

Analysis

Item 62: Department of Consumer and Business Services

Technical Adjustment

Analyst: Matt Stayner

Request: Increase the Other Funds expenditure limitation for the Department of Consumer and Business Services, Building Codes Division by \$11,845,226 and decrease the Other Funds expenditure limitation for the Department of Consumer and Business Services, Division of Financial Regulation by \$11,845,226 to correct a technical error in SB 5723 (2nd Special Session of 2020).

Analysis: A budgetary adjustment that was included in SB 5723 was intended to rebalance authorized expenditures of the Division of Financial Regulation by increasing the Federal Funds expenditure limitation of the Division by \$11,845,226 and decreasing the Other Funds expenditure limitation for the Division by an equal amount due to the availability of unanticipated federal funding for the Oregon Reinsurance Program. Due to a technical error that identified the wrong statutory reference, the reduction in Other Funds expenditure limitation was applied to the Building Codes Division of the Department rather than the Division of Financial Regulation. This request simply allows for the correction of that error so that the previously approved reduction in Other Funds expenditure limitation can be applied to the correct program.

The Emergency Board does not have the authority to decrease agency budgets but can authorize transfers between expenditure classifications within the budget of an agency.

Legislative Fiscal Office Recommendation: The Legislative Fiscal Office recommends that the Emergency Board authorize, for the Department of Consumer and Business Services, the transfer of \$11,845,226 Other Funds expenditure limitation from the Division of Financial Regulation to the Building Codes Division to correct a technical error in the agency's budget.

62
Department of Consumer and Business Services
Heath

Request: Transfer \$11,845,226 Other Funds expenditure limitation between the Department of Consumer and Business Services' Building Codes Division and the Division of Financial Regulation.

Recommendation: Approve the request.

Discussion: The Department of Consumer and Business Services (DCBS) requests to transfer \$11,845,226 Other Funds expenditure limitation between the appropriations for the Building Codes Division and the Division of Financial Regulation. This transfer is requested in order to address a technical issue that arose as a result of the 2020 2nd Special Session, during which DCBS requested a transfer of a like amount from its Other Funds expenditure limitation to its Federal Fund expenditure limitation for the Division of Financial Regulation, to recognize additional federal revenues received by the Oregon Reinsurance Program. Due to clerical error, the Legislature instead approved a transfer from the Other Funds expenditure limitation of the Building Codes Division to the Federal Funds expenditure limitation of the Division of Financial Regulation. Approving this request would ensure the change sought by DCBS is approved as originally requested and as intended by the Legislature.

Legal Reference: Transfer of \$11,845,226 Other Funds limitation made by chapter 607, section 01, Oregon Laws 2019, for the 2019-21 biennium as follows:

<u>Subsection</u>	<u>Amount</u>
(6) Building Codes Division	\$+11,845,226
(5) Division of Financial Regulation	\$-11,845,226



Oregon

Kate Brown, Governor

Department of Consumer and Business Services

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September 1, 2020

The Honorable Senator Peter Courtney, Co-Chair
The Honorable Representative Tina Kotek, Co-Chair
Joint Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

Nature of the Request

The 2020 second Special Session (August) enrolled Senate Bill 5723. As part of the bill, the Department of Consumer and Business Services (DCBS) requested a fund-shift increasing the Division of Financial Regulation federal funds by \$11,845,226 and decreasing the same amount, \$11,845,226, in Division of Financial Regulation other funds expenditure limitation.

However, what was approved was a fund-shift increasing the Division of Financial Regulation federal funds by \$11,845,226 and decreasing the same amount, \$11,845,226, in Building Codes Division other funds expenditure limitation.

DCBS respectfully requests a technical adjustment in other funds expenditure limitation to reflect the decrease in other funds to the Division of Financial Regulation by \$11,845,226, rather than the Building Codes Division.

Background

The Oregon Reinsurance Program (ORP) was established in 2017 (House Bill 2391) within the Department of Consumer and Business Services to stabilize rates and premiums for individual health benefit plans and to provide greater financial certainty to consumers of health insurance in Oregon.

In addition, the bill directed DCBS to apply for a renewal of the 1132 state innovation waiver under 42 U.S.C. 18052 and apply for all subsequent renewals of the waiver as long as the funding from the insurer and PEBB assessment is available.

During 2019-21 budget development, the DCBS estimation for the state innovation waiver was based on the first year's actual amount of \$54,481,113 and an additional \$30,000,000. However, the actual federal fund award amount received in 2019 was \$41,845,226.

Action Requested

DCBS respectfully requests that the Joint Emergency Board approve a fund-shift correction of \$11,845,226 by decreasing the Division of Financial Regulation other funds expenditures limitation and increasing Building Codes Division by the same amount, \$11,845,226, in other funds expenditure limitation for the 2019-21 biennium.

Legislation Affected

Approval of this request will decrease the Division of Financial Regulation's other funds expenditure limitation by \$11,845,226, established by Chapter Law 607, section 01, subsection 05 and increase the Building Codes Division's other funds expenditure limitation by the same amount, \$11,845,226, established by Chapter Law, 607, section 01, subsection 06 for the Department of Consumer and Business Services.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew R. Stolfi". The signature is fluid and cursive, with a prominent "A" and "S".

Andrew R. Stolfi
Director / Insurance Commissioner