

HB 5011 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Department of Consumer and Business Services

2019-21

PRELIMINARY

Budget Summary*

	2017-19 Legislatively Approved Budget ⁽¹⁾	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
General Fund	\$ -	\$ -	\$ 1,200,000	\$ 1,200,000	100.0%
Other Funds Limited	\$ 253,005,744	\$ 265,613,032	\$ 368,820,346	\$ 115,814,602	45.8%
Other Funds Nonlimited	\$ 202,096,657	\$ 212,126,048	\$ 211,515,831	\$ 9,419,174	4.7%
Federal Funds Limited	\$ 16,803,370	\$ 16,823,218	\$ 99,945,804	\$ 83,142,434	494.8%
Total	\$ 471,905,771	\$ 494,562,298	\$ 681,481,981	\$ 209,576,210	44.4%

Position Summary

Authorized Positions	969	960	961	(8)
Full-time Equivalent (FTE) positions	959.53	955.79	956.67	(2.86)

⁽¹⁾ Includes adjustments through December 2018

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Department of Consumer and Business Services (DCBS) is funded primarily by Other Funds revenues from over 500 dedicated fees, assessments, and charges. Discrete sources of Other Funds revenue include: the worker’s compensation “cents-per-hour” assessment and contributions, workers’ compensation insurance premium assessments, insurer and financial services provider assessments and licensing fees, building permits and fees; and other charges for services, interest earnings, fines and penalties. The Department also receives some Federal Funds, which make up less than five percent of the revenue.

A portion of the revenues that DCBS’ Division of Financial Regulation (DFR) collects from insurers are retaliatory taxes from out-of-state insurance companies, which DCBS transfers to the General Fund. The retaliatory tax is collected from insurance companies that write policies in Oregon but are domiciled in states with higher regulatory costs for policies written in their domiciled state. The tax is forecasted to generate approximately \$142.8 million for the General Fund in the 2019-21 biennium. A surcharge on fire insurance policies is collected by DFR, estimated at \$26.9 million in the 2019-21 biennium, and is transferred to the office of the Fire Marshal at the Oregon Department of State Police.

Summary of Transportation and Economic Development Subcommittee Action

DCBS is Oregon's largest business regulatory and consumer protection agency, which administers state laws and rules to protect consumers and workers. The Department regulates the workers' compensation system, occupational health and safety, financial services, insurance companies and building codes. DCBS also operates the Oregon Health Insurance Marketplace, the state's health insurance exchange.

The Subcommittee recommended a budget of \$681,481,981 total funds, with \$1,200,000 General Fund, \$368,820,346 Other Funds expenditure limitation, \$211,515,831 Other Funds Nonlimited, \$99,945,804 Federal Funds expenditure limitation, and 961 positions (956.67 FTE). The total funds budget increased by 44.4 percent from the 2017-19 Legislatively Approved Budget. The majority of the increase is due to the provision of expenditure limitation related to the Oregon Reinsurance Program established by House Bill 2391 (2017). Excluding House Bill 2391, the overall total funds increase is 0.2 percent from current service level.

Workers' Benefit Fund

The Workers' Benefit Fund supports a variety of programs that help injured workers and employers. DCBS administers two Nonlimited special payment accounts and five workers' compensation reserve programs within the Workers Benefit Fund.

The Subcommittee recommended funding this program at the current service level.

Workers' Comp Board

The Workers' Compensation Board is an independent adjudicatory agency within DCBS, which ensures Oregon workers, employers, and insurers have an efficient, effective, and expeditious mechanism by which to resolve disputes under the Workers' Compensation Act and the Oregon Safe Employment Act. The Board's proceedings remove disputes from the court system and into an administrative forum, allowing for quick dispute resolution and reducing prolonged and costly litigation.

The Subcommittee recommended funding this program at the current service level.

Workers' Comp Division

The Workers' Compensation Division administers, regulates, and enforces requirements to protect workers, provide medical care for injuries and diseases, and provide timely and accurate wage-replacement benefits. The Division funds programs that help injured workers and employers.

The Subcommittee recommends the following package:

Package 106 Workers' Compensation Modernization Program – This package includes Other Fund expenditure limitation of \$1,692,685 in the Workers' Compensation Division to continue planning efforts on modernizing the agency's workers' compensation claims information

technology system, a project that is estimated to span multiple biennia. The revenue source for this package is the Workers' Compensation Premium Assessment. The package authorizes the establishment of a permanent manager position (0.88 FTE) and provides funding for contracted professional information technology services as recommended by the Joint Legislative Committee on Information Management and Technology (JLCIMT). It has been recommended by JLCIMT that the Department report on the status of the project during the 2020 Legislative Session.

OR-OSHA

The Oregon Occupational Safety and Health Division (OR-OSHA) helps ensure workplace safety. The Division reduces the cost of workers' compensation insurance and indirect costs of injuries and illnesses. Its top priority is to achieve the lowest possible occupational injury, illness, and fatality rates through a full range of services and regulation, all of which are designed to encourage and enable employers and their workers to pursue safe and healthy workplaces. OR-OSHA administers the Oregon Safe Employment Act and has regulatory authority over most Oregon employers.

The Subcommittee recommends the following packages:

Package 070 Revenue Shortfall – This package reduces Federal Funds and Other Funds expenditure limitation in the Oregon Occupational Safety and Health Administration (OSHA) due to federal funding not keeping pace with the program's costs. This reduction impacts five positions by eliminating all funding and position authority for the associated positions in the OSHA program funded with a combination of Federal and Other Funds.

Package 105 OSHA Funding Alignment – This package re-establishes five positions in the OSHA program eliminated in Package 070 Revenue Shortfall. The package shifts Other Funds budgetary authority from Services and Supplies expenditure categories to Personal Services expenditure category in order to backfill the reduced Federal Funds.

OR Health Insurance Marketplace

The Oregon Health Insurance Marketplace administers the state health insurance exchange, provides assistance for seniors in navigating federal health insurance benefits and operates a health insurance premium assistance program for low-income Pacific Islanders.

The Subcommittee recommends the following packages:

Package 070 Revenue Shortfall – This package reduces Federal Funds expenditure limitation by \$636,059 for the Senior Health Insurance Benefit Assistance (SHIBA) program to match budgeted expenditures to available federal revenues; reducing program Services and Supplies and payments to local governments supporting SHIBA volunteer programs.

Package 090 Analyst Adjustments – This package eliminates \$1.0 million Other Funds expenditure limitation for IT Professional Services. This reduction brings the expenditure limitation for the Marketplace in line with its current program needs.

Package 103 Covering COFA Families – This package re-establishes Other Funds expenditure limitation for the Compact of Free Association (COFA) health insurance assistance program. The program provides health insurance premiums and out-of-pocket assistance to qualified COFA islanders residing in Oregon. Additionally, the package includes a one-time \$1,200,000 General Fund appropriation for deposit in to the COFA Islander Premium Assistance Fund.

Central Services

The Central Services Division provides department-wide leadership and administration to DCBS operating programs through the Director’s Office, Central Services, Employee Services, Communications, and the Assessments Section.

The Subcommittee recommended funding this program at the current service level.

Division of Financial Regulation

The Division of Financial Regulation (DFR) oversees the safety and soundness of banks, trusts and credit unions and the financial solvency of insurance institutions. DFR licenses finance and insurance professionals and ensures products and services comply with applicable laws and rules. DFR protects Oregonian’s access to financial products and services through education, regulation, and consumer assistance. DFR was formed in 2016 from the merger of the former Finance and Corporate Securities Division and the former Insurance Division.

The Subcommittee recommends the following packages:

Package 102 Insurance Stabilization – This package provides one-time expenditure limitation of \$101,255,388 Other Funds and \$84,482,113 Federal Funds to allow the Department to make payments to insurers under the Oregon Reinsurance Program established by House Bill 2391 (2017). Revenues for the program are supported through temporary taxes on insurance premiums and managed care premiums, fund balances transferred from a prior reinsurance program, funds transferred from the Oregon Health Insurance Marketplace, and federal funding. The package also establishes one limited duration Operations and Policy Analyst position (1.00 FTE).

Package 104 Serving Oregon Seniors – This package reduces Other Funds expenditure limitation by \$262,610 and eliminates one position (1.00 FTE) working on the federally funded Senior Health Insurance Benefit Assistance Program to align the program with available federal funding.

Package 801 LFO Analyst Adjustments – This package recognizes \$636,240 in anticipated revenues from the establishment of fees authorized by House Bill 4005 (2017) related to the Oregon Prescription Drug Price Transparency program as well as additional General Fund revenues of \$3,100,000 from the increase in fees for annual licensure renewal of securities brokers dealers as adopted by rule.

Building Codes

The Building Codes Division adopts construction codes for 13 specialty areas, licenses trade workers and businesses, and oversees a statewide inspection system of local government services to protect property and building occupants. The Division ensures safe and effective building construction, while supporting a positive business climate.

The Subcommittee recommends the following packages:

Package 070 Revenue Shortfall – This package reduces Other Funds Nonlimited by \$235,217 to account for federal revenues for the inspection of manufactured homes not keeping up with inflation in the Division’s budget.

Package 801 LFO Analyst Adjustment – This package includes a technical adjustment replacing Other Funds Nonlimited with limited Other Funds expenditure limitation within the Division.

Summary of Maximum Supervisory Ratio

The Subcommittee reviewed the agency’s proposed Maximum Supervisory Ratio of 1:11.

Summary of Performance Measure Action

See attached “Legislatively Approved 2019-2021 Key Performance Measures.”

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Consumer and Business Services
Linnea Wittekind -- 503-378-3108

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
2017-19 Legislatively Approved Budget at Dec 2018 *	\$ -	\$ -	\$ 253,005,744	\$ 202,096,657	\$ 16,803,370	\$ -	\$ 471,905,771	969	959.53	
2019-21 Current Service Level (CSL)*	\$ -	\$ -	\$ 265,613,032	\$ 212,126,048	\$ 16,823,218	\$ -	\$ 494,562,298	960	955.79	
SUBCOMMITTEE ADJUSTMENTS (from CSL)										
SCR 44000-011-13 - Workers Comp Division										
Package 106: Workers' Comp Modernization Program										
Personal Services	\$ -	\$ -	\$ 190,973	\$ -	\$ -	\$ -	\$ 190,973	1	0.88	
Services and Supplies	\$ -	\$ -	\$ 1,501,712	\$ -	\$ -	\$ -	\$ 1,501,712			
SCR 44000-011-15 - OR OSHA										
Package 070: Revenue Shortfall										
Personal Services	\$ -	\$ -	\$ (421,931)	\$ -	\$ (663,362)	\$ -	\$ (1,085,293)	(5)	(5.00)	
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ (60,106)	\$ -	\$ (60,106)			
Package 105: OSHA Funding Alignment										
Personal Services	\$ -	\$ -	\$ 1,085,293	\$ -	\$ -	\$ -	\$ 1,085,293	5	5.00	
Services and Supplies	\$ -	\$ -	\$ (663,362)	\$ -	\$ -	\$ -	\$ (663,362)			
SCR 44000-015-00 - Health Insurance Marketplace										
Package 070: Revenue Shortfall										
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ (495,279)	\$ -	\$ (495,279)			
Special Payments (Dist. to Other Gov't Units)	\$ -	\$ -	\$ -	\$ -	\$ (140,780)	\$ -	\$ (140,780)			
Package 090: Analyst Adjustments										
Services and Supplies	\$ -	\$ -	\$ (1,000,000)	\$ -	\$ -	\$ -	\$ (1,000,000)			
Package 103: Covering COFA Families										
Services and Supplies	\$ -	\$ -	\$ 119,812	\$ -	\$ -	\$ -	\$ 119,812			
Special Payments	\$ 1,200,000	\$ -	\$ 1,027,039	\$ -	\$ -	\$ -	\$ 2,227,039			
SCR 44000-018-00 - Division of Financial Regulation										
Package 102: Insurance Stabilization										
Personal Services	\$ -	\$ -	\$ 206,112	\$ -	\$ -	\$ -	\$ 206,112	1	1.00	
Services and Supplies	\$ -	\$ -	\$ 131,389	\$ -	\$ -	\$ -	\$ 131,389			
Special Payments (Dist. To NonGov't Units)	\$ -	\$ -	\$ 100,917,887	\$ -	\$ 84,482,113	\$ -	\$ 185,400,000			
Package 104: Serving Oregon Seniors										
Personal Services	\$ -	\$ -	\$ (262,610)	\$ -	\$ -	\$ -	\$ (262,610)	(1)	(1.00)	
SCR 44000-019-00 - Building Codes Division										
Package 070: Revenue Shortfall										
Services and Supplies	\$ -	\$ -	\$ -	\$ (235,217)	\$ -	\$ -	\$ (235,217)			
Package 801: LFO Analyst Adjustments										
Services and Supplies	\$ -	\$ -	\$ 375,000	\$ (375,000)	\$ -	\$ -	\$ -			
TOTAL ADJUSTMENTS	\$ 1,200,000	\$ -	\$ 103,207,314	\$ (610,217)	\$ 83,122,586	\$ -	\$ 186,919,683	1	0.88	
SUBCOMMITTEE RECOMMENDATION *	\$ 1,200,000	\$ -	\$ 368,820,346	\$ 211,515,831	\$ 99,945,804	\$ -	\$ 681,481,981	961	956.67	
% Change from 2017-19 Leg Approved Budget	100.0%	0.0%	45.8%	4.7%	494.8%	0.0%	44.4%	(0.8%)	(0.3%)	
% Change from 2019-21 Current Service Level	100.0%	0.0%	38.9%	(0.3%)	494.1%	0.0%	37.8%	0.1%	0.1%	

*Excludes Capital Construction Expenditures

Legislatively Approved 2019 - 2021 Key Performance Measures

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Agency: Consumer & Business Services, Department of

Mission Statement:

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

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
1. CUSTOMER RESPONSE TIME - Average elapsed time, in days, between a customer's initial contact with office and internal owner's communication of decision.		Approved	27.80	30	30
2. EFFECTIVE REGULATION - Percent of licensees receiving a satisfactory examination score.		Approved	93.90%	93%	93%
3. OCCUPATIONAL INJURY AND ILLNESS INCIDENCE RATES - Number of occupational injury and illness cases per 100 full-time workers.		Approved	3.80	4.10	4
4. TIMELY WORKER BENEFITS - Percent of injured workers who receive timely benefits from insurers.		Approved	92.10%	93%	93%
5. ACCURATE WORKER BENEFITS - Percent of injured workers who receive accurate benefits from insurers.		Approved	91.80%	95%	95%
6. RE-EMPLOYMENT OF INJURED WORKERS - Difference in percentage from workers with disabling injuries from those without disabling injuries.		Approved	95.50%	95%	95%
8. WORKERS' COMPENSATION COVERAGE - Number of claims against employers without workers' compensation coverage per 1,000 accepted disabling claims.		Approved	2.10	3	3
9. WORKERS' COMPENSATION INSURER PERFORMANCE - Percentage of workers' compensation insurers meeting standards for benefit delivery and reporting.		Approved	81%	85%	85%
10. UPHELD WORKERS' COMPENSATION DECISIONS - Percent of Workers' Compensation Board decisions affirmed on appeal to the Judiciary.		Approved	84.60%	96%	96%
11. PERMITS FOR MINOR CONSTRUCTION WORK - Number of building permits that can be used by contractors in multiple jurisdictions for minor construction work.		Approved	77,820	84,500	88,145
12. ON-TIME WORK - Percent of timelines for key department activities that are met.		Approved	85.10%	95%	95%
13. E-TRANSACTIONS FOR CUSTOMERS - Percent of customer transactions completed electronically.		Approved	65.40%	69.40%	71.50%
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.	Expertise	Approved	97.80%	95%	95%
	Availability of Information		95.80%	95%	95%
	Helpfulness		97.50%	95%	95%
	Overall		97.10%	95%	95%
	Accuracy		96.80%	95%	95%
	Timeliness		93.80%	95%	95%

LFO Recommendation:

The Legislative Fiscal Office recommends the approval of the Key Performance Measures and targets as presented.

SubCommittee Action:

The Subcommittee approved the Key Performance Measures and targets as recommended by LFO

PRELIMINARY