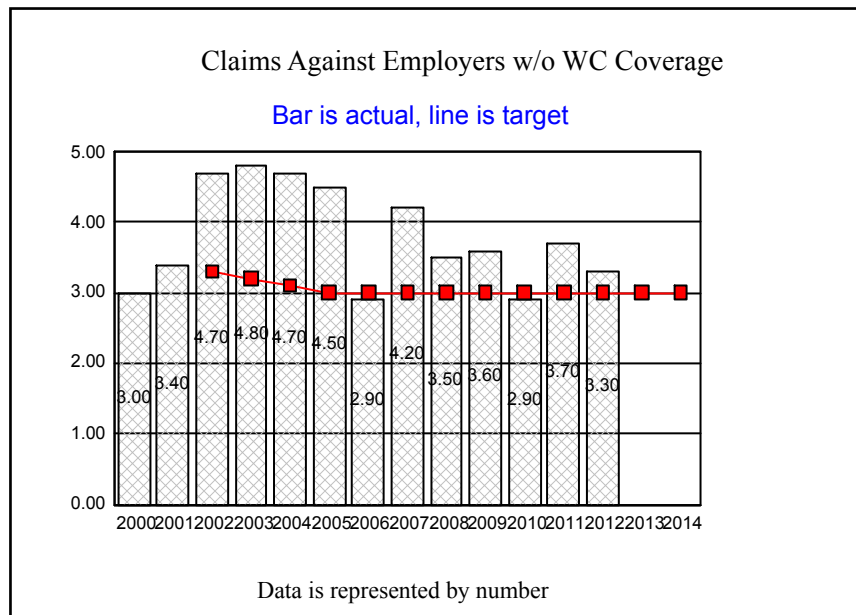
6. WHAT NEEDS TO BE DONE

WCD will continue to provide education and outreach that promotes use of the return-to-work programs and dispute resolution services for vocational assistance matters. In addition, WCD has implemented incentives to those who help injured workers find new vocations and jobs, and further decrease the time it takes for return-to-work services to be provided to workers and their employers.

7. ABOUT THE DATA

To see the effects of return-to-work programs, it is necessary to track injured workers' wages over time. The data reported for 2012 represents wages of workers who were injured during the calendar year 2008. The data represents wages in the 13th quarter after injury for workers using the return-to-work programs administered by WCD, compared to injured workers who did not use return-to-work programs or, in the case of vocational assistance, who did not complete their vocational assistance training. Wages of each group are adjusted for inflation and for those workers no longer in the workforce (due to retirement, moving out of state, etc.). We compare their pre-injury wages with their wages 13 quarters after injury. For example, if a worker was injured in the first quarter of 2008 (Jan. 1, 2008, to March 31, 2008), we would measure their wages 13 quarters later (April 1, 2011, to June 30, 2012).

KPM #8	WORKERS' COMPENSATION COVERAGE – Number of claims against employers without workers' compensation coverage per 1,000 accepted disabling claims.	1999
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
Data Source	Counts maintained in the Workers' Compensation Division's Claims Information System.	
Owner	Mary Schwabe, Manager, Performance Section, Workers' Compensation Division, 503-947-7651	



1. OUR STRATEGY

The department’s mission is to protect Oregon workers and employers by ensuring businesses and organizations have workers’ compensation insurance coverage. The department achieves that goal through education, enforcement, data tracking, and partnerships with other agencies. This measure is a proxy

(substitute) for identifying the number of employers operating without workers' compensation insurance coverage. The measure reflects the department's effectiveness in compelling employers to provide workers' compensation coverage for their employees.

2. ABOUT THE TARGETS

WCD records and monitors workers' compensation coverage for approximately 99,800 Oregon employers and their 1.6 million employees that are subject to workers' compensation. This measure tracks the number of workers' compensation claims made against employers without insurance. A low number is desired for this measure because it indicates fewer employers are operating without workers' compensation insurance.

3. HOW WE ARE DOING

The department continues to achieve a high level of compliance with workers' compensation coverage laws, which protects both the employer and the employee in the event of a workplace injury. For fiscal year 2012, 3.3 out of every 1,000 accepted disabling injured worker claims were made against an employer without workers' compensation coverage. This indicates that, on average, 99.67 percent out of every 1,000 accepted disabling workers' compensation claims were filed by employees whose employers provided workers' compensation coverage.

4. HOW WE COMPARE

Exact comparison data from other states is not available, though a similar metric measured by the National Council on Compensation Insurance (NCCI) in July 2009 shows that Oregon compares favorably to the rest of the nation in ensuring that employers have workers' compensation insurance. The NCCI looked at the percent of companies that reported that they had workers' compensation insurance and found that 98.7 percent of Oregon companies reported having workers' compensation coverage compared to 97.9 percent of companies nationwide.

5. FACTORS AFFECTING RESULTS

Small changes in the number of noncomplying employer claims (claims from employers who do not provide workers' compensation insurance) can significantly alter the results since the number of noncomplying employer claims is so low. In the past three years, the department has recorded on average 18,551 accepted disabling claims annually, and of these less than 0.5 percent was from noncomplying employers. Also, changes in the Workers' Compensation Division (WCD) investigation processes or insurance coverage costs may affect results. Mandatory electronic reporting of workers' compensation insurance policies, which became effective July 1, 2009, gives WCD additional information that helps improve compliance of employers to purchase workers' compensation insurance coverage for Oregon workers.

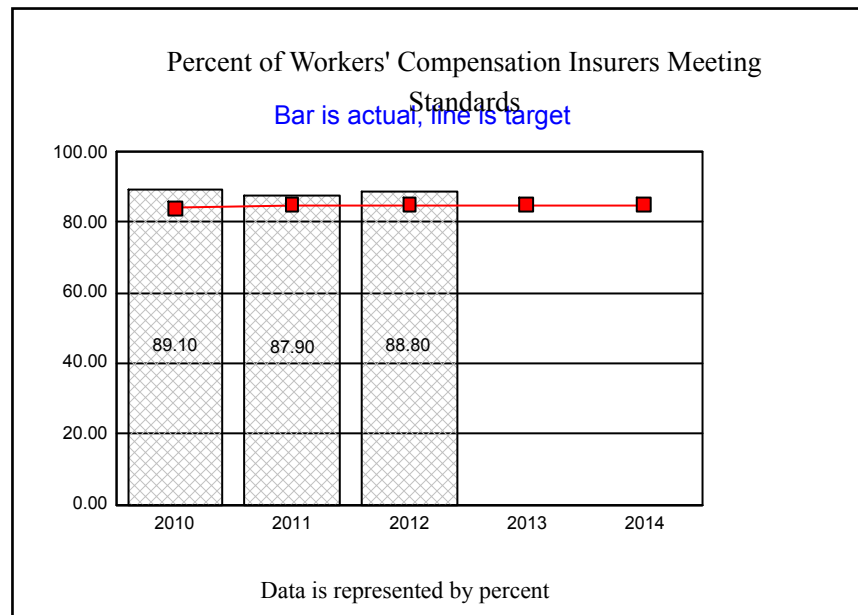
6. WHAT NEEDS TO BE DONE

To reduce the number of Oregon employers without workers' compensation insurance coverage, WCD is expanding education and enforcement efforts and partnering with other agencies. For example, many employers are currently using temporary staffing, worker-leasing arrangements, or outsourcing to maintain profitability in the current economy. WCD provides workshops for staffing providers to help them ensure that workers' compensation coverage is provided and that claims are properly handled. WCD actively participates and provides leadership in ongoing education for business owners through small-business fairs held in various parts of the state. WCD organizes and presents educational opportunities for insurance agents, accountants, and business executives, further promoting compliance with coverage requirements. These educational efforts will continue. WCD also will continue to work with other agencies, such as the Employment Department, the Department of Revenue, and the Construction Contractors Board, as part of the Interagency Compliance Network to verify that employers have workers' compensation coverage and comply with other employment laws. Referrals and cooperation among agencies ensure resources are used effectively to protect workers and establish a level playing field for businesses in Oregon.

7. ABOUT THE DATA

Data for this key performance measure is collected monthly and reported for the Oregon fiscal year (July 1 to June 30). This is a "proxy" or substitute measure intended to represent the relative number of employers operating in Oregon without workers' compensation insurance. Data is reported as the number of accepted disabling claims filed where the employer did not provide workers' compensation coverage per 1,000 total accepted disabling claims reported to WCD. The number, 3.3, indicates that only 3.3 out of every 1,000 (0.33 percent) accepted disabling workers' compensation claims filed are from employees injured at businesses that do not have workers' compensation insurance coverage. The outcome of this measure stays fairly stable regardless of outside influences such as economic change, number or size of employers, and law changes.

KPM #9	WORKERS' COMPENSATION INSURER PERFORMANCE - Percentage of workers' compensation insurers meeting standards for benefit delivery and reporting.	2010
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
Data Source	WCD Claims Information System and WCD Field Audit Unit Quarterly Claims Processing Performance audit data.	
Owner	Sally Coen, Manager, Field Audit Unit, Workers' Compensation Division, 503-947-7687	



1. OUR STRATEGY

The department strives to achieve efficient, effective review of workers' compensation insurer performance through quarterly audits, and maximize the number of workers' compensation insurers that meet Oregon's standards. To achieve increased protection for workers, the Workers' Compensation Division (WCD)

focuses on thresholds of insurers' performance in three regulatory areas: 1) 90 percent of first payments to workers are paid timely; 2) 90 percent of decisions to accept or deny a claim are made timely; and 3) 80 percent of first-claim reports to the department are made timely.

2. ABOUT THE TARGETS

This measure provides a broad perspective of the performance of all Oregon workers' compensation insurers regulated by the WCD. The measure shows the percentage of insurers that meet all three performance standards. Fiscal year 2012 marks the third year of reporting separately on this measure (it previously was combined with the performance of financial institutions). Targets reflect the goal of steady improvement.

3. HOW WE ARE DOING

In 2006, the Workers' Compensation Division increased its performance standards for insurers, requiring them to provide timely first benefit payments and acceptance/denial decisions at least 90 percent of the time instead of the former standard of 80 percent. For 2012, we found that 88.1 percent of workers' compensation insurers regulated by WCD were meeting performance standards in the three areas measured for this performance measure. This is a high level of performance, especially given that WCD has raised many of its standards in recent years.

4. HOW WE COMPARE

There are no direct comparisons available for workers' compensation insurers' performance because regulation is not done in the same or similar enough manner in other jurisdictions to compare with Oregon.

5. FACTORS AFFECTING RESULTS

Size of the insurer does not influence the outcome of this measure, however, raising performance expectations created an incentive for better performance and companies are now performing at higher levels. This data is self-reported by the insurers, which means the results could be influenced by an individual insurer's reporting. There is also the risk of incorrect reporting if not properly monitored. Additionally, ongoing education, further clarification of standards, and focused auditing and enforcement are believed to improve insurer compliance with requirements and use audit resources more efficiently over time.

6. WHAT NEEDS TO BE DONE

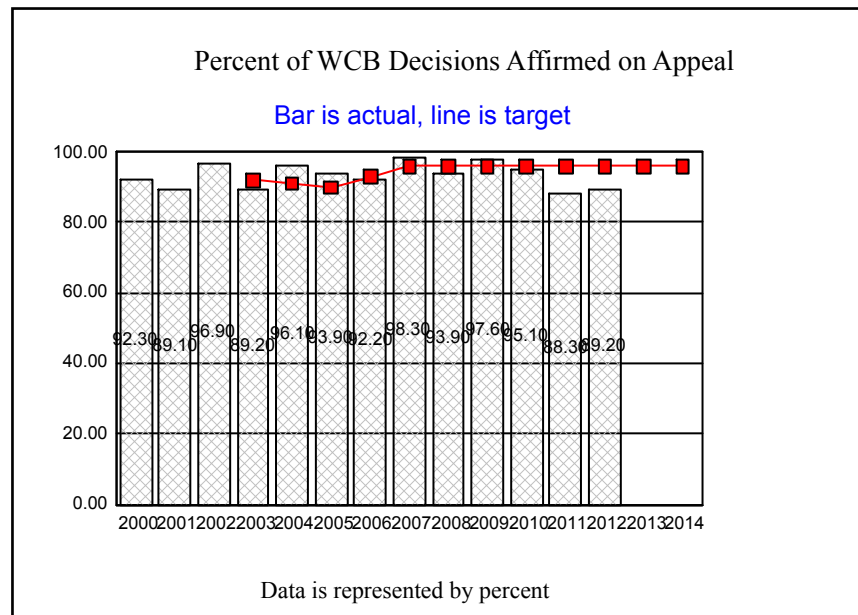
To further improve insurer performance, WCD began implementing a new audit method in fiscal year 2011. Under this new approach, WCD is monitoring certain key performance areas quarterly and annually and using a more risk-based approach that focuses on low-performing insurers and performance areas

throughout the industry. In its audit processes, WCD reviews insurer records for compliance with requirements, validates the accuracy of insurers' self-reported performance, and provides training for companies that do not meet performance standards. In addition to improved regulation, the division continues to conduct education and outreach programs to help companies comply with laws and regulations. For example, the Workers' Compensation Educational Conference is a collaborative effort between WCD and the International Workers' Compensation Foundation (IWCF) to provide research information, education, and communication to the workers' compensation community. The conference also offers educational credit hours for industry representatives.

7. ABOUT THE DATA

Data is reported for the Oregon fiscal year (July 1 to June 30). Data for the workers' compensation insurers comes from the claims information database and includes results of the Quarterly Claims Processing Performance audit (QCPP). The QCPP audit identifies insurers who fail to meet any of the following standards: at least 90 percent of first payments to injured workers are made in a timely manner, at least 90 percent of acceptance/denial decisions of workers' compensation claims are made in a timely manner, and at least 80 percent of first claim reports by insurers are filed in a timely manner. Data is self-reported by insurers and verified for accuracy by WCD.

KPM #10	UPHELD WORKERS' COMPENSATION DECISIONS – Percent of Workers' Compensation Board decisions affirmed on appeal to the Judiciary.	2000
Goal	DCBS Goal #3: Be accountable to the public we serve, with excellent service to our customers.	
Oregon Context	Oregon Benchmark #9: Oregon's national rank in the cost of doing business.	
Data Source	Data captured from Court of Appeals slip opinions.	
Owner	Abbie Herman, Chairwoman, Workers' Compensation Board, 503-378-3308	



1. OUR STRATEGY

Achieve consistent and legally sound decisions by conducting an impartial review of the record and the parties’ arguments in light of controlling statutes, applicable administrative rules, and case precedent. The Workers’ Compensation Board, consisting of five members appointed by the Governor and confirmed

by the Senate, provides timely and impartial resolution of disputes arising under the workers' compensation law. The board reviews and resolves approximately 600 cases per year, most of which involve appealed ALJ decisions. That number does not include between 150 to 200 decisions regarding claim disputes arising under the board's own-motion authority pursuant to ORS 656.278. A board decision may be appealed to the Court of Appeals if one of the parties believes the decision is in error as a matter of law. Typically, 70 to 90 board orders per year are appealed. Our goal is to achieve substantial justice by providing fair and impartial decisions that are legally sound.

2. ABOUT THE TARGETS

Our target of 96 percent represents a high level of performance by the board and minimal to no reversals of board decisions per year.

3. HOW WE ARE DOING

Of the 37 decisions issued by the court regarding Board orders in fiscal year 2012, there were only four reversals. The overall affirmation of 89 percent demonstrates that the board is serving Oregon's workers' compensation system by consistently producing sound legal decisions.

4. HOW WE COMPARE

There is limited data available because every jurisdiction has slightly different systems for resolving disputes in its workers' compensation system.

5. FACTORS AFFECTING RESULTS

When WCB decisions are appealed, the Court of Appeals reviews the decision for errors of law and to determine whether substantial evidence and reason supports WCB's factual findings and conclusions.

6. WHAT NEEDS TO BE DONE

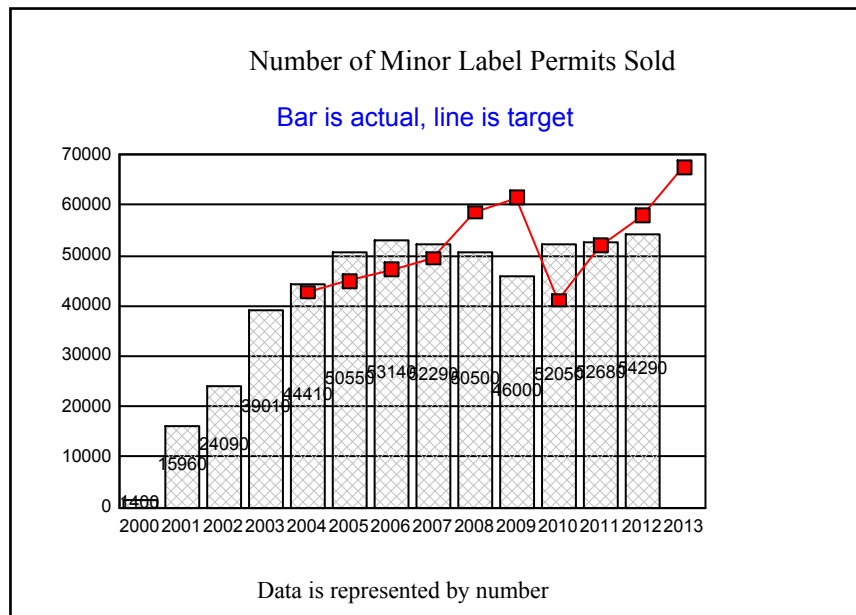
Board members, with the support of their board review staff, will continue to apply the processes developed for appellate review to issue consistent and legally sound decisions in an efficient manner.

7. ABOUT THE DATA

Data is collected quarterly and reported for the Oregon fiscal year (July 1 to June 30). Data are gathered directly from court decisions and monitored in a

monthly report. To obtain the overall value, we divide the number of WCB rulings affirmed upon appeal to the Court of Appeals by the total number of WCB cases appealed to the Court of Appeals. A link to the court's decisions is available on WCB's website at <http://www.cbs.state.or.us/wcb/contents/coa.htm>.

KPM #11	PERMITS FOR MINOR CONSTRUCTION WORK – Number of building permits that can be used by contractors in multiple jurisdictions for minor construction work.	2004
Goal	DCBS Goal #2: Regulate in a manner that supports a positive business climate.	
Oregon Context	Oregon Benchmark #9: Oregon's national rank in the cost of doing business.	
Data Source	Minor Label Permit database maintained by Building Codes Division staff.	
Owner	Celina Patterson, Manager, Statewide Inspections, Building Codes Division, 503-373-0855	



1. OUR STRATEGY

Make it easier and less expensive for contractors to comply with regulations by offering “minor label” building permits for routine plumbing and electrical work as well as other activities. Minor label permits can be used throughout the state for numerous types of jobs, making them more convenient than traditional

permits. For example, using traditional permits, a contractor installing new electrical outlets at 10 locations throughout the state must purchase 10 separate permits from multiple jurisdictions to comply with regulations. However, using minor label permits, a contractor can make only one purchase that will cover all 10 jobs. Also, this purchase can be made online – 24 hours a day, 7 days a week – making purchasing permits much more convenient for contractors. Minor labels help facilitate the construction process, save contractors time and money, and improve compliance with the law.

2. ABOUT THE TARGETS

Our primary goal is to increase the number of minor labels sold around the state. We base our targets on this goal as well as economic forecasts of construction activity. New information from the Office of Economic Analysis indicates that construction will likely not return to increased levels in the near future, which may affect forecasted growth in the minor labels program.

3. HOW WE ARE DOING

In fiscal year 2012, the total number of permits sold was the highest since the introduction of the program. Customers report a great deal of satisfaction using this more efficient and less expensive process for purchasing permits for minor work. The program also reduces workloads for building departments. The program has been expanded over the past years to include most elevator maintenance activities as well as electric vehicle charging unit work.

4. HOW WE COMPARE

Oregon is a national leader in providing online access to building permits and other construction services. We know of no other state that has such a program, and other state jurisdictions are contacting us for help in establishing their own “minor label” programs. There also are no industry standards that relate to this goal.

5. FACTORS AFFECTING RESULTS

Construction activity has historically had a major effect on outcomes for this measure. For example, the tremendous growth in the construction industry from mid-2003 to 2006 led to an increase in the number of building permits sold. However, the economic downturn and problems in the lending markets have caused the construction industry to slow during the past several years. The increase recorded for 2012 is likely attributable to contractors’ focus on small repairs and installations in existing buildings rather than new construction.

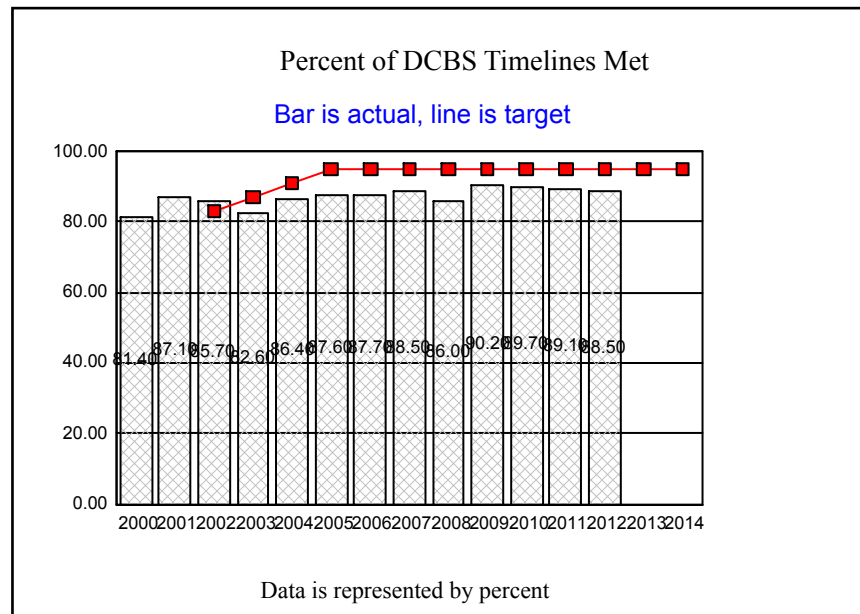
6. WHAT NEEDS TO BE DONE

Our significant growth in minor label permit sales over the past 10 years demonstrates our success in providing convenient permits to our customers. As sales stabilize, we will continue to look at making additional types of online permits available to our customers in the construction community.

7. ABOUT THE DATA

The data reported for this measure is the number of minor label permits sold in Oregon during the fiscal year (July 1 to June 30); data is collected monthly and reported annually. Permit sales are registered and maintained in BCD databases.

KPM #12	ON-TIME WORK – Percent of timelines for key department activities that are met.	2000
Goal	DCBS Goal #3: Be accountable to the public we serve, with excellent service to our customers.	
Oregon Context	Oregon Benchmark #9: Oregon's national rank in the cost of doing business.	
Data Source	Composite of several division-level measures. See About the Data for sources.	
Owner	Jean Straight, DCBS Deputy Director, 503-947-7872	



1. OUR STRATEGY

Provide timely service to customers by using technology, improving efficiencies, and supporting responsiveness and timely work as a key commitment of employees.

2. ABOUT THE TARGETS

DCBS has set aggressive targets for this measure to better serve its customers and to encourage employee improvement in activities such as closing complaints, completing applications, responding to inquiries, and issuing orders. In several cases, when we determine through consultation with customers that faster processing time would benefit them, we have set timeliness goals greater than required by statute.

3. HOW WE ARE DOING

DCBS has maintained high performance levels by continuing to streamline processes and expand use of technology. In 2012, we met our timelines for key department activities 89 percent of the time.

4. HOW WE COMPARE

Statistics for public or private industry standards on timeliness are not available for comparison.

5. FACTORS AFFECTING RESULTS

Reaching our targets can be challenging because in many cases we hold ourselves to a higher standard than what is required by law. There are many factors the department evaluates as a result of this data: staffing levels and available resources; clarity of our processes and ease of customer compliance; and customer completeness and follow-through. Regardless of the contributing factor, we strive to perform at high levels and take action to constantly improve our performance.

6. WHAT NEEDS TO BE DONE

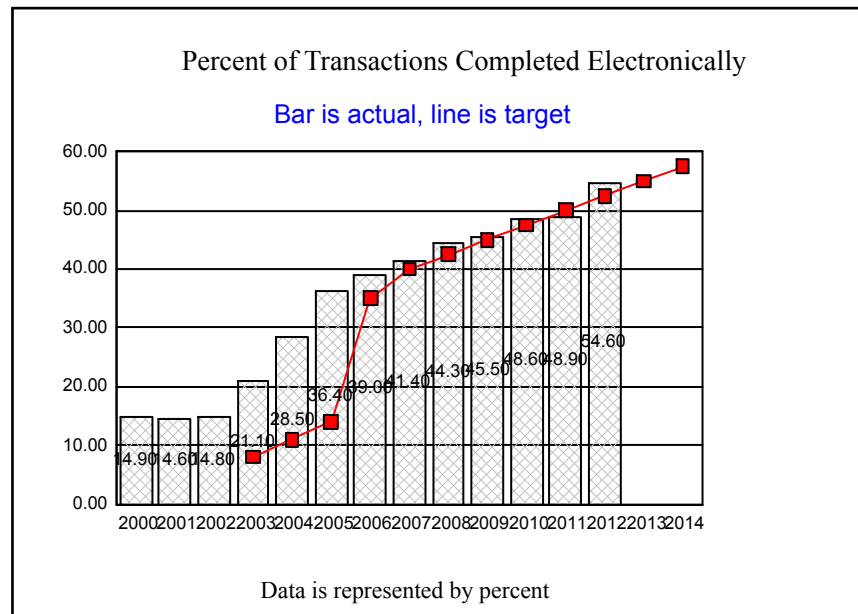
We need to continue to apply best practices that are observed in various areas of the department as well as outside the department. Also, employees will continue to receive training so they are able to conduct all activities in a timely manner. We also will continue to look for ways to use technology to streamline processes.

7. ABOUT THE DATA

Data for this measure is on a fiscal-year basis (July 1 to June 30) and represents more than 20 key agency activities, such as issuing workers' compensation orders and filing insurance complaints. The timeliness for each division is calculated by dividing the number of activities under consideration that are completed in a timely manner by the total number of activities completed during each fiscal year. To obtain the overall, agencywide measure, the timeliness for each division is weighted by the number of full-time employees in that division. This weighting reflects the overall resources applied to each division as well as the services provided to Oregonians. Data is available at the division

and program levels by contacting DCBS. DCBS reports final values to only 1 decimal place. The automated annual report system adds a 0 as the second decimal place, which is a placeholder for measures that may require a second decimal place.

KPM #13	E-TRANSACTIONS FOR CUSTOMERS – Percent of customer transactions completed electronically.	2000
Goal	DCBS Goal #3: Be accountable to the public we serve, with excellent service to our customers.	
Oregon Context	Oregon Benchmark #9: Oregon's national rank in the cost of doing business.	
Data Source	DCBS databases	
Owner	Sandy Wheeler, Chief Information Officer, DCBS, 503-947-7323	



1. OUR STRATEGY

Develop, implement, and maintain systems that make it faster and easier for businesses and consumers to conduct business with the agency by allowing them to complete transactions electronically.

2. ABOUT THE TARGETS

DCBS offers more than 500 licensing, permitting, and certification services online. Our target for this measure has increased over time as we added new online systems. We expect future growth as we identify new opportunities for online services, although that growth will likely slow as we already have a large base of e-transactions and funding is limited.

3. HOW WE ARE DOING

During 2012, 54.6 percent of applicable transactions between businesses and consumers and DCBS were completed electronically. We believe this is a strong performance and that our online services make it more convenient for businesses and consumers to do business with us. The continued growth of online services in 2012 included expansion of the Oregon iReg system, allowing insurance companies to report their Health Premium Taxes online at their convenience. In addition, we are undertaking several projects to increase the types and numbers of electronic transactions for companies, workers, and other stakeholders, and we are continually expanding and improving existing systems. Many of our systems are equipped with built-in surveys and e-mail feedback to ensure they are user-friendly and meet changing needs.

4. HOW WE COMPARE

No direct comparison data is available. As a state, Oregon was among the top 13 states for e-government sites and services available online in the 2010 National Digital States Survey study conducted by the Center for Digital Government. In the 2010 State New Economy Index produced by the Information Technology and Innovation Foundation, Oregon ranks 14th among states across a range of information technology parameters. Unfortunately, more current comparison information was not available at this time.

5. FACTORS AFFECTING RESULTS

The primary factor affecting results is the willingness of customers and businesses to conduct business electronically with DCBS. Customers' belief in the security of their online information, knowledge that services are available online, and preference for online vs. paper transactions affect the overall percent of transactions that are conducted electronically. When electronic systems are available, our customers tend to embrace them. Although this measure tracks the percent of all transactions that are electronic, we also measure how many customers chose to conduct business electronically when it is an option.

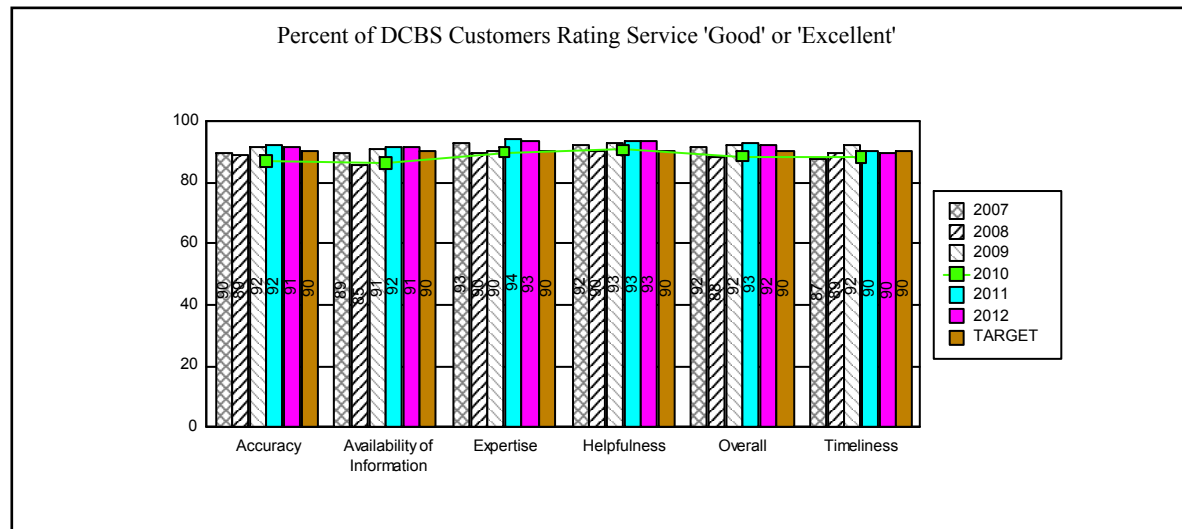
6. WHAT NEEDS TO BE DONE

We will continue to focus on making more services available electronically for business and consumers as funds are available to do so. However, with limited resources, we must balance the need to develop new electronic systems with other priorities such as maintaining existing services.

7. ABOUT THE DATA

This data represents DCBS systems that conduct at least 5,000 transactions annually and are available to businesses and consumers (internal systems or systems that primarily interface with other state agencies are not included). Most of the agency's smaller systems that conduct fewer transactions are not included because we want to focus on systems that have substantial impact for our customers. A few smaller systems are included, however, because the agency determined that they were of high priority and represented added value to the customer. For example, a reporting system for insurance health benefits was added in the previous year, which falls below the 5,000-transaction criteria, but is a high-priority service to customers. Note that instead of using a pure calculation of percent of transactions, we combine the average percent of electronic transactions for each division into an overall agency average. This minimizes the impact of a few systems that have an extremely large number of transactions as well as equalizes the impact of each division's efforts. The data is reported annually and represents averages for the Oregon fiscal year (July 1 to June 30). Contact DCBS for more detailed information on electronic transactions by division. Also, DCBS reports final values to only 1 decimal place.

KPM #14	CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.	2007
Goal	DCBS Goal #3: Be accountable to the public we serve, with excellent service to our customers.	
Oregon Context	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
Data Source	Customer service survey results are maintained in the DCBS Internet Survey Tool and division spreadsheets.	
Owner	Jean Straight, DCBS Deputy Director, 503-947-7872	



1. OUR STRATEGY

Provide excellent service in every customer interaction by focusing on customer service as a strategy to achieve department goals.

2. ABOUT THE TARGETS

DCBS set aggressive targets of 90 percent over all categories (timeliness, accuracy, helpfulness, expertise, and availability of information) because excellent customer service is a high priority.

3. HOW WE ARE DOING

The department's overall rating of 92.1 percent is a strong performance, especially since many of our customers are entities we regulate, audit, or inspect. Our ongoing focus on customer satisfaction has resulted in high ratings that have consistently exceeded our target since measurement began in 2007. We conduct customer satisfaction surveys in a number of areas within DCBS.

4. HOW WE COMPARE

Comparable data from other states is not available. Since all state agencies use these same metrics to measure customer satisfaction, we hoped to compare DCBS survey results with similarly situated state agencies of a regulatory nature. However, in consultation with performance measure experts at the Department of Administrative Services, we learned this particular measure needs to reach some degree of stability before we could have reasonable confidence in comparisons among Oregon agencies. Further, even among regulatory agencies, the customers being surveyed and the methods for conducting surveys may be quite different, making meaningful comparisons between agencies difficult. Therefore, no comparisons with other agencies are included in this report.

5. FACTORS AFFECTING RESULTS

Many of the customers we survey are entities that we regulate, which could affect our results. However, even though we have a regulatory relationship with many of our customers, we have continued to perform well on this measure. Also, many of our customers are individuals we are helping with complaints, and the outcome of the complaint can influence how the customer rates our service. We try to mitigate this effect by managing expectations and making it a priority to do everything we can to provide customers with a high level of service, even if the customer may not get the desired outcome. The response rate for these surveys can also affect results. We encourage our customers to provide us with feedback by responding to our surveys, but the percent of customers who respond to surveys is often low.

6. WHAT NEEDS TO BE DONE

We will continue to focus on customer service and find ways to improve our already high level of performance. All new DCBS employees attend a customer service workshop that helps them develop the attitude and skills needed to provide our customers with excellent service. Also, providing excellent customer service is one of our three major goals at DCBS and is highly integrated into our work environment. This focus on customer service ensures we meet, and exceed, customer service expectations.

7. ABOUT THE DATA

DCBS uses an assortment of surveys to collect this data. Each of the department's major divisions surveys customers and collects data independently and then reports the survey results as part of this overall measure. For 2012, five of the agency's divisions and several of their sub-units provided data for the measure, based on surveys of their customers. Participating divisions were Oregon OSHA (surveys to two customer groups), Insurance Division (surveys to two customer groups), Workers' Compensation Division (surveys to two customer groups), Building Codes Division (surveys to six customer groups), and the Division of Finance and Corporate Securities (surveys to four customer groups). Data from each division is combined to give an agencywide value reflecting the divisions' relative level of service to Oregonians and the customers being served. Data for individual divisions is available on request. Survey data is collected annually or quarterly and is reported for the Oregon fiscal year (July 1 to June 30).

Agency Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.

Contact: Jean Straight, Deputy Director

Contact Phone: 503-947-7872

Alternate: Cheryl Martinis, Public Information Director

Alternate Phone: 503-947-7897

The following questions indicate how performance measures and data are used for management and accountability purposes.

1. INCLUSIVITY

* **Staff:** A variety of methods were used to gain staff input. This included strategic planning processes and ongoing discussions at the work-unit, division, and department levels.

* **Elected Officials:** The department presented performance measures to the Legislature (through the Ways and Means subcommittee), which adopted the measures.

* **Stakeholders:** Stakeholders were involved in many aspects of the department’s work. Advisory groups, outreach meetings, and individual contacts helped staff ensure that stakeholder interests were considered and that stakeholders were aware of the proposed measures.

* **Citizens:** Citizens provided input into the reporting of measures through the Advisory Group on Citizen Friendly Reporting convened by the Oregon Progress Board in 2004-2005. Citizens also have the opportunity to provide feedback on performance measures and our annual performance measures report using an online survey available on our performance measures Web site (<http://egov.oregon.gov/DCBS/performance.shtml>). We will use citizen feedback to improve the quality of our performance measures and annual report.

2 MANAGING FOR RESULTS

The measures are used to gauge progress toward targeted goals. If progress is not met satisfactorily, the department staff seeks to determine the reason(s) and make policy, program, or operational changes to improve performance. The DCBS executive team uses performance data and other tools to identify best practices, strategies, and resource requirements to enhance performance. The team continues to evaluate the performance measures to ensure clarity and ensure that progress on each measure is meaningful.

3 STAFF TRAINING

Once the measures were adopted by the Legislature, the department conducted training for all managers. The DCBS divisions have had ongoing discussions and training at management meetings as well as extensive involvement by staff in performance tracking and measurement. Performance measures are often a discussion item at division and section-level meetings within the department.

4 COMMUNICATING RESULTS

* **Staff:** The department uses its Key Measures System to ensure the staff has easy access to the most current data available for each measure. Staff also can access the measures from the Web site.

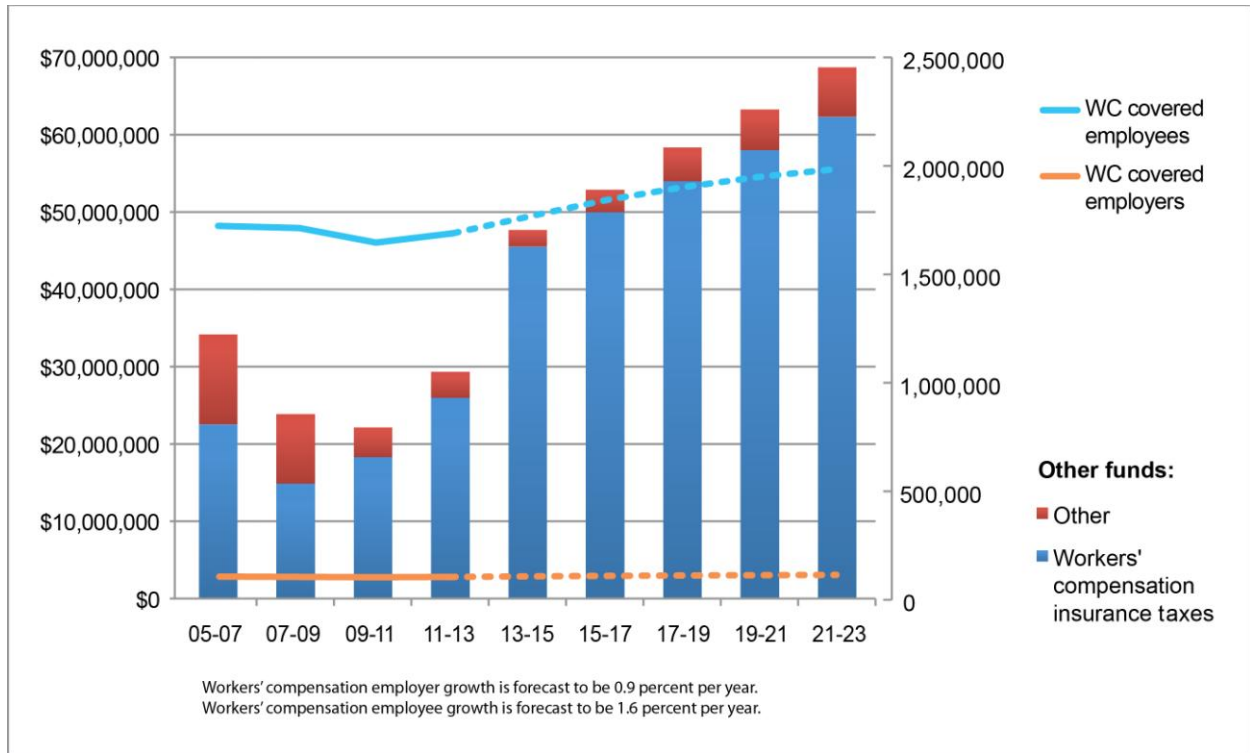
* **Elected Officials:** Performance measures are a discussion and decision item in the budget process. The measures are also available to elected officials on our Web site.

* **Stakeholders:** Stakeholders view the measures through reports in newsletter articles, conference presentations, and advisory committees.

* **Citizens:** Our performance measure report is available on our public Web site. We also provide high-level summary data on each measure, and interested citizens can get current performance data and see how the measure is trending.

Agency: Department of Consumer and Business Services, Workers' Compensation Division

Primary Outcome Area: Safety
 Secondary Outcome Area: Economy and Jobs
 Program Contact: John Shilts, 503-947-7551



Executive Summary

The Oregon workers' compensation system is designed to prevent worker injuries and illnesses, ensure that employers provide workers' compensation coverage for their employees, provide treatment and benefits to help injured workers return to work as quickly as possible, and resolve disputes as quickly, fairly, and with as little litigation as possible.

The Department of Consumer and Business Services administers the workers' compensation system when workers are injured at work. Those workers receive medical treatment to help them fully recover, and wage replacement benefits so they can support themselves and their families. Employers can return healthy workers to their employ, effectively manage workplace safety and risk, and enjoy lower, predictable costs to help workers who are injured on the job.

Program Funding Request

Other Fund: \$38,189,401
 Other Fund NL: \$3,361,198

Program Description

When workers are injured on the job despite accident prevention and workplace safety measures, the workers' compensation system provides benefits to workers at reasonable costs to employers. The workers' compensation program administers, regulates, and enforces requirements to protect workers, provide medical care for injuries and diseases, and provide timely and accurate wage-replacement benefits when they are harmed. The system operates administratively, eliminating the need for workers to sue employers and for employers to respond to and defend tort claims. The workers' compensation program:

- Protects workers from harm by enforcing coverage requirements;
- Restores workers' income and provide medical treatment;
- Reduces disability by returning workers to gainful employment;
- Provides consultation, training, and technical assistance to workers, employers, insurers, claims examiners, attorneys, medical providers, and others;
- Prevents harm by resolving disagreements about benefits quickly and fairly;
- Prevents injuries and diseases through employer workplace safety programs; and
- Advocates for workers injured on the job and Oregon businesses

The system impacts all Oregon businesses that hire subject workers, and touches all members of the Oregon workforce upon employment. The workers' compensation system was created by an agreement of management/employers and labor/workers. The system's success is fundamentally tied to the continued agreement and work done by management and labor.

The system also impacts any person that provides a regulated service within the system such as an insurance company, self-insured employers, medical providers, attorneys, vocational providers, and others.

Program Justification and Link to 10-Year Outcome

The workers' compensation system directly supports the safety strategy outcome (No. 5) to ensure the soundness and availability of markets for goods, services, financial products and labor. Specifically, the workers' compensation system supports five 10-year outcomes:

Financial Safety: The workers' compensation system offers an economical alternative to the court system. By providing structured benefits to workers, the system ensures that workers injured at work will not become destitute, and are financially restored through income replacement benefits. In addition, businesses can afford and predict their risk exposure to plan business strategies that better support strong marketplaces. The structured system protects employers from potentially devastating impact of punitive damage awarded under the traditional tort system.

Low incidence of workplace death or injury: Return-to-work programs ensure that permanently disabled workers return to work quickly and safely, without the risk of re-injury.

Workers' compensation rates remain low as compared to other states: The program provides regulatory oversight to ensure the workers' compensation system participants perform according to established standards that result in reasonable cost of insurance for employers. This includes

oversight such as audits for timely and accurate claims processing by insurers, ensures self-insured employers are solvent, rating standards are set for permanent impairment, a medical fee schedule, and the administrative dispute processes to prevent litigation and reduce claims costs. The program also helps ensure a reasonably priced, stable Assigned Risk Plan, the insurance of last resort for employers. The program supports the Management-Labor Advisory Committee's review of system benefits to provide medical treatment and ensures income restoration services are adequate to meet workers needs, while costs are reasonable for employers.

Citizens are knowledgeable about consumer protection services: The program provides consultation, training, and technical assistance to workers, employers, insurers, claims examiners, attorneys, medical providers, and others. The program receives daily inquiries from customers and stakeholders. The Ombudsman for Injured Workers and Small Business Ombudsman provide targeted outreach and advocacy to system customers.

Regulation is focused on prevention and remediation: Coverage enforcement and the Small Business Ombudsman help prevent noncomplying employers by educating employers on how to find and maintain proper coverage. Many of the administrative level dispute processes help prevent future litigation and reduce claim costs by quickly resolving issues. The program's audit function ensures proper claims processing and payments are made on time. Enforcement activities restore workers' financial security and delivers physically restorative medical treatment.

Program Performance

- Oregon employers pay, on average, the 10th lowest workers' compensation premium rates in the nation.
- The number of disabling claims declined by more than 20 percent from 2006 to 2011. Employment decreased by just over six percent during the same time period. Also in the same time period, the program's full-time equivalent positions decreased 26 percent.
- The average benefits paid to or on behalf of workers have increased, while the pure premium rate has continued to decrease. Pure premium is the basis of the amount employers pay for workers' compensation insurance.
- The average benefits paid to a worker who is not covered by workers' compensation insurance is more than twice the amount for a worker who is covered. Enforcing coverage requirements helps save the system money, which is ultimately passed on to consumers.

	2006	2007	2008	2009	2010	2011
Division FTE	235	228	224	210.5	208	172
National Premium Ranking	9 th Lowest	9 th Lowest	12 th Lowest	12 th Lowest	10 th Lowest	10 th Lowest
Premium Paid (in millions)	\$982.6	\$1,192.9	\$945.7	\$766.7	\$729.1	\$813.1
Annual Pure Premium Rate Changes	0.0%	-2.1%	-2.3%	-5.9%	-1.3%	-1.8%
Total Employment (in millions)	1.73	1.76	1.75	1.64	1.62	1.65
Disabling Claims	23,370	23,433	21,659	18,948	18,012	18,685
Total Benefit Paid (in millions)	\$570.84	\$580.77	\$585.29	\$609.89	\$595.56	\$597.34
Average Claim Costs when worker covered by insurance	\$17,840	\$18,272	\$19,951	\$22,570	\$22,972	\$22,636
Average Claim Costs when worker is not covered	\$32,067	\$29,923	\$31,017	\$51,569	\$46,526	\$45,568

Enabling Legislation/Program Authorization

The workers' compensation system was created in 1914, with major reforms enacted in 1990 and 1995. Current requirements are in Oregon Revised Statutes chapter 656 (workers' compensation system), chapter 654 (workplace safety), and chapter 659A (unlawful discrimination in employment).

Funding Streams

Workers' Compensation Division is funded by the following:

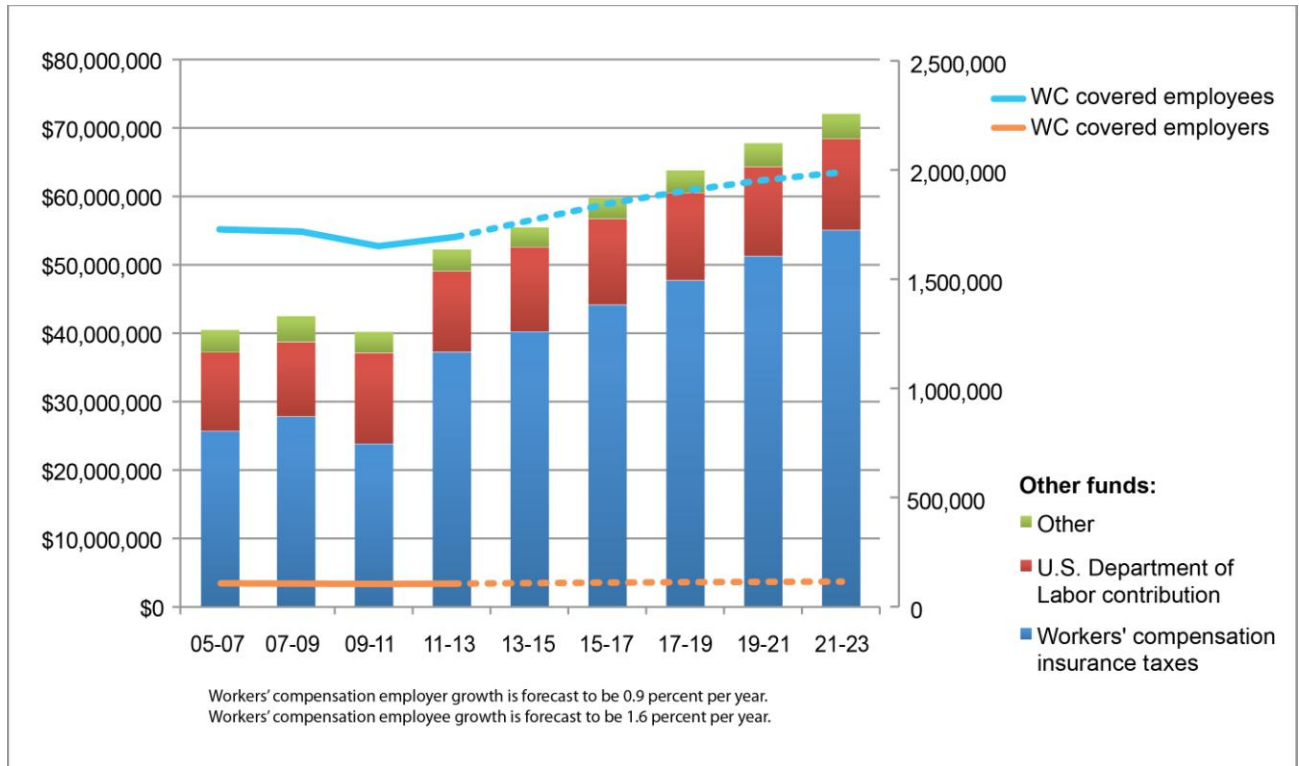
- **89 percent** funded by an assessment paid by employers on the premiums they pay to their insurer for workers' compensation coverage
- **11 percent** funded by investment income, civil penalties, and cents-per hour assessment for the administration of the Workers' Benefit Fund programs

Significant Proposed Program Changes from 2011-13

None.

Agency: Department of Consumer and Business Services, Oregon
OSHA

Primary Outcome Area: Safety
 Secondary Outcome Area: Economy and Jobs
 Program Contact: Michael Wood, 503-947-7400



Executive Summary

The Oregon workers' compensation system is designed to prevent worker injuries and illnesses, ensure that employers provide workers' compensation coverage for their employees, provide treatment and benefits to help injured workers return to work as quickly as possible, and resolve disputes as quickly, fairly, and with as little litigation as possible.

The Department of Consumer and Business Services program helps advance workplace safety and health by reducing workplace injuries and illnesses. In doing so, the program, in partnership with business and labor, helps reduce the cost of workers' compensation insurance and indirect costs of injuries and illnesses. Oregon OSHA's top priority is to achieve the lowest possible occupational injury, illness, and fatality rates through a full range of services and regulations, which are designed to encourage and enable employers and their workers to pursue safe and healthy workplaces.

Program Funding Request

Other Fund: \$47,696,843

Program Description

Oregon OSHA administers the Oregon Safe Employment Act (OSEA), passed in 1973. Oregon OSHA is one of 27 occupational safety and health state plans approved and monitored by federal OSHA. Almost all private and public sector employers in Oregon are in Oregon OSHA's jurisdiction.

Under OSEA, Oregon OSHA is responsible for working with employers and their employees to reduce and prevent occupational injuries, illnesses, and fatalities and for enforcing Oregon occupational safety and health standards. To that end, Oregon OSHA administers three main program areas:

- A comprehensive enforcement program that ensures Oregon's occupational safety and health rules are carried out in the workplace. Inspection activity is focused on high-hazard industries and places of employment where workers are more likely to be injured or exposed to health hazards.
- A consultation and outreach program that offers free, professional, on-site safety, health, and ergonomic evaluations and training for employers and workers, as well as conferences, seminars, and workshops.
- A policy and technical program, which develops policies, provides technical assistance to employers and workers, oversees informal dispute resolution and appeals of safety and health citations, and amends and adopts Oregon's occupational safety and health rules.

These services are delivered as follows:

Enforcement

While the number of enforcement inspections has decreased over past biennia due to a reduction in the department's workforce and a freeze on filling positions due to a revenue shortfall, Oregon continues to maintain the highest enforcement presence in the nation. Oregon's penalties are among the lowest in the country and federal regulators are realizing that the high enforcement presence helps make the Oregon program as effective as the federal program (a requirement in order to maintain the state plan). Inspections at employer worksites in Oregon are based primarily on inspection targeting lists, complaints, accidents (including fatalities), and referrals.

Consultative services and outreach programs

Senate Bill 2900 in 1987 added this function to the department's duties and the 1990 workers' compensation reforms expanded it. Consultative services help Oregon employers identify hazards and work practices that could lead to injuries or illness and provide recommendations for correcting hazards and for improving their safety and health programs. Consultative services also include the time-intensive process of assisting interested employers as they work toward Safety and Health Achievement Recognition Program (SHARP) and evaluating worksites for qualification in the Voluntary Protection Program (VPP).

SHARP recognizes employers who reach specific benchmarks in managing their occupational safety and health program. Approximately 175 companies are current or past SHARP participants. VPP is designed to recognize and promote effective safety and health management

and to provide candidates with tools for obtaining a desired performance. There are approximately 30 Oregon worksites participating in VPP.

Oregon OSHA offers safety and health training programs to employers and employees through on-site presentations, conferences, workshops, and online training. Oregon OSHA coordinates and presents most of its conferences in partnership with businesses, associations, and labor unions.

Policy and Technical Services

This service helps employers understand and consistently apply rules and standards to achieve safer workplaces. This program will have approximately 12,000 contacts from employers and workers by phone and the Web during 2011-2013. This program is responsible for adoption of rules and standards with the help of stakeholder advisory groups. Federal OSHA requires many of the rule adoptions. This program also provides outreach to employers and the public through videos, training materials, the resource center, the Web, and safety and health publications.

Partnerships

Oregon OSHA collaborates with groups, including business organizations and labor unions, to design better safety and health programs for workers. Oregon OSHA has many active partnerships with organizations, governmental entities, and individuals who have an interest in workplace safety and health (e.g., the Construction Advisory Committee, Small Agriculture Advisory Committee, Oregon Trucking Association, Oregon Homebuilders Association, Oregon Coalition for Healthcare Ergonomics, and Associated Oregon Loggers). These partnerships often take the form of stakeholder advisory committees that help develop new rules, provide input on agency direction of issues, foster outreach, and achieve better compliance with health and safety standards. Oregon OSHA also partners with federal and state governmental entities to reduce duplicative regulatory efforts and promote compliance with other state and federal regulations.

Cost drivers of Oregon OSHA's programs: Economic changes influence working conditions and can have an impact on injuries, illnesses, and workplace fatalities. Changing worksites and workplace demographics also drive certain occupational hazards and affect where the division focuses its efforts.

Program Justification and Link to 10-Year Outcome

The Oregon OSHA program is directly linked to the state's outcomes by keeping workplaces safe and healthy (Strategy No. 5). Between 1987 and 1991, the Oregon Legislature significantly increased the emphasis on safety and health in the workplace, which led to increasing Oregon OSHA's enforcement presence, training programs, and consultative staff as well as increasing penalties against employers who violate state safety and health regulations and requiring insurers to provide loss-prevention consultative services. The 1990 workers' compensation reforms made it clear that state policymakers believed a major component of reducing the costs and suffering associated with workers' compensation claims was to reduce workplace injuries, illnesses, and fatalities. This belief was borne out as the numbers of illnesses, accidents, and fatalities declined in subsequent years. Oregon is recognized nationally for its workers' compensation reforms and resulting outcomes.

Program Performance

Units Produced/People Served – Inspection, consultation, and conference/training attendance

Products and People	2007	2008	2009	2010	2011
Inspections	5,049	5,248	5,542	5,261	4,591
Consultations	2,098	2,542	2,898	2,693	2,652
Conference and training attendance	30,054	19,754	30,874	18,935	29,064

Quality of Service – Worker health and safety metrics and inspection/consultation survey response

Measures	2007	2008	2009	2010	2011
Total case incidence rate per 100 workers	5.1	4.6	4.4	3.9	NA
Accepted disabling claims rate per 100 workers	1.3	1.2	1.2	1.1	1.1
Fatality rate per 100,000 workers	2.0	2.6	1.9	1.0	1.7
Customer service survey responses "Excellent" "Good" – Overall Service	95%	95%	95%	96%	96%

1. Timeliness of Services – Customer service survey responses (enforcement and consultation activities)

Measures	2007	2008	2009	2010	2011
Survey responses "Excellent" or "Good" – Service re: Timeliness	93%	92%	92%	93%	93%

2. Cost per Service Unit – Employees and Employers subject to Oregon workers' compensation laws

Units and Costs	2007	2008	2009	2010	2011
Subject Employees	1,762,700	1,746,200	1,637,400	1,621,800	1,647,400
<i>Cost per Unit*</i>	<i>\$12</i>	<i>\$12</i>	<i>\$14</i>	<i>\$14</i>	<i>\$13</i>
Subject Employers	98,700	98,300	94,800	93,800	95,000
<i>Cost per Unit*</i>	<i>\$220</i>	<i>\$220</i>	<i>\$240</i>	<i>\$242</i>	<i>\$228</i>

*Based on Oregon OSHA biennial Legislatively Adopted Budget

Enabling Legislation/Program Authorization

Federal Public Law 91-596 created OSHA. Section 18 sets out the process for state jurisdiction. Federal law requires every state to have an occupational safety and health program, either delivered by the federal government or through an approved state plan, which Oregon has.

ORS Chapter 654 (the Oregon Safe Employment Act) requires the director to “assume fullest responsibility, in accord with the federal Occupational Safety and Health Act of 1970 (Public Law 91-596).”

Funding Streams

Oregon OSHA is funded by the following:

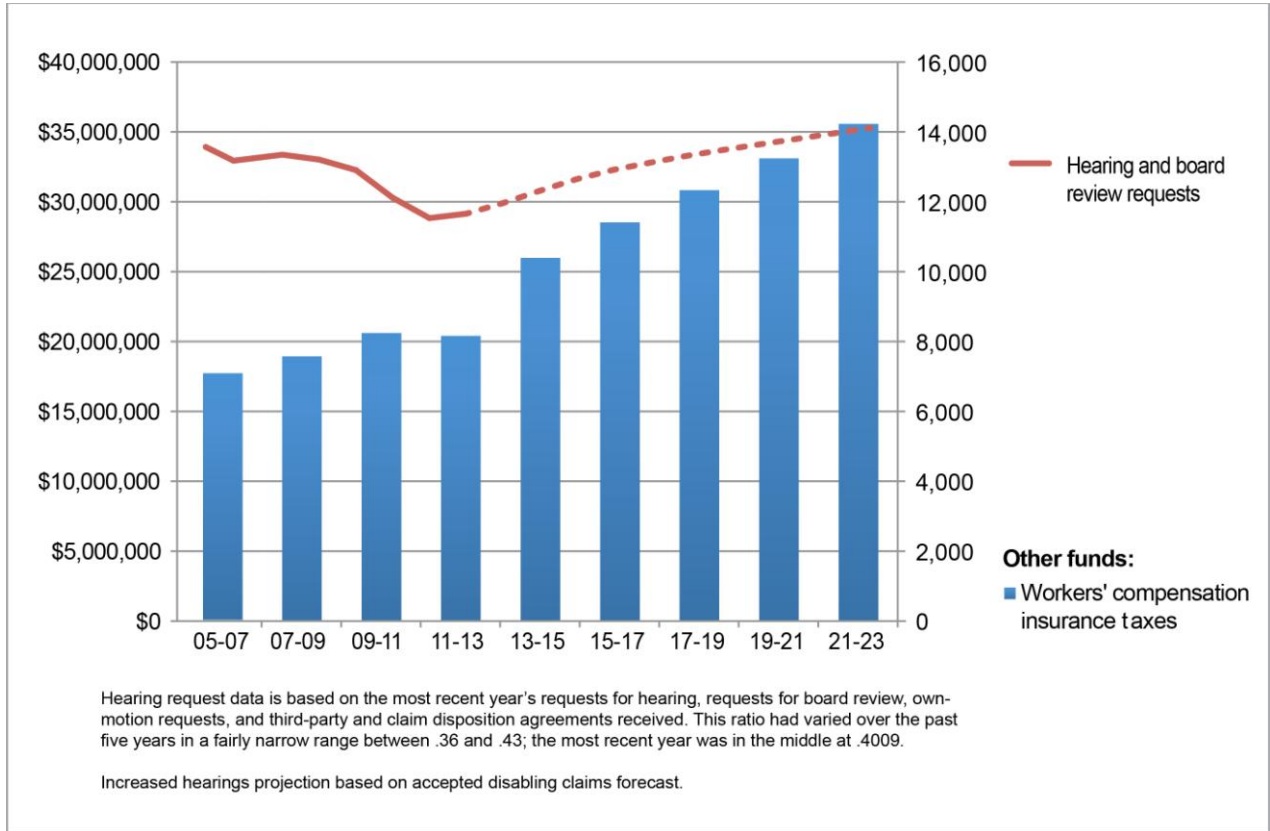
- **71 percent** funded by an assessment paid by employers on the premiums they pay to their insurer for workers' compensation coverage
- **23 percent** funded by a grant from the U.S. Department of Labor OSHA
- **6 percent** funded by investment income and civil penalties issued for violation of the Oregon Safe Employment Act

Significant Proposed Program Changes from 2011-13

None.

Agency: Department of Consumer and Business Services, Workers' Compensation Board

Primary Outcome Area: Safety
 Secondary Outcome Area: Economy and Jobs
 Program Contact: Abigail Herman, 503-378-3308



Executive Summary

The Oregon workers' compensation system is designed to ensure that employers provide workers' compensation coverage for their employees; it functions to reduce worker injuries, provide treatment and benefits to help injured workers return to work as quickly as possible, and resolve disputes as quickly, fairly, and with as little litigation as possible.

The Workers' Compensation Board (WCB) provides timely and impartial resolution of disputes arising under the workers' compensation law and the Oregon Safe Employment Act. The goal is for all parties to receive a fair, prompt, and just determination of their dispute.

Program Funding Request

Other Fund: \$22,285,171

Program Description

WCB is an independent adjudicatory agency within DCBS. The Board is independent of DCBS, but receives administrative services from the agency. The Board chairperson supervises and manages the WCB and its 84 employees, including the Hearings Division. The mission of the WCB is to provide timely and impartial resolution of disputes arising under the Workers' Compensation Law and the Oregon Safe Employment Act.

WCB provides independent review in the following type of cases:

Workers' Compensation Hearings and Appeals: The board is not bound by rules of evidence or by technical or formal rules of procedure and may conduct the hearing in any manner that will achieve substantial justice. Removal of workers' compensation disputes from civil court to an administrative forum ensures these disputes are quickly resolved.

Administrative Law Judges (ALJs) and board members interpret workers' compensation laws in an impartial and balanced manner. Our constitutional "due process" hearings and requests for review ensure a fair determination of workers' compensation benefits for both employees and employers alike.

Given the Court of Appeals' high affirmation rate of WCB orders, both employees and employers are able to have matters decisively concluded in a minimum amount of time. This administrative forum is a critical component of this system and is instrumental in ensuring the legislative goals to protect injured workers and their families are achieved, while ensuring the continued prosperity of Oregon businesses.

Oregon OSHA Hearings: Similarly, the administrative hearings process provides employers an opportunity to contest citations and civil penalties arising from workplace safety inspections conducted by Oregon OSHA. These due process hearings before an impartial decision-maker allow both sides an opportunity to be heard. Regardless of the outcome of the dispute, it is critical the hearing process is perceived as being fair and just. Absent further appeal to the Court of Appeals, prompt resolution of OSHA disputes by WCB puts the matter to rest with finality and ultimately furthers the act's goal of ensuring safe and healthful working conditions for employees.

Crime Victim Requests for Review: Under the Compensation Act for Crime Victims, the board also provides for a review of Department of Justice (DOJ) decisions when applicants are dissatisfied with a decision regarding their claim for compensation as a crime victim. The board provides a review process that includes the right to a fact-finding hearing, as well as an opportunity to present their arguments in support of their claim. Approximately five to 10 crime victim cases are heard each year.

Cases are heard by ALJs, or in some cases by the Workers' Compensation Board itself. The Board is a five-member body appointed by the governor for four-year terms subject to Senate confirmation. To ensure the interests of employees and employers are fairly represented, two members are appointed with background in and understanding of the concerns of employees, and two members with background in and understanding of the concerns of employers. One member

represents the interests of the public and also serves as the chairperson. Once appointed, members apply the law impartially.

An alternative to workers’ compensation hearings and appeals, WCB also has a robust mediation program. Qualified ALJ-mediators conduct in-person mediations throughout the state. Working with the parties, ALJ-mediators assist the parties in reaching mutually-agreed upon settlements such as disputed claim settlements and claim disposition agreements, which are then approved by the ALJ-mediator. WCB strives to successfully settle all cases referred to the mediation program.

Program Justification and Link to 10-Year Outcome

WCB outcomes are linked to the state’s safety outcome (No. 5) by ensuring Oregon workers, employers, and insurers have an efficient, effective, and expeditious mechanism by which to resolve disputes arising under the Workers’ Compensation Act and Oregon Safe Employment Act. The dispute resolution proceedings are accessible to all participants in the workers’ compensation system and conducted in an honest, fair, and impartial manner. WCB’s decision making ensures an independent forum separate from regulatory functions.

Removal of workers’ compensation and OSHA disputes from the court system to an administrative forum ensures the above goals are met. WCB’s proceedings allow for quick dispute resolution, thereby reducing prolonged and costly litigation. At the same time, WCB processes succeed in eliminating the adversarial nature of compensation proceedings to the greatest extent practicable.

This decision-making process also provides valuable data, which can be used for regulatory purposes such as workplace health and safety, as well as compliance with statutes and rules.

Program Performance

The following are some of the highlights of the program for calendar years 2007-2011:

Timeliness of Service

New Hearings Set within 90 days:

	2007	2008	2009	2010	2011
New Hearings Set within 90 days:	90%	98%	94%	96%	96%
Postponed Hearings Reset within 120 days:					
	2007	2008	2009	2010	2011
	96%	76%	96%	97%	97%
Opinion & Orders Issued within 30 days:					
	2007	2008	2009	2010	2011
	97%	98%	97%	97%	99%
Board Orders on Review Issued within 120 days of Briefing Completion:					
	2007	2008	2009	2010	2011
	76%	56%	80%	72%	75%

Quality of Service

Board Cases Affirmed by the Court of Appeals

2007	2008	2009	2010	2011
97%	96%	97%	96%	84%

Mediations Resulting in Settlement

2007	2008	2009	2010	2011
89%	90%	89%	91%	90%

Enabling Legislation/Program Authorization

The duties and powers of the Workers' Compensation Board is governed by Oregon Revised Statutes as described more fully below:

- With respect to workers' compensation matters, Chapter 656 governs the board.
- With respect to Oregon Safe Employment Act matters, Chapter 654 governs the board.
- With respect to crime victim matters, Chapter 147 governs the board.

Funding Streams

The following funds Workers' Compensation Board:

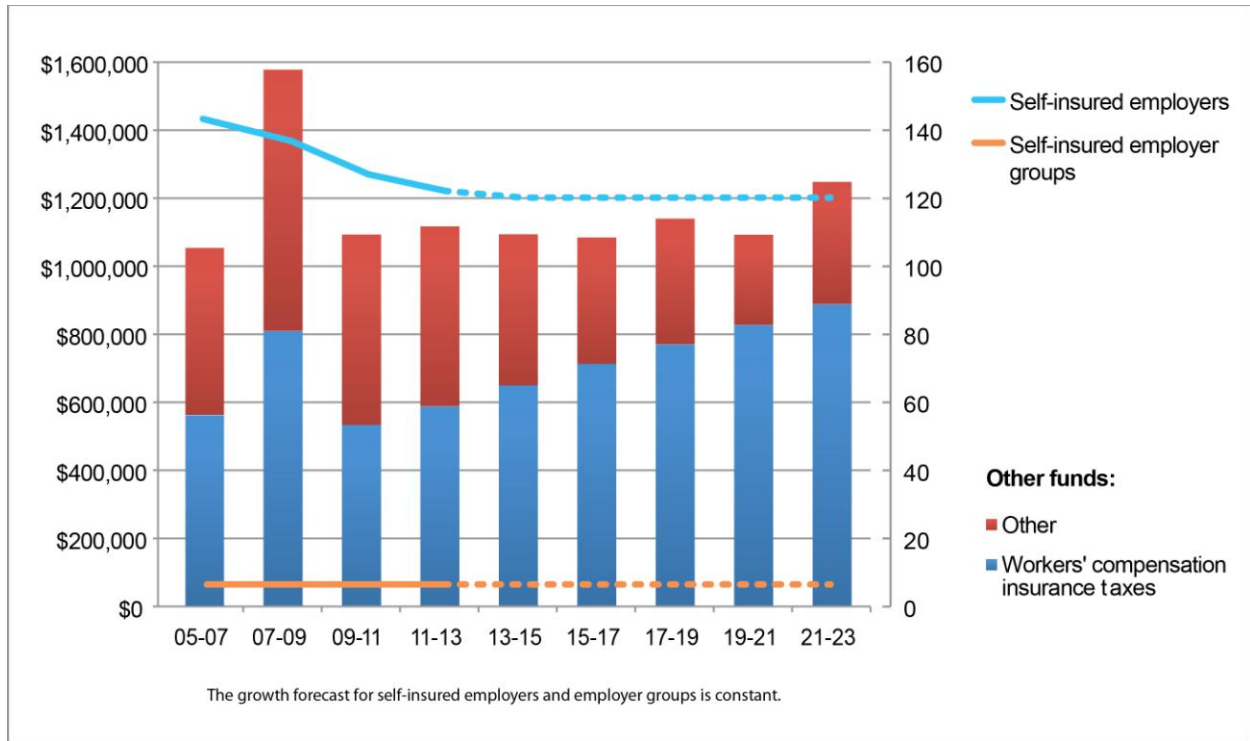
- **100 percent** funded by an assessment paid by employers on the premiums they pay to their insurer for workers' compensation coverage.

Significant Proposed Program Changes from 2011-13

None.

Agency: Department of Consumer and Business Services, Workers' Compensation Non-Limited Program

Primary Outcome Area: Safety
 Secondary Outcome Area: Economy and Jobs
 Program Contact: John Shilts, 503-947-7551



Executive Summary

The Oregon workers' compensation system is designed to prevent worker injuries and illnesses, ensure that employers provide workers' compensation coverage for their employees, provide treatment and benefits to help injured workers return to work as quickly as possible, and resolve disputes as quickly, fairly, and with as little litigation as possible.

The Department of Consumer and Business Services administers the Self-Insured Employer Adjustment Reserve and the Self-Insured Employer Group Adjustment Reserve that protect the workers in the event the self-insured employer or group becomes insolvent or fails to pay benefits. If a self-insured employer or group becomes insolvent or otherwise defaults on its workers' compensation obligations, benefits for the employer's workers and their beneficiaries are paid out of the applicable fund.

Program Funding Request

Other Fund NL: \$1,478,048

Program Description

The program protects workers and their beneficiaries by providing benefit payments when a self-insured employer becomes insolvent or otherwise defaults on its workers' compensation obligations. The two reserve funds include:

The Self-Insured Employer Adjustment Reserve: The fund pays claim costs when self-insured employers become insolvent.

The Self-Insured Employer Group Adjustment Reserve: The fund pays claim costs when self-insured employer groups become insolvent.

Some of the money paid out is later recovered from self-insured employers' required surety bonds or letters of credit. Reserve funds are needed to pay ongoing medical and disability benefits to an employer's injured workers pending any such recovery, as well as to pay for benefits that exceed any recoveries.

More than 10 percent of Oregon workers are employed by one of the 135 self-insured employers. Montgomery Ward, Mervyns, Pope & Talbot, and Fleetwood Enterprises are a few examples of bankrupt self-insured employers whose workers received benefit payments from the reserves.

Program Justification and Link to 10-Year Outcome

The self-insured reserve funds are regulatory efforts that ensure the safety, soundness, and availability of the labor market. The reserve funds directly relate to regulation that restores workers' physically and financially when the self-insured employer or group becomes insolvent or otherwise defaults benefit payments.

Program Performance

The reserve funds have covered all claim costs between the date a self-insured employer or group defaults on a benefit payment to the date the agency attaches and deposits any security. The director has not increased the self-insured assessment because either fund was inadequate to cover an event of default, and has not transferred money from another account to cover any claim costs paid out of the reserve funds.

Enabling Legislation/Program Authorization

The reserves are established in ORS 656.614, which also grants the director authority to establish assessment rates through administrative rule.

Funding Streams

The following fund the Workers' Compensation Non-Limited Program:

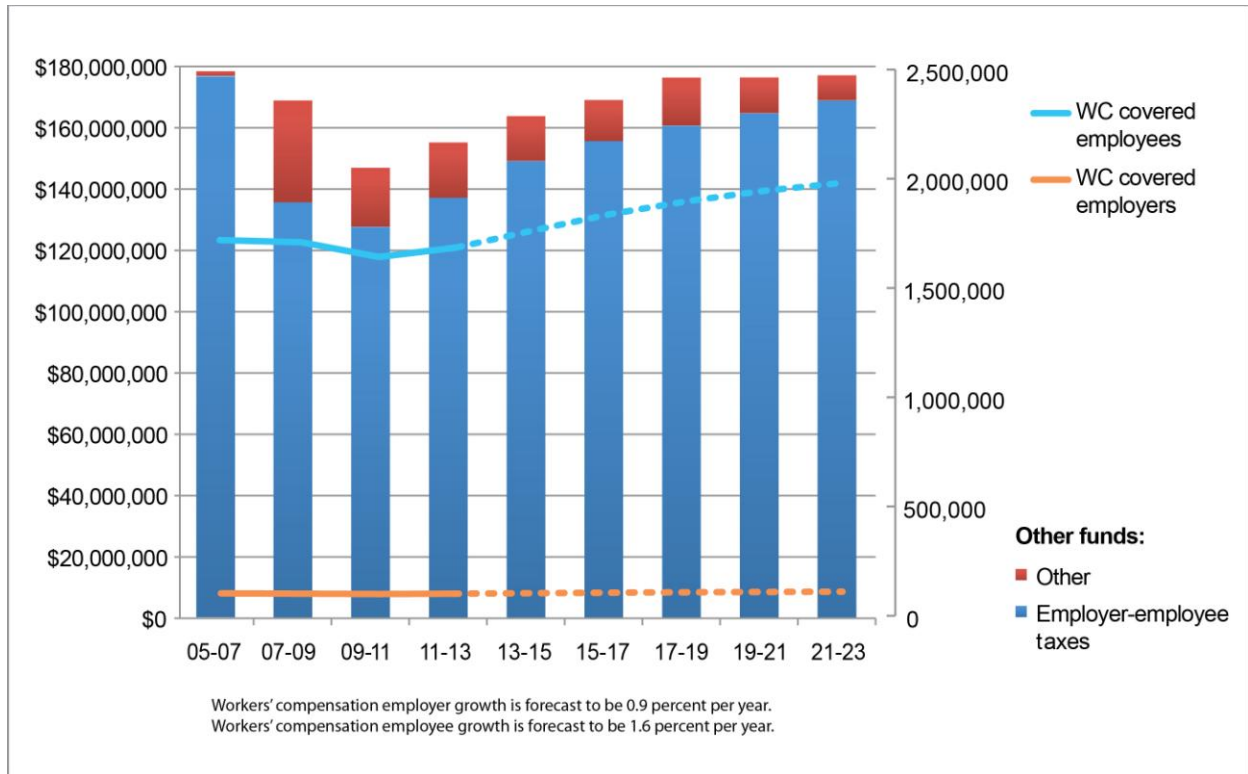
- **100 percent** funded by an assessment paid by self-insured employers and self-insured employer groups based on what their premium costs would be if they purchased private insurance. They also pay a supplemental 0.2 percent assessment into reserve accounts to pay claims in the event of a bankruptcy or default.

Significant Proposed Program Changes from 2011-13

None.

Agency: Department of Consumer and Business Services, Workers' Benefit Fund Program

Primary Outcome Area: Safety
 Secondary Outcome Area: Economy and Jobs
 Program Contact: John Shilts, 503- 947-7551



Executive Summary

The Oregon workers' compensation system is designed to prevent worker injuries and illnesses, ensure that employers provide workers' compensation coverage for their employees, provide treatment and benefits to help injured workers return to work as quickly as possible, and resolve disputes as quickly, fairly, and with as little litigation as possible.

The Workers' Benefit Fund protects the financial safety of workers and employers. The fund pays for income replacement benefits to workers, and pays incentives to employers to return workers to work.

Program Funding Request

Other Fund NL: \$193,278,441

Program Description

The Workers Benefit Fund pays for an array of benefits and incentives to protect both workers and employers' financial safety. The program makes payments for the following statutory programs that deliver financial security to program recipients:

Retroactive Program: The program reimburses insurance companies for adjusting benefit levels in place at the date of injury to reflect changes in cost of living. Insurance companies are responsible for paying claims according to the benefit levels on the date a worker is injured. The program reimburses insurers quarterly for payments made to workers above the amounts legally required to ensure workers receive adequate cost of living adjustments. The payments protect workers by providing adequate financial support.

Reemployment Assistance Program: The program prevents disabling claims, prevents workers from re-injuring themselves when returning to work, and returns workers to work sooner. The program's financial incentives help restore workers to their pre-injury, earning capacity. Employers' financial risk in hiring new employees or retaining workers in another capacity is covered when they bring temporarily and permanently disabled workers back to work. The financial risk is offset by the incentives that pay for compensation premiums for the worker, all claim costs incurred if the worker is reinjured, and other related expenses necessary for the worker to perform the job. Workers who use these programs have repeatedly demonstrated higher return to work rates, work retention rates, and at higher wage recapture than workers eligible for but did not use the programs.

Reopened Claims Program: The program protects workers whose claims are reopened more than five years after the claim was closed. The program reimburses insurance companies quarterly for the medical and income replacement costs incurred when a claim is reopened.

Supplemental Disability: The program fully restores workers financially by providing income replacement benefits when workers lose wages from an employer other than from the job in which the worker was injured. The program directly pays wage-replacement payments to the worker every two weeks, or reimburses insurance companies quarterly for supplemental disability the companies paid to workers.

Oregon Health and Science University – CROET: The program makes statutorily required special payments for research on occupational illness and disease.

Bureau of Labor and Industries: This program provides revenue for investigations relating to discrimination against injured workers.

Workers with Disabilities Program: The program encourages the re-employment of workers with disabilities by supplementing benefits insurers paid to workers who qualify for the program. The program reimburses insurers quarterly for claims involving workers with disabilities when claims costs are more than \$1,000 and pre-existing conditions are a contributing factor. The Legislature discontinued the program, and no new claims have been accepted under the program since May 1990. However, claims incurred before 1990 continue to be paid.

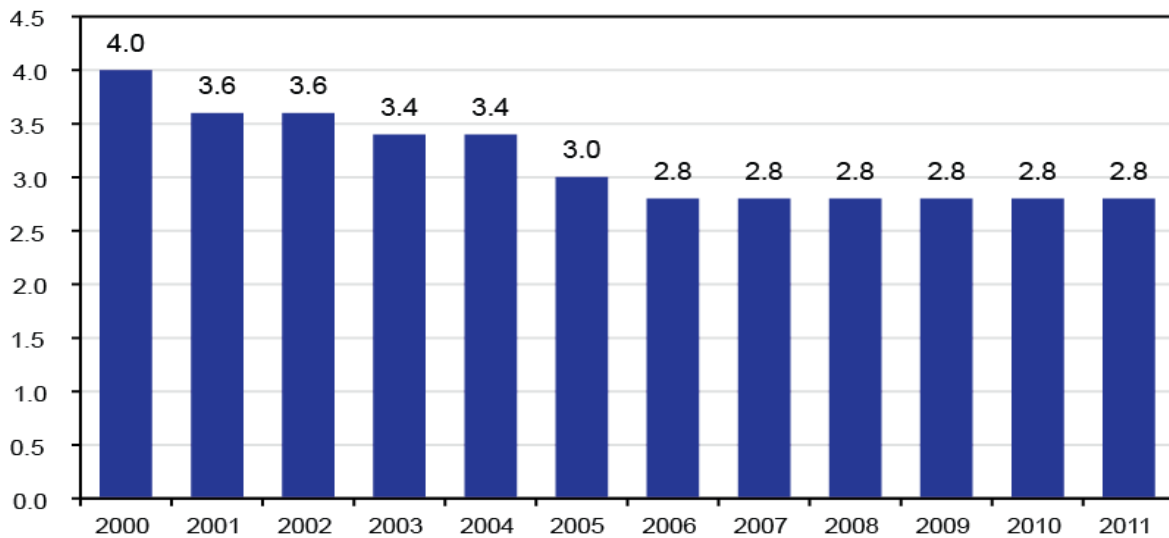
Noncomplying Employer and Rehabilitation programs: The program includes the Noncomplying Employer and Rehabilitation programs. Although the programs reside in the fund, they are not paid out of the fund. The Noncomplying Employer Program is funded through collections from noncomplying employers, interest, and a quarterly transfer from the DCBS Operating Fund's Premium Assessment Operating Account.

Program Justification and Link to 10-Year Outcome

The Workers’ Benefit Fund directly links to the safety strategy outcome (No. 5) because of its focus on injury and disability prevention and remediation. The program helps prevent further disability and income loss through re-employment assistance and replacing income, which provide a financial and capital safety net for workers and employers. Modifying worksites through the program also helps prevent injuries to other employees. Payments made to Oregon Health & Science University (CROET) are used to conduct research to reduce work-related injuries and diseases. Other programs remediate physical and economic limitations workers face in the wake of work-related injuries and diseases.

Program Performance

Workers’ Benefit Fund Assessment Rate, 1987 – 2012



**Worker Benefit Fund Program Expenditures
FY 2011 (dollars); CY 2011 Workload Data (DCBS)**

Type of Reimbursement	Requests	Percent Approved	Total Reimbursed
Workers with Disabilities	199	98.5%	\$727,000
Reemployment Assistance	8,807	98.0%	\$26,200,000
Reopened Claims	778	82.8%	\$4,770,000
Retroactive Reserve	11,019	98.3%	\$51,790,000
Supplemental Disability	867	93.5%	\$820,000
Noncomplying Employer	N/A	N/A	\$5,868,000
CROET	N/A	N/A	\$1,540,000
Bureau of Labor and Industries	N/A	N/A	\$267,000

The department determines whether the workers receiving benefits from insurance companies are eligible for the benefits before being approved. To reduce regulatory burdens on insurance

companies, the department has moved towards a risk-based audit of fund programs. For instance, in the above table, the department will develop methodology to audit reopened claims to determine and improve level of compliance.

Enabling Legislation/Program Authorization

The Workers' Benefit Fund provides funds for a number of programs that help injured workers and employers. HB 2044 (1995) created the fund by combining several workers' compensation existing accounts (*See* ORS 656.506). The fund was established to provide funding for the programs identified above. Funding for Oregon Health & Science University-CROET is specified in ORS 656.630.

Funding Streams

Workers' Benefit Fund is funded by the following:

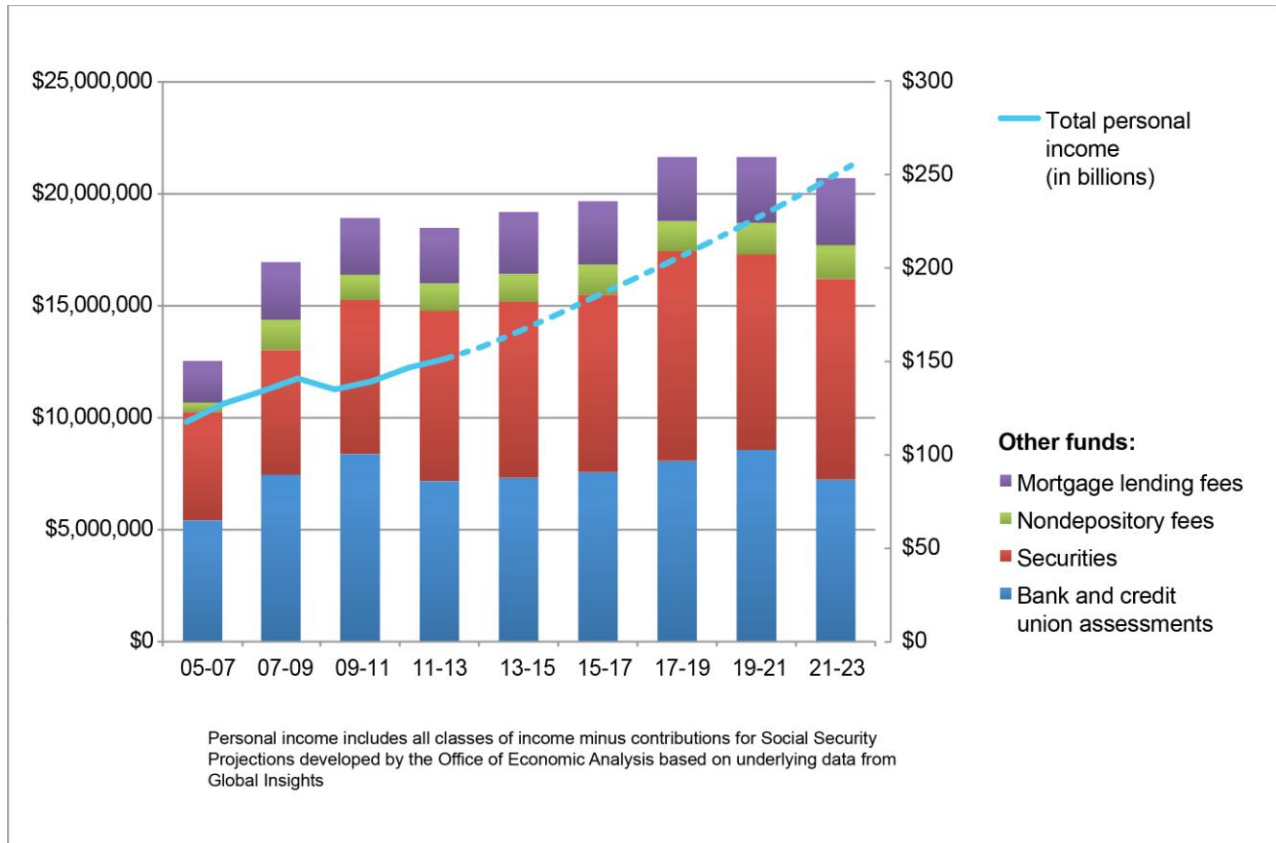
- **88 percent** funded by a cents-per-hour assessment for hours worked, paid equally by employers and employees
- **12 percent** funded by investment income, and civil penalties issued to non-complying employers

Significant Proposed Program Changes from 2011-13

None.

Agency: Department of Consumer and Business Services, Division of Finance and Corporate Securities

Primary Outcome Area: Safety
 Secondary Outcome Area: Economy and Jobs
 Program Contact: David Tatman, 503-947-7475



Executive Summary

The Finance and Corporate Securities program ensures Oregonians’ safety by protecting citizens from fraud, providing information about options for financial services and education about financial risks, and promoting a healthy and sound financial system in the state. The program is charged with supervising state-chartered and state-licensed financial institutions and regulating the sale of securities and financial service providers in Oregon. The program’s purpose is two-fold: to ensure that financial institutions are operated safely and soundly, thereby providing consumer confidence in those institutions and secondly to protect consumers of financial products against fraud and other risks.

Program Funding Request

Other Fund: \$18,112,307
 Other Fund NL: \$650,000

Program Description

The program is charged with direct oversight of Oregon banks and credit unions, securities and mortgage lending, consumer financial products and providing financial education to consumers, all of which contribute to the security of Oregonians' personal finances. Resolving consumer complaints is another key aspect of the program mission that protects citizens from fraud or other unfair practices. More specifically, the regulation provided is focused on the following program areas:

- **Banks and trusts:** Charters and examines state banks and trusts so that Oregonians can rely on their safety and soundness.
- **Credit unions:** Charters and conducts regular examinations of state credit unions so that Oregonians can rely on their safety and soundness.
- **Securities:** Regulates those who sell securities and provide investment advice in Oregon, regulates public offerings of securities, accepts notice filings of federally covered securities in Oregon, and conducts office examinations of licensees with places of business in Oregon. The section also includes the Investor Information Program, which provides investor education and outreach to consumers.
- **Mortgage lending:** Regulates mortgage bankers, mortgage brokers, and loan originators, as well as manufactured structure dealers. This program has a consumer outreach and education program, which provides information to the public, homeowners, and homebuyers.
- **Nondepository programs:** Regulates several types of financial services and businesses, such as consumer finance companies, payday and title lenders, pawnbrokers, money transmitters, check cashers, collection agencies, debt management service providers, prearranged funeral trusts, and endowment care cemeteries.
- **Enforcement:** Investigates and takes administrative, civil, and criminal enforcement actions in cases involving securities fraud, mortgage lending violations, and violations of law in any of the diverse program areas. This unit also responds to complaints related to violations of the Oregon Identity Theft Protection Act.

Standards for compliance and meeting statutory standards are set in conjunction with federal and national best practices. Despite the current economy, the long-term goal is to ensure more than 85 percent of financial services businesses meet or exceed a "satisfactory" level.

Cost drivers for the program's operation include size, complexity, and financial condition of the institution or licensee. Generally, declining economic conditions will increase the workload of the program to ensure the entities remain safe and sound. If a state does not provide adequate regulation, federal regulators could assume bank and credit union examination responsibility or depository entities could elect to move to a federal or other state charter or license for some of the program functions. The lack of a state option would reduce the variety and options for Oregon businesses and consumers. It would also result in less responsiveness and a significant reduction in outreach and consumer protection for Oregonians.

Program Justification and Link to 10-Year Outcome

There is a direct link between regulation of financial services and the safety policy vision (Strategy No. 5). Through the program's consumer education, advocacy, and regulatory efforts, Oregonians are able to rely upon the safety and soundness of the financial institutions they work

with and to know there is an array of financial products available that are safe and sound and meet consumer protection standards.

Oregon consumers and businesses are provided safe and sound financial products through effective regulation and enforcement. Part of the program's mission is direct oversight of a wide variety of financial services to protect consumers, ensure compliance with laws and rules, and to promote Oregonians' confidence in these industries. The program emphasizes timely enforcement to prevent fraudulent practices, which also protects consumers. By working to resolve consumer complaints and pursue independent investigations, Oregonians avoid being victims of unfair practices and dishonest activities. Citizens are also empowered to protect their investments and make sound financial decisions through the program's education and outreach efforts.

Program Performance

A key measure of the program's performance would be to determine how many institutions are closed each year, while factoring out the impact of local and regional economic downturns. For instance, during the recent economic downturn a significant number of banks failed. However, the economic downturn did not hit all regions of the country equally. Over the past four years, areas like Nevada and Arizona were particularly hard-hit because of the steep economic downturn due to the housing boom and bust in those areas. Likewise, few or no bank failures would have occurred in Montana, and North Dakota because of the on going strength of the farm and energy fields.

This measure would attempt to measure the number of bank failures in a state while factoring out the impact of the economy. If the economic factors can be eliminated, what is left is the impact of banking regulation on the health and strength of the bank industry. For example, a similar percentage of banks being closed in Oregon and Washington in any given year is expected, if the quality of regulation is consistent between the states.

While all anomalies and differences in each state cannot be completely be eliminated when making comparisons, those factors should balance out over time and the comparison between state trends should accurately reflect that impact of state regulation over time.

However, the program has not developed the necessary economic filter to ensure that institutional failure rates are an accurate measure of effective regulation. In the mean time, the program will continue to use several proxy measures to evaluate its effectiveness.

The percentage of financial institutions or mortgage lenders rated satisfactory or higher on their risk-based examination is one measure that demonstrates financial health and compliance. During the current economic crisis, the condition of financial entities (mainly driven by state banks) dropped from 91 percent in 2007, to a low of 58 percent in 2010. However, the condition of Oregon's banks is improving and the percentage of entities rated as satisfactory was 65 percent for fiscal year 2011.

Other metrics for the programs highlight the timeliness and quality of the services provided by the program. They measure timeliness for key activities (97 percent in FY 2011), the percentage

of transactions completed electronically (70 percent in 2011), and the rating for customer service (97 percent rate as “good” or “excellent” in FY 2011).

The program continues to work closely with other state agencies and nonprofit housing counselors to help Oregonians facing mortgage foreclosure, by identifying and publicizing counseling and other resources and conducting foreclosure prevention workshops around the state. More than 110 outreach presentations in 2011 highlighted fraud-prevention and consumer protection information related to mortgage lending, financial fraud and abuse, securities, and identity theft.

Enabling Legislation/Program Authorization

The Oregon Revised Statutes identified below authorize the various parts of the Finance and Corporate Securities program.

Program	ORS Chapter	Program	ORS Chapter
Banks and Trusts	705-716	Identity Theft	646A
Check Cashers	697	Manufactured Structure Dealer	446
Credit Unions	723	Money Transmitters	717
Collection Agencies	697	Mortgage Lenders	86A
Consumer Finance - Conventional	725	Pawnbroker	726
Consumer Finance - Short Term/Payday	725A	Preneed Funeral Trusts	97
Debt Management Service Providers	697	Securities	59

Funding Streams

The following fund the Finance and Corporate Securities program:

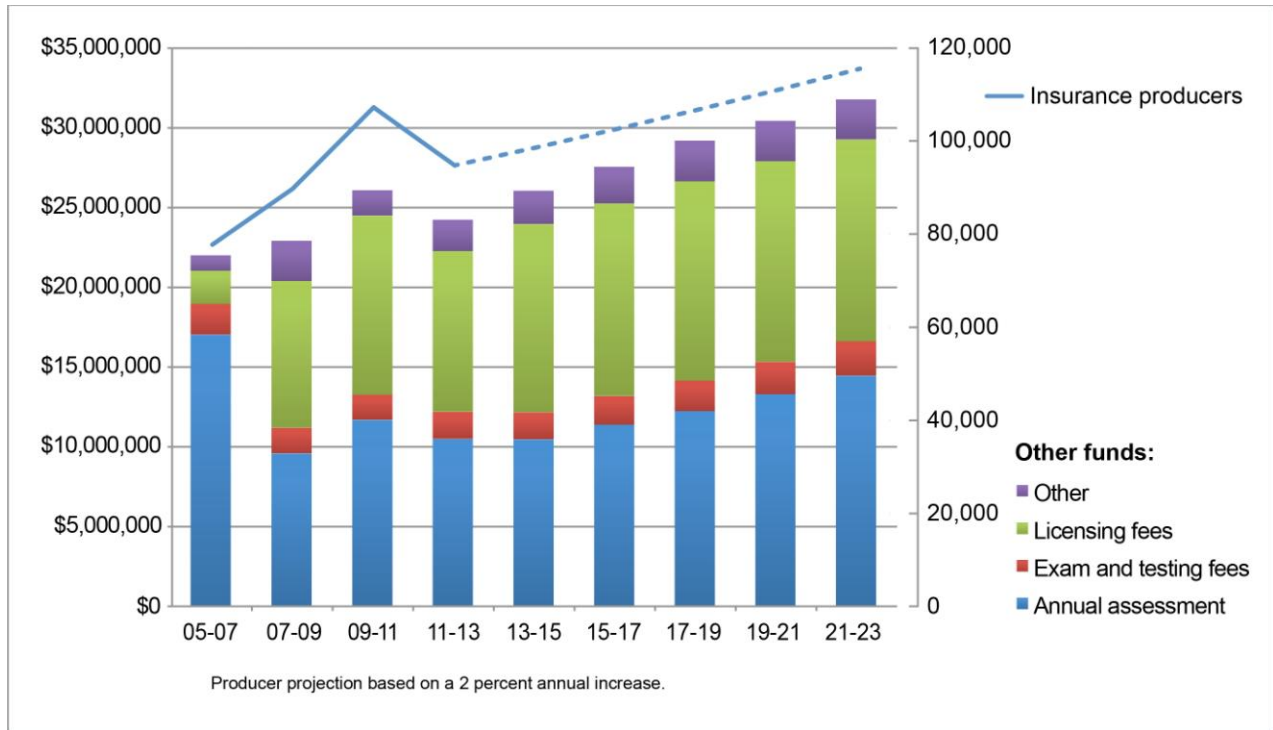
- **40 percent** funded by licensing and examination of state-chartered banks and credit unions
- **41 percent** funded by licensing fees charged to securities brokers
- **13 percent** funded by licensing fees charged to mortgage brokers and bankers

Significant Proposed Program Changes from 2011-13

None.

Agency: Department of Consumer and Business Services,
Insurance Division

Primary Outcome Area: Safety
 Secondary Outcome Area: Economy and Jobs
 Program Contact: Lou Savage, 503-947-7200



Executive Summary

The Oregon Department of Consumer and Business Services’ insurance regulatory program helps assure Oregonians’ financial safety by ensuring the soundness of insurers, the fair treatment of consumers, and the affordability and availability of insurance products.

Program Funding Request

Other Fund: \$23,242,066
 Federal Fund: \$1,531,737

Program Description

The insurance program regulates the insurance industry to protect and empower consumers and to foster a strong marketplace and efficient oversight of the industry. This is accomplished by:

- Licensing insurance companies, producers (agents), adjusters, and consultants to ensure that they understand Oregon law and the products they sell.
- Reviewing complex insurance products to make sure Oregonians are not taken advantage of by unclear or unfair language and to ensure that policies include required benefits and comply with insurance laws.
- Analyzing insurance rate requests in some markets to protect the most vulnerable Oregonians from excessive or unnecessary rate increases and by promoting transparency and understanding of rate setting and the factors that drive health insurance costs.
- Monitoring the financial health of Oregon's insurance companies by making sure they can pay the claims of Oregonians today and tomorrow.
- Resolving consumer complaints against insurance companies and agents, staffing a hotline to answer insurance questions, educating the public about key insurance issues, and advocating for reforms to address common consumer problems.
- Investigating potential violations of laws and rules to protect Oregonians from fraudulent or deceptive practices and from being sold complex insurance products that are not suitable for their situation.

Insurance is regulated at the state level and has a strong history of consumer protection. The program's state-specific consumer protection and market regulation work includes in-depth financial analysis of Oregon-based insurance companies, licensing of agents and agencies and authorization of corporations to sell insurance in Oregon, investigations of potential insurance law violations, complaint resolution, and development of insurance policy. All of this work is done in partnership with members of the insurance industry, regulators at the federal level, and numerous consumer advocacy organizations across the state and country.

Program Justification and Link to 10-Year Outcome

The work of the insurance regulatory program ties directly to the safety policy vision (Strategy No. 5).

Every facet of the program's work, from receiving consumer complaints to monitoring rate requests to conducting market examinations, is an effort to "protect citizens from abuse, fraud, and deception in the marketplace." These efforts feed into an overall sense of community and feeling of security. For example, the division's Senior Health Insurance Benefits Administration (SHIBA) program counsels thousands of seniors annually about their Medicare benefits, an often complicated, yet important, life decision relating to financial well-being.

A strong consumer protection and compliance focus creates a stronger, more competitive, and more effective marketplace, targeting job creation, innovation, and capital investment. The Insurance program's regulatory oversight helps ensure financially strong insurance companies, legal and competitive insurance products, and savvy customers who better understand how to choose and use their insurance investments.

Program Performance

The program's performance is measured by such metrics as how many complaints it resolves for Oregon consumers, how many companies and agents it licenses, the amount of money it recovers in benefits for Oregon's families, and the number of financial examinations it conducts.

This first chart demonstrates the number of licenses issued to insurance producers, the number of companies authorized to do business, and the number of insurance product filings rate analysts review to ensure compliance with Oregon law. The bottom row demonstrates the dollar amount of insurance premiums written in Oregon, which illustrates the industry's influence on Oregon's economy.

	2006	2007	2008	2009	2010	2011
Division FTE	92	90	90	95.5	99.5	99.5
Licensed Producers	71,406	83,082	96,355	101,375	113,038	93,811
Authorized Companies	1,465	1,422	1,438	1,448	1,441	1,426
Policy Rates & Forms	41,292	37,292	42,949	39,964	46,463	58,876
Premiums Written	\$16.2 billion	\$17.4 billion	\$17.9 billion	\$ 17.7 billion	\$17.2 billion	\$17.5 billion

The table below demonstrates how the insurance program protects consumers as they navigate the insurance market. The program helps consumers by resolving complaints, recovering benefits, completing investigations, carrying out legal actions against companies and individuals who violate the law, and conducting financial examinations. These functions help some of Oregon's most vulnerable populations while also promoting a strong and effective market.

	Number of consumer complaints resolved	Dollar amount of recovered benefits	Number of phone calls and inquiries	Number of closed investigations	Number of enforcement actions
2006	3,767	3,997,665	14,224	521	120
2007	3,870	1,793,125	16,484	565	74
2008	3,811	1,995,885	14,872	735	68
2009	3,777	1,497,192	17,185	948	90
2010	3,565	2,158,214	18,059	1,013	93
2011	3,400	1,543,485	15,628	1,070	56

	Dollar amount of civil penalties collected	Number of counseling sessions provided by SHIBA	Number of financial examinations conducted	Per \$100 of premium paid
2006	\$484,136	19,675	9	\$.048
2007	\$1,405,546	18,949	12	\$.048
2008	\$728,469	19,744	14	\$.050
2009	\$509,343.75	20,487	17	\$.051
2010	\$363,237	20,523	11	\$.053
2011	1,391,800	24,893	17	\$.053

Enabling Legislation/Program Authorization

Program	ORS Chapter
Insurance	731-735, 737, 741-743, 743A, 744, 746, 748, 750 & 752
Service Contracts	646A
Vehicle Protection Product Warranties	646A
Portable Electronics Insurance	646A

Funding Streams

The following fund insurance regulatory program:

- **43 percent** assessments paid by insurance companies authorized to conduct business in the state
- **42 percent** funded by licensing fees paid by insurance companies and agents
- **7 percent** testing fees and insurance company examination billings
- **8 percent** funded by a grant from the U.S. Centers for Medicare and Medicaid for Senior Health Insurance Benefit Assistance, investment income, and civil penalties

Note: In addition to operating funds, the insurance regulatory program collects and transfers to other programs/agencies:

Oregon Health Authority (Healthy Kids Program): \$113 million

Oregon State Police, Fire Marshal: \$19 million

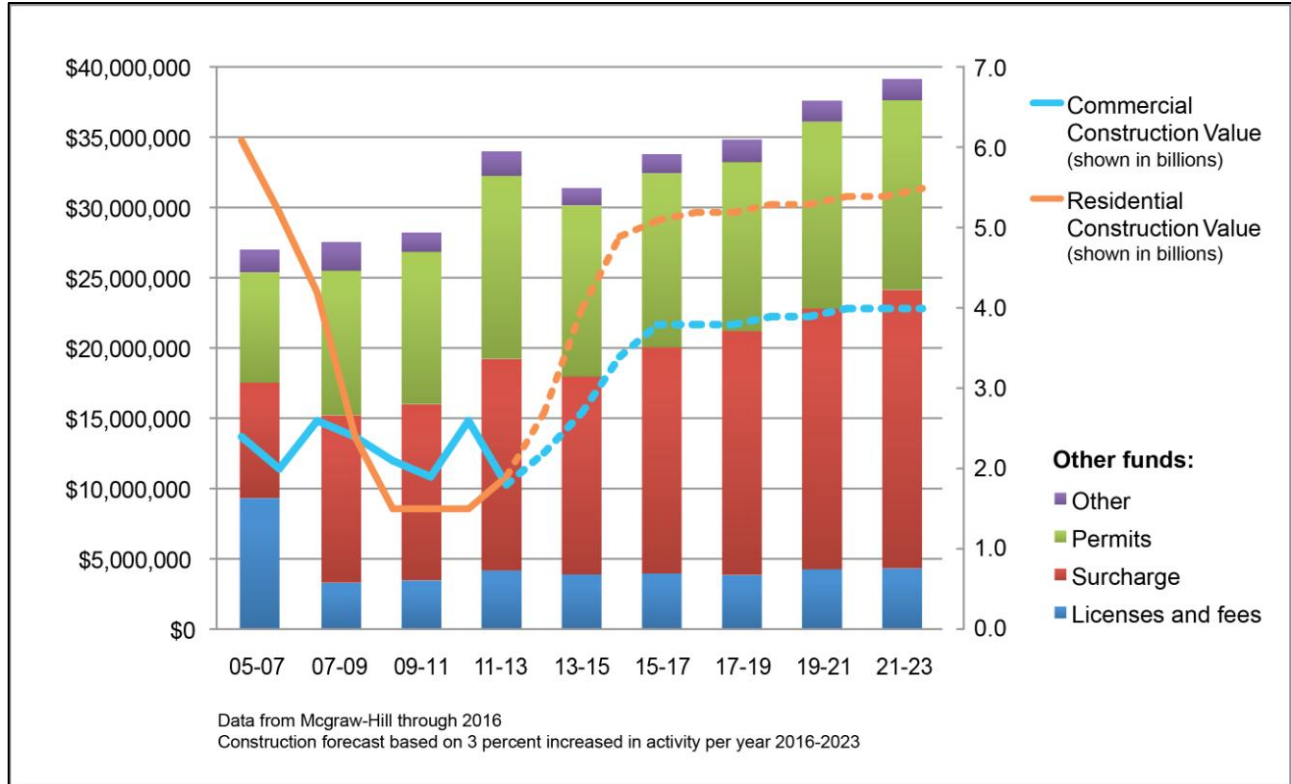
General Fund: \$102 million

Significant Proposed Program Changes from 2011-13

None.

Agency: Department of Consumer and Business Services,
Building Codes Division

Primary Outcome Area: Safety
 Secondary Outcome Area: Economy and Jobs
 Program Contact: Mark Long, 503-373-7235



Executive Summary

The building safety program adopts construction codes for 13 specialty areas, licenses trade workers and businesses, and oversees a statewide inspection system to protect property and building occupants from electrical shock, waterborne diseases, collapse, and other disastrous conditions. The program also safeguards Oregonians’ investment in buildings and structures by ensuring energy efficiency, use of appropriate construction technology, and other elements that assure building performance. The program assures statewide minimum standards and consistency through use of a single code throughout Oregon in partnership with cities and counties which administer the code.

Program Funding Request

Other Funds: \$31,363,490
 Other Funds NL: \$592,444

Program Description

The building safety program develops, maintains, and administers a set of statewide, uniform building codes that provide minimum safeguards for health, safety, welfare, and security for individuals residing in or occupying buildings.

Building safety in Oregon is accomplished by the following:

- Adopting building codes with the advice of seven statutory boards that provide the minimum level of safety in all areas of Oregon. No city or county may require a construction standard that differs from the state established standard.
- Licensing trade workers, subcontractors, and municipal building inspectors to ensure a knowledgeable and proficient workforce.
- Requiring permits and inspections to ensure workers, businesses, and consumers achieve adopted performance standards.
- Enforcement of unsafe or dangerous conditions, monitoring business licensing and trade worker regulatory requirements, and ensuring a uniform regulatory environment exists for building construction.
- Establishing training and education requirements to ensure businesses, individuals, and building inspectors are knowledgeable on new technology, new design standards, and building codes requirements while achieving a consistent, uniform regulatory environment.

In Oregon, building codes are set and enforced at the state level to ensure a minimum level of safety in all areas of the state and a uniform regulatory environment for businesses, the general public, and contractors. Training is also provided to ensure consistency. With the help of seven boards representing specialty areas of construction, Oregon building safety programs achieve public safety while providing a single point of contact for the construction industry and consumers to address statewide public safety and building performance concerns.

Program Justification and Link to 10-Year Outcome

The primary focus of the building safety program is the protection of individuals occupying homes, businesses, and institutions in Oregon.

A sound construction industry provides reasonable safeguards to the public by helping predict and avoid damage to property and life in the event of high winds, floods, earthquakes, fires, or other disasters. Commitment to building safety also creates more durable and sustainable communities by protecting consumers from the potentially high cost of property damage due to moisture intrusion and other construction defects and by encouraging use of new technologies related to energy conservation and sustainable construction. Contractors, designers, and inspectors that work in a statewide, uniform regulatory environment are generally more knowledgeable and proficient at ensuring public safety and a stronger, more competitive construction market is the result.

Program Performance

Building safety inspection in Oregon is carried out through a mix of state and local government services. The table below combines data for services provided exclusively by the state and for local government provided services. Oregon ranks third nationally in the effectiveness of building department programs according to the Insurance Services Organization (ISO) rating of state and local building departments. The national ISO survey analyzes, as one of many factors, the effectiveness of programs to help insurance companies establish rates. Oregon ranks eighth in the nation for residential property insurance cost.

Cost of state policy setting & inspections compared to the value of construction

Total Revenue and Construction Value	2007	2008	2009	2010	2011
State Costs	\$19,092,697	\$18,215,137	\$15,556,957	\$14,319,600	\$16,418,692
Residential and Commercial Construction value (thousands)	\$6,834,039	\$4,763,013	\$3,579,539	\$3,367,819	\$3,998,094
Total percent of state cost to residential and commercial construction in Oregon	0.28%	0.38%	0.43%	0.43%	0.41%

Customers/projects served thru state and local inspections

Total permits issued statewide	2007	2008	2009	2010	2011
Permits issued	163,427	192,670	192,903	159,547	178,909

Enforcement cases reported to the state for residential/commercial construction

Total enforcement cases	2007	2008	2009	2010	2011
Enforcement cases	383	321	350	315	258

Trade workers licensed statewide

Total active licenses	2007	2008	2009	2010	2011
Licenses issued	42,152	41,317	42,086	41,349	39,083

Enabling Legislation/Program Authorization

ORS 455.020

Funding Streams

The following fund the building safety program:

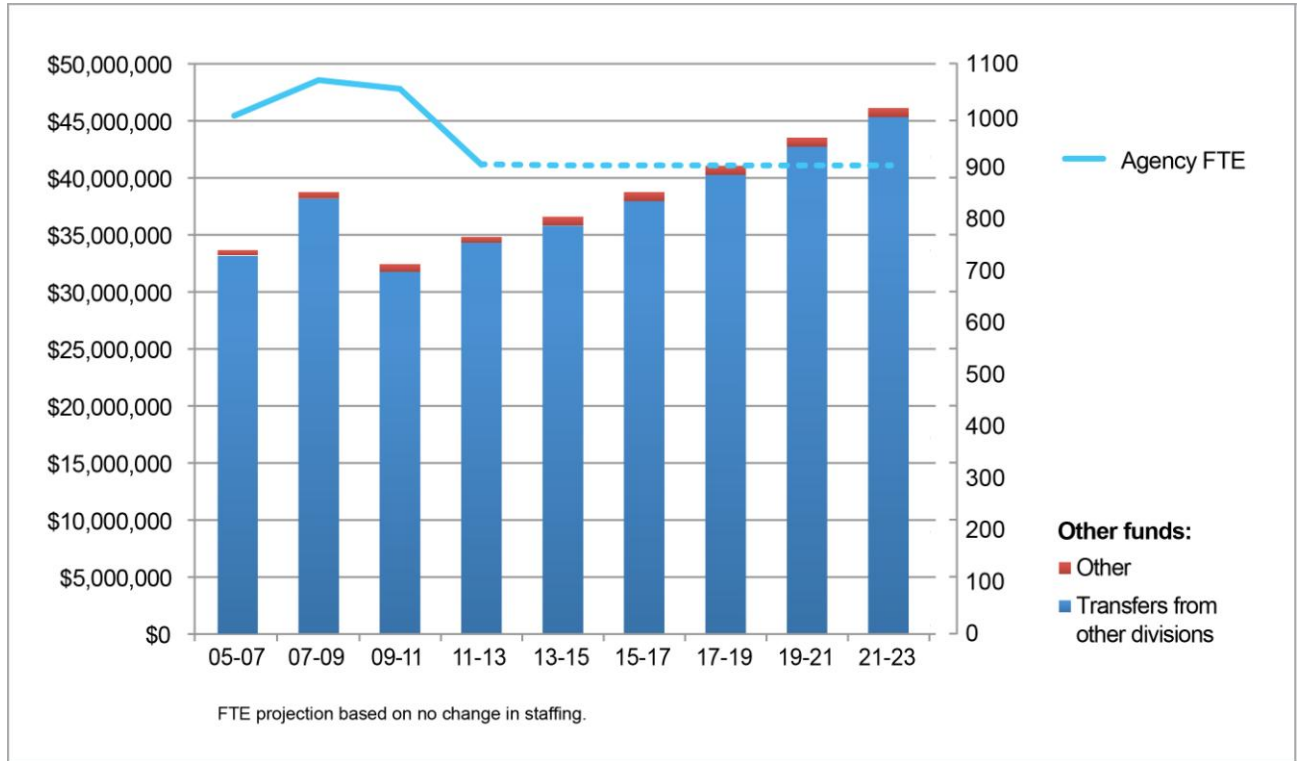
- **38 percent** funded by building permits
- **12 percent** funded by licensing trade professionals and inspection fees
- **44 percent** funded by surcharges on permit fees, including those collected by local jurisdictions that have assumed responsibility for code administration and enforcement
- **6 percent** funded by investment income and civil penalties for violations of the statewide building code

Significant Proposed Program Changes from 2011-13

None.

Agency: Department of Consumer and Business Services, Shared Services

Primary Outcome Area: Safety
 Secondary Outcome Area: Economy and Jobs
 Program Contact: Patrick Allen, 503-378-4100



Executive Summary

The Department of Consumer and Business Services includes a variety of diverse programs, offices, and boards, all of which share the common goal of protecting Oregon consumers and ensuring the health and safety of workers while supporting a positive business climate in the state. Shared Services helps DCBS achieve that safety-focused mission by providing specialized services, such as information technology, financial management, human resources, and communications. Having centralized functions is more cost effective, increases department accountability, and enables all DCBS programs and divisions to share resources and expertise toward a common goal.

Program Funding Request

Other Fund: \$36,826,137
 Other Fund NL: \$257,956

Program Description

The Director's Office provides department leadership. The director and deputy director offer general supervision for DCBS programs and divisions, as well as policy direction for the department. Included in the Director's Office are the Public Information and Communications Section, the Multicultural Communications Program, Employee Services, an internal auditor, and a senior policy advisor.

DCBS Shared Services also includes Fiscal and Business Services and the Information Management Division. Fiscal and Business Services ensures the sound fiscal management of the department and provides accounting, budgeting, collections, and purchasing services to DCBS divisions. The Information Management Division provides timely, high-quality research and technology to DCBS divisions to help them achieve their missions. Technology and research play a key role in effective regulation, and divisions rely on the Information Management Division to support critical projects.

Employee Services provides personnel services to DCBS managers and employees to ensure effective job performance, workplace safety, appropriate work conduct, workforce training and development, and the capacity to meet evolving organizational needs. It also provides mail, facilities management, and property control services for the department.

Program Justification and Link to 10-Year Outcome

By centralizing Shared Services functions, program areas can focus on achieving the department's mission through program delivery while expertise and other efficiencies followed by specialization and standardization reduce costs through economies of scale.

Program Performance

Shared Services supports critical projects and allows the agency to carry out its regulatory functions and mission. The chart below illustrates how many employees are supported, the statutory fees, and the varied programs that lead to consumer protection and safety.

Shared Services			
Number of DCBS Employees			
2007-2009 LAB	2009-2011 LAB	2011-2013 LAB	2013-2015 CSL
1081	1073	935	928
Number of statutory DCBS Programs			
2007-2009 LAB	2009-2011 LAB	2011-2013 LAB	2013-2015 CSL
39	36	35	35
Statutory fees the department administers			
2007-2009 LAB	2009-2011 LAB	2011-2013 LAB	2013-2015 CSL
548	550	537	537

Enabling Legislation/Program Authorization

ORS 705 governs the Department of Consumer and Business Services.

Funding Streams

Shared Services is funded by the following:

- **100 percent** funded by revenue transfers from areas of the department served based on the cost of services provided, and a grant from the U.S. Department of Labor to conduct an annual survey of work-related injuries and illnesses and to collect data on fatal occupational injuries

Significant Proposed Program Changes from 2011-13

None.

New Hires

EFF DATE	DIV	EMPLOYEE	SR	STEP	REPR	CLASS	ACTION	JUSTIFICATION
7/1/11	BCD	Heizer, Mark R.	n/a	n/a	MMN	X0873	lateral transfer - no change in salary	
7/1/11	INS	Marshall, Lynn Godley	17	1	OA	C0107	promotion - 1 step increase from previous salary	
7/1/11	DFCS	McGovern, Ann M.	n/a	n/a	OA	C0104	lateral transfer - no change in salary	
7/1/11	INS	Shaw, Dawn Alyn	n/a	n/a	OA	C0324	lateral transfer - no change in salary	
7/1/11	BCD	Simmons, Andrea Faye	n/a	n/a	MMN	X0873	lateral transfer - no change in salary	
7/1/11	BCD	Teverbaugh, Aeron M.	n/a	n/a	MMN	X0873	lateral transfer - no change in salary	
7/5/11	WCD	Barber, Charlene Rae	17	2	OA	C0107	reemployment	
7/11/11	WCD	Allen, Linda K.	25	1	OA	C5247	new hire	
7/11/11	WCD	Morrell, Kimberley Renee	25	7	OA	C5247	promotion - 1 step increase from previous salary	
7/11/11	WCD	Moz, Roy M.	25	1	OA	C5247	transfer in from Employment	
7/11/11	DFCS	Rothenfluch, Anthony E.	26	4	OA	C5671	new hire	exceptional qualifications
7/11/11	IMD	Wheeler, Sandra Caudillo	33X	9	MMS	X7008	lateral transfer in from Forestry - no change in salary	
7/15/11	INS	Delikat, Donna F.	27	1	OA	C0861	promotion	
7/18/11	INS	Stoyer, Rhett Bodean	n/a	n/a	OA	C0118	lateral transfer - no change in salary	
7/18/11	DFCS	Tucker, Linda L.	19	2	MESN	Z0119	new hire	
7/19/11	BCD	Burns, Laura Lea	15	2	AT	C0104	new hire	
7/21/11	OSHA	Duhon, Arthur R.	n/a	n/a	OA	C5710	return from demotion in lieu of layoff - no change in salary	
7/21/11	WCD	Larsen, Christine E.	33X	6	MESN	Z7008	new hire	exceptional qualifications
7/21/11	BCD	Teverbaugh, Aeron M.	n/a	n/a	AT	C0872	voluntary demotion - no change in salary	
7/25/11	DFCS	Nunn, Lance Michael	27	6	OA	C5676	new hire	exceptional qualifications
7/25/11	INS	Sample, Tashia Marie	19	1	OA	C0104	new hire	
7/27/11	FABS	Kosmoski, Linda J	19	9	AT	C0212	voluntary demotion transfer in from Housing - previous salary higher than new SR, so placed at top step	
7/29/11	BCD	Rocco, Anthony J.	26	2	AT	C5433	new hire	
8/1/11	INS	Sink, Michael D.	32	7	MMN	X1190	new hire	recruitment difficulties, exceptional qualifications
8/8/11	WCB	Perez, Roberta S.	15	3	OA	C0104	new hire	

New Hires

EFF DATE	DIV	EMPLOYEE	SR	STEP	REPR	CLASS	ACTION	JUSTIFICATION
8/15/11	FABS	McClain, Teri Lynn	19	1	OA	C0212	transfer in from Treasury	
8/15/11	WCD	Shaw, Catherine C.	19	6	OA	C0324	promotion - 1 step increase from previous salary	
8/22/11	WCD	Nabb, Barbara L.	n/a	n/a	OA	C0324	lateral transfer - no change in salary	
8/29/11	WCD	O'Berg, Kelly Owen	25	2	OA	C5247	return of employee to higher SR	
9/2/11	BCD	Mott, Christopher Earl	17	1	AT	C0107	promotion	
9/6/11	INS	Ueoka, Miles B	31X	8	MMS	X7006	new hire	exceptional qualifications
9/8/11	OSHA	Swanson, Tawnya Lee	21	7	OA	C2511	return from demotion in lieu of layoff - return to former salary	
9/8/11	WCD	Wadsworth, Amy	23	5	OA	C0860	return from demotion in lieu of layoff - no change in salary	
9/12/11	INS	Keith, Debra Ann	15	1	OA	C0104	new hire	
9/12/11	BCD	Shamberger, Heidi Serena	29	1	OA	C1486	promotion	
9/15/11	OSHA	Boehmer, Nancy R.	23	off step	OA	C1243	voluntary demotion transfer in from Housing & Community Services - no change in salary; off step due to repr change	
9/19/11	IMD	Cunningham, Andrew J.	25	7	OA	C1484	new hire	exceptional qualifications
9/20/11	FABS	Baker, Ra Nae Sue	n/a	n/a	OA	C0212	lateral transfer - no change in salary	
9/26/11	WCD	Murray, Misty Dawn	15	1	OA	C0104	reemployment	
9/26/11	DFCS	Pounds, Van Mitchell	23X	5	MMS	X7008	new hire	exceptional qualifications
9/26/11	INS	Ricketts, Denise Kay	15	1	OA	C0104	reemployment	
9/26/11	FABS	Waite, Shawn Nicole	33X	3	MESN	Z7008	voluntary demotion transfer in from DHS - no change in salary	
10/1/11	BCD	Laubsch, Judith S.	12	1	AT	C0103	retiree appointment	
10/7/11	FABS	Goodell, Karma Christine	17	1	OA	C0211	new hire	
10/10/11	BCD	Salmon, Brett D.	30	4	AT	C0872	new hire	
10/17/11	OSHA	Bozicevic, Tomislav	29	1	OA	C5711	promotion	
10/17/11	DFCS	Winters, Lauren	32	1	MMN	X0873	promotion	
10/24/11	DIR	Conrad, Ronald Jay	23	9	OA	C2512	lateral transfer in from DAS - no change in salary	
10/24/11	WCD	Watson, Terry A.	25	2	OA	C5248	new hire	
10/31/11	IMD	LoBue, Vicky Marie	15	2	OA	C0104	new hire	
10/31/11	DIR	Van de Water, Susan B.	31X	6	MMS	X7006	new hire	exceptional qualifications

New Hires

EFF DATE	DIV	EMPLOYEE	SR	STEP	REPR	CLASS	ACTION	JUSTIFICATION
11/1/11	BCD	Bennett, Ryan E.	26	9	AT	C5355	new hire	recruitment difficulties, exceptional qualifications
11/2/11	BCD	Wiggins, Becky L.	15	1	AT	C0104	transfer in from Employment	
11/7/11	BCD	Hickman, Donald Eric	25	9	AT	C5342	new hire	exceptional qualifications
11/7/11	DIR	Prichard, Pamela L.	27	off step	MMN	X1339	lateral transfer in from DHS - no change in salary; off step due to repr change	
11/8/11	FABS	Lutz, Brent L.	27	1	OA	C0437	transfer in from OSP	
11/29/11	FABS	Goodell, Karma Christine	17	1	OA	C0211	reemployment	
11/29/11	INS	Jeffries, Kevin P.	30	4	MMN	X0872	reemployment	
12/1/11	INS	Rushcamp, Dianne L.	27	1	OA	C0861	promotion	
12/1/11	OSHA	Stapleton, Renee Megan	28X	off step	MMS	X7004	voluntary demotion - no change in salary; off step due to repr change	
12/5/11	WCD	Forty, Joyce Marie	29	2	OA	C5248	return from demotion in lieu of layoff	
12/12/11	DIR	Allen, Patrick Michael	42X	8	MEAH	Z7016	promotion	appointed by Governor
12/12/11	BCD	Harra, Scott L.	35X	9	MESN	Z7010	voluntary demotion - previous salary higher than new SR, so placed at top step	
12/12/11	DFCS	Powell, Dennis Lee	30	7	MMS	X5677	new hire	recruitment difficulties, exceptional qualifications
12/13/11	BCD	Culpovich, Sandra Y.	19	8	AT	C0212	promotion - 1 step increase from previous salary	
12/14/11	DFCS	Rothenfluch, Anthony E.	32	1	OA	C1547	promotion	
12/19/11	BCD	Jarose, Steven Wayne Sr.	27	2	AT	C5353	new hire	
12/27/11	WCD	Kobold, Michelle L.	17	4	OA	C0107	new hire	
12/27/11	BCD	Rabe, Linda E.	26	3	MESN	Z0833	promotional transfer in from Energy - 1 step increase from previous salary	
12/30/11	BCD	Kelly, Deyette Denise	30	2	AT	C0872	new hire	
1/4/12	OSHA	Heverly, Janette-Suzanne	27	1	OA	C5710	new hire	
2/1/12	DFCS	Hansen, William H.	26	9	OA	C5235	demotion - previous salary higher than new SR, so placed at top step	
3/20/12	BCD	Huntington, Chris S.	35X	1	MESN	Z7010	promotion	
3/26/12	DFCS	Rose, Brian Alan	30	4	OA	C5677	new hire	
4/2/12	BCD	Warneka, Ed L.	n/a	n/a	AT	C5342	lateral transfer - no change in salary	

New Hires

EFF DATE	DIV	EMPLOYEE	SR	STEP	REPR	CLASS	ACTION	JUSTIFICATION
4/3/12	BCD	Simmons, Andrea Faye	33X	9	MESN	Z7008	promotion - 1 step increase from previous salary	
4/16/12	WCB	Harlow, Penny Ann	12	2	OA	C0103	return from demotion in lieu of layoff	
4/23/12	WCD	Bowser, Tamera Ann	n/a	n/a	OA	C0324	lateral transfer - no change in salary	
5/1/12	OSHA	Barrett, Steven D.	29	2	OA	C5711	promotion	
5/1/12	BCD	Fogue, Andrea J.	n/a	n/a	MESN	Z7008	lateral transfer - no change in salary	
5/1/12	DFCS	Hansen, William H.	n/a	n/a	OA	C5235	lateral transfer - no change in salary	
5/1/12	DIR	Straight, Jeanine Marie	40X	8	MESN	Z7014	promotional transfer in from OYA - 1 step increase from previous salary	
5/1/12	OSHA	Sullivan, Markus Paul	29	2	OA	C5711	promotion	
5/2/12	OSHA	Green, Jeffrey A.	n/a	n/a	OA	C5706	lateral transfer - no change in salary	
5/9/12	WCB	Anderson, Joyce A.	17	7	OA	C0110	reemployment - return to previous salary	
5/14/12	INS	Bertels, Jennifer Elaine	29	1	OA	C5248	promotion	
5/14/12	IMD	Nelson, Brian T.	31	1	OA	C1487	promotion	
5/15/12	IMD	Isaac, Michael R.	31	4	OA	C1487	new hire	
5/15/12	WCD	Munson, Sandra L.	n/a	n/a	OA	C0104	lateral transfer - no change in salary	
5/21/12	WCD	Buchanan, Shawna R.	n/a	n/a	OA	C0104	lateral transfer - no change in salary	
5/21/12	INS	LeBelle, Jennifer Lynn	n/a	n/a	OA	C5233	lateral transfer in from DHS - no change in salary	
5/30/12	INS	Schopf, Michael Dale	30	1	MMN	X0872	reemployment	
6/1/12	INS	Savage, Louis David	38X	7	MESN	Z7012	promotion - 1 step increase from previous salary	
6/11/12	OSHA	Cram, Daniel Leroy	29	2	OA	C5711	promotion	
6/11/12	BCD	Morter, Harold Michael	30	9	AT	C0872	reassignment lower - previous salary higher than new SR, so placed at top step	
6/11/12	INS	Newell, Cecelia M.	30	4	MMN	X0872	promotion - 1 step increase from previous salary	
6/11/12	OSHA	Scott, Jeanie Ellen	17	1	OA	C0107	promotion	
6/11/12	BCD	Turner, Rex L.	30	8	AT	C0872	new hire	exceptional qualifications
6/12/12	WCD	Kooistra, Cyndee M.	15	4	OA	C0104	new hire	
7/1/12	WCD	Bruns, Kathleen R.	25	1	OA	C5247	new hire	
7/1/12	WCD	Dillon, Gayla M.	25	1	OA	C5247	new hire	
7/1/12	WCD	Griner, Susan D.	25	1	OA	C5247	new hire	
7/1/12	INS	Keyes, Lorna J.	29	1	OA	C5248	promotion	
7/1/12	OSHA	Schuster, Marilyn	35X	8	MESN	Z7010	promotion - 1 step increase from previous salary	
7/2/12	DIR	Garcia, Victor A Jr.	19	2	MMN	X0119	promotion	
7/9/12	INS	Sample, Tashia Marie	29	1	OA	C5248	promotion	
7/17/12	WCB	Cook, Rachel Katherine	17	5	OA	C0110	new hire	exceptional qualifications
7/17/12	OSHA	Gries, Katherine J.	15	2	OA	C0104	new hire	

New Hires

EFF DATE	DIV	EMPLOYEE	SR	STEP	REPR	CLASS	ACTION	JUSTIFICATION
7/23/12	INS	Sink, Michael D.	n/a	n/a	MMN	X1190	lateral transfer - no change in salary	
8/1/12	OSHA	Attaran, Saeid	n/a	n/a	OA	C5707	lateral transfer - no change in salary	
8/1/12	DFCS	Kroen, Emilie F.	30	7	OA	C5677	promotion - 1 step increase from previous salary	
8/1/12	OSHA	Luyet, Jeffery A.	27	1	OA	C5710	new hire	
8/1/12	OSHA	Netsch, Michael Todd	27	1	OA	C5710	new hire	
8/6/12	OSHA	Buel, Courtney Alta-Bethiah	17	4	OA	C0107	lateral transfer in from OHA - no change in salary	
8/13/12	DIR	Pence, Mary W.	29	5	MMN	X1322	promotional transfer in from Agriculture - 1 step increase from previous salary	
8/13/12	OSHA	Sullivan, Markus Paul	n/a	n/a	OA	C5711	lateral transfer - no change in salary	
8/16/12	INS	Rome, Joseph Aubert	30	9	OA	C5748	new hire	recruitment difficulties, exceptional qualifications
8/20/12	OSHA	Alexander, Yuri	15	2	OA	C0801	new hire	
8/27/12	WCD	Breitenstein, Amanda R.	15	1	OA	C0104	new hire	
9/1/12	BCD	Powell, John W.	30	6	AT	C0872	new hire	exceptional qualifications
9/1/12	BCD	Sumption, Shane Robert	33X	7	MESN	Z7008	promotion - 1 step increase from previous salary	
9/4/12	BCD	Gregg, Floyd Forrest	27	4	AT	C0871	new hire	
9/4/12	BCD	Moyer, Gregory A.	27	7	AT	C5353	new hire	recruitment difficulties, exceptional qualifications
9/4/12	WCD	Smith, Nicole E.	17	1	OA	C0107	new hire	
9/10/12	WCB	Lanning, Steven Neal	38	7	MENN	Z7521	new hire	appointed by Governor
9/17/12	WCD	Anderson, Kristin Jean	29	1	OA	C5248	promotion	
9/21/12	WCB	Taylor, Thomas J.	23	1	OA	C1524	promotion	
9/24/12	BCD	Perdue, Mark Kevin	32	3	MMN	X0873	promotion	
9/24/12	DIR	Schmelling, P. Daniel	27	9	OA	C0861	reassignment lower - previous salary higher than new SR, so placed at top step	
10/1/12	INS	Fjeldheim, Brian M.	26	2	OA	C5748	new hire	
10/1/12	DIR	Martinis, Cheryl L.	31	2	MENN	Z0866	promotion	
10/1/12	OSHA	Weitz, Cynthia N.	27	9	OA	C1339	return from demotion in lieu of layoff - return to former salary	
10/2/12	FABS	Boysen, Nancy J.	38X	6.5	MESN	Z7012	promotion - 1 step increase from previous salary	
10/2/12	DFCS	Light, Brian C.	35X	2	MESN	Z7010	promotion	

New Hires

EFF DATE	DIV	EMPLOYEE	SR	STEP	REPR	CLASS	ACTION	JUSTIFICATION
10/8/12	BCD	Holznagel, Thomas D.	25	9	AT	C5342	new hire	exceptional qualifications
10/12/12	DIR	Van Winkle, Theresa Ann	35X	6	MESN	Z7010	transfer in from Legislative Assembly	exceptional qualifications
10/22/12	DFCS	Keen, Terrell	32	1	MMN	X0873	new hire	
10/22/12	OSHA	McAdams, Pamela S.	15	4	OA	C0801	new hire	
10/22/12	OSHA	Snyder, Stephanie J.	25	2	OA	C0864	return from reassignment	
10/24/12	INS	Patton, Joyce E.	33X	2.5	MESN	Z7008	promotion	
10/29/12	DFCS	Shimota, Catherine H.	26	2	OA	C5671	new hire	
10/29/12	DIR	Stokes, Debra Lynn	10	7	OA	C0405	new hire	exceptional qualifications
11/1/12	BCD	Brown, Susan E.	27	4	AT	C5353	new hire	
11/1/12	CSD	Hart, Rose D.L.	23	4	OA	C1116	new hire	
11/12/12	BCD	Burns, Laura Lea	19	1	AT	C0108	promotion	
11/13/12	CSD	Cody, Nancy A.	33x	8	MESN	Z7008	promotion - 1 step increase from previous salary	
11/13/12	CSD	Jackson, Shanon C.	19	1	OA	C0212	transfer in from ODOT	
11/13/12	DFCS	Wagner, Carla M.	n/a	n/a	MENN	Z0119	lateral transfer - no change in salary	
11/19/12	OSHA	Mostafa, Khadija R.	27	1	OA	C5706	new hire	
11/19/12	BCD	Rocco, Anthony J.	30	1	AT	C0872	promotion	
11/19/12	OSHA	Sanchez Stream, Cassandra Rose	27	1	OA	C5706	new hire	
11/19/12	OSHA	Travis, Tyron Lee	n/a	n/a	OA	C5711	lateral transfer - no change in salary	
11/19/12	WCD	Van Handel, Carrie Clarice	30	4	OA	C0872	return from demotion in lieu of layoff	
11/26/12	OSHA	Ekdahl, Jennifer Lynne	27	4	OA	C5706	new hire	
11/26/12	BCD	George, Megan Amanda	17	2	AT	C0107	new hire	
11/26/12	CSD	Marquette, Carolina Valladares	35X	6	MESN	Z7010	transfer in from OYA	exceptional qualifications
12/1/12	OSHA	Graser, Sarah E.	27	2	OA	C5706	new hire	
12/1/12	WCD	Grogan, Heather F.	29	8	OA	C5248	promotion - 1 step increase from previous salary	
12/3/12	OSHA	Hoffman, Thomas C.	29	9	OA	C5711	retiree LD appointment - no change in salary	
12/3/12	BCD	Ingram-Moore, Judith Marie	32	7	MMN	X0873	promotional transfer in from DHS - 1 step increase from previous salary	
12/5/12	CSD	Wheeler, Sandra Caudillo	35X	8	MESN	Z7010	promotion - 1 step increase from previous salary	
12/11/12	WCD	Westerberg, Melissa Jill	15	1	OA	C0104	new hire	
1/2/13	DFCS	Domas, Cynthia L.	32	2	OA	C1547	new hire	
1/2/13	WCB	Lofton, Rachel Ann	15	3.5	OA	C0104	lateral transfer in from DHS - no change in salary	
1/2/13	OSHA	Parmelee, Raef O.	27	1	OA	C5710	new hire	

New Hires

EFF DATE	DIV	EMPLOYEE	SR	STEP	REPR	CLASS	ACTION	JUSTIFICATION
1/4/13	CSD	O'Brien, Sheilah P.	32	5	MMN	X0873	lateral transfer in from DHS - no change in salary	
1/8/13	CSD	Hazelton, Jeffrey Harry	20	1	OA	C0759	new hire	
1/10/13	OSHA	Watson, Terry A.	32	1	MMN	X0873	promotion	
12/7/13	WCB	Hamilton, Heather Rose Perez	17	1	OA	C0107	reemployment	

Department of Consumer and Business Services

2011-13

Position Reclassifications

PPF Package	Action	Repr. Class No.	Class Title	Position	SR	Biennial Salary
11-13-01	Reclass↑					
		To: MESN Z7008 AA	PEM E	7000.658	33	182,040
		From: MMS X7006 AA	PEM D	7000.658	31	165,336
				Change in Salary:		16,704
	Reclass↓					
		To: OA C0860 AA	Program Analyst 1	3000.230	23	107,880
		From: OA C5247 AA	Compliance Specialist 2	3000.230	25	118,824
				Change in Salary:		(10,944)
11-13-02	Reclass↑					
		To: MESN Z7008 AA	PEM E	2000.068	33	184,776
		From: MESN Z7006 AA	PEM D	2000.068	31	167,808
				Change in Salary:		16,968
	Reclass↑					
		To: OA C1117 AA	Research Analyst 3	7100.035	26	126,360
		From: OA C1116 AA	Research Analyst 2	7100.035	23	109,488
				Change in Salary:		16,872
	Reclass↑					
		To: OA C1118 AA	Research Analyst 4	7100.680	30	152,904
		From: OA C1117 AA	Research Analyst 3	7100.680	26	126,360
				Change in Salary:		26,544
	Reclass↓					
		To: OA C5233 AA	Investigator 3	0003.396	25	120,600
		From: OA C5248 AA	Compliance Specialist 3	0003.396	29	145,800
				Change in Salary:		(25,200)
	Reclass↓					
		To: OA C1486 IA	Info Systems Specialist 6	7100.341	29	148,680
		From: MMS X1411 IA	Systems & Programming Supv. 2	7100.341	33	184,776
				Change in Salary:		(36,096)
11-13-03	Reclass↑					
		To: OA C07589 AA	Office Specialist 2	7000.377	20	95,088
		From: OA C0758 AA	Office Specialist 1	7000.377	14	71,736
				Change in Salary:		23,352
	Reclass↑					
	*	To: OA C1488 IA	Info Systems Specialist 8	7100.416	33	179,376
		From: MMS X7008 AA	PEM D	7100.416	31	167,808
				Change in Salary:		11,568
	Reclass↑					
	*	To: MMN X0873 AA	Operations & Policy Analyst 4	0004.004	32	175,968
		From: MMS X7006 AA	PEM D	0004.004	31	167,808
				Change in Salary:		8,160

Department of Consumer and Business Services

2011-13

Position Reclassifications

PFP Package	Action	Repr. Class No.	Class Title	Position	SR	Biennial Salary
	Reclass↑					
*	To: MMN X0873 AA	Operations & Policy Analyst 4		0004.005	32	175,968
	From: MMS X7006 AA	PEM D		0004.005	31	167,808
				Change in Salary:		8,160
	Reclass↑					
*	To: MMN X0873 AA	Operations & Policy Analyst 4		1000.012	32	175,968
	From: MMS X7006 AA	PEM D		1000.012	31	167,808
				Change in Salary:		8,160
	Reclass↑					
*	To: MMN X0873 AA	Operations & Policy Analyst 4		0004.002	32	175,968
	From: MMS X7006 AA	PEM D		0004.002	31	167,808
				Change in Salary:		8,160
	Reclass↑					
*	To: MMN X0873 AA	Operations & Policy Analyst 4		0004.003	32	175,968
	From: MMS X7006 AA	PEM D		0004.003	31	167,808
				Change in Salary:		8,160
	Reclass↓					
*	To: OA C5235 AA	Financial Investigator 1		5000.555	26	126,360
	From: MMS X7004 AA	PEM C		5000.555	28	145,104
				Change in Salary:		(18,744)
	Reclass↓					
*	To: OA C0759 AA	Supply Specialist 2		7000.269	20	95,088
	From: MMS X7000 AA	PEM A		7000.269	24	119,520
				Change in Salary:		(24,432)
	Reclass↓					
*	To: MMN X0873 AA	Operations & Policy Analyst 4		0004.073	32	175,968
	From: MESN Z7008 AA	PEM E		0004.073	33	184,776
				Change in Salary:		(8,808)
11-13-04	Reclass↑					
	To: MMN X0873 AA	Operations & Policy Analyst 4		0004.007	32	175,968
	From: MMN X0872 AA	Operations & Policy Analyst 3		0004.007	30	159,912
				Change in Salary:		16,056
	Reclass↑					
	To: OA C1339 AA	Training & Development Spec 2		5000.548	27	132,576
	From: OA C1338 AA	Training & Development Spec 1		5000.548	23	109,488
				Change in Salary:		23,088
	Reclass↑					
	To: MMC X0107 AA	Administrative Specialist 1		1000.514	17	84,936
	From: MMN X0104 AA	Office Specialist 2		1000.514	15	77,448
				Change in Salary:		7,488

Department of Consumer and Business Services

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Position Reclassifications

PPF Package	Action	Repr. Class No.	Class Title	Position	SR	Biennial Salary
	Reclass↑					
	To:	OA C0861 AA	Program Analyst 2	1000.748	27	132,576
	From:	OA C0860 AA	Program Analyst 1	1000.748	23	109,488
				Change in Salary:		23,088
	Reclass↑					
	To:	AT C0107 AA	Administrative Specialist	0000.518	17	82,488
	From:	AT C0801 AA	Office Coordinator	0000.518	15	75,216
				Change in Salary:		7,272
	Reclass↑					
	To:	AT C0107 AA	Administrative Specialist	0000.521	17	82,488
	From:	AT C0801 AA	Office Coordinator	0000.521	15	75,216
				Change in Salary:		7,272
11-13-05	Reclass↓					
*	To:	MENN Z0830 AA	Executive Assistant	1000.008	25	125,472
	From:	MESN Z0833 AA	Supv. Executive Assistant	1000.008	26	131,688
				Change in Salary:		(6,216)
	Reclass↓					
*	To:	MENN Z0866 AA	Public Affairs Specialist 3	1000.484	31	167,808
	From:	MESN Z7010 AA	PEM F	1000.484	35	203,760
				Change in Salary:		(35,952)
	Reclass↓					
*	To:	MMN X1339 AA	Training & Development Spec 2	1100.566	27	138,144
	From:	MMS X7006 AA	PEM D	1100.566	31	167,808
				Change in Salary:		(29,664)
	Reclass↓					
*	To:	OA C0872 AA	Operations & Policy Analyst 3	7000.002	30	152,904
	From:	MESN Z7006 AA	PEM D	7000.002	31	167,808
				Change in Salary:		(14,904)
	Reclass↓					
*	To:	OA C1243 AA	Fiscal Analyst 1	7000.541	23	109,488
	From:	MMS X7002 AA	PEM B	7000.541	26	131,688
				Change in Salary:		(22,200)
	Reclass↓					
*	To:	OA C5748 AA	Insurance Examiner	0003.031	30	152,904
	From:	MMS X5746 AA	Supervising Insurance Examiner	0003.031	32	175,968
				Change in Salary:		(23,064)
	Reclass↓					
*	To:	OA C5748 AA	Insurance Examiner	0003.080	30	152,904
	From:	MMS X5746 AA	Supervising Insurance Examiner	0003.080	32	175,968
				Change in Salary:		(23,064)

Department of Consumer and Business Services

2011-13

Position Reclassifications

PFP Package	Action	Repr. Class No.	Class Title	Position	SR	Biennial Salary
	Reclass↓					
	*	To: MMN X0873 AA	Operations & Policy Analyst 4	5000.578	32	175,968
		From: MESN Z7008 AA	PEM E	5000.578	33	184,776
				Change in Salary:		(8,808)
	Reclass↓					
	*	To: OA C0872 AA	Operations & Policy Analyst 3	3000.321	30	152,904
		From:	Operations & Policy Analyst 4	3000.321	32	175,968
				Change in Salary:		(23,064)
11-13-06	Reclass↑					
		To: OA C0104 AA	Office Specialist 2	2200.494	15	75,168
		From: OA C0103 AA	Office Specialist 1	2200.494	12	65,640
				Change in Salary:		9,528

Notes:

* Indicates positions related to HB 4131

Did not include: Establish, Abolish, Increased Months, Reduced Months

Biennial salaries for the same classification may differ due to point in time of comp plan



Oregon

John A. Kitzhaber, MD, Governor

Department of Consumer and Business Services

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January 22, 2013

The Honorable Richard Devlin, Co-Chair
The Honorable Peter Buckley, Co-Chair
Joint Ways and Means Committee

Re: DCBS Budget Note (2011)

Dear Senator Devlin and Representative Buckley:

Nature of the Request

In a 2011 Budget Note, the Legislature directed the Department of Consumer and Business Services to report on the status of the mortgage lending industry and the fee structure supporting the regulation of the industry. The department licenses and examines mortgage bankers, mortgage brokers, and mortgage loan originators to ensure compliance with Oregon laws and fair dealing with consumers; takes enforcement actions to enforce mortgage lending laws in Oregon; receives, reviews, and resolves customer complaints about licensees; and educates consumers to help them identify and avoid predatory mortgage lending and foreclosure practices.

Agency Action

The industry is still working through a consolidation of sorts in which the number of companies remains flat but the average size of the companies is growing. In all respects, the size of the industry is still significantly less than before the mortgage crisis. We have ten more licensed companies, 119 more licensed branches, and 865 more licensed loan originators than we had in 2011.

In the past two years, we completed examinations of every licensed company. The examinations show that most companies are complying with Oregon regulations and the compliance rate, the percentage of examinations receiving a satisfactory score, has improved from 78% to 82%. We have seen a tapering off in the number of consumer complaints we've received, down approximately 24% from 2011.

The department strives to balance the need for effective mortgage lending regulation against the impact of fee increases on the industry. Funding for the mortgage lending program has traditionally come from licensing fees charged to people doing business as mortgage lenders and loan originators in Oregon. Since the mid-2000s, however, lending practices often blended mortgage lending and securitization by bundling mortgages into mortgage-based securities. This blurred the line between mortgage lending and securities. To maintain our current fee structure, the department was directed by the Legislature to use securities funding resources to enforce mortgage lending practices.

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Subsequently, the department recently received a \$1 million settlement as a result of a federal investigation finding that the country's largest mortgage servicers (GMAC, Bank of America, Citi, JPMorgan Chase, and Wells Fargo) routinely signed foreclosure related documents outside the presence of a notary public and without knowing whether the facts they contained were correct. The majority of that money has been targeted toward funding of the mortgage lending program (\$50,000 has been placed in a fund for consumer education and outreach about foreclosure issues). This allowed the department to minimize the use of security funding and keep mortgage lending licensing fees at the level set by the 2011 Legislature.

Additionally, the department has undergone an initiative to reduce administrative services costs while maintaining our current level of services. This initiative has already yielded cost savings, further allowing us to maintain our current oversight of mortgage lending without needing to raise fees.

Action Requested

The department reduced its initial fee increase by 50% as instructed by the legislature. No fee increases are recommended. The department respectfully requests that the Joint Ways and Means Committee accept this report.

Legislation Affected

None

Sincerely,



Patrick M. Allen
Director

cc: Susie Jordan, Legislative Fiscal Office
Dustin Ball, DAS, Statewide Budget Policy Section