

**77<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2013 Session  
BUDGET REPORT AND MEASURE SUMMARY**

**JOINT COMMITTEE ON WAYS AND MEANS**

**MEASURE: SB 5514-A**

**Carrier – House: Rep. Jenson**

**Carrier – Senate: Sen. Shields**

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

**Vote:** 22 – 0 – 4

House

**Yeas:** Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jenson, Komp, Nathanson, Richardson, Tomei, Williamson

**Nays:**

**Exc:** McLane, Read, Smith

Senate

**Yeas:** Devlin, Edwards, Girod, Hansell, Monroe, Rosenbaum, Steiner Hayward, Thomsen, Whitsett, Winters

**Nays:**

**Exc:** Bates

**Prepared By:** Dustin Ball, Department of Administrative Services

**Reviewed By:** Susie Jordan, Legislative Fiscal Office

**Meeting Date:** May 24, 2013

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Agency

Department of Consumer and Business Services

Biennium

2013-15

**Budget Summary**\*

	2011-13 Legislatively Approved Budget <sup>(1)</sup>	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$\$ Change	% Change
Other Funds	\$ 200,876,115	\$ 216,560,780	\$ 211,247,105	10,370,990	5.2%
Other Funds Nonlimited	\$ 197,819,009	\$ 199,611,276	\$ 199,574,121	1,755,112	0.9%
Federal Funds	\$ 3,639,056	\$ 996,061	\$ 984,618	-2,654,438	-72.9%
<b>Total</b>	<b>\$ 402,334,180</b>	<b>\$ 417,168,117</b>	<b>\$ 411,805,844</b>	<b>9,471,664</b>	<b>2.4%</b>

**Position Summary**

Authorized Positions	935	927	927	-8
Full-time Equivalent (FTE) positions	922.40	919.47	919.97	-2.43

(1) Includes adjustments through December 2012.

\* Excludes Capital Construction expenditures

**Summary of Revenue Changes**

The Department of Consumer and Business Services has numerous sources of Other Funds revenues including workers’ compensation “cents-per-hour” assessment and contributions, workers’ compensation premium assessments, insurer assessments for the Insurance Division, licensing fees and other charges for services, interest earnings from investment sales, and fines and penalties. The department does not receive General Fund.

**Summary of Transportation and Economic Development Subcommittee Action**

The Subcommittee recommended \$211,247,105 Other Funds, \$199,574,121 Other Funds Nonlimited, and \$984,618 Federal Funds budget for 2013-15, is 2.4 percent higher than the legislatively approved spending level for the 2011-13 biennium.

The Subcommittee approved the following recommendations:

**Workers’ Benefit Fund**

- Package 092, PERS Tax Policy, eliminates \$4,133 Other Funds Nonlimited expenditure limitation. This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person

receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.

- Package 093, Other PERS Adjustments, eliminates \$33,022 Other Funds Nonlimited. This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

#### Workers' Comp Board

- Package 092, PERS Tax Policy, eliminates \$45,885 Other Funds expenditure limitation. This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.
- Package 093, Other PERS Adjustments, eliminates \$366,644 Other Funds expenditure limitation. This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

#### Workers' Comp Division

- Package 092, PERS Tax Policy, eliminates \$78,446 Other Funds expenditure limitation. This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.
- Package 093, Other PERS Adjustments, eliminates \$626,984 Other Funds expenditure limitation. This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

#### OR OSHA

- Package 092, PERS Tax Policy, eliminates \$96,682 Other Funds expenditure limitation. This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.
- Package 093, Other PERS Adjustments, eliminates \$772,534 Other Funds expenditure limitation. This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

### Insurance

- Package 092, PERS Tax Policy, eliminates \$47,742 Other Funds and \$1,273 Federal Funds expenditure limitation. This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.
- Package 093, Other PERS Adjustments, eliminates \$381,484 Other Funds and \$10,170 Federal Funds expenditure limitation. This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

- Package 810, LFO Analyst Adjustment, adds \$59,522 Other Funds expenditure limitation and 0.50 FTE. This package corrects an allocation of FTE for an Insurance Investigator position approved by the 2012 Legislature for implementation of SB 1547 (2012) relating to the regulation of captive insurers.

### Finance and Corporate Securities

- Package 092, PERS Tax Policy, eliminates \$39,199 Other Funds expenditure limitation. This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.

- Package 093, Other PERS Adjustments, eliminates \$313,219 Other Funds expenditure limitation. This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

#### Shared Services

- Package 091, Statewide Administrative Savings, eliminates \$1,388,562 Other Funds expenditure limitation. This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.
- Package 092, PERS Tax Policy, eliminates \$79,499 Other Funds expenditure limitation. This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.
- Package 093, Other PERS Adjustments, eliminates \$635,237 Other Funds expenditure limitation. This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

#### Building Codes

- Package 092, PERS Tax Policy, eliminates \$55,732 Other Funds expenditure limitation. This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.
- Package 093, Other PERS Adjustments, eliminates \$445,328 Other Funds expenditure limitation. This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

The Subcommittee approved the following budget note:

**Budget Note:**

The Department of Consumer and Business Services is directed to report to the Joint Committee on Ways and Means not later than December 1, 2014 on transparency in rate review and the operation of the state reinsurance program established pursuant to House Bill 3458.

**Summary of Performance Measure Action**

See attached Legislatively Adopted 2013-15 Key Performance Measures form.

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**SB 5514-A**

**Department of Consumer and Business Services  
Dustin Ball -- 503-378-3119**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 200,876,115	\$ 197,819,009	\$ 3,639,056	\$ 0	\$ 402,334,180	935	922.40
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 216,560,780	\$ 199,611,276	\$ 996,061	\$ 0	\$ 417,168,117	927	919.47
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 006 - Workers' Benefit Fund</b>									
Package 092: PERS Taxation Policy									
Personal Services	\$ 0	\$ 0	\$ 0	\$ (4,133)	\$ 0	\$ 0	\$ (4,133)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$ 0	\$ (33,022)	\$ 0	\$ 0	\$ (33,022)	0	0.00
<b>SCR 011-12 - Workers' Comp Board</b>									
Package 092: PERS Taxation Policy									
Personal Services	\$ 0	\$ 0	\$ (45,885)	\$ 0	\$ 0	\$ 0	\$ (45,885)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$ (366,644)	\$ 0	\$ 0	\$ 0	\$ (366,644)	0	0.00
<b>SCR 011-13 - Workers' Comp Division</b>									
Package 092: PERS Taxation Policy									
Personal Services	\$ 0	\$ 0	\$ (78,466)	\$ 0	\$ 0	\$ 0	\$ (78,466)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$ (626,984)	\$ 0	\$ 0	\$ 0	\$ (626,984)	0	0.00
<b>SCR 011-15 - OR OSHA</b>									
Package 092: PERS Taxation Policy									
Personal Services	\$ 0	\$ 0	\$ (96,682)	\$ 0	\$ 0	\$ 0	\$ (96,682)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$ (772,534)	\$ 0	\$ 0	\$ 0	\$ (772,534)	0	0.00
<b>SCR 014 - Insurance</b>									
Package 092: PERS Taxation Policy									
Personal Services	\$ 0	\$ 0	\$ (47,742)	\$ 0	\$ (1,273)	\$ 0	\$ (49,015)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$ (381,484)	\$ 0	\$ (10,170)	\$ 0	\$ (391,654)	0	0.00
Package 810: LFO Analyst Adjustment									
Personal Services	\$ 0	\$ 0	\$ 59,522	\$ 0	\$ 0	\$ 0	\$ 59,522	0	0.50
<b>SCR 016 - Finance and Crop Securities</b>									
Package 092: PERS Taxation Policy									
Personal Services	\$ 0	\$ 0	\$ (39,199)	\$ 0	\$ 0	\$ 0	\$ (39,199)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$ (313,219)	\$ 0	\$ 0	\$ 0	\$ (313,219)	0	0.00
<b>SCR 017 - Shared Services</b>									

\*Excludes Capital Construction Expenditures

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 091: Statewide Administrative Savings									
Personal Services	\$ 0	\$ 0	\$ (1,171,138)	\$ 0	\$ 0	\$ 0	\$ (1,171,138)	0	0.00
Services and Supplies	\$ 0	\$ 0	\$ (204,533)	\$ 0	\$ 0	\$ 0	\$ (204,533)	0	0.00
Capital Outlay	\$ 0	\$ 0	\$ (12,891)	\$ 0	\$ 0	\$ 0	\$ (12,891)	0	0.00
Package 092: PERS Taxation Policy									
Personal Services	\$ 0	\$ 0	\$ (79,499)	\$ 0	\$ 0	\$ 0	\$ (79,499)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$ (635,237)	\$ 0	\$ 0	\$ 0	\$ (635,237)	0	0.00
<b>SCR 019 - Building Codes Division</b>									
Package 092: PERS Taxation Policy									
Personal Services	\$ 0	\$ 0	\$ (55,732)	\$ 0	\$ 0	\$ 0	\$ (55,732)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$ (445,328)	\$ 0	\$ 0	\$ 0	\$ (445,328)	0	0.00
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (5,313,675)</b>	<b>\$ (37,155)</b>	<b>\$ (11,443)</b>	<b>\$ 0</b>	<b>\$ (5,362,273)</b>	<b>0</b>	<b>0.50</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 211,247,105</b>	<b>\$ 199,574,121</b>	<b>\$ 984,618</b>	<b>\$ 0</b>	<b>\$ 411,805,844</b>	<b>927</b>	<b>919.97</b>
% Change from 2011-13 Leg Approved Budget	0.0%	0.0%	5.2%	0.9%	-72.9%	0.0%	2.4%	-0.9%	-0.3%
% Change from 2013-15 Current Service Level	0.0%	0.0%	-2.5%	0.0%	-1.1%	0.0%	-1.3%	0.0%	0.1%

## Legislatively Approved 2013-2015 Key Performance Measures

**Agency:** CONSUMER & BUSINESS SERVICES, DEPARTMENT of

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

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
1 - PERFORMANCE OF FINANCIAL SERVICE ENTITIES - Percentage of financial services entities rated satisfactory or higher.		Approved KPM	67.20	77.00	77.00
2 - INSURANCE CONSUMER RELIEF – Percent of confirmed complaints resolved with relief for the consumer.		Approved KPM	76.00	75.00	75.00
3 - OCCUPATIONAL INJURY AND ILLNESS INCIDENCE RATES – Number of occupational injury and illness cases per 100 full-time workers.		Approved KPM	3.80	4.60	4.60
4 - TIMELY WORKER BENEFITS – Percent of injured workers who receive timely benefits from insurers.		Approved KPM	92.60	93.00	93.00
5 - ACCURATE WORKER BENEFITS – Percent of injured workers who receive accurate benefits from insurers.		Approved KPM	90.80	95.00	95.00
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.		Approved KPM	12.00	11.00	11.00
7 - WAGE RECOVERY FOR INJURED WORKERS – Difference in percentage wage recovery for workers who use return-to-work programs versus workers who do not.		Approved KPM	14.00	13.00	14.00
8 - WORKERS' COMPENSATION COVERAGE – Number of claims against employers without workers' compensation coverage per 1,000 accepted disabling claims.		Approved KPM	3.30	3.00	3.00
9 - WORKERS' COMPENSATION INSURER PERFORMANCE - Percentage of workers' compensation insurers meeting standards for benefit delivery and reporting.		Approved KPM	88.80	85.00	88.00
10 - UPHELD WORKERS' COMPENSATION DECISIONS – Percent of Workers' Compensation Board decisions affirmed on appeal to the Judiciary.		Approved KPM	89.20	96.00	95.00

**Agency: CONSUMER & BUSINESS SERVICES, DEPARTMENT of**

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

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
11 - PERMITS FOR MINOR CONSTRUCTION WORK – Number of building permits that can be used by contractors in multiple jurisdictions for minor construction work.		Approved KPM	54,290.00	67,547.00	67,547.00
12 - ON-TIME WORK – Percent of timelines for key department activities that are met.		Approved KPM	88.50	95.00	95.00
13 - E-TRANSACTIONS FOR CUSTOMERS – Percent of customer transactions completed electronically.		Approved KPM	54.60	57.50	57.50
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.	Accuracy	Approved KPM	90.00	90.00	90.00
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.	Availability of Information	Approved KPM	90.00	90.00	90.00
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.	Expertise	Approved KPM	93.20	90.00	90.00
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.	Helpfulness	Approved KPM	93.10	90.00	90.00
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.	Overall	Approved KPM	90.00	90.00	90.00
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.	Timeliness	Approved KPM	89.50	90.00	90.00

**LFO Recommendation:**

Approve the Department's request to continue existing KPMs and related targets into the 2013-15 biennium.

**Sub-Committee Action:**

The Subcommittee approved the LFO recommendation.