



CERTIFICATION

I hereby certify that the accompanying summary and detailed statements are true and correct to the best of my knowledge and belief and that the arithmetic accuracy of all numerical information has been verified.

Department of Consumer and Business Services

350 Winter Street NE, Salem, Oregon 97301

AGENCY NAME

AGENCY ADDRESS

C. Smith

Director

SIGNATURE

TITLE

2019-21

Agency Request

Governor's Balanced Budget

Legislatively Adopted

Budget Page _____

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HB 5201 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Rep. Nathanson

Joint Committee On Ways and Means

Action Date: 03/02/18

Action: Do pass with amendments. (Printed A-Eng.)

House Vote

Yeas: 10 - Gomberg, Holvey, McLane, Nathanson, Noble, Rayfield, Smith Warner, Stark, Whisnant, Williamson

Exc: 1 - Smith G

Senate Vote

Yeas: 11 - DeBoer, Frederick, Girod, Hansell, Johnson, Manning Jr, Monroe, President Courtney, Roblan, Steiner Hayward, Thomsen

Exc: 1 - Winters

Prepared By: Linda Ames and Gregory Jolivette, Legislative Fiscal Office

Reviewed By: Paul Siebert, Legislative Fiscal Office

Emergency Board

2017-19

Various Agencies

2017-19

*** CORRECTED ***

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>Emergency Board</u>				
General Fund - General Purpose	\$ 49,747,628	\$ 49,747,628	\$ -	0.0%
General Fund - Special Purpose Appropriations				
State Agencies for state employee compensation	\$ 100,000,000	\$ -	\$ (100,000,000)	-100.0%
State Agencies for non-state worker compensation	\$ 10,000,000	\$ -	\$ (10,000,000)	-100.0%
Long Term Care Ombudsman - public guardian	\$ 200,000	\$ -	\$ (200,000)	-100.0%
Dept. of Human Services - foster parent supports	\$ 750,000	\$ -	\$ (750,000)	-100.0%
Chief Education Office - 2nd year funding	\$ 3,972,118	\$ -	\$ (3,972,118)	-100.0%
Judicial Dept. - grand jury recordings	\$ 7,900,000	\$ 7,900,000	\$ -	0.0%
Dept. of Forestry - fire protection expenses	\$ 6,000,000	\$ 4,000,000	\$ (2,000,000)	-33.3%
Department of Revenue - position reconciliation	\$ -	\$ 650,000	\$ 650,000	
Secretary of State - 2018 Special Election costs	\$ -	\$ 1,656,115	\$ 1,656,115	
Oregon Health Authority - mental health res. rates	\$ -	\$ 2,000,000	\$ 2,000,000	
Department of Human Services - ventilator costs	\$ -	\$ 300,000	\$ 300,000	
Dept. of Human Services/Oregon Health Auth. - caseload costs or other budget challenges	\$ -	\$ 30,000,000	\$ 30,000,000	
Department of Human Services - child welfare costs	\$ -	\$ 2,500,000	\$ 2,500,000	
<u>ADMINISTRATION PROGRAM AREA</u>				
<u>Department of Administrative Services</u>				
General Fund	\$ 12,606,693	\$ 20,931,500	\$ 8,324,807	66.0%
General Fund Debt Service	\$ 7,254,563	\$ 7,137,196	\$ (117,367)	-1.6%
Lottery Funds Debt Service	\$ 16,294,967	\$ 15,873,695	\$ (421,272)	-2.6%
Other Funds	\$ 514,676,438	\$ 537,626,451	\$ 22,950,013	4.5%
Other Funds Debt Service	\$ 406,585,310	\$ 406,616,039	\$ 30,729	0.0%
<u>Advocacy Commissions Office</u>				
General Fund	\$ 697,136	\$ 720,802	\$ 23,666	3.4%
<u>Employment Relations Board</u>				
General Fund	\$ 2,491,749	\$ 2,556,694	\$ 64,945	2.6%
Other Funds	\$ 2,500,764	\$ 2,556,456	\$ 55,692	2.2%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>Oregon Government Ethics Commission</u>				
Other Funds	\$ 2,705,247	\$ 2,758,688	\$ 53,441	2.0%
<u>Office of the Governor</u>				
General Fund	\$ 12,947,791	\$ 13,660,135	\$ 712,344	5.5%
Lottery Funds	\$ 3,689,100	\$ 3,723,949	\$ 34,849	0.9%
Other Funds	\$ 3,322,288	\$ 3,413,769	\$ 91,481	2.8%
Federal Funds	\$ 6,907,780	\$ 3,585,152	\$ (3,322,628)	-48.1%
<u>Oregon Liquor Control Commission</u>				
Other Funds	\$ 206,250,022	\$ 212,267,011	\$ 6,016,989	2.9%
<u>Public Employees Retirement System,</u>				
Other Funds	\$ 98,448,004	\$ 101,458,179	\$ 3,010,175	3.1%
<u>Racing Commission</u>				
Other Funds	\$ 6,353,396	\$ 6,422,599	\$ 69,203	1.1%
<u>Department of Revenue</u>				
General Fund	\$ 188,533,904	\$ 194,469,572	\$ 5,935,668	3.1%
Other Funds	\$ 124,776,501	\$ 129,820,700	\$ 5,044,199	4.0%
<u>Secretary of State</u>				
General Fund	\$ 10,426,561	\$ 12,649,135	\$ 2,222,574	21.3%
Other Funds	\$ 56,998,482	\$ 58,170,519	\$ 1,172,037	2.1%
Federal Funds	\$ 4,721,387	\$ 4,882,166	\$ 160,779	3.4%
<u>State Library</u>				
General Fund	\$ 3,990,257	\$ 4,060,172	\$ 69,915	1.8%
Other Funds	\$ 6,717,774	\$ 6,842,189	\$ 124,415	1.9%
Federal Funds	\$ 5,275,247	\$ 5,309,791	\$ 34,544	0.7%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>State Treasurer</u>				
General Fund	\$ 3,490,552	\$ 5,361,270	\$ 1,870,718	53.6%
Other Funds	\$ 80,418,025	\$ 82,003,898	\$ 1,585,873	2.0%
<u>CONSUMER AND BUSINESS SERVICES PROGRAM AREA</u>				
<u>State Board of Accountancy</u>				
Other Funds	\$ 2,583,982	\$ 2,617,527	\$ 33,545	1.3%
<u>Chiropractic Examiners Board</u>				
Other Funds	\$ 2,014,079	\$ 2,027,840	\$ 13,761	0.7%
<u>Consumer and Business Services</u>				
Other Funds	\$ 246,276,380	\$ 252,580,722	\$ 6,304,342	2.6%
Federal Funds	\$ 14,466,034	\$ 16,803,370	\$ 2,337,336	16.2%
<u>Construction Contractors Board</u>				
Other Funds	\$ 15,859,876	\$ 16,174,047	\$ 314,171	2.0%
<u>Board of Dentistry</u>				
Other Funds	\$ 3,277,010	\$ 3,328,763	\$ 51,753	1.6%
<u>Health Related Licensing Boards</u>				
State Mortuary and Cemetery Board				
Other Funds	\$ 2,152,200	\$ 2,191,749	\$ 39,549	1.8%
Board of Naturopathic Medicine				
Other Funds	\$ 799,923	\$ 809,413	\$ 9,490	1.2%
Occupational Therapy Licensing Board				
Other Funds	\$ 483,425	\$ 514,522	\$ 31,097	6.4%
Board of Medical Imaging				
Other Funds	\$ 886,265	\$ 898,304	\$ 12,039	1.4%
State Board of Examiners for Speech-Language Pathology and Audiology				
Other Funds	\$ 615,945	\$ 756,010	\$ 140,065	22.7%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
Oregon State Veterinary Medical Examining Board Other Funds	\$ 973,220	\$ 1,034,917	\$ 61,697	6.3%
<u>Bureau of Labor and Industries</u>				
General Fund	\$ 13,119,229	\$ 13,461,114	\$ 341,885	2.6%
Other Funds	\$ 12,162,061	\$ 12,675,846	\$ 513,785	4.2%
Federal Funds	\$ 1,258,596	\$ 1,297,545	\$ 38,949	3.1%
<u>Licensed Social Workers, Board of</u>				
Other Funds	\$ 1,697,440	\$ 1,717,671	\$ 20,231	1.2%
<u>Oregon Medical Board</u>				
Other Funds	\$ 12,595,547	\$ 12,840,109	\$ 244,562	1.9%
<u>Mental Health Regulatory Agency</u>				
Other Funds	\$ 3,462,553	\$ 3,509,699	\$ 47,146	1.4%
<u>Board of Nursing</u>				
Other Funds	\$ 16,595,386	\$ 16,847,478	\$ 252,092	1.5%
<u>Board of Pharmacy</u>				
Other Funds	\$ 7,335,399	\$ 7,464,610	\$ 129,211	1.8%
<u>Public Utility Commission</u>				
Other Funds	\$ 45,128,415	\$ 45,919,838	\$ 791,423	1.8%
Federal Funds	\$ 715,100	\$ 742,231	\$ 27,131	3.8%
<u>Real Estate Agency</u>				
Other Funds	\$ 7,621,789	\$ 7,781,918	\$ 160,129	2.1%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA</u>				
<u>Oregon Business Development Department</u>				
General Fund	\$ 15,951,696	\$ 15,977,133	\$ 25,437	0.2%
General Fund Debt Service	\$ 39,144,515	\$ 39,036,407	\$ (108,108)	-0.3%
Lottery Funds	\$ 115,975,469	\$ 117,789,412	\$ 1,813,943	1.6%
Other Funds	\$ 378,417,137	\$ 379,465,905	\$ 1,048,768	0.3%
Other Funds Debt Service	\$ -	\$ 108,109	\$ 108,109	
Federal Funds	\$ 40,717,603	\$ 41,457,527	\$ 739,924	1.8%
<u>Employment Department</u>				
Other Funds	\$ 144,544,337	\$ 152,904,308	\$ 8,359,971	5.8%
Federal Funds	\$ 155,927,081	\$ 159,644,349	\$ 3,717,268	2.4%
<u>Housing and Community Services Department</u>				
General Fund	\$ 54,438,010	\$ 59,693,031	\$ 5,255,021	9.7%
Lottery Funds	\$ 16,357,282	\$ 17,507,282	\$ 1,150,000	7.0%
Other Funds	\$ 209,274,996	\$ 228,524,093	\$ 19,249,097	9.2%
Federal Funds	\$ 122,692,797	\$ 122,817,211	\$ 124,414	0.1%
<u>Department of Veterans' Affairs</u>				
General Fund	\$ 8,380,599	\$ 8,568,114	\$ 187,515	2.2%
Lottery Funds	\$ 14,856,025	\$ 15,062,268	\$ 206,243	1.4%
Other Funds	\$ 100,316,941	\$ 100,525,917	\$ 208,976	0.2%
Federal Funds	\$ 500,000	\$ 1,000,000	\$ 500,000	100.0%
<u>EDUCATION PROGRAM AREA</u>				
<u>Department of Education</u>				
General Fund	\$ 802,687,885	\$ 806,519,417	\$ 3,831,532	0.5%
General Fund Debt Service	\$ 18,263,417	\$ 18,239,116	\$ (24,301)	-0.1%
Other Funds	\$ 441,326,984	\$ 481,934,415	\$ 40,607,431	9.2%
Other Funds Debt Service	\$ -	\$ 24,302	\$ 24,302	
Federal Funds	\$ 1,053,144,232	\$ 1,054,258,511	\$ 1,114,279	0.1%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>State School Fund</u>				
General Fund	\$ 7,653,853,380	\$ 7,582,892,067	\$ (70,961,313)	-0.9%
Lottery Funds	\$ 464,758,594	\$ 535,719,907	\$ 70,961,313	15.3%
<u>Higher Education Coordinating Commission</u>				
General Fund	\$ 31,611,113	\$ 32,288,585	\$ 677,472	2.1%
Other Funds	\$ 34,277,137	\$ 35,810,339	\$ 1,533,202	4.5%
Federal Funds	\$ 114,075,784	\$ 118,191,072	\$ 4,115,288	3.6%
<u>State Support for Community Colleges</u>				
General Fund Debt Service	\$ 26,778,761	\$ 26,551,170	\$ (227,591)	-0.8%
Other Funds Debt Service	\$ 550,000	\$ 777,592	\$ 227,592	41.4%
<u>State Support for Public Universities</u>				
General Fund	\$ 904,264,998	\$ 907,514,998	\$ 3,250,000	0.4%
General Fund Debt Service	\$ 153,230,455	\$ 150,990,325	\$ (2,240,130)	-1.5%
Other Funds Debt Service	\$ 900,000	\$ 3,140,132	\$ 2,240,132	248.9%
<u>Oregon Health Sciences University</u>				
General Fund Debt Service	\$ 21,774,770	\$ 21,750,337	\$ (24,433)	-0.1%
Other Funds Debt Service	\$ 38,828,443	\$ 38,576,738	\$ (251,705)	-0.6%
<u>Chief Education Office</u>				
General Fund	\$ 3,652,812	\$ 8,207,271	\$ 4,554,459	124.7%
<u>Teacher Standards and Practices</u>				
Other Funds	\$ 8,961,470	\$ 9,106,410	\$ 144,940	1.6%
<u>HUMAN SERVICES PROGRAM AREA</u>				
<u>Commission for the Blind</u>				
General Fund	\$ 3,426,922	\$ 3,535,937	\$ 109,015	3.2%
Other Funds	\$ 1,475,033	\$ 1,482,049	\$ 7,016	0.5%
Federal Funds	\$ 16,372,609	\$ 16,645,593	\$ 272,984	1.7%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>Oregon Health Authority</u>				
General Fund	\$ 2,118,221,508	\$ 2,095,006,278	\$ (23,215,230)	-1.1%
General Fund Debt Service	\$ 67,714,171	\$ 66,343,686	\$ (1,370,485)	-2.0%
Lottery Funds	\$ 12,457,116	\$ 12,498,909	\$ 41,793	0.3%
Other Funds	\$ 6,653,688,309	\$ 6,729,723,047	\$ 76,034,738	1.1%
Other Funds Debt Service	\$ -	\$ 1,371,293	\$ 1,371,293	
Federal Funds	\$ 10,913,483,621	\$ 11,157,123,747	\$ 243,640,126	2.2%
<u>Department of Human Services</u>				
General Fund	\$ 3,109,000,548	\$ 3,197,087,399	\$ 88,086,851	2.8%
Other Funds	\$ 598,001,557	\$ 654,392,908	\$ 56,391,351	9.4%
Federal Funds	\$ 5,463,087,605	\$ 5,574,153,008	\$ 111,065,403	2.0%
<u>Long Term Care Ombudsman</u>				
General Fund	\$ 6,087,623	\$ 6,401,552	\$ 313,929	5.2%
Other Funds	\$ 894,242	\$ 908,057	\$ 13,815	1.5%
<u>Psychiatric Security Review Board</u>				
General Fund	\$ 2,966,321	\$ 3,047,827	\$ 81,506	2.7%
<u>JUDICIAL BRANCH</u>				
<u>Judicial Department</u>				
General Fund	\$ 447,037,989	\$ 454,524,551	\$ 7,486,562	1.7%
Other Funds	\$ 247,670,281	\$ 248,093,590	\$ 423,309	0.2%
Federal Funds	\$ 1,339,352	\$ 1,344,289	\$ 4,937	0.4%
<u>Commission on Judicial Fitness and Disability</u>				
General Fund	\$ 251,551	\$ 252,710	\$ 1,159	0.5%
<u>Public Defense Services Commission</u>				
General Fund	\$ 303,430,035	\$ 305,425,556	\$ 1,995,521	0.7%
Other Funds	\$ 4,954,313	\$ 4,967,943	\$ 13,630	0.3%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>LEGISLATIVE BRANCH</u>				
<u>Legislative Administration Committee</u>				
General Fund	\$ 28,445,653	\$ 29,236,618	\$ 790,965	2.8%
General Fund Debt Service	\$ 12,428,295	\$ 12,379,677	\$ (48,618)	-0.4%
Other Funds	\$ 3,017,853	\$ 3,183,430	\$ 165,577	5.5%
Other Funds Debt Service	\$ 1,164,070	\$ 1,212,689	\$ 48,619	4.2%
<u>Legislative Assembly</u>				
General Fund	\$ 40,368,569	\$ 40,959,543	\$ 590,974	1.5%
<u>Legislative Commission on Indian Services</u>				
General Fund	\$ 537,318	\$ 542,353	\$ 5,035	0.9%
<u>Legislative Counsel</u>				
General Fund	\$ 12,552,965	\$ 12,329,541	\$ (223,424)	-1.8%
Other Funds	\$ 1,579,137	\$ 1,846,216	\$ 267,079	16.9%
<u>Legislative Fiscal Office</u>				
General Fund	\$ 4,117,795	\$ 4,165,598	\$ 47,803	1.2%
Other Funds	\$ 3,655,385	\$ 3,692,282	\$ 36,897	1.0%
<u>Legislative Policy and Research Office</u>				
General Fund	\$ 8,847,088	\$ 9,903,112	\$ 1,056,024	11.9%
<u>Legislative Revenue Office</u>				
General Fund	\$ 3,017,916	\$ 3,045,581	\$ 27,665	0.9%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>NATURAL RESOURCES PROGRAM AREA</u>				
<u>State Department of Agriculture</u>				
General Fund	\$ 22,307,042	\$ 22,698,953	\$ 391,911	1.8%
Lottery Funds	\$ 8,103,745	\$ 9,001,307	\$ 897,562	11.1%
Other Funds	\$ 66,605,463	\$ 68,154,857	\$ 1,549,394	2.3%
Federal Funds	\$ 17,452,844	\$ 17,615,623	\$ 162,779	0.9%
<u>State Department of Energy</u>				
Other Funds	\$ 35,206,624	\$ 35,609,279	\$ 402,655	1.1%
Federal Funds	\$ 2,412,636	\$ 2,455,398	\$ 42,762	1.8%
<u>Department of Environmental Quality</u>				
General Fund	\$ 40,804,031	\$ 43,718,803	\$ 2,914,772	7.1%
General Fund Debt Service	\$ 3,824,980	\$ 4,658,847	\$ 833,867	21.8%
Lottery Funds	\$ 4,610,577	\$ 4,732,711	\$ 122,134	2.6%
Other Funds	\$ 169,639,110	\$ 192,862,876	\$ 23,223,766	13.7%
Federal Funds	\$ 28,593,914	\$ 29,266,525	\$ 672,611	2.4%
<u>State Department of Fish and Wildlife</u>				
General Fund	\$ 28,408,880	\$ 29,458,285	\$ 1,049,405	3.7%
Lottery Funds	\$ 5,212,514	\$ 5,326,259	\$ 113,745	2.2%
Other Funds	\$ 181,354,898	\$ 183,825,411	\$ 2,470,513	1.4%
Federal Funds	\$ 133,139,592	\$ 135,372,685	\$ 2,233,093	1.7%
<u>Department of Forestry</u>				
General Fund	\$ 68,242,727	\$ 96,105,737	\$ 27,863,010	40.8%
Other Funds	\$ 340,602,781	\$ 366,655,973	\$ 26,053,192	7.6%
Federal Funds	\$ 33,657,195	\$ 33,907,251	\$ 250,056	0.7%
<u>Department of Geology and Mineral Industries</u>				
General Fund	\$ 4,631,168	\$ 4,709,949	\$ 78,781	1.7%
Other Funds	\$ 6,787,859	\$ 6,881,528	\$ 93,669	1.4%
Federal Funds	\$ 5,937,915	\$ 6,040,857	\$ 102,942	1.7%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>Department of Land Conservation and Development</u>				
General Fund	\$ 12,951,689	\$ 13,430,953	\$ 479,264	3.7%
Other Funds	\$ 1,734,829	\$ 1,785,545	\$ 50,716	2.9%
Federal Funds	\$ 6,421,857	\$ 6,487,739	\$ 65,882	1.0%
<u>Land Use Board of Appeals</u>				
General Fund	\$ 1,927,050	\$ 1,952,556	\$ 25,506	1.3%
<u>Oregon Marine Board</u>				
Other Funds	\$ 26,923,945	\$ 27,142,592	\$ 218,647	0.8%
Federal Funds	\$ 6,631,041	\$ 6,633,313	\$ 2,272	0.0%
<u>Department of Parks and Recreation</u>				
General Fund	\$ 218,894	\$ 228,729	\$ 9,835	4.5%
Lottery Funds	\$ 100,597,217	\$ 102,148,107	\$ 1,550,890	1.5%
Other Funds	\$ 99,889,179	\$ 101,176,692	\$ 1,287,513	1.3%
Federal Funds	\$ 16,389,923	\$ 16,422,002	\$ 32,079	0.2%
<u>Department of State Lands</u>				
Other Funds	\$ 47,925,059	\$ 56,436,137	\$ 8,511,078	17.8%
Federal Funds	\$ 2,261,458	\$ 2,466,188	\$ 204,730	9.1%
<u>Water Resources Department</u>				
General Fund	\$ 31,483,809	\$ 32,150,986	\$ 667,177	2.1%
Other Funds	\$ 61,306,639	\$ 66,865,131	\$ 5,558,492	9.1%
Federal Funds	\$ 1,879,534	\$ 1,905,917	\$ 26,383	1.4%
<u>Watershed Enhancement Board</u>				
Lottery Funds	\$ 74,415,091	\$ 79,589,460	\$ 5,174,369	7.0%
Federal Funds	\$ 41,671,381	\$ 41,759,143	\$ 87,762	0.2%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>PUBLIC SAFETY PROGRAM AREA</u>				
<u>Department of Corrections</u>				
General Fund	\$ 1,568,314,745	\$ 1,593,929,231	\$ 25,614,486	1.6%
General Fund Debt Service	\$ 112,749,173	\$ 112,706,132	\$ (43,041)	0.0%
Other Funds	\$ 43,244,547	\$ 43,508,746	\$ 264,199	0.6%
Other Funds Debt Service	\$ -	\$ 43,042	\$ 43,042	
<u>Oregon Criminal Justice Commission</u>				
General Fund	\$ 64,926,239	\$ 65,021,569	\$ 95,330	0.1%
Other Funds	\$ 511,392	\$ 961,392	\$ 450,000	88.0%
Federal Funds	\$ 7,170,201	\$ 8,224,498	\$ 1,054,297	14.7%
<u>District Attorneys and their Deputies</u>				
General Fund	\$ 12,478,724	\$ 12,592,454	\$ 113,730	0.9%
<u>Department of Justice</u>				
General Fund	\$ 72,122,805	\$ 73,202,693	\$ 1,079,888	1.5%
General Fund Debt Service	\$ 12,530,237	\$ 12,507,190	\$ (23,047)	-0.2%
Other Funds	\$ 321,296,607	\$ 330,308,027	\$ 9,011,420	2.8%
Federal Funds	\$ 179,004,039	\$ 186,688,612	\$ 7,684,573	4.3%
<u>Oregon Military Department</u>				
General Fund	\$ 25,608,114	\$ 27,578,231	\$ 1,970,117	7.7%
Other Funds	\$ 106,851,901	\$ 112,711,583	\$ 5,859,682	5.5%
Federal Funds	\$ 271,814,624	\$ 289,973,794	\$ 18,159,170	6.7%
<u>Oregon Board of Parole</u>				
General Fund	\$ 8,868,686	\$ 9,048,876	\$ 180,190	2.0%
<u>Department of State Police</u>				
General Fund	\$ 269,292,257	\$ 280,526,031	\$ 11,233,774	4.2%
Lottery Funds	\$ 8,069,250	\$ 8,145,961	\$ 76,711	1.0%
Other Funds	\$ 136,707,491	\$ 151,266,325	\$ 14,558,834	10.6%
Federal Funds	\$ 12,249,830	\$ 12,274,226	\$ 24,396	0.2%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>Department of Public Safety Standards and Training</u>				
Other Funds	\$ 43,523,261	\$ 49,116,738	\$ 5,593,477	12.9%
Federal Funds	\$ 8,007,963	\$ 8,012,359	\$ 4,396	0.1%
<u>Oregon Youth Authority</u>				
General Fund	\$ 307,443,048	\$ 312,595,798	\$ 5,152,750	1.7%
Other Funds	\$ 11,597,846	\$ 11,533,519	\$ (64,327)	-0.6%
Federal Funds	\$ 37,166,220	\$ 37,328,320	\$ 162,100	0.4%
<u>TRANSPORTATION PROGRAM AREA</u>				
<u>Department of Aviation</u>				
Other Funds	\$ 12,190,805	\$ 13,213,366	\$ 1,022,561	8.4%
Federal Funds	\$ 4,514,961	\$ 4,525,743	\$ 10,782	0.2%
<u>Department of Transportation</u>				
Lottery Funds Debt Service	\$ 120,644,222	\$ 119,636,050	\$ (1,008,172)	-0.8%
Other Funds	\$ 3,232,865,421	\$ 3,371,912,838	\$ 139,047,417	4.3%
Other Funds Debt Service	\$ 415,126,500	\$ 416,134,673	\$ 1,008,173	0.2%
Federal Funds	\$ 105,699,330	\$ 105,756,768	\$ 57,438	0.1%
2017-19 Budget Summary				
General Fund Total	\$ 18,530,053,820	\$ 18,572,698,743	\$ 42,644,923	0.2%
General Fund Debt Service Total	\$ 475,693,337	\$ 472,300,083	\$ (3,393,254)	-0.7%
Lottery Funds Total	\$ 829,101,980	\$ 911,245,532	\$ 82,143,552	9.9%
Lottery Funds Debt Service Total	\$ 136,939,189	\$ 135,509,745	\$ (1,429,444)	-1.0%
Other Funds Total	\$ 15,264,508,605	\$ 15,763,520,906	\$ 499,012,301	3.3%
Other Funds Debt Service Total	\$ 863,154,323	\$ 868,004,609	\$ 4,850,286	0.6%
Federal Funds Total	\$ 18,836,761,286	\$ 19,232,372,523	\$ 395,611,237	2.1%

* Excludes Capital Construction

Position Summary	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			Change	% Change
ADMINISTRATION PROGRAM AREA				
<u>Department of Administrative Services</u>				
Authorized Positions	908	914	6	0.7%
Full-time Equivalent (FTE) positions	903.38	906.96	3.58	0.4%
<u>Office of the Governor</u>				
Authorized Positions	59	61	2	3.4%
Full-time Equivalent (FTE) positions	58.50	59.13	0.63	1.1%
<u>Oregon Liquor Control Commission</u>				
Authorized Positions	304	321	17	5.6%
Full-time Equivalent (FTE) positions	298.82	310.16	11.34	3.8%
<u>Public Employees Retirement System</u>				
Authorized Positions	373	376	3	0.8%
Full-time Equivalent (FTE) positions	372.29	374.30	2.01	0.5%
<u>Department of Revenue</u>				
Authorized Positions	1,007	1,101	94	9.3%
Full-time Equivalent (FTE) positions	933.85	963.28	29.43	3.2%
<u>Secretary of State</u>				
Authorized Positions	213	215	2	0.9%
Full-time Equivalent (FTE) positions	212.77	214.03	1.26	0.6%
CONSUMER AND BUSINESS SERVICES PROGRAM AREA				
<u>Consumer and Business Services</u>				
Authorized Positions	965	966	1	0.1%
Full-time Equivalent (FTE) positions	957.36	958.03	0.67	0.1%

Position Summary	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			Change	% Change
<u>Bureau of Labor and Industries</u>				
Authorized Positions	107	107	-	0.0%
Full-time Equivalent (FTE) positions	104.88	105.38	0.50	0.5%
<u>Health-Related Licensing Boards</u>				
Authorized Positions	21	22	1	4.8%
Full-time Equivalent (FTE) positions	20.25	20.56	0.31	1.5%
ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA				
<u>Employment Department</u>				
Authorized Positions	1,298.00	1,320	22	1.7%
Full-time Equivalent (FTE) positions	1,239.78	1,259.03	19.25	1.6%
<u>Housing and Community Services</u>				
Authorized Positions	164	165	1	0.6%
Full-time Equivalent (FTE) positions	152.65	153.28	0.63	0.4%
EDUCATION PROGRAM AREA				
<u>Chief Education Office</u>				
Authorized Positions	14	15	1	7.1%
Full-time Equivalent (FTE) positions	6.75	12.50	5.75	85.2%
<u>Department of Education</u>				
Authorized Positions	551	565	14	2.5%
Full-time Equivalent (FTE) positions	537.54	544.76	7.22	1.3%
<u>Higher Education Coordinating Commission</u>				
Authorized Positions	124	130	6	4.8%
Full-time Equivalent (FTE) positions	116.20	118.45	2.25	1.9%

Position Summary	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			Change	% Change
HUMAN SERVICES PROGRAM AREA				
<u>Oregon Health Authority</u>				
Authorized Positions	4,646	4,177	(469)	-10.1%
Full-time Equivalent (FTE) positions	4,591.03	4,274.45	(316.58)	-6.9%
<u>Department of Human Services</u>				
Authorized Positions	8,349	9,056	707	8.5%
Full-time Equivalent (FTE) positions	8,164.07	8,612.17	448.10	5.5%
<u>Long Term Care Ombudsman</u>				
Authorized Positions	25	27	2	8.0%
Full-time Equivalent (FTE) positions	24.50	25.50	1.00	4.1%
NATURAL RESOURCES PROGRAM AREA				
<u>State Department of Agriculture</u>				
Authorized Positions	489	501	12	2.5%
Full-time Equivalent (FTE) positions	370.46	375.73	5.27	1.4%
<u>Department of Environmental Quality</u>				
Authorized Positions	745	751	6	0.8%
Full-time Equivalent (FTE) positions	723.89	730.67	6.78	0.9%
<u>Department of State Lands</u>				
Authorized Positions	111	113	2	1.8%
Full-time Equivalent (FTE) positions	109.33	110.67	1.34	1.2%
PUBLIC SAFETY PROGRAM AREA				
<u>Department of Justice</u>				
Authorized Positions	1,374	1,379	5	0.4%
Full-time Equivalent (FTE) positions	1,348.42	1,355.40	6.98	0.5%

Position Summary	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			Change	% Change
<u>Department of State Police</u>				
Authorized Positions	1,345	1,370	25	1.9%
Full-time Equivalent (FTE) positions	1,321.62	1,346.62	25.00	1.9%
<u>Department of Public Safety Standards and Training</u>				
Authorized Positions	152	165	13	8.6%
Full-time Equivalent (FTE) positions	150.05	157.59	7.54	5.0%
TRANSPORTATION PROGRAM AREA				
<u>Department of Transportation</u>				
Authorized Positions	4,537	4,716	179	3.9%
Full-time Equivalent (FTE) positions	4,425.34	4,502.97	77.63	1.8%
LEGISLATIVE BRANCH				
<u>Legislative Administration Committee</u>				
Authorized Positions	86	87	1	1.2%
Full-time Equivalent (FTE) positions	72.16	72.66	0.50	0.7%

Summary of Revenue Changes

The General Fund appropriations made in the bill are within resources available as projected in the March 2018 economic and revenue forecast by the Department of Administrative Services Office of Economic Analysis.

Summary of Capital Construction Subcommittee Action

HB 5201 is the omnibus budget reconciliation bill for the 2018 legislative session, implementing the statewide rebalance plan that addresses changes in projected revenues and expenditures since the close of the 2017 session. The Subcommittee approved HB 5201 with amendments to reflect budget adjustments as described below.

Statewide Adjustments

EMPLOYEE COMPENSATION DISTRIBUTION

The Subcommittee approved allocation of \$98.4 million General Fund to state agencies for employee compensation. The General Fund appropriation is expected to cover 100% of the statewide estimate of costs for compensation and benefit changes agreed to through collective bargaining or other salary agreements. Total compensation adjustments include \$98.4 million General Fund, \$2.3 million Lottery Funds, \$80.8 million Other Funds, and \$43.3 million Federal Funds.

OTHER STATEWIDE ADJUSTMENTS

Other statewide adjustments include adjustments for Pension Obligation Bond (POB) payments and fully funding the General Fund need of employee compensation for small agencies. POB adjustments generated a net cost of \$1.7 million Total Funds, but included General Fund savings of \$1.5 million.

Section 180 of the budget bill reflects the changes, as described above, for each agency. These adjustments are not addressed in the agency narratives, although they are included in the table at the beginning of the budget report.

Other statewide adjustments also reflect budget changes in multiple agencies to apply Other Fund balances generated through excess Lottery Fund reserves, excess bond proceeds, and interest earnings to debt service. A technical adjustment to the Department of Administrative Services Other Fund debt service is also included. Total net debt service savings are \$2.8 million General Fund and \$1.4 million Lottery Funds. New Other Funds expenditure limitations for the Oregon Business Development Department (\$108,109), the Department of Education (\$24,302), the Higher Education Coordinating Commission (\$24,434), and the Department of Corrections (\$42,042) are established to accommodate the use of fund balances for debt payments, while existing Other Funds expenditure limitations for a number of other agencies are collectively increased by \$3.6 million.

Sections 75, 76, 77, 95, and 170 of the budget bill reflect the changes, as described above, for each agency. These adjustments are not addressed in the agency narratives, although they are included in the table at the beginning of the budget report.

Emergency Board

As part of the 2017-19 biennium statewide rebalance plan, HB 5201 adjusts the Emergency Board's special purpose appropriations as follows:

- Eliminates the special purpose appropriation for state agencies for compensation of state employees of \$100 million, and makes General Fund appropriations to various state agencies of \$96.9 for state employee compensation changes and adjustments for Pension Obligation Bond payments.
- Eliminates the \$10 million special purpose appropriation for compensation driven by collective bargaining costs of workers who are not state employees; the bulk of these funds are appropriated to the Department of Human Services. Details on how the funding is being used is found under that agency's section of this budget report.
- Eliminates the \$200,000 special purpose appropriation to the Emergency Board for costs associated with the public guardian program and makes a corresponding appropriation to the Long Term Care Ombudsman to provide the program additional resources.
- Eliminates the \$750,000 special purpose appropriation to the Emergency Board for foster parent supports and adds the same amount of General Fund to the Child Welfare program budget within the Department of Human Services.
- Eliminates the \$3,972,118 special purpose appropriation to the Emergency Board for funding the second year of the biennium for the Chief Education Office. This bill does appropriate General Fund for the full biennium for the Chief Education Office. The Office is set to sunset at the end of the current biennium.
- Reduces the special purpose appropriation for the Department of Forestry for fire protection expenses by \$2.0 million in conjunction with a corresponding General Fund appropriation to the Department of Forestry for emergency firefighting costs during the 2017 fire season.
- Establishes a \$650,000 special purpose appropriation for the Department of Revenue for potential position reconciliation costs with the priority assigned to those in the Property Tax Division.
- Establishes a \$2,000,000 special purpose appropriation for the Oregon Health Authority for rate increases for certain residential mental health service providers.
- Establishes a \$1,656,115 special purpose appropriation to be allocated to the Secretary of State for reimbursement of Elections Division and county costs of conducting the January 2018 Special Election. The appropriation is available to reimburse eligible costs that were not reimbursed through a similar appropriation made directly to the Secretary of State for this purpose in this bill.
- Establishes a \$300,000 special purpose appropriation for Department of Human Services to increase access to ventilator-assisted services in nursing facilities.

- Establishes a \$30 million special purpose appropriation for the Oregon Health Authority or the Department of Human Services for caseload costs or other budget challenges that the agencies are unable to mitigate. Known potential challenges include changes to caseloads based on future forecasts, the agencies' ability to manage personal services expenditures including cost of living increases or other bargained costs, volatility in usage-based costs or charges for services, assessment of federal program penalties or repayments, federal law or funding changes, and legal costs.
- Establishes a new \$2.5 million special purpose appropriation for the Department of Human Services to access for the Child Welfare program as the agency continues to develop and implement its action plan to improve child safety, stabilize the workforce stability, and help foster families.

If remaining special purpose appropriations are not allocated by the Emergency Board before December 1, 2018, any remaining funds become available to the Emergency Board for general purposes.

The Subcommittee established a reservation within the general purpose Emergency Fund of \$1.0 million for the Oregon Department of Forestry for the purpose of eradication efforts of the European lineage (EU1) of *Phytophthora ramorum*, the invasive, non-native, pathogen that causes the sudden oak death (SOD) disease in tanoak and possibly damages or kills certain conifer tree species. The Oregon Department of Forestry (ODF) may request allocation of the reservation from the Emergency Board if all other sources of funding supporting SOD eradication efforts have been expended and the agency evidences that additional funding will result in a demonstrative reduction in the incidence or spread of the pathogen in Oregon.

Adjustments to 2017-19 Agency Budgets

ADMINISTRATION

Department of Administrative Services

The Subcommittee approved a one-time \$438,465 General Fund appropriation to restore a reduction to the CASA Volunteer Program that was transferred temporarily to the Department of Administrative Services (DAS) by HB 2600 (2017) and increased the Other Funds expenditure limitation by \$170,000 for the same program to accommodate payments to local CASA programs that are eligible to receive federal Title IV-E monies transferred to DAS by the Department of Human Services (DHS).

A one-time \$2.5 million Other Funds expenditure limitation increase was included for the Office of the State Chief Information Officer to support acquisition of fiber assets in partnership with Oregon State University for the establishment of a new core fiber network to support state agencies and Oregon's research universities through the "OregonFIBER" partnership. This expenditure will enable the establishment of a new public statewide core network spanning more than 2,200 miles with speeds up to 100 Gbs. In addition, the Other Funds expenditure limitation

for the State Data Center (SDC) was increased by \$779,157 on a one-time basis to pay the costs associated with moving the Oregon Youth Authority's (OYA) information technology assets into the SDC.

Technical budget adjustments necessary to finalize the consolidation of IT security positions started in the 2017-19 adopted budget for DAS were also approved. These adjustments included decreasing Other Funds expenditure limitation for the State Data Center by \$288,399 and one position (1.00 FTE), with a corresponding increase in the Office of the State Chief Information of \$288,399 Other Funds expenditure limitation and one position (1.00 FTE).

The Subcommittee approved an Other Funds expenditure limitation increase of \$132,524 in the Chief Operating Office for an economist position (0.63 FTE) dedicated to working on forecasting revenues from the sale of cannabis products and to produce the annual forecast on the supply of clean fuels. The Departments of Environmental Quality and Transportation will contribute two-thirds of the cost of the position and the Oregon Liquor Control Commission will provide the remaining one-third of the position funding for the remainder of the 2017-19 biennium, with the understanding the ongoing cost of the position will be proposed for funding through DAS rates in the 2019-21 biennium.

The Subcommittee also approved the transfer of an IT procurement position from DHS to DAS Enterprise Goods and Services by increasing the Other Funds expenditure limitation by \$152,247 and establishing one position (0.63 FTE). DHS will continue to pay for the position for the remainder of the 2017-19 biennium, with the understanding the ongoing cost of the position will be proposed for funding through DAS rates in the 2019-21 biennium.

The following one-time Other Funds expenditure limitation increases were approved for Enterprise Asset Management for the following purposes:

- \$6,250,000 for infrastructure improvements at the Mill Creek Corporate Center. Infrastructure improvements at the Center are necessary for parcels to be sold and developed. These improvements are paid for with proceeds from land sales at the Center.
- \$1,375,000 Other Funds expenditure limitation increase for six limited duration construction manager positions established in the 2017-19 legislatively adopted budget to oversee deferred maintenance projects funded through the Capital Projects Fund. At the time the budget was adopted, DAS thought the positions could be paid for using expenditure limitation from each project. Since then the Department determined that the positions should be supported through standalone Other Funds expenditure limitation for personal services.
- \$860,000 to secure and maintain the Hillcrest (\$550,000) and North Coast (\$310,000) Youth Correctional Facilities. Both facilities were transferred to DAS by OYA as surplus property. DAS will start the process of disposing of both properties in the current biennium, however, it is likely that final disposition will not occur until the 2019-21 biennium.

House Bill 5201 includes one-time General Fund appropriations to the Department of Administrative Services for the following purposes:

- \$1,895,000 for disbursement to the Rogue River Valley Irrigation District for the Bradshaw Drop Irrigation Canal project;
- \$1,100,000 for disbursement to the National Urban Housing and Economic Community Development Corporation (NUHECDC) for implementation of a program to provide affordable homes, skills training, and jobs for unemployed prior-offenders, at-risk youth, and veterans. NUHECDC is directed to provide written status reports to the Department of Administrative Services and the Legislative Fiscal Officer each quarter during the remainder of the 2017-19 biennium to document progress in meeting the program's objectives of providing affordable housing for low to moderate income Oregonians; skill training for prior-offenders, at-risk youth, and veterans; and job placement for those with barriers to quality employment;
- \$1,000,000 for disbursement to the City of Maupin for a new Civic Center that will replace the current library and City Hall;
- \$1,000,000 for disbursement to the Port of Umatilla for a new facility to house the Hermiston Chamber of Commerce;
- \$500,000 for disbursement to the City of Maupin to complete a fiber project;
- \$300,000 for disbursement to the City of Milwaukie for expansion of the Ledding Library;
- \$300,000 for disbursement to Athena's Gem, Inc for transforming the Gem Theater property into a regional art center;
- \$200,000 for disbursement to Benton County for a ranked choice voting pilot project;
- \$100,000 for disbursement to Harney County for a study of the Silvies River and its drainages.

The Subcommittee added \$3,058,514 Other Funds expenditure limitation for one-time cost of issuance and special payments associated with the disbursement of proceeds from the sale of \$3,000,000 in lottery bonds for disbursement to Trillium Family Services for construction of a secure adolescent inpatient facility at the Trillium Children's Farm Home. The Subcommittee also approved an Other Funds expenditure limitation increase of \$2,050,587 for one-time cost of issuance and special payments associated with the disbursement of proceeds from the sale of \$2,000,000 in lottery bonds for disbursement to DePaul Treatment Centers for construction of a new treatment facility. The lottery bonds for both projects are authorized in Senate Bill 5702. There is no debt service allocated in the 2017-19 biennium for these sales, as the bonds will not be sold until the spring of 2019. Debt service for 2019-21 is estimated at a total of \$864,212 Lottery Funds per biennium.

The Subcommittee approved a one-time \$1,435,000 General Fund appropriation to support operations of a Carbon Policy Office to be housed temporarily in the Department of Administrative Services. The Office will be staffed by four limited duration positions (2.32 FTE); the Governor's Carbon Policy Advisor; a Climate Policy Manager, a Project Manager, and a support staff position. The approved one-time funding includes \$650,000 for studies to examine the following areas: an economic impact analysis of a cap and trade program on Oregon's jobs and economy, leakage risk of emission intensive, trade exposed industries (EITEs); and carbon sequestration.

Office of the Governor

The Subcommittee increased the General Fund appropriation by \$222,022, and added one full-time education policy advisor position (0.50 FTE). The policy advisor position is classified as a Principal Executive/Manager G.

The Subcommittee also established a one-time \$230,772 General Fund appropriation and one limited-duration full-time Principal Executive/Manager E position (0.63 FTE), to serve as a census coordinator. The employee will coordinate state efforts to ensure an accurate census count in the federal 2020 Census. The Office is expected to request re-establishment of the position for an additional eighteen-month period in the 2019-21 biennium Governor's recommended budget.

Finally, the Subcommittee adjusted the Office budget to reflect the transfer of the Oregon Volunteers Commission for Voluntary Action and Service (Oregon Volunteers) to the Higher Education Coordinating Commission. House Bill 4163, the 2018 session program change bill, transfers the Oregon Volunteers program from the Office of the Governor to the Higher Education Coordinating Commission, effective July 1, 2018. The Subcommittee increased the General Fund appropriation for Oregon Volunteers by \$50,000, decreased the Federal Funds expenditure limitation for Oregon Volunteers by \$3,337,261, and decreased the position authorization by 0.50 FTE to reflect the transfer out of the program Director position in the middle of the biennium. The corresponding adjustments to the Higher Education Coordinating Commission are described in that section of the budget report.

Oregon Liquor Control Commission

In total, 17 permanent positions (11.34 FTE) and \$4.3 million Other Funds expenditure limitation are included for the Oregon Liquor Control Commission (OLCC). The limitation and positions are for the following issues:

- \$197,175 and one position (0.67 FTE) to serve as a Chief Information Officer at a Principal Executive Manager F level to manage, plan, implement, and upgrade the agency's disparate systems related to agency administration and regulation of alcohol and cannabis.
- \$180,000 related to increases in the agency's software licensing, maintenance, and support costs.
- \$300,000 for preliminary business case and project planning for a new online privilege tax payment and reporting system, as required by HB 2150 (2017 Session).
- \$51,122 to extend a contracted position via interagency agreement with the Oregon Health Authority that provides Geographic Information Systems (GIS) analysis to support OLCC licensing and registration information.
- \$960,000 for payments of monthly access and user fees attributable to medical marijuana registrants required to use the Cannabis Tracking System under the provisions of SB 1057 (2017 Session).
- Thirteen additional regulatory specialist positions (8.67 FTE) and an associated \$2,145,992 for OLCC responsibilities for investigations and inspections related to medical marijuana under the provisions of SB 1057. This amount assumes an estimated 2,000 medical marijuana registrants for the remainder of the 2017-19 biennium.
- Three positions (2.00 FTE) -- a Compliance Specialist 3, a Compliance Specialist 1, and an Administrative Support Specialist 1 -- and \$474,672 for additional administrative support in the marijuana program to prevent backlogs, develop and refine licensing and compliance protocols, train investigators, and review work for accuracy and consistency.

Public Employees Retirement System

The Subcommittee approved an increase of \$80,000 Other Funds expenditure limitation for the Compliance, Audit, and Risk Division and a pension and healthcare independent actuarial review. A review confirms the reasonableness and consistency of the agency's consulting actuarial firm's valuation. This is an industry best practice; the last time such a review was undertaken was in 2009. Revenue transfers from earnings on invested funds will be used to pay for these expenditures.

The bill includes an increase of \$176,661 Other Funds expenditure limitation and the establishment of one permanent full-time Principal Executive Manager E position (0.67 FTE) for an information security and risk officer position, with the instruction that the position be filled with a person professionally credentialed in information security and risk. In January of 2016, the Public Employees Retirement System (PERS) received an information security program review from an independent security consultant. The review identified numerous information security and other vulnerabilities. The executive and legislative branches of government directed PERS to undertake a comprehensive effort to remediate security vulnerabilities and standup programs for cybersecurity, disaster recovery, and business continuity, which is currently underway. The security and risk officer position will help facilitate this effort. Revenue transfers from earnings on invested funds will be used to pay for these expenditures.

The Subcommittee approved a \$487,174 Other Funds expenditure limitation increase for the Information Services Division and two permanent full-time positions, an Information Systems Specialist 6 and an Information Systems Specialist 7 (a total of 1.34 FTE). The Legislature, in 2017, enacted SB 90, which permanently reassigned responsibility for information technology security for most state agencies to the Department of Administrative Services, Office of the State Chief Information Officer. The two positions at PERS that were reassigned had duties primarily related to network operational activities rather than just information security. The agency has had to contract with a private vendor for these services at a cost of \$206,000, which has proven more expensive than restoring the two positions. The Subcommittee approved the \$206,000 on a one-time basis. Revenue transfers from earnings on invested funds will be used to pay for these expenditures.

The Oregon Investment Council (OIC) voted to move the Individual Account Program (IAP) to a target-date fund solution beginning January 2, 2018. This is an age-based approach that moves a member's IAP assets into an increasingly conservative investment portfolio. This mandatory change is expected to lower a PERS member's defined contribution benefit, and provides for no member choice to make individual investment decisions. A one-time \$200,000 Other Funds expenditure limitation increase was approved as a first installment to pay for expenditures that the agency has had to make to conform to the OIC decision.

Two technical adjustments were approved to move the State Government Service Charge and Attorney General line-items from the Compliance, Audit, and Risk Division to the Central Administration Division and the agency's Deputy Director position from the Operations Division to the Central Administration Division. This position was mistakenly moved as part of a reorganization plan approved by the Legislature in 2017. The agency-wide impact of these two adjustments nets to zero.

Department of Revenue

The Subcommittee approved a combined increase of \$2,380,791 Other Funds expenditure limitation for the Administration and Business Divisions, a \$497,420 decrease for the Core Systems Replacement program, and establishment of 13 permanent full-time positions (5.59 FTE), and 30 limited duration positions (9.38 FTE) for the implementation of HB 2017 (2017), a comprehensive transportation initiative which relies on the establishment of four new taxes. The Department of Revenue (DOR) requires supplemental funding over what was already included in the 2017-19 adopted budget for communications and outreach, information technology, return and payment processing, collections, compliance, and customer assistance. Revenue to support these expenditures will come from gross transportation tax receipts. The Legislature in 2019 will re-evaluate the ratio of electronic vs. manual filing of the payroll transit tax and the long-term need for positions. A one-time increase of \$50,000 Other Funds expenditure limitation was also approved for the Administration Division for costs related to the implementation of HB 2017. This funding is for the Processing Center Modernization project and the electronic imaging of paper documents; revenue to support this expenditure is from transportation taxes. The reduction to the Core Systems Replacement program budget of \$497,420 Other Funds expenditure limitation is to account for final contract savings.

An increase of \$1,787,696 Other Funds expenditure limitation and 11 permanent full-time positions (5.79 FTE) was established for the implementation of SB 1067 (2017), a measure to reduce and control future government costs. One element of this measure was to centralize most debt collection activity in state government within DOR. As a result, DOR requires funding for additional staff and to pay for information technology needs to manage the increase in debtor accounts. A fee will be charged to debtors to offset the cost.

An increase of \$377,227 General Fund and \$94,427 Other Funds expenditure limitation was approved for the implementation of SB 254 (2017), which requires financial institutions to participate in a data match program with DOR. Financial institutions compare a list of delinquent debtors with the names of account holders. If a match is found, DOR may administratively garnish the debtor's account. Funding is required for the initial setup as well as ongoing costs to pay financial institutions for data matching and vendor service fees. The Department of Administrative Services is directed to unschedule \$377,227 General Fund, which may be rescheduled based upon actual costs incurred by DOR.

The Subcommittee approved a decrease of \$604,613 General Fund and \$52,575 Other Funds for services and supplies expenditures as a result of savings in the Processing Center Modernization project and a re-estimation of State Data Center charges.

A one-time increase of \$604,613 General Fund and \$52,575 Other Funds expenditure limitation and the establishment of a limited duration Operations and Policy Analyst 4 in the Director's Office, two limited duration Accountant 4 positions, and one limited duration Fiscal Analyst 3 position in the Finance Unit were approved (2.42 FTE). These resources are to address the following issues: (a) any Financial Management Review findings, comprehensive external financial audit findings; (b) Secretary of State financial audit(s) findings; (c) alignment of agency

operations with state budget and accounting systems; (d) transition to the use of the state’s payroll system; (e) revamping of the cost allocation system; and (f) support for 2019-21 budget development activities.

The Subcommittee approved the following position reclassification changes, abolishments, and establishments related to the post-implementation of the Core Systems Replacement (CSR) project and Research Sections activities. The Department is able to self-fund this action by moving General Fund and Other Funds between programs, resulting in a net reduction of 6 positions (4.97 FTE). The following position actions were approved: reclassification of a Tax Audit 2 to an Operations and Policy Analyst 3; Tax Audit 2 to an Operations and Policy Analyst 3; an Administrative Specialist 1 to an Operations and Policy Analyst 3; an Operations and Policy Analyst 1 to an Operations and Policy Analyst 3; an Information Specialist 4 to an Operations and Policy Analyst 3; an Information Specialist 4 to an Operations and Policy Analyst 3; and the establishment of two Economist 4 positions. Additional funding for these changes comes from the abolishment of: one Administrative Specialist 2, two Office Specialist 1 positions, one Office Assistant 1, one Information Systems Specialist 3, one Office Specialist 2, and two Revenue Agent 1 positions. The six Operations and Policy Analyst 3 positions are to be assigned to the Administrative Services Division and Project Management Office and will resolve CSR issues by serving as an interface between operating programs, information technology staff, and the CSR vendor. The two Economist 4 positions are to be assigned to the Administrative Services Division and the Research Section to provide internally-focused CSR research for agency management and performance purposes.

The bill includes an increase of \$928,651 General Fund and \$192,204 Other Funds expenditure limitation and the establishment of seven permanent full-time positions (4.51 FTE) and 27 seasonal full-time positions (3.29 FTE). At the direction of the Legislature, the Department of Administrative Services, Chief Human Resources Office undertook a review of DOR’s personnel policies and DOR internally reviewed positions from the budget perspective. These reviews identified numerous misalignments of human resource policy and practice, as well as positions being either: (a) unbudgeted; (b) double-filled; (c) underbudgeted; (d) misclassified; (e) a result of budgeting errors; or (f) critically needed for financial management purposes. The following table reflects the actions to remedy most of these issues and achieve needed alignment with the legislatively approved budget:

Category	General Fund	Other Fund	Position	FTE
Financial Management positions	\$220,327	\$20,646	2	1.33
Misclassifications/Reclassifications	(\$6,252)	(\$3,647)	<1>	<0.49>
Unbudgeted Positions	\$98,243	\$12,738	1	0.50
New Positions - Permanent Full-time	\$227,097	\$16,034	5	1.50
New Positions - Seasonal Full-Time	\$353,347	\$30,726	27	3.29
Unbudgeted Full-time Equivalent	\$9,268	\$8,359	--	0.25
Other Adjustments	\$26,621	\$107,347	--	1.42
Total	\$928,651	\$192,204	34	7.80

With this realignment, DOR should now return to relying upon the regular administrative process for rectifying any remaining position misalignments. The Legislature can expect that prior to the start of the 2019-21 biennium, DOR will be able to have positions: (a) correctly classified in the state's human resource and budget applications; (b) properly assigned to the correct program and subprogram; (c) appropriately funded, by revenue source, and fund-type; (d) correctly budgeted in the state's budget system; and (e) appropriately expensed in the state's payroll and accounting systems.

A special purpose appropriation to the Emergency Board in the amount of \$650,000 was approved for additional position adjustments, with the priority being given to those in the Property Tax Division. Systemic financial management and funding issues within this Division have remained unaddressed for multiple biennia. Action to address these issues had to be deferred once again due to the lack of complete and accurate financial information. The Department's request for an allocation from the special purpose appropriation will need to be based upon a comprehensive plan to permanently address the systemic issues within the Property Tax Division. The Department of Administrative Services is directed to unschedule \$339,034 General Fund in the Property Tax Division related to compensation plan changes. The funds may be rescheduled as part of the Department's submission of a comprehensive plan.

The Subcommittee approved an increase of \$184,140 Other Funds expenditure limitation and the establishment of one permanent full-time Principal Executive Manager G position (0.50 FTE) to serve as the agency's Collections Administrator and, eventually, as the Collections Division Administrator once the division is formally established next biennium. DOR is directed to move the Other Agency Accounts Section in the Business Division into a new Summary Cross Reference Program beginning with the 2019-21 biennium.

In addition, the Subcommittee directed the Department to report to the Legislature in 2019 on the following:

- A feasibility study, as directed by a budget note in SB 5535 (2017), related to the establishment of a collections division.
- Report on what collection functions were consolidated under SB 1067 (2017), from which agencies, and identify which agencies were exempt from consolidation and why. The Department is also to prepare a detailed revenue estimate, by agency and fund-type, for SB 1067 (2017) and those agency accounts subject to consolidation.
- Report on the agency's use of private collection firms and private collection firm's rates as compared to the agency's internal collection activities and rates.

The Subcommittee approved an increase of \$524,929 General Fund and \$10,713 Other Funds expenditure limitation and the establishment of seven permanent full-time positions (2.92 FTE) for a remote customer service call center.

Secretary of State

The Subcommittee established a one-time \$1,663,885 General Fund appropriation for reimbursement of Elections Division and county costs of conducting the January 2018 Special Election. These costs were not previously budgeted. The funds will reimburse costs documented as of

February 7, 2018, including \$353,922 of Elections Division expenditures, and \$1,309,963 for county costs that will be distributed to twenty-four counties. The appropriation is approved on a one-time basis and will be phased out in the agency's 2019-21 biennium budget request. The reimbursable costs of the special election are expected to total approximately \$3.32 million. The Secretary of State may request reimbursement for remaining costs from a special purpose appropriation to the Emergency Board included in the bill for this purpose.

The Subcommittee increased the General Fund appropriation for the Elections Division by \$257,306, and decreased the Federal Funds expenditure limitation by \$42,616, to finance printing and distribution of Oregon Motor Voter mailers required under state law. The funding will allow for continued distribution of notifications and postage-paid return envelopes to persons about to be registered to vote under the Oregon Motor Voter program, with instructions on how to opt-out of voter registration, and how to affiliate with a political party. The Federal government has advised that the Federal Funds previously budgeted are ineligible to be applied for this purpose. The Subcommittee also increased the General Fund appropriation for the Administrative Services Division by \$156,357, and established one full-time Information Systems Specialist 8 position (0.63 FTE), to support operational resilience and cyber security capabilities.

The Subcommittee increased the Other Funds expenditure limitation for the Administrative Services Division by \$139,367, and established one limited-duration full-time Training and Development 2 position (0.63 FTE) in the Office's Human Resources Division. The expenditure limitation increase is provided on a one-time basis and will phase out in the development of the Office's 2019-21 current service level budget. The Secretary may request reestablishment of the position as a permanent position in the 2019-21 biennium agency request budget.

Finally, the Subcommittee approved two technical adjustments to the agency budget. The Subcommittee transferred \$347,900 General Fund from the Elections Division to the Administrative Services Division to correct the impact of the phase-out of one-time funding for the Election Night Reporting System. The Subcommittee also reallocated funding for state government services charges, decreasing General Fund appropriations by a total of \$32,651, decreasing Other Funds expenditure limitations by a total of \$172,854, and increasing the Federal Funds expenditure limitation by \$160,505.

State Treasurer

The Subcommittee approved an increase of \$1.8 million General Fund for services and supplies for the Oregon Retirement Savings Board (ORSB), which brings the 2017-19 approved budget to \$4 million General Fund. The supplemental increase is to pay for outreach and marketing. A General Fund appropriation continues to be required to fund the ORSB's operating expenses until sufficient Other Funds revenue can be generated to support the Board. General Fund expenditures are to be repaid with future administrative fees. A current accounting of the loan for the 2015-17 biennium and the 2017-19 biennium, if this request is approved, totals \$5.3 million. At present, there is no identified timeline for the repayment of this loan, which is dependent upon a level of program participation large enough to generate fee revenue to both operate the ORSB and repay the state's General Fund loan.

The Subcommittee also directed the State Treasury to report to the Interim Joint Committee on Ways and Means or the Emergency Board in May 2018 on investment expenses related to the Oregon Public Employees Retirement Fund.

CONSUMER AND BUSINESS SERVICES

Department of Consumer and Business Services

An increase in the Federal Funds expenditure limitation for the Department of Consumer and Business Services (DCBS) of \$810,000 is included in the bill for the Senior Health Insurance Benefit Assistance program (SHIBA) providing outreach, education, and financial support to seniors to maximize their Medicare benefits. The program is funded through several federal grant programs including the Safety and Health Investments Projects (SHIP) program, the Medicare Improvements for Patients and Providers Act (MIPPA), and the Senior Medicare Patrol (SMP) program. The additional expenditure limitation allows DCBS to expend federal amounts received that were in addition to those amounts originally anticipated in the agency's budget.

The Subcommittee approved a one-time only increase in the Federal Funds expenditure limitation for DCBS of \$1,157,514 and authorized the establishment of a limited-duration position (0.67 FTE) in conjunction with a federal grant award from the U.S. Department of Health and Human Services (DHHS) for the planning and implementation of health insurance market reforms through the Health Insurance Enforcement and Consumer Protections (HIECP) grant program. The grant will be used to fund a limited-duration Market Conduct Field Examiner position and to replace up to 10% of the existing funding for three market Analyst positions and a Grant Coordinator position at a total cost of \$281,261 in the 2017-19 biennium. The savings in Other Funds for the existing positions will be recognized in the program's fund balance. DCBS has budgeted \$876,252 of the remaining grant funding for contracted services to provide consulting services by experienced clinicians with pharmaceutical expertise to review formularies and create standard operating procedures to ensure form filing reviewers can accurately review formularies and related documentation submitted by insurers.

An increase in the Other Fund expenditure limitation for DCBS of \$118,392 was approved to reclassify positions in the Workers' Compensation Division and the Division of Financial Regulation. The change impacted three positions in total and each of the reclassification requests were reviewed and approved by the Department of Administrative Services, Chief Human Resources Office.

Bureau of Labor and Industries

Other Funds expenditure limitation in the amount of \$275,000 is included, and 0.50 FTE added to an existing position on a limited duration basis, for the Bureau of Labor and Industries (BOLI) related to a grant award for apprenticeship expansion and diversification. The grant was awarded to the Higher Education Coordinating Commission (HECC) in August 2016, which will pass funding through to BOLI to execute its responsibilities per the grant application. Those responsibilities include data base improvements, a searchable web application for

apprenticeship records review, cultural competency training, and months added to an existing Apprenticeship Representative position, which serves as a liaison between BOLI and other workforce partners. At its September 2017 meeting, the Interim Joint Committee on Ways and Means recommended the additional expenditure limitation and the addition of twelve months (0.50 FTE) on a limited duration basis to the position; the performance period of the grant is not anticipated to extend beyond the 2017-19 biennium.

Health-Related Licensing Boards

The Subcommittee approved an increase in Other Funds expenditure limitation of \$24,000 for the Occupational Therapy Licensing Board for conducting fingerprint background checks on new applicants.

The Subcommittee approved an increase of \$131,158 Other Funds expenditure limitation and the establishment of a permanent half-time Investigator 2 position (0.31 FTE) for the Board of Speech-Language Pathology and Audiology to address the Board's costs related to investigations. Included in the \$131,158 increase is \$42,587 for personal services, \$3,571 services and supplies, \$60,000 for professional services, and \$25,000 for Attorney General costs.

An increase of \$46,111 Other Funds expenditure limitation is included for the Veterinary Medical Examining Board for costs related to the veterinary facility inspection program established by HB 2474 (2015). The increase in limitation will be used to fund the cost of the full-time inspector position at a salary level higher than the budgeted step 2 and includes services and supplies for travel and per diem costs.

ECONOMIC AND COMMUNITY DEVELOPMENT

Oregon Business Development Department

The Subcommittee increased Lottery Funds by a total of \$1,500,000, to provide one-time support for three programs: \$500,000 was provided for the City of Warrenton to finance the rebuilding of a dock destroyed by fire; \$500,000 was provided for the Port of Cascade Locks to finance infrastructure and business recruitment at the Port's Business Park; and \$500,000 was provided for deposit into the Local Economic Opportunity Fund, to assist community economic resilience planning.

The Subcommittee also transferred \$1,250,000 of Lottery Funds expenditure limitation from the Strategic Reserve Fund program to the Oregon Growth Fund. The Lottery Funds expenditures for the Oregon Growth Fund are approved on a one-time basis and will be phased out in the development of the agency's 2019-21 biennium current service level budget. The Oregon Growth Board will utilize the Oregon Growth Fund moneys as allowed to increase capital to the state's early-stage small businesses.

Other Funds expenditure limitation of \$642,194 was approved for repairing and improving docks owned by the Port of Brookings Harbor. Lottery bonds were approved to finance this project in the 2017 session, but because of an error, expenditure limitation of the bond proceeds

was not added to the agency budget. This additional Other Funds expenditure limitation corrects this error and permits the agency to distribute the bond proceeds, which are expected to be issued in the spring of 2019. The Federal Funds expenditure limitation was increased by \$703,125 to accommodate expenditure of federal grants awarded under the State Trade Expansion Program.

Employment Department

Other Funds expenditure limitation of \$5,574,000 and 22 limited duration positions (19.25 FTE) are added to the 2017-19 budget for the Oregon Employment Department (OED) related to a grant received to fund enhanced employment services to Supplemental Nutritional Assistance Program eligible customers. OED will contract with the Department of Human Services to provide these services to their customers. Funding and FTE are not assumed to be included in calculations for service delivery in subsequent biennia.

Housing and Community Services Department

A General Fund appropriation in the amount of \$5,000,000 was added as a one-time enhancement to the 2017-19 legislatively approved budget for the Housing and Community Services Department for homeless shelter capacity and homelessness prevention services provided through the Emergency Housing Account Program. This additional funding is not intended to go through the Department's regular funding formula, but instead will be distributed as follows:

- Multnomah County: \$2,373,351
- Lane County Human Services Division: \$498,399
- Central Oregon Neighborhood Impact: \$319,485
- Clackamas County Mobile Housing Services: \$782,107
- Jackson County Community Action Agency (ACCESS): \$228,202
- Options for Homeless Residents of Ashland: \$35,000
- Mid-Willamette Valley Community Action Agency for additional shelter efforts outside of Salem: \$50,000
- Community Connection of Northeast Oregon, Inc: \$141,483
- Washington County Community Action: \$571,973

This amount is intended for the 2017-19 biennium only, and is not intended to factor into calculations of future, ongoing service levels. The following budget note was included.

Budget Note:

The Housing Stability Council, in alignment with preliminary findings from the Statewide Housing Plan, shall make recommendations to the Director of Oregon Housing and Community Services about how to prioritize funding for the Emergency Housing Account and the State Homeless Assistance Program to ensure that funds are being spent as efficiently and effectively as possible.

At a minimum, the Council shall consider how the use of funding incentivizes regionally and nationally recognized best practices, and outcome oriented strategies, to create a more effective system to prevent and reduce homelessness.

The Director shall present recommendations to the Legislature by February 28, 2019.

A one-time General Fund appropriation in the amount of \$200,000 was included for costs related to creating a youth shelter for unaccompanied minors in Salem.

Due to an oversight, Other Funds expenditure limitation in the Housing and Community Services Department 2017-19 legislatively adopted budget was insufficient to accommodate the transfer of General Fund that is spent by the Department as Other Funds. Technical adjustments are included to increase other funds expenditure limitation, attributable to 2017-19 General Fund support for the following HCSD programs:

- Emergency Housing Assistance program: \$18,200,000
- Rent Guarantee Program: \$125,000
- Wildfire Damage Housing Relief program: \$150,000

Lottery Funds expenditure limitation in the amount of \$1,150,000 was added on a one-time basis to the Housing and Community Services Department budget pursuant to a plan presented by the Housing and Community Services Department and the Oregon Department of Veterans' Affairs. The agencies were directed via budget note to present a plan to utilize \$1,150,000 of Lottery Funds associated with the passage of Measure 96, allocated during the 2017 session to the Housing and Community Services Department for veterans' homelessness and housing issues. The expenditure limitation will be utilized to develop a by-name registry of homeless veterans in selected communities, a limited duration veteran homelessness integrator position (0.63 FTE) to serve as designated staff in assisting communities that develop the by-name registry, development of new affordable housing units for veterans, and funding for eligible veterans that need improvements or special accommodations to homes they own. A total of \$350,000 in Lottery Funds expenditure limitation was approved for emergency housing assistance services to veterans during the 2017 legislative session, also considered one-time.

Oregon Department of Veterans' Affairs

The Subcommittee approved increasing Federal Funds expenditure limitation by \$500,000 for transportation of veterans' in highly rural areas, with the understanding that the Department of Administrative Services will unschedule the limitation increase until the Oregon Department of Veterans' Affairs (ODVA) has been notified that its application for the federal FY2018 Highly Rural Transportation Grant has been successful. ODVA received authorization from the interim Joint Committee on Ways and Means to apply for the FY2017 Highly Rural Transportation Grant and to continue to apply for future annual renewal grants. The increase results in total Federal Funds expenditure limitation of \$1 million, which will accommodate ongoing receipt and disbursement of the annual \$500,000 grants.

Lottery Distributions to Counties for Economic Development

The Subcommittee approved the following actions relating to the distribution of Lottery Funds to counties for economic development. Following the last quarterly transfer of Oregon State Lottery revenues to counties each biennium, the Joint Committee on Ways and Means shall compare the amounts transferred to each county during the biennium to the amounts that would have been transferred to each county during the biennium pursuant to ORS 461.547. The Committee shall review the impact of adjusting the amounts that were transferred to the amounts that would have been transferred pursuant to ORS 461.547 on the state budget and on the ability of the counties to accommodate any funding reductions.

EDUCATION

State School Fund

The Subcommittee approved a decrease of \$70,961,313 General Fund and an increase of \$70,961,313 Lottery Funds for the State School Fund, which reflects the balancing of available Lottery Funds across the entire state budget. Overall, there is no net change from the total \$8.2 billion provided in the 2017-19 legislatively adopted budget.

Department of Education

The Subcommittee approved additional Other Funds expenditure limitation of \$39,312,315 for the Oregon School Capital Improvement Matching program in the Oregon Department of Education (ODE). This amount represents the estimated proceeds available for the program from bonds issued during the 2015-17 biennium for distribution during 2017-19. This amount was inadvertently not included in the 2017-19 budget for ODE. An increase in Other Funds expenditure limitation of \$750,000 is also included for funding received through an interagency agreement with the Department of Human Services for child care worker professional development.

An increase of \$1,980,708 General Fund and 14 positions (7.72 FTE) were approved for the Office of Child Care in the Early Learning Division to address safety and quality issues in the child care system, as well as to provide funding for testing of lead contamination in drinking water in child care facilities. Three Compliance Specialist 2 positions (1.62 FTE) are added to reduce the caseloads for existing staff who currently face caseloads of 1 inspector to 150 facilities, which is significantly above the suggested ratio of 1 to 50. Another three Compliance Specialist 3 positions (1.74 FTE) are added for providing training to licensing staff, reviewing findings of enforcement actions, leading case reviews, and reducing caseloads. Three management positions were also approved -- a Principal Executive/Manager E (0.58 FTE) for a Licensing Manager, a PEM D (0.54 FTE) for a regional manager in Medford, and a PEM C (0.54 FTE) for a Background, Intake and Customer Service manager. The Subcommittee also approved five limited duration Compliance Specialist 2 positions (2.70 FTE) for a pilot program in collaboration with the Department of Human Services (DHS). This pilot program will provide teams of ODE and DHS staff to jointly investigate neglect and other cases

that take place in a child care facility. Total funding of \$1,740,912 General Fund will support these positions and associated costs. The remaining \$239,796 is to offset the cost of testing drinking water for lead contamination in child care facilities.

The Subcommittee approved a one-time General Fund appropriation of \$250,000 for a grant to the Salem-Keizer Education Foundation to assist in the funding for the Mike McLaran Center for Student Success which provides a variety of services for students of the Salem Keizer School District. The Center provides services relating to: (1) college preparation and awareness; (2) career exploration and exposure; (3) academic supports like tutoring and mentoring; and (3) social supports.

Budget Note:

The Oregon Department of Education is instructed to use one-time funding from the Network for Teaching and Learning to provide up to \$100,000 to support the Civic Scholars program under HB 2955 (2015) for the annual Oregon Civics Day for Teachers for the 2018-19 school year. This program provides ongoing professional development for civics teachers across the state.

Budget Note:

Before disbursing any matching funds from the Connecting Oregon Schools Fund to provide schools with broadband access, the Oregon Department of Education shall consult with the Office of the State CIO in order to prioritize the disbursement of matching funds so as to leverage existing public fiber assets to the greatest extent possible. The Oregon Department of Education shall provide a report on the disbursement of funds to the Joint Committee on Information Management and Technology during the first Legislative Days after the disbursement of funds. The report shall identify the schools benefitting from the matching funds, the status of any broadband deployments, the broadband speed available per user, and the extent to which the disbursements leverage existing public fiber.

Higher Education Coordinating Commission

The Subcommittee approved a net increase of \$65,049 General Fund for Higher Education Coordination Commission (HECC) operations to fill budget gaps related to Enterprise Technology Services (ETS) charges and funding for Client Services from the Department of Administrative Services (DAS). At the end of the 2017 legislative session, HECC had not yet received a firm estimate of the increased ETS charges resulting from the required move of post-secondary related data systems to the ETS servers. Now a firm estimate is known resulting in a \$263,275 shortfall in the HECC operations budget. The second shortfall is due to reducing the HECC operations budget twice for DAS Client Services charges as the agency hired staff to perform payroll and human resources functions formerly provided through DAS Client Services, leaving a \$161,774 General Fund gap in the budget. Also related to this second item is an \$11,030 increase in Other Funds expenditure limitation and \$198,541 increase in Federal Funds expenditure limitation. The combined \$425,049 General Fund budget hole is largely offset by \$360,000 of savings for Open Education Resources (HB 2729; 2017 Session) that are no longer required; the net result is the need for the \$65,049 General Fund.

The Subcommittee also approved continuation of nonlimited authority to HECC to make Other Funds expenditures necessary to disburse general obligation bonds sold during the 2013-15 biennium for the benefit of public universities. HECC has approximately \$31 million in bond proceeds from 2013-15 issuances that are expected to be disbursed during the 2017-19 biennium. An increase of \$1,219,645 in Other Funds expenditure limitation was also approved for HECC for the issuance costs of general obligation and Lottery bonds sold for public universities. These include XI-G, XI-Q, XI-F, and Lottery bonds.

A \$250,000 General Fund appropriation to HECC was approved for the Oregon Volunteers Commission for Voluntary Action and Service program. The primary program administered by this Commission is AmeriCorps which requires a state match for administrative costs. This program is currently in the Governor's Office and is being transferred to HECC effective July 1, 2018. Six positions (2.25 FTE) are established in HECC including three full-time positions -- Director (0.50 FTE), a Program Analyst 2 (0.50 FTE), Administrative Specialist 1 (0.50 FTE); and three part-time positions -- Accountant 2 (0.25 FTE), Procurement Specialist 2 (0.25 FTE), and Administrative Specialist 1 (0.25 FTE). An increase in Federal Funds expenditure limitation of \$3,606,774 was also approved for the federally funded program administrative costs and for the AmeriCorps grants for the second year of the biennium. A General Fund appropriation of \$50,000 was approved for the Governor's Office to provide sufficient state match for the first year of the biennium, as well as a decrease in Federal Funds expenditure limitation of \$3,337,261 to reflect the transfer of the program to HECC in the second year of the biennium.

Two one-time appropriations were approved through HECC for public universities. The first is a \$250,000 General Fund investment for a Portland State University/Oregon Health and Science University Center for Violence Prevention Research, Education, and Practice. The work of the Center is to research identifying causal factors and other social determinants of health that are linked to various health conditions and dangerous outcomes (e.g., abuse or motor vehicle accidents), distribution of culturally and geographical appropriate best practices, and improved public awareness. Funding is to be distributed to the hospital operations component of the Oregon Health and Science University. The second appropriation of \$3,000,000 General Fund is to provide a portion of the match for federal funds for a project at Oregon State University's Northwest National Marine Renewable Energy Center (NNMREC). The project is the Pacific Marine Energy Center South Energy Test Site which is a wave energy test site off the Oregon Coast. An \$800,000 General Fund appropriation was provided in 2016 as part of the match for the first \$5 million in federal funds for this project; this \$3.0 million will help secure the remaining \$35.0 million in federal funds. An additional \$1.6 million state contribution may be required for the 2019-21 biennium for the project.

Debt service on outstanding Article XI-F (1), Article XI-L, and Article XI-G general obligation bonds issued for the benefit of the Oregon Health and Science University (OHSU) is transferred from the Department of Administrative Services (DAS) to the Higher Education Coordinating Commission (HECC). HB 4163 includes statutory changes necessary for the transfer, including the requirement that HECC request General Fund debt service on outstanding OHSU Cancer Challenge Article XI-G bonds and that HECC may enter into agreements with OHSU related to debt service payments. The amount of the transfers reflects a May 1, 2018 effective date. Debt service in DAS's budget for OHSU is reduced by \$11,785,250 General Fund (XI-G bonds) and \$21,346,063 (XI-F and XI-L bonds). The debt service budget for HECC is increased by \$11,760,817

General Fund and new limitation of \$21,069,924 Other Funds is established. The net difference in amounts between the two agencies reflects current projections of debt service needs for the 2017-19 biennium. Consolidating debt service on outstanding state bonds issued for the benefit of OHSU does not make or imply any changes to OHSU's long standing direct relationship with the State of Oregon by which OHSU is governed, and no authority over OHSU is being transferred or granted to HECC.

Chief Education Office

The Subcommittee approved a total 2017-19 budget for the Chief Education office of \$8,207,271 General Fund after factoring in the adjustments for employee compensation in this bill as well as the statewide savings included in HB 5006 (2017). The 2017 Legislature approved a net General Fund budget for the first year of the biennium of \$3,652,812 (\$4,022,118 in the agency's budget bill (HB 5522) minus the statewide savings of \$369,306 in HB 5006). HB 5522 also included a \$3,972,118 special purpose appropriation to the Emergency Board for the second year of the biennium. This bill adds to the first year's funding to also cover second year's costs, and repeals the special purpose appropriation from SB 5522 (2017).

The General Fund appropriation in this bill reflects the two-year amount authorized for the coordination and research role of the Office as well as the funding for the Statewide Longitudinal Data System (SLDS). This amount includes an increase of \$1,640,000 General Fund for the completion of developing the SLDS. The development of the SLDS was not completed during 2015-17 and \$1.9 million was reverted to the General Fund at the close of the 2017-19 biennium. This SLDS funding will be used to complete payment for the primary contractor, an extension of the third-party Quality Assurance contractor, costs to transition the SLDS to the updated version of the relational database management system at the State Data Center, and provide full funding for the project's state positions.

The appropriation amount reflects staffing changes from the first year of the biennium which moves the agency to more of a research organization given that the development of the SLDS is nearing completion. These changes include elimination of a Principal Executive/Manager (PEM) G position which was the STEM/CTE Director and a PEM F position which was the Education Innovation Officer. A PEM F position which acts as the Public Affairs Director is reclassified to an Operations and Policy Analyst 4. An Executive Specialist position was reduced to a half-time position. Finally, a Solutions Architect position was added to the SLDS staff. The result of these staffing changes reflects a decrease in FTE from 6.75 for the first year of the biennium to 5.75 FTE in the second year. As part of these changes, \$222,002 General Fund was provided for one Policy Advisor in the Governor's Office since the Chief Education Officer will no longer perform this function.

HUMAN SERVICES

Oregon Health Authority

HB 5201 adjusts the Oregon Health Authority (OHA) budget for updated program caseloads, costs, and revenues to “rebalance” the budget. This information was presented at the January 2018 meeting of the Interim Joint Committee on Ways and Means. At that time, the agency’s rebalance plan resulted in an overall General Fund shortfall of \$30.5 million. This net position included budget problems of \$51.5 million related to federal match rate changes, loss of hospital assessment revenue resulting from the delay caused by the referendum to repeal parts of HB 2391, and a community mental health General Fund shortfall related to marijuana tax revenues. Savings of \$21.1 million General Fund resulted mostly from Medicaid caseload savings and lower than budgeted Medicare premium costs. While total caseload is up, General Fund costs are down slightly.

The rebalance plan also increased Federal Funds expenditure limitation related to the increased caseload forecast, as well as federal funding adjustments that were missed in the legislatively adopted budget for the Hospital Transformation Performance Program and Hepatitis C treatment services.

The agency identified a number of budget risks, including caseloads, the implementation of new quality and access programs for the Oregon Health and Science University and rural hospitals, and several ongoing and emerging issues that the agency is in the process of analyzing.

The Subcommittee approved the agency’s rebalance plan, but with significant changes. The community mental health General Fund shortfall of \$16 million related to marijuana tax revenues was not funded. This issue will be resolved for the current biennium, assuming passage of SB 1555, and additional General Fund was not needed. This issue will need to be revisited for the 2019-21 budget. The Subcommittee also approved \$17.2 million of additional hospital assessment revenue remaining from the 2015-17 biennium, which will be used in the budget in place of General Fund. In addition, the Subcommittee approved several new budget adjustments. The final adjustments, before the transfer of eligibility services is considered, result in a decrease of \$3.5 million General Fund in the agency.

In addition, a total of \$39.0 million General Fund is moved from OHA to the Department of Human Services (DHS) to reflect the transition of all Medicaid eligibility services to DHS, based on an effective date of April 1, 2018. This includes the transfer of 476 positions (320.37 FTE), as well as costs associated with the ONE eligibility system. Total budget adjustments, including the transfer, result in a \$266.0 million increase in the agency’s total funds budget and a \$42.7 million reduction of General Fund. These numbers do not include budget changes related to employee compensation cost changes, which total \$18.1 million General Fund and \$30.2 million total funds, and are also included as part of HB 5201.

The Subcommittee recognized the ongoing risk of caseload forecast changes, as well as the potential risk in OHA of various eligibility and payment issues that are currently being analyzed. A special purpose appropriation of \$30 million is made to the Emergency Board for caseload costs or other budget challenges in either OHA or DHS.

A more detailed description by program area follows.

Health Systems Division

The budget adjustments in HB 5201 reflect a net \$39.5 million decrease in General Fund in the Health Systems Division (HSD), with a \$44.4 million increase in Other Funds expenditure limitation, a \$245.2 million increase in Federal Funds expenditure limitation, and a reduction of 477 positions (321.70 FTE). This includes a budget reduction of \$36.4 million General Fund because of the transfer of all eligibility services to DHS.

General Fund costs increase primarily as a result of the following issues. Final federal match rates for FY 2019 resulted in a General Fund cost of \$16.7 million for the biennium. In addition, the referendum to repeal parts of HB 2391 (2017) resulted in a loss of hospital assessment revenue of \$15 million which must be covered with General Fund. The referendum delayed the additional 0.7% assessment on larger hospitals from October 5, 2017 to January 1, 2018; that assessment cannot be imposed retroactively. Finally, a small increase in the community mental health caseload (Guilty Except for Insanity population) results in a need for \$0.9 million General Fund.

These costs are more than offset by General Fund savings in HSD. Medicare Part B premiums increased less than budgeted, resulting in a General Fund savings of \$3.8 million. Oregon pays these premiums for clients that are eligible for both Medicare and Medicaid. Savings of \$15.9 million General Fund result from the new Fall 2017 Medicaid caseload forecast, as compared to the Spring 2017 caseload forecast on which the legislatively adopted budget was based. Overall, the forecast is up 1.5% or about 15,000 clients, resulting in an increased total funds cost. However, categories with the highest increases include the Affordable Care Act population and the Children's Health Insurance Program, both of which have very high federal match rates. Categories showing decline include those with higher state costs, such as the Children's Medicaid Program and Pregnant Women. The net result is a savings to the General Fund, but an increase in Federal Funds expenditure limitation of about \$150 million. Additional hospital assessment revenue of \$17.2 million is available from the 2015-17 biennium, which will be used in the budget in place of General Fund. Finally, the forecast for tobacco tax revenues is up slightly, resulting in reduced need for General Fund of \$1.5 million.

The Subcommittee approved an additional \$245.2 million in Federal Funds expenditure limitation for HSD related to the increased caseload forecast, as well as federal funding adjustments that were missed in the legislatively adopted budget for the Hospital Transformation Performance Program and Hepatitis C treatment services. The net includes a reduction of Federal Funds limitation of \$98.4 million related to the transfer of eligibility services to DHS.

The Subcommittee approved a special purpose appropriation to the Emergency Board of \$2 million, to be available for rate increases for certain residential mental health service providers, if needed. The agency has also identified \$3 million of internal resources that can be used for this purpose. The agency is in the process of conducting a thorough rate analysis in order to produce a standard rate or set of rates. Currently, different providers are paid different rates, partly depending on when they originally signed contracts with the agency. In addition, not all providers can bill for all types of reimbursement. The agency began working on this analysis during the summer of 2017, starting with data collection from providers. Although additional data collection and analysis is needed, OHA hopes to review rates for those providers in the lowest range of per-bed revenues and operating margins by summer of 2018, in anticipation of an interim rate adjustment for these providers. After completion of data collection and analysis, another rate adjustment may be necessary for other providers. This work is not expected to be completed until the end of the year. Another \$152,500 General Fund is provided to OHA for actuarial services and to provide technical assistance to providers with data collection and billing.

General Fund was increased by \$950,000 to supplement existing funding for the school-based mental health capacity fund. This fund is run by OHA to provide funding to place mental health providers in school-based health centers and in schools without school-based health centers. The current 2017-19 funding level, before this addition, is \$8.1 million General Fund. While funding is primarily used to support mental health therapists, there are other needs for funding that support the therapists, such as rural transportation, reconfiguring school environments to support a suitable space, and materials for education and outreach. For purposes of building the 2019-21 budget, these programs are considered ongoing. The Subcommittee included the following direction:

Budget Note:

The Oregon Health Authority will use this additional funding to supplement the existing capacity grant program. Applicants should be encouraged to list potential community partnerships; other local, foundation or CCO financial participation; and how the efforts respond to adverse childhood experiences, critical mental or behavioral health challenges facing youth, or ensuring school and student safety. The proposals could be through direct funding of in-school services and/or leveraging other community resources and partnerships. The agency is encouraged to pass through these dollars to school and education service districts or their key partners, process applications in an efficient and timely manner, and to report back to the appropriate interim Committees by January 1, 2019 as to number of proposals received and project funding granted.

A General Fund appropriation of \$900,000 was approved to expand the current Oregon Psychiatric Access Line program at Oregon Health and Science University (OHSU). The program currently provides telephone or electronic real-time psychiatric physician consultations to primary care providers caring for children and adolescents. The funding resides in the OHA budget and is provided to OHSU through contract. This \$900,000 will allow the program to expand to provide access to the Oregon Psychiatric Access Line for primary care providers caring for individuals 19 years of age or older. For purposes of building the 2019-21 budget, these programs are considered ongoing.

The Subcommittee approved a General Fund appropriation of \$150,000 to help fund one-time capital costs for a sobering center located in Salem. This is a partnership among several groups, including the City of Salem, Marion County, Marion County Sheriff, Salem Police Chief, Salem Hospital, Mid-Willamette Valley Community Action Agency, and Bridgeway Recovery Services.

Health Policy and Analytics

The Subcommittee approved an Other Funds expenditure limitation of \$10 million to allow additional revenues received in the Health Care Provider Incentive Fund to be spent on workforce training programs and/or provider incentive programs. It is anticipated that the inter-governmental transfer mechanism with OHSU that is related to fee-for-service expenditures will generate roughly \$8-10 million during the 2017-19 biennium that will be available for these programs. For purposes of building the 2019-21 budget, these programs are considered ongoing.

Public Health

HB 5201 includes \$0.7 million General Fund to support rising caseloads in the Breast and Cervical Cancer Screening Program because of increased outreach, at the same time as the Komen grant revenues for the program have declined over time. Based on agency projections, this funding will allow the program to adequately serve the over-50 age group. The intention is that younger women (of reproductive age) will be able to access screenings through the CCare program and the new funding from HB 3391, which funds reproductive health services for women who are eligible for Medicaid except for their immigration status. The agency will continue to monitor the caseload and service levels for these programs to be sure that specific gaps in coverage do not result from these changes.

The CCare program closed out the 2015-17 biennium with an excess of \$3 million Other Funds revenues. These were distributions of revenue from the Medical Marijuana Program during the 2015-17 biennium; CCare no longer receives medical marijuana revenues in the 2017-19 biennium. These revenues will be returned to the Medical Marijuana Program. It is anticipated that additional resources will be needed in the Medical Marijuana Program during the 2019-21 biennium.

The Subcommittee approved an additional 4 positions (2.62 FTE) for the Medical Marijuana Program. That 2.62 FTE includes increasing two existing partially funded positions to full-time. As a part of SB 1057, the major marijuana bill from the 2017 session, this program was reduced by 16 positions. In addition, 6 more vacant positions were eliminated as part of the agency budget. All Compliance Specialists were eliminated from the staff as of July 1, 2018. At the time, it was estimated that most processors, dispensaries, and growers would move to the recreational marijuana program under the Oregon Liquor Control Commission (OLCC). While most processors and dispensaries have moved, most of the 30,000 growers still remain with OHA. It is essential that the program has the capability to do the compliance work necessary to enforce medical marijuana laws, as well as maintain administrative functions. An increase of \$1.4 million Other Funds expenditure limitation is included. The appropriate staffing level for this program will be reexamined as part of the agency budget process during the 2019 legislative session, when more data is available on numbers of growers remaining with the Medical Marijuana Program.

SB 1057 also required OHA to enter into an agreement with OLCC to use its cannabis tracking system to track the propagation, processing and transfer of medical marijuana. The bill also required OHA to establish a new fee to cover these costs and to transfer all resulting revenue to the Marijuana Control and Regulation Fund for use by OLCC to pay program costs. OHA implemented, by rule, an annual fee of \$480, identical to the fee already in place for recreational marijuana users of the system. This is expected to result in \$3.6 million of revenues to be transferred to the Fund. A budget adjustment of \$3.6 million Other Funds expenditure limitation is included allowing the agency to transfer those resources.

Two positions (0.50 FTE) are added to the Health Licensing Office to address the added workload associated with HB 4129, issuing residential care facility administrator licenses. The additional Other Funds expenditure limitation needed for this change can be absorbed within the agency's existing expenditure limitation.

The budget includes an increase of \$10.8 million Other Funds expenditure limitation, which allows the agency to spend available revenues on enhancements to the Women, Infants, and Children (WIC) Information System Tracker. These revenues were recovered through a lawsuit after an earlier WIC contractor failed to fulfill contract requirements.

Central Services/Statewide Assessments and Enterprise-Wide Costs

Budget adjustments include the use of leftover bond proceeds from the Oregon State Hospital Replacement Project to pay debt service, freeing up \$1.4 million General Fund for other purposes. The transfer of eligibility services and the ONE system to DHS results in a reduction of \$2.8 million General Fund in Statewide Assessments and Enterprise-wide Costs. This includes the transfer of funding needed to pay usage-based assessments related to the Processing Center, such as Enterprise Technology Services, as well as facility costs, starting April 1, 2018.

Department of Human Services

Many of the budget adjustments in HB 5201 for the Department of Human Services (DHS) are driven by actions needed to rebalance the agency's budget and realign work between DHS and the Oregon Health Authority (OHA). At the January 2018 meeting of the Interim Joint Committee on Ways and Means, the agency presented a rebalance report tied to several dynamics affecting DHS' budget. These include savings or funding gaps due to changes in caseload and costs increases; costs associated with negotiated collective bargaining agreements for non-state employees; and other program changes or issues arising since the 2017 legislative session.

Overall, the DHS rebalance plan projects savings of \$4.3 million General Fund; the calculation assumes availability of \$9.7 million from the special purpose appropriation for non-state employees and excludes the transfer in of Medicaid eligibility staff from OHA since those additional costs also come with funding from OHA. The \$4.3 million in General Fund savings consists of \$20.1 million in net savings from caseload and cost per case updates offset by \$15.8 million in other costs, which are mostly due to a decrease in the federal Medicaid match rate.

The rebalance plan approved by the Subcommittee is generally consistent with the DHS request from January; initial rebalance assumptions around cost projections in the Intellectual and Developmental Disabilities (IDD) and Employment Related Day Care (ERDC) programs have been modified. Notably, the revised IDD assumptions will allow the agency to delay action on program eligibility or service changes until at least next biennium; this timeframe supports further vetting of options during the 2019 legislative session, if warranted or desired. Since the January report, the timing of the formal transition of Medicaid eligibility services to DHS from OHA was shifted from March 1 to April 1, 2018, which drives different numbers for that action.

The Subcommittee also approved new budget adjustments or investments, including the agency's request to use rebalance savings to address workload and backlog issues in the background check unit. Additional funding was provided for Oregon Food Bank and positions were added to help the Child Welfare program address its most immediate needs.

While many issues are covered in the DHS rebalance plan and by other budget adjustments, budget risks do remain. These include changes to caseloads based on future forecasts, the agency's ability to manage personal services expenditures including cost of living increases or other bargained costs, volatility in usage-based costs or charges for services, assessment of federal program penalties, federal law or funding changes, and legal costs. The Subcommittee acted on these risks by, as noted previously, approving a \$30 million special purpose appropriation to the Emergency Board for both DHS and OHA to access if caseload costs or other budget challenges prove to be unmanageable.

A more detailed description of significant budget changes by program follows.

Self Sufficiency Programs

The budget adjustments approved by the Subcommittee for the Self Sufficiency Programs (SSP) increase the budget by \$44.8 million General Fund (\$137.3 million total funds) and 475 positions (319.66 FTE). The increase is primarily due the transition of Oregon Health Plan eligibility work and staff from OHA to DHS.

The fall 2017 forecast projects the 2017-19 overall Supplemental Nutrition Assistance Program (SNAP) caseload to be 5.3% lower than earlier estimates, which equates to serving 6,759 fewer households over the biennium. Caseloads in the Temporary Assistance for Needy Families (TANF) cash assistance programs are up 2.5% from the spring numbers, at a biennial average of 18,559 families. The associated cost of \$5.8 million is covered by one-time federal TANF carryforward in the DHS rebalance plan.

Since the TANF caseload number went up with the fall forecast, there are no cost savings for the agency to calculate and report on as directed in a budget note contained in the budget report for HB 5006 (2017). The next checkpoint for calculating savings will be upon completion of the next biannual caseload forecast, which is the spring forecast expected to be finalized by May 2018.

The Subcommittee approved \$300,000 General Fund, on a one-time basis, for distribution to the Oregon Food Bank for improvements in cold storage infrastructure. Funding will help the state's food bank network upgrade and expand commercial refrigerators, freezers, mobile coolers, and refrigerated trucks.

Initially, the DHS rebalance proposed repurposing \$2.7 million General Fund within the SSP budget to ensure adequate capacity for supporting both the ERDC and the Teen Parent programs. Upon further review, the agency plans to continue to manage the caseload at the highest level possible – but still under budget – by using the reservation list, which was activated in November 2017. The Subcommittee approved \$1,904,453 General Fund from the \$10 million special purpose appropriation made to the Emergency Board for non-state employees to cover higher rates negotiated for SEIU (effective 10/1/17) and AFSCME (effective 1/1/18) child care providers. While sound estimates are used to project these costs, changes in the ERDC caseload composition or provider changes later in the biennium may decrease the purchasing power of the program's budget. The agency is also experiencing some provider attrition, which adds another layer of complexity to the program capacity balancing act; based on latest costs projections DHS is still expecting to serve an average of about 8,300 families over the biennium.

Another \$750,000 General Fund was approved, also sourced by the special purpose appropriation, for one-time training costs for SEIU and AFSCME child care providers. The funding will be spent by DHS as a pass-through to the Early Learning Division (ELD) within the Oregon Department of Education; ELD will use the dollars to expand existing contracts with Portland State University to support the training.

Consistent with legislative discussions and effective September 1, 2017, OHA operationally shifted management of its Medicaid eligibility work to DHS; the move is intended to help centralize and streamline eligibility processes. The related budget adjustment approved by the Subcommittee reflects a "lift and place" of the OHP processing center into SSP, which adds \$35.5 million General Fund, \$96.5 million Federal Funds expenditure limitation, and 474 positions (318.86 22 FTE). A corresponding decrease is in the OHA budget; these values reflect an April 1, 2018 transfer date.

Other costs affecting the SSP budget in the rebalance plan approved by the Subcommittee include \$1.2 million General Fund to pay for a phone system contract for the OHP processing center; the expenditure was not in the OHA budget so it is not covered in the transfer. One position (0.79 FTE) is added to prevent a double fill and support activities under the My Future My Choice program, which is supported with federal dollars. The budget includes technical adjustments and transfers, the largest of which is a transfer of \$24.3 million Federal Funds to Child Welfare to realign TANF expenditure limitation. HB 5201 also adds \$13.8 million General Fund (\$13.8 million total funds) for this program's share of the statewide salary distribution.

The approved rebalance also includes a technical adjustment to more evenly distribute reductions taken during the legislative session; these are related to Department of Administrative Services' assessments and charges that ended up hitting some programs disproportionately. The adjustment affects other programs and is net-zero agencywide.

Child Welfare

The budget approved by the Subcommittee for Child Welfare (CW) reflects increases of \$29.0 million General Fund, \$7.9 Other Funds expenditure limitation, \$46.2 million Federal Funds expenditure limitation, and 177 positions (76.94 FTE). This amount includes \$9.9 million General Fund (\$16.9 million total funds) from the statewide salary adjustment.

Budget adjustments include the DHS rebalance plan as presented in January 2018; forecasts for all individual caseloads within CW grew between the spring and fall forecasts, driving a net increase of \$8.2 million General Fund (\$16.7 million total funds) between caseload and changes in cost per case growth. The overall number of children served is expected to average 22,321 over the biennium, which is an increase of 3.4% from the prior forecast. The approved rebalance also reflects an increase of \$0.7 million General Fund due to an update in the Federal Medical Assistance Percentage (FMAP). Based on the latest federal estimates, the 2017-19 biennial average FMAP rate will decrease from 63.53% to 63.33%, which raises the state contribution and reduces federal support. This rate change also affects other agency programs.

Other and Federal Funds expenditure limitation increases support a federal grant, capture federal match on applicable child savings, and provide for the purchase of software and technical assistance supporting domestic and sexual assault programs. Position clean-up actions reclassify four positions and a net decrease of 0.04 FTE. Technical adjustments and transfers account for a decrease of \$4.1 million General Fund (total fund increase of \$18.1 million); this includes the movement of 9 positions (9.00 FTE) from CW to Shared Services to help improve coordination between investigations and regulatory oversight of child caring agencies. The net total funds increase is driven by the \$24.3 million Federal Funds related to TANF transferred to CW.

In addition to rebalance adjustments, the Subcommittee added \$750,000 General Fund to the budget for three initiatives supporting foster parents; the funding was obtained from a special purpose appropriation established in SB 5526 (2017) for this use. DHS convened a statewide workgroup to identify a set of services to help support foster parents. About 60% of the funding would go to respite care, paying for a mix of services for both group (Foster Parents' Night Out model) and child-specific services. The program plans to spend 25% on training experienced foster parents to be mentors; these parents will provide support to new foster parents by helping them meet the needs of children in care and navigate the system. The remaining 15% will be used to cover immediate needs, such as purchasing a car seat or crib, of a child or sibling group in a foster home.

The approved spending plan also includes an adjustment to budget changes approved in SB 5526 (2017). These are connected to SB 102 (2017), which established an account to capture and spend savings required under federal law; these are state monies that would have been spent on adoption assistance if the federal government had not begun to help pay for more placements. During the 2017 session, enough funding (\$3.3 million) was moved to the account to support a program (October 1, 2017 start date) paying working foster parents caring for children (ages 0 through 3) a \$300 monthly stipend to defray the cost of child care. Since the 2017 session, DHS identified additional savings for another transfer

of \$6.5 million in 2017-19; with this transfer plus federal match, about \$10 million total funds will be available for childcare stipends in 2017-19. Assuming an April 1, 2018 start date, this funding level supports a higher stipend of \$375 per month, includes children ages 0 through 5, and is expected to serve close to 1,300 children when fully implemented. The \$10 million spending level is tied to federal rules which allow only 70% of the savings to be used for this new program, the remaining 30% must be spent on post-adoption and/or post-guardianship assistance activities. With the current funding mechanism, the stipend should be sustainable at this level going forward, if caseload and savings projections hold.

To address ongoing concerns from both executive and legislative leadership about child safety and staff workload in CW, the Subcommittee also approved \$13.3 million General Fund, \$4.5 million Federal Funds expenditure limitation, and 186 positions (85.90 FTE). The funding supports a thoughtful and incremental roll-out of this supplemental position authority, as the Subcommittee recognized the agency is currently challenged to fill already existing vacant positions. The budget package also includes positions dedicated to CW recruitment efforts, which is expected to help the agency make progress in filling and reporting on positions. The following positions are approved:

Child Welfare Staffing Increase - February 2018

Start Date	Class	Role	General Fund	Federal Funds	Total Funds	Pos	FTE
Apr-18	SSA	Case Aide	\$ 2,135,125	\$ 532,575	\$ 2,667,700	25	15.75
Apr-18	HRA3	Recruiting	\$ 236,890	\$ 59,036	\$ 295,926	2	1.26
Jul-18	SSA	Case Aide	\$ 1,640,001	\$ 409,115	\$ 2,049,116	23	11.50
Jul-18	PEMC	Manager	\$ 354,453	\$ 88,343	\$ 442,796	4	2.00
Jul-18	SSA	Case Aide	\$ 1,782,610	\$ 444,690	\$ 2,227,300	25	12.50
Jul-18	SS1	Caseworker	\$ 2,153,355	\$ 947,045	\$ 3,100,400	25	12.50
Jul-18	OS2	Office Specialist (Case Support)	\$ 1,557,410	\$ 388,440	\$ 1,945,850	25	12.50
Oct-18	PEMC	Manager	\$ 210,547	\$ 52,484	\$ 263,031	3	1.14
Oct-18	SS1	Caseworker	\$ 1,708,060	\$ 836,090	\$ 2,544,150	25	9.50
Jan-19	PEMC	Manager	\$ 155,261	\$ 38,716	\$ 193,977	3	0.75
Jan-19	SS1	Caseworker	\$ 1,262,840	\$ 725,160	\$ 1,988,000	25	6.25
Jan-19	HRA3	Recruiting	\$ 52,327	\$ 13,043	\$ 65,370	1	0.25
Total			\$ 13,248,879	\$ 4,534,737	\$ 17,783,616	186	85.90

In addition to direct funding, the Subcommittee also approved a \$2.5 million special purpose appropriation to the Emergency Board for the program to access as the agency continues to develop and implement its action plan to improve child safety, stabilize the workforce, and help foster families. The CW program will report on these efforts as part of the interim reporting required under a budget note in the budget report for SB 5526 (2017).

Vocational Rehabilitation

The budget approved by the Subcommittee for Vocational Rehabilitation (VR) reflects increases of \$0.5 million General Fund, along with \$5,910 Other Funds expenditure limitation and \$4.5 million Federal Funds expenditure limitation. No changes are made to position counts or FTE; total funds of \$1.6 million cover the statewide salary adjustment for this program.

The fall 2017 forecast projects the 2017-19 VR caseload to be about 8.4%, or 820 clients, higher than the spring estimate. With a recent award of \$3.4 million in federal reallocation dollars, the program is hoping to continue to avoid activating the Order of Selection (priority wait list) in 2017-19. The rebalance request approved by the Subcommittee contains the additional expenditure limitation to spend the reallocation funding. One position is reclassified in the rebalance plan.

The rebalance also includes a technical adjustment to more evenly distribute reductions taken during the legislative session; these are related to Department of Administrative Services' assessments and charges that ended up hitting some programs disproportionately. The adjustment affects other programs and is net-zero agencywide.

Aging and People with Disabilities

Budget adjustments made by the Subcommittee for the Aging and People with Disabilities (APD) program reflect a decrease of \$4.7 million General Fund, an increase of \$33.2 million Other Funds expenditure limitation, a decrease of \$35.2 million Federal Funds expenditure limitation, and a net decrease of 2 positions (2.00 FTE). Total funds of \$8.7 million cover the statewide salary adjustment for this program.

The 2017-19 legislatively adopted budget included higher rates for Community Based Care providers (Assisted Living, Residential Care, Memory Care, and In-home Agency). The Subcommittee added \$1,180,695 General Fund and \$2,467,705 Federal Funds expenditure limitation to augment the rate increase scheduled for July 1, 2018. When coupled with \$2.2 million General Fund in savings from an expected lower than budgeted nursing facility rate in the second half of the biennium and matched with \$7.2 million in Federal Funds, rates will increase by 5% instead of 2.5% on that date. These same providers received a 5% rate increase on July 1, 2017.

As noted in the Emergency Board overview section, the Subcommittee approved a \$300,000 special purpose appropriation to be allocated to the DHS Aging and People with Disabilities program to increase access to ventilator-assisted services in nursing facilities. The agency may

request these funds, which are anticipated to help cover a higher rate paid for these services, after completing work under the following budget note, which was also approved by the Subcommittee:

Budget Note:

The Department of Human Services shall work with the Oregon Health Authority to develop a plan to increase access to ventilator-assisted services in nursing facilities, effective January 1, 2019. The plan should address criteria used to enroll nursing facilities and respiratory providers; the rate methodology proposed for compensating these services; state Medicaid plan amendments and administrative rules required to implement this initiative; any information technology changes needed to support the program; the projected costs for these services in the 2017-19 and 2019-21 biennium for the two agencies; and any other actions needed or barriers to be mitigated before service implementation. The Department shall prepare and submit a report containing the plan elements to the Emergency Board prior to October 1, 2018.

A rebalance plan based on the fall 2017 caseload forecast was also approved by the Subcommittee. While, overall, long term care caseloads are 1.8% below the spring 2017 forecast (a decrease of 655 clients), nursing facilities' caseloads are 3.2% higher. That change plus an increase in cost per case is driving a need of \$8.5 million General Fund (\$28.9 million total funds). However, these costs are more than offset by net savings of \$17.3 General Fund (\$57.7 total funds) across the in home and community based care caseloads. These savings also help cover increased costs due to the FMAP change; in APD that shifts \$5.9 million in costs from federal dollars to state General Fund.

The rebalance also includes a management action decreasing the budget by \$10 million General Fund (\$31 million total funds) to account for the caseload forecast not yet capturing the decrease in caseload expected to occur from strengthening the level of care assessment. This change was not implemented until after data used for the fall forecast were captured. The agency will be tracking eligibility changes for clients to determine the associated impact on the caseload and to ensure savings will not be double counted in future rebalances.

There is also risk that the actual caseload reduction may be offset by costs; some of these are tied to providing ongoing supports to people who would have otherwise become homeless, been evicted, or are at risk of abuse or exploitation. In addition, a recent legal agreement requires APD to pause policy and rule changes affecting hours and eligibility that were implemented last summer and fall. This means most consumers will be temporarily restored to their prior level of care while the agency and advocates negotiate future standards and procedures for in-home and residential care, which will affect expenditures. This work is expected to be done by May 2018.

The APD budget is also affected by collective bargaining for non-state workers. The Subcommittee approved \$1,340,585 General Fund from the \$10 million special purpose appropriation made to the Emergency Board for non-state employees to cover higher adult foster care rates. Based on negotiations, rates will increase by 2.0% on February 1, 2018 and again by 4.5% on January 1, 2019. To cover a \$0.15 per hour wage increase

for home care workers effective April 1, 2018, the Subcommittee approved \$2,625,292 also originating from the special purpose appropriation. Collectively, these non-state worker costs will be matched with just over \$7.6 million Federal Funds.

To meet federal program requirements, the approved rebalance adds \$31.2 million Other Funds expenditure limitation for waived case management services. The additional limitation is needed to separately track program expenditures and receive the allowed higher match rate.

Technical adjustments and transfers account for a net decrease of \$0.7 million General Fund (\$2.0 million total funds). Actions include the transfer of positions between APD and other programs, driving a net decrease of one position (1.00 FTE). Other position actions include reclassifying one position and abolishing one position (1.00 FTE).

Intellectual and Developmental Disabilities

Budget adjustments made by the Subcommittee for the Intellectual and Developmental Disabilities (IDD) program reflect an increase of \$3.2 million General Fund, an increase of \$111,296 Other Funds expenditure limitation, a decrease of \$12.2 million Federal Funds expenditure limitation, and a net increase of 11 positions (7.70 FTE). Total funds of \$4.6 million cover the program's statewide salary adjustment.

The Subcommittee acknowledged the program's revised plan toward meeting a generic \$12 million General Fund reduction approved in the 2017-19 legislatively adopted budget. Instead of making eligibility or other program changes to meet the target, the agency will manage the reduction with management actions. These actions are spending \$1.3 million less on housing maintenance contracts and rent subsidies, based on an updated assessment of needs; reducing ability to respond to cost per case by volatility by \$6.0 million, based on recent cost per case actuals; and assuming approximately \$6.0 million in enhanced federal match for system work, pending federal approval. While these changes do not address long term budget sustainability, they do allow the agency to continue its work with stakeholders on IDD program changes that can help bend the cost curve. There is also some risk that these assumptions, particularly around cost per case, may not hold and possibly require legislative budget action before the end of the biennium.

The rebalance actions approved by the Subcommittee reflect decreases in both case management enrollment and services' caseloads from the previous forecast, at 3.2% lower overall or 1,527 fewer clients over the biennium. However, individuals are expected to be served in higher cost settings (group homes), which is a cost driver. The net projected budget effect is a decrease of \$9.2 million General Fund (\$31.6 million total funds). This helps offset FMAP General Fund impacts; for IDD the rate change shifts \$6.3 million in costs from federal to state funding.

The approved plan also uses \$0.7 million General Fund (\$1.4 million total funds) in savings to pay for an error made in building the 2017-19 budget. Workload model positions (case managers) supporting children with intensive medical and/or behavioral needs were overlooked; these caseloads have collectively grown by more than 20% over the last two years. A total of 10 positions (6.70 FTE) are funded.

The IDD budget is also affected by collective bargaining for non-state workers. The Subcommittee approved \$1,165,140 General Fund from the \$10 million special purpose appropriation made to the Emergency Board for non-state employees to cover higher adult foster care rates. Based on negotiations, rates will increase by 2.0% on July 1, 2018. To cover a \$0.15 per hour wage increase for personal support workers, effective April 1, 2018, the Subcommittee approved \$1,902,412 from the same special purpose appropriation. Collectively, these non-state worker costs will be matched with just over \$6.9 million Federal Funds.

The approved budget changes include technical adjustments and transfers increasing the IDD budget by \$0.8 million total funds and transferring in one position (1.00 FTE) from APD.

Central Services

For this program, the Subcommittee approved a budget increase of \$294,639 total funds and one position (1.00 FTE). The changes tie to a rebalance action transferring in a human resources position from OHA (1.00 FTE); this is a companion action to the lift and place transfer of OHP eligibility between the two agencies. Technical adjustments and transfers account for a net decrease of \$0.2 million total funds. Five compliance specialist positions are also reclassified in the agency's plan. An additional \$255,557 total funds for the statewide salary adjustment is also part of the overall increase.

Shared Services

The budget approved by the Subcommittee for Shared Services is a net increase of \$14.9 million Other Funds expenditure limitation and 45 positions (44.80 FTE) over the legislatively adopted budget. Adjustments include the net transfer in of 11 positions (11.00 FTE) from various programs, including positions from Child Welfare noted previously. Other changes are due to position realignment between agency programs (in both DHS and OHA) and Shared Services after new positions are approved in the budget; sometime programs request and carry the budget for shared components directly during budget build. For the statewide salary adjustment, \$3.5 million Other Funds expenditure limitation is added.

Other position actions move one position (1.00 FTE) in from OHA due to the OHP processing center transition. The approved rebalance plan also includes several actions to clean-up positions: reclassifications upward and downward; abolishing and establishing positions; and bringing part-time positions to full-time. These changes will allow DHS to alleviate several double fills and make positions more consistent with how they are really being used. Effective April 1, 2018, a procurement position is transferred to the Department of Administrative Services (DAS), which reduces the budget by \$152,247 Other Funds and one position (0.63 FTE). The position supports the consolidation of certain information technology contracting work at DAS.

In response to a DHS request from January 2018, the Subcommittee approved the use of General Fund savings from rebalance to support adding positions to the Background Check Unit (BCU), which is part of Shared Services. The corresponding budget increase for the program is

\$6,644,952 Other Funds expenditure limitation and 33 positions (24.75 FTE). With these positions in place, BCU expects to see the processing backlog drop down to 2 weeks by December 2018; currently many checks take more than 8 weeks and sometimes 10 weeks or longer.

Just over half of the projected cost is for positions or position-related expenditures, with the bulk of the remainder going to cover fingerprint processing fees charged by the Department of State Police and the Federal Bureau of Investigation. Currently BCU does not recover any costs from individuals or entities undergoing background checks; costs are covered by the applicable DHS and OHA programs. Subject individuals include agency employees, home care workers, personal support workers, child care providers, child caring agencies, child welfare providers, direct support professionals, residential care facilities, nursing facilities, and adult foster homes. About 80% of the work is related to DHS programs.

State Assessments and Enterprise-wide Costs

The budget approved for this program by the Subcommittee reflect net increases of \$15.5 million General Fund, \$228,063 Other Funds expenditure limitation, and \$15.1 million Federal Funds expenditure limitation. Drivers include an increase of \$3.4 million General Fund (\$10.3 million total funds) due to the OHP processing center move; these funds are transferred from OHA and cover rent, utilities, telecommunications, information technology, and other centralized costs associated with these positions. The approved rebalance contains a shift of \$0.6 million total funds from OHA to DHS to transfer rent, utilities, and janitorial costs for part of a Salem building (Cherry City Business Center). OHA has vacated the space and DHS, which already occupies part of the building, needs more square footage.

To support the additional BCU resources, the Subcommittee added \$4,281,343 General Fund, \$161,472 Other Funds expenditure limitation, and \$2,202,137 Federal Funds expenditure limitation; these adjustments allow the shared services funding line to cover the costs of the 33 positions (24.75 FTE) added to the unit.

Technical adjustments and transfers account for an increase of \$5.0 million General Fund (\$8.9 million total funds), primarily to align the assessment budget with policy package changes in program budget structures. Changes tied to position transfers affecting Shared Services are also included. Funding for the statewide salary adjustment is also included, at \$4.6 million totals funds; this primarily covers increased costs tied to collective bargaining for Shared Services positions.

Long Term Care Ombudsman

Budget adjustments for this agency include a technical action shifting \$28,639 General Fund between programs; the statewide inflation reduction taken in HB 5006 (2017) was incorrectly calculated, removing too much funding from the Long Care Ombudsman budget structure and not enough from the Oregon Public Guardian (OPG) structure. The change nets to zero agency-wide.

The Subcommittee also eliminated a \$200,000 General Fund special purpose appropriation to the Emergency Board for costs associated with the public guardian and conservator program HB 5021 (2017) and directly appropriated the same amount to the agency for the OPG program. The special purpose appropriation was sourced by funding removed from the OPG 2017-19 budget during the legislative process. In January 2018, as directed by a budget note, the agency reported on several steps taken to help manage program spending. These include minimizing legal costs, streamlining banking processes, and maximizing caseload capacity. Since the 2017 legislative session, the program has refocused its work, with an emphasis on developing the volunteer program and working with local entities to provide services. Regarding pro bono services, OPG is also developing a concept that would tap professional fiduciaries to act as volunteer deputies. In turn for helping OPG with cases, fiduciaries would receive training and experience that could also be used to meet professional continuing education requirements.

The \$200,000 General Fund restored to the program will pay for two permanent, full-time Deputy Guardian positions (Program Analyst 2 classification) effective July 1, 2018 (1.00 FTE). The positions will be out-stationed in rural areas of the state, which will overcome barriers to contracting in certain areas, provide maximum support for volunteers, and expand program access. With these resources, OPG should be able to serve a minimum of 40 additional clients and possibly more as the volunteer program evolves.

JUDICIAL BRANCH

Judicial Department

The Subcommittee increased the General Fund appropriation for judicial compensation by \$735,683, for the 2017-19 biennium costs of providing a \$5,000 per year salary increase to all statutory judges, beginning on July 1, 2018. The judicial salary increase is enacted by House Bill 4163, the 2018 session program change bill. The total fiscal impact of the salary increase will be \$1,300,000 General Fund in the current biennium. This cost will be financed from the combination of the General Fund appropriation increase and the carryforward of \$564,317 General Fund from the prior biennium. The cost of the salary increase will rise to approximately \$2,600,000 General Fund beginning with the 2019-21 biennium, when it will be in effect for the full twenty-four months of the biennium.

The Subcommittee increased the General Fund appropriation for operations by \$2,378,568, to avoid employee layoffs, furloughs, court closures, and other significant public service reductions during the second year of the current biennium. The Judicial Department presented a \$5.3 million General Fund request for this purpose to the interim Joint Committee on Ways and Means in January 2018. The combination of the approved General Fund increase, the distribution of General Fund to the Department for employee compensation costs, and the carryforward of General Fund from the prior biennium, will support the expenditure level targeted in the January 2018 request and enable the Department to avoid additional service reductions.

The Subcommittee also acknowledged receipt of a compensation plan change report required under ORS 8.105 (1). The report is posted on the Oregon Legislative Information System website under the Capital Construction Subcommittee March 2, 2018 meeting materials. The

Department reported that the Chief Justice has approved the same provision in the executive branch compensation plan for management service and unrepresented employees, whereby effective February 1, 2019, salaries are increased 6.95% and responsibility to pay the 6% PERS pick-up switches from the employer to the employee. The changes do not affect judges, and are projected to cost \$854,000 General Fund and \$62,800 Other Funds during the 2017-19 biennium. The costs will be covered within the legislatively approved budget provided in this bill.

Public Defense Services Commission

The Subcommittee increased the General Fund appropriation for professional services by \$1,340,000, to expand the Parent Child Representation Program. This program works to improve the quality of legal representation for parents and children in juvenile dependency and termination of parental rights cases. The program currently operates in three counties. The funding will be used to expand the program to Coos and Lincoln counties, beginning July 1, 2018. The cost of this expansion will double to \$2,680,000 General Fund in the 2019-21 biennium, when it will be in effect for the full twenty-four months of the biennium.

The Subcommittee also approved a one-time General Fund appropriation of \$450,000 to fund an Oregon-specific caseload standards study and an assessment of Oregon public defense services. The Commission will work with the American Bar Association for a study to develop standards for the time attorneys need to adequately represent clients in various case types, and to develop associated workload/caseload standards. The Commission will also work with the Sixth Amendment Center to assess the status of public defense services in the state.

The Subcommittee also approved an adjustment to the calculation of the 2019-21 biennium current service level for professional services. The Commission is instructed to add \$4.2 million General Fund to the current service level as otherwise historically calculated. This adjustment is intended to address concerns about contract rate amounts paid to trial-level public defense contract and hourly-paid providers. The amount is calculated to equal the cost of providing a 2% increase in rates for the full twenty-four months of the 2019-21 biennium, however, it is understood that the Commission may choose to allocate the funds in another manner to best address concerns about provider pay.

LEGISLATIVE BRANCH

The Subcommittee approved a net-zero General Fund rebalance. The adjustments include reductions to agency budgets to account for higher than anticipated reversions from the 2015-17 biennium, appropriately split reversions between Legislative Administration Committee (LAC) and the Legislative Policy and Research Office as those budgets became newly separated agency budgets beginning this biennium, and to accommodate LAC projects including closed captioning, online training, and additional ADA and diversity needs, including one additional position (0.50 FTE) dedicated to such work. In addition to projects funded through rebalance described above, \$700,000 General Fund is provided to LAC for workplace improvements for the Legislative Branch. The Subcommittee approved increasing Other Funds expenditure limitation by \$151,550 for costs of issuance on Article XI-Q general obligation bonds authorized in SB 5702 for the Capitol Accessibility,

Maintenance, and Safety project. Costs of issuance will be paid with bond proceeds. Bonds are scheduled to be sold in spring 2019, so no additional debt service is due in the 2017-19 biennium. An adjustment to debt service is also included, which results in a General Fund reduction of \$48,618 and an increase in Other Funds expenditure limitation of \$48,619. An increase of \$250,000 Other Funds expenditure limitation is included for the Legislative Counsel Committee for ongoing staffing and office needs.

NATURAL RESOURCES

Department of Agriculture

The Subcommittee increased, on a one-time basis, constitutionally dedicated Lottery Funds expenditure limitation by \$846,821 and authorized 13 limited duration positions (5.37 FTE) for additional costs related to Japanese beetle eradication efforts. During the 2016 invasive pests trapping season, the Oregon Department of Agriculture (ODA) trapped a record number of Japanese beetles in the Cedar Mill and Bethany neighborhoods in NW Portland. Early in the 2017 legislative session, ODA received \$801,380 constitutionally dedicated Lottery Funds for the 2015-17 biennium to begin a five-year eradication effort. An additional \$1,113,115 in constitutionally dedicated Lottery Funds was included in the ODA budget for 2017-19 for continuing eradication costs. During the 2017 eradication project, even more beetles were trapped in this area and were found in areas surrounding the initial treatment area, as well as in traps at the Portland airport, Swan Island, and Douglas County. The increase in areas needing treatment, coupled with higher than anticipated costs to maintain the quarantine and dispose of green waste in the existing treatment area, will require additional resources beyond what was approved in the 2017-19 adopted budget for ODA. In addition, the Lottery Funds allocation for the Department was increased by \$1,359,653 to pay for any additional eradication efforts as needed. The Department would need to request an increase in expenditure limitation from either the Emergency Board or the Legislature to spend this additional Lottery Funds allocation.

A technical adjustment was also approved that reduced the Certifications Program Other Funds expenditure limitation by \$16,836 and 0.10 FTE to correct an error in the position count that occurred when a position budgeted in two programs was eliminated.

Department of Environmental Quality

The Subcommittee approved a one-time increase of \$1,917,084 General Fund, \$2,965,300 Other Funds expenditure limitation, and the addition of months to six existing limited duration positions (3.38 FTE) to continue planning and begin development of an environmental data management system (EDMS). The Other Funds represent the portion of the proceeds from the sale of \$5 million Article XI-Q bonds that will be spent in the 2017-19 biennium and includes \$70,000 for the cost of issuing the bonds. This funding is to be used to implement the foundational build of a customized off-the-shelf software solution that will replace multiple outdated and disparate information technology systems currently in use at the Department of Environmental Quality (DEQ). The EDMS project will improve regulatory processes, provide a common platform to receive and share environmental information, and support e-commerce and web-based interactions. Of the total General Fund appropriated,

\$833,867 will pay the debt service on the \$5 million in 2017-19 as the bonds are scheduled to be sold May 2018. The remaining \$1,083,217 General Fund will be used to update and complete foundational documents required to complete Stage Gate 3 endorsement, prepare the Request for Proposal, and pay a Quality Assurance contract. Early estimates indicate the EDMS project will cost \$18 million when completed.

The Subcommittee approved an Other Funds expenditure limitation increase of \$17,834,248 to implement a new electric vehicle rebate program, with the understanding that the Department of Administrative Services (DAS) will unschedule the limitation until sufficient revenues are received. HB 2017 (2017) included a privilege tax of 0.5% on the sale of vehicles beginning January 1, 2018. Monies raised by this tax will be deposited in the Zero-emissions Incentive Fund to be used for rebates on the purchase or lease of electric vehicles to encourage increased utilization of these vehicles. The bill tasked DEQ with establishing and operating the electric vehicle rebate program. At the time the bill passed, no expenditure limitation was provided for the actual rebate payments. The use of this privilege tax for rebates had been challenged in court, therefore DAS is directed to unschedule the increase until these legal challenges are resolved.

A technical adjustment was approved that increased Federal Funds expenditure limitation by \$342,092 and decreased Other Funds expenditure limitation by \$272,092 to accommodate the transfer of administration of a federal grant from the Oregon Health Authority (OHA) to DEQ. OHA had been receiving an on-going federal grant for coastal water monitoring and passing most of the grant funding on to DEQ to do the actual water quality monitoring work. In 2017, both agencies agreed that DEQ should take over the administration of the grant. The 2017-19 OHA budget was adjusted to reflect this change, but the DEQ adjustment was not included in its budget.

The Subcommittee also approved a \$1 million General Fund increase and the addition of 4 positions (2.32 FTE) in the Air Quality program. This funding is to be used to address backlogs in air quality permitting, with emphasis on processing permit renewals. Of the amount approved, \$343,092 is for process improvement activities and is being added on a one-time basis. This funding will not be used to support Title V permitting work because the federal Clean Air Act requires that all Title V permitting work be supported through fees paid by regulated entities. As such, the Department will need to seek authorization to increase fees for the Title V program during the 2019 Legislative session to ensure Title V related permitting operations are sufficiently staffed.

A \$165,892 Other Funds expenditure limitation increase was approved for the Air Quality program to support two positions (1.08 FTE) using existing fund balance revenue from current Greenhouse Gas Reporting (GHG) fees. These positions will work on expanding the Department's existing GHG program to include collection of product output data, as well as, provide quality assurance of currently submitted emissions data.

Department of Fish and Wildlife

The Subcommittee approved a one-time General Fund appropriation increase of \$350,000 for the Fish Division to operate the Leaburg Fish Hatchery located on the McKenzie River for the second year of the 2017-19 biennium. On July 1, 2018, the U.S. Army Corps of Engineers (Corps) will no longer pay for the Oregon Department of Fish and Wildlife (ODFW) to operate and maintain the hatchery, which it had done since

the facility was constructed in 1953 to mitigate for lost trout habitat caused by construction of federal dams in the Willamette Valley. The Corps will now instead contract with a private entity to purchase trout and will continue to pay ODFW to produce steelhead at another ODFW facility. ODFW plans to continue to produce trout at the facility, which would boost the pounds of trout released in the Willamette Valley by 20% and increase Chinook releases by 6%.

In addition, a one-time \$50,000 General Fund increase was approved for culling of elk herds on the Cold Springs National Wildlife Refuge, which is located just outside Hermiston. The elk forage outside the Wildlife Area and damage commercial agriculture operations on land adjacent to Cold Springs. The funding would be used to pay for the time of existing ODFW staff to work on this project, as well as for a contract with the U.S. Department of Agriculture, Wildlife Services for removing the elk that move onto adjacent farms to feed. The elk meat resulting from the culling of the elk herd will be donated to the local food bank.

Department of Forestry

A one-time increase of \$26,194,224 General Fund to the Department of Forestry, Fire Protection Division was approved for the payment of emergency firefighting costs associated with the 2017 forest fire season. This amount is dedicated to the following specific uses:

- Unbudgeted emergency fire costs (\$22,722,123)
- Fire protection district deductibles (\$915,600)
- Oregon State Treasury loan interest (\$63,561)
- Severity resources (\$2,492,940)

Of the total increase, \$2.0 million is offset by a reduction of the same amount in the special purpose appropriation to the Emergency Board that had been established for this purpose. In addition, Other Funds expenditure limitation is increased one-time only by \$22,743,921, which includes \$10,130,317 for unbudgeted emergency fire costs, \$4,101,866 for reimbursed costs of emergency fire costs from other agencies including the Federal Emergency Management Agency, \$7.0 million for the payment of pass-through reimbursements to other agencies from federal sources, and \$1,511,738 for fire protection district deductibles.

The Subcommittee approved an increase in the General Fund appropriation made to the Department of Forestry in the amount of \$500,000 and a decrease in Other Funds expenditure limitation of \$500,000 to reverse a reduction in General Fund subsidy for fire patrol assessments on low-productivity, east-side forest lands that was included in SB 5519 (2017), the agency's budget bill.

A reservation in the Emergency Fund was made to fund Sudden Oak Death eradication work by the Oregon Department of Forestry as detailed in the Emergency Board section above.

Department of Land Conservation and Development

A one-time increase of \$300,000 General Fund for the Department of Land Conservation and Development's local government grants program was approved for the provisioning of technical assistance grants to eastern Oregon counties for conducting economic opportunity analyses.

Parks and Recreation Department

The Subcommittee approved a \$200,000 increase in Other Funds expenditure limitation for the Oregon Parks and Recreation Department (OPRD) for expenses associated with Sudden Oak Death mitigation work on State Parks properties within the Cape Sebastian State Scenic Corridor. OPRD estimates that the eradication project will be completed by the end of February 2018. Funding for the treatment will come from the Park Stewardship account which receives a portion of fees charged by the agency and is dedicated for the management of natural resources, hazard trees, landscape, and the ocean shore.

An increase of \$20,000 Lottery Funds expenditure limitation was approved for the purpose of making grants to repair recreational trails damaged due to the Chetco Bar fire during the 2017 fire season.

Department of State Lands

An increase in Federal Funds expenditure limitation in the amount of \$155,734 for the Department of State Lands (DSL) was approved for the expenditure of Wetland Program grant funds from the U.S. Environmental Protection Agency (EPA). Of the total, \$121,734 supports five individual initiatives identified in the updated Oregon Wetland Program Plan and will be used in conjunction with an intergovernmental agreement with Oregon State University, Institute for Natural Resources. Additionally, DSL was awarded a supplemental Wetland Program Development Grant (WPDG) that is in addition to the 2015 grant it received from the EPA. The funding award of \$25,000 allows DSL to contract with a third party to complete wetland functional assessments on existing wetland mitigation bank sites prior to the implementation of the Aquatic Resources Mitigation Program initiative in 2018. The reestablishment of expenditure limitation for residual Federal Funds totaling \$9,000 that were not expended in the prior biennium from the original 2015 EPA WPDG is also included in the total additional Federal Funds expenditure limitation for these grants.

A one-time expenditure limitation increase of \$7,244,215 Other Funds is included for cleanup efforts at the Goble, Oregon site on the Columbia River. The funding is for the costs of site security, inventory, and disposal of solid waste and hazardous material, asbestos inventory and abatement, and dewatering and disposal of vessels and structures due to default by the former lessee of the site. DSL is continuing to avail itself of all legal means to recover the costs of the cleanup from the former lessee or the lessee's insurance carrier.

A one-time technical adjustment of \$235,081 Other Funds expenditure limitation is included in the measure to carry forward 2015-17 biennium unexpended grant funding from the University of Michigan for the South Slough National Estuarine Research Reserve. Normally, this limitation would have been reestablished in the agency's budget bill, but the actual unexpended amount was not known at the time of the bill's passage.

The Subcommittee approved an increase in Other Funds expenditure limitation of \$410,102 and authorized the establishment of a limited-duration project manager position (0.67 FTE), the establishment of a permanent, full-time network architect position (0.67 FTE), and the upward reclassification of an existing information systems supervisor position to continue planning for the replacement of the aging Land Administration System (LAS) through the end of the current biennium and ongoing management of the agency's information technology systems.

Water Resources Department

Technical adjustments to the Other Funds and Federal Funds expenditure limitations of the Water Resources Department are included in the measure to rebalance budgeted expenditure authority between programs at the agency. This action results in no net change to the overall expenditure limitation of the agency.

The Subcommittee approved a one-time increase in the expenditure limitation for the Water Resources Department of \$5,269,633 Other Funds for the expenditure of Lottery Revenue bond proceeds for distribution to the City of Carlton to replace the city's finished water supply line in the amount of \$5.15 million and for the payment of bond issuance costs of \$119,633.

Oregon Watershed Enhancement Board

The Subcommittee increased the Measure 76 Lottery Funds expenditure limitation for the Oregon Watershed Enhancement Board (OWEB) grants program by \$5,000,000 to reflect increases in forecasted Lottery revenues constitutionally dedicated to the Parks and Natural Resources Fund, for local grant expenditures.

PUBLIC SAFETY

Department of Corrections

The Subcommittee approved a net-zero technical adjustment to move a total of thirteen positions between program units to align reporting relationships, advance organizational initiatives, and properly assign oversight functions within the agency.

The Subcommittee provided the following direction to the Department of Corrections:

Budget Note:

As of January 25, 2018, the Department of Corrections had 297 inmates in custody over the age of 70. Elderly inmates are housed throughout the state, depending on the location of infirmary and hospice beds, single-story and single-bunk cells and dormitories, and proximity to health care facilities.

The Department of Corrections is directed to evaluate the feasibility of using the Oregon State Penitentiary - Minimum as a dedicated facility for housing male prison inmates over the age of seventy-five. The Department should evaluate the suitability of using OSPM to house elderly inmates and identify any and all facility modifications that would be required to safely house a population that has an above average incidence of mobility limitations and serious health conditions. The suitability evaluation should include a detailed cost analysis and an estimated construction timeframe for those modifications to the existing facility necessary to provide an adequate number of infirmary and hospice beds for this population, as well as any security upgrades, infirmary improvements, medical equipment purchases, and accessibility modifications. The Department is directed to report to the Legislature by February 2019 on the cost and timeframe for remodeling and equipping OSPM, and on the estimated cost of operating the facility, including any extraordinary costs for medical staff, transportation, and other reasonably necessary resources for housing an elderly inmate population.

Criminal Justice Commission

The Subcommittee increased the Criminal Justice Commission's Federal Funds expenditure limitation by \$1,045,940 for two grants awards received in larger amounts than anticipated in the 2017-19 legislatively adopted budget. The awards supplement an existing program supporting Local Public Safety Coordinating Councils in rural Oregon counties and the state's Statistical Analysis Center program.

The Criminal Justice Commission's Other Funds expenditure limitation was increased by \$450,000 for implementation of a new case management system for Oregon's specialty courts. Revenues supporting the expenditure limitation are from asset forfeitures, statutorily dedicated to specialty courts.

Oregon Department of Justice

The Subcommittee approved an increase of \$53,241 Other Funds, \$159,723 Federal Funds, and 0.25 full-time equivalent for the Civil Enforcement Division's Medicaid Fraud Unit. The Unit is projecting a personal services budget shortfall and requested a temporary funding increase. The Subcommittee recommended a permanent resolution of the underlying budget issues with the upward reclassification of two Assistant Attorney General positions to Senior Assistant Attorney General, an upward reclassification of a Principal Executive Manager C to a D (Chief Investigator), and adding 0.25 FTE to an existing Legal Secretary position budgeted at 0.75 FTE.

The Subcommittee approved \$2.8 million Other Funds expenditure limitation for the Child Support Enforcement Automated System (CSEAS), which is to be financed with Article XI-Q bonds authorized in SB 5702. The Subcommittee also approved \$5.4 million Federal Funds expenditure limitation and an increase of 0.25 full-time equivalent. These are one-time costs. Other Funds expenditure limitation of \$56,463 was also added

for the cost of issuance of the bonds. The Subcommittee reduced General Fund Debt Service by \$23,047 to account for a delayed issuance in previously authorized bonding authority. The 2017-19 Article XI-Q bond authority for the project totals \$19.4 million, including \$19,026,170 for project costs and \$373,830 costs of issuance. General Fund Debt Service totals \$12.5 million.

Since 2010, the Oregon Department of Justice's Division of Child Support has been working on a multi-biennia plan to replace its current COBOL-based mainframe child support case management and financial system with a transfer or hybrid solution with custom development that will use some existing software from three states. CSEAS is expected to be completed by 2021 with an implementation cost estimated at \$137.3 million. Federal Funds will provide 66% of eligible program costs under Title IV-D of the federal Social Security Act for both development and ongoing operations and maintenance costs.

The project is within scope, on schedule, and within budget. The primary purpose of the additional bond authority is to safeguard the progress of the project should there be a major issue during User Acceptance Testing (UAT). UAT started in February of 2018 and continues through May of 2018. If by September 30, 2018 any of the additional bonding authority provided for UAT is unneeded, the unused portion is to be released for other statewide purposes. The project does, however, require the immediate expenditure of \$120,738 Other Funds and \$234,374 Federal Funds for contract change orders. The Department of Administrative Services is directed to unschedule \$2,637,799 Other Funds and \$5,164,513 Federal Funds, which may be rescheduled upon the approval of the Legislative Fiscal Office, but only if unanticipated UAT issues arise.

The bill includes an increase of \$185,916 General Fund and the establishment of one permanent full-time Assistant Attorney General (0.63 FTE) in the Criminal Justice Division for the prosecution of election fraud violations under ORS 260.345, which have increased over the course of the last several biennia. The 2019-21 cost totals \$293,381 General Fund.

The Subcommittee approved an increase of \$1.3 million Other Funds expenditure limitation and the establishment of four limited duration positions (2.68 FTE) in the General Counsel Division as one-time costs. The position cost is \$1 million and includes: one Assistant Attorney General position for Health and Human Services; one Assistant Attorney General position for Tax and Finance; one Assistant Attorney General position for Business Transactions; and one Senior Assistant Attorney General position for Government Services. The Division is experiencing higher caseload work related to: procurement, bonding, expended lottery offerings, litigation agreement implementation, legal sufficiency reviews, and agency administrative rules development. An additional \$258,252 was approved for administratively-authorized limited duration position costs that the agency incurred pending the approval of this request. The revenue to support this request will come from billings to state agencies, which will total \$1.9 million (\$574,288 above the limitation request to account for agency overhead costs).

Two technical adjustments were approved to the Civil Enforcement Division's General Fund appropriation. HB 5015 (2017) eliminated a \$3.2 million General Fund appropriation for enforcement of the Master Tobacco Settlement Agreement (MTSA) as the Department no longer requires the General Fund for defending the state's enforcement actions to the arbitration panel. A portion of the reduction included \$127,059

General Fund for standard inflation; however, HB 5006 (2017), as part of a statewide adjustment, also included a reduction of \$127,059 for inflation. The Subcommittee's action restores the inflation reduction to provide funding for civil rights enforcement.

The Subcommittee also approved a technical adjustment to transfer \$25,646 General Fund from the Appellate Division to the Civil Enforcement Division to correct for an Oregon Law reference error in HB 5006 (2017).

A technical adjustment to the Child Support Enforcement Automated System (CSEAS) information technology project was approved. The adjustment increases months on six existing positions by 3.17 FTE. This adjustment is self-financed by reducing budgeted services and supplies by \$708,017 and increasing personal services by a corresponding amount. This adjustment aligns budgeted indirect charges for the program with agency practice.

Oregon Military Department

The Subcommittee approved a one-time General Fund appropriation of \$260,724 to cover expenses incurred by the Oregon Military Department for services provided by the Oregon National Guard during and after the total solar eclipse on August 21^t, 2017.

The Other Funds expenditure limitation for the Community Support program was increased, on a one-time basis, by \$5,442,829 to reimburse wildland firefighting expenses incurred by the Oregon Military Department during the 2017 fire season.

The Subcommittee increased the agency's Federal Funds expenditure limitation by \$16,421,308 for lead dust abatement projects at eight armories located throughout Oregon.

Pending federal approval of the agency's proposed indirect cost allocation plan, the Subcommittee recommended \$1,590,544 General Fund be added to the Office of Emergency Management to cover 2017-19 administrative expenses that can no longer be charged to federal grants. The Subcommittee also approved the following budget note:

Budget Note:

The Oregon Military Department - Office of Emergency Management (OEM) is directed to assess and update OEM's processes, policies, and practices for internal control over grants management, separate from and in addition to any external financial or programmatic audits currently underway. The updated practices should align to the Internal Control-Integrated Framework as updated in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Military Department is to undertake immediate action to correct any identified deficiencies.

The Military Department is directed to submit a quarterly progress report to the Legislature at each meeting of the Emergency Board in 2018. The Military Department is directed to provide a final written report on the assessment and corresponding updated processes, policies, and procedures to the Joint Committee on Ways and Means during the 2019 legislative session, prior to consideration of the agency's budget for 2019-21.

Department of Public Safety Standards and Training

The Other Funds expenditure limitation for the Operations program was increased, on a one-time basis, by \$623,260 to reimburse the Department of Public Safety Standards and Training for expenses incurred for training and certifying Oregon National Guard members as wildland firefighters during the 2017 fire season.

The Subcommittee increased the Department of Public Safety Standards and Training's Other Funds expenditure limitation by \$400,000 to continue and expand mental health and crisis intervention training for first responders with funding from the Oregon Health Authority.

The Subcommittee increased the agency's Other Funds expenditure limitation by \$3,657,838, and authorized seven permanent positions (4.06 FTE) and six limited duration positions (3.48 FTE) to add five basic police classes and one basic corrections class to the agency's training calendar to meet demand during the 2017-19 biennium.

Department of State Police

The Subcommittee increased the agency's Other Funds expenditure limitation by \$12,770,000 for federally reimbursable expenses incurred during mobilizations coordinated by the State Fire Marshal during the 2017 fire season in Oregon. Additionally, the agency's General Fund appropriation was increased by \$3,255,945 to cover the portion of the Patrol Division's and State Fire Marshal's 2017 fire season expenses that are not eligible for federal reimbursement.

The Department of State Police is undertaking a significant rebalance of its resources between program units to better support the Patrol Division and to minimize the practice of holding trooper positions vacant. The Subcommittee approved \$2,975,558 General Fund and 25 positions (25.00 FTE) to resolve double-filled support positions. This action requires the agency to reduce its 2017-19 appropriation for services and supplies and capital outlay to fund \$1,737,202 of the total cost of these positions, which is \$4,712,760. It is the intention of the Legislature that the agency's services and supplies and capital outlay budgets be restored to current service levels for the 2019-21 budget.

The Subcommittee also approved a net-zero budget action to re-classify 49 positions per classification studies completed by the Department of Administrative Services, Chief Human Resources Office. Three studies reclassified five Automotive Technician 1 positions to Automotive Technician 2s, three Office Specialist 1 positions to Office Specialist 2s, fourteen Administrative Specialist 1 positions to Administrative Specialist 2s, twenty-five Office Specialist 2 positions to Administrative Specialist 1s, and two Office Coordinator positions to Administrative Specialist 1s.

Once implemented, these position actions and increased General Fund support will allow the agency to begin to fill trooper positions, with a recruit school class of fourteen troopers anticipated for October 2018, and an additional class of twenty troopers in January 2019.

TRANSPORTATION

Department of Aviation

Other Funds expenditure limitation for the Department of Aviation is increased by \$950,000 on a one-time basis to provide oversight and funding for three unmanned aircraft system test ranges in the state.

Department of Transportation

Other Funds expenditure limitation for the Oregon Department of Transportation (ODOT) is increased by \$117,530,107 to fund implementation of the Transportation Package of 2017 (HB 2017), and includes 179 positions (77.63 FTE).

Other Funds expenditure limitation for ODOT is increased by \$10,000 to implement SB 375 (2017) related to the posting of informational materials about human trafficking at roadside rest areas. This is a one-time adjustment supported by the Transportation Operating Fund.

The Other Funds expenditure limitation for the Local Government Program includes funds for highway safety improvements near the Kenton Line to aid enhanced safety related to trains, pedestrians, and vehicles.

HB 5202 STAFF MEASURE SUMMARY
Joint Committee On Ways and Means

Carrier: Sen. Steiner Hayward

Action Date: 03/02/18

Action: Do pass.

Senate Vote

Yeas: 10 - DeBoer, Frederick, Girod, Hansell, Johnson, Manning Jr, Monroe, President Courtney, Roblan, Steiner Hayward

Nays: 1 - Thomsen

Exc: 1 - Winters

House Vote

Yeas: 8 - Gomburg, Holvey, Nathanson, Rayfield, Smith G, Smith Warner, Whisnant, Williamson

Nays: 3 - McLane, Noble, Stark

Fiscal: Fiscal impact issued

Revenue: No revenue impact

Prepared By: John Terpening

WHAT THE MEASURE DOES:

HB 5202 is the fee ratification bill for the Board of Licensed Professional Counselors and Therapists, Department of Consumer and Business Services, Department of Environmental Quality, Occupational Therapy Licensing Board, Oregon Board of Pharmacy, Oregon Board of Psychology, Oregon Department of Agriculture, Oregon Health Authority, and Oregon Liquor Control Commission.

ISSUES DISCUSSED:

- Fee ratification

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The measure provides the enabling legislation necessary to approve fees adopted by these agencies through Administrative Rule, and approved by the Department of Administrative Services during the 2017-2019 biennium. ORS 291.055(1)(e) mandates that all new state agency fees or fees increases adopted between regular sessions of the Legislative Assembly are rescinded upon adjournment of the next regular session unless authorized by enabling legislation setting forth the approved fees.

HB 5006 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Rep. Nathanson

Joint Committee On Ways and Means

Action Date: 07/03/17

Action: Do pass with amendments. (Printed A-Eng.)

House Vote

Yeas: 7 - Gomberg, Holvey, Huffman, Nathanson, Rayfield, Smith Warner, Williamson

Nays: 1 - McLane

Exc: 3 - Smith G, Stark, Whisnant

Senate Vote

Yeas: 11 - DeBoer, Devlin, Frederick, Girod, Hansell, Johnson, Manning Jr, Monroe, Roblan, Steiner Hayward, Winters

Nays: 1 - Thomsen

Prepared By: Laurie Byerly and Gregory Jolivette, Legislative Fiscal Office

Reviewed By: Paul Siebert, Legislative Fiscal Office

Emergency Board

2017-19

Various Agencies

2015-17

Budget Summary*

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
<u>Emergency Board</u>			
General Fund - General Purpose	-	\$ 50,000,000	\$ 50,000,000
General Fund - Special Purpose Appropriations			
State Agencies for state employee compensation	-	\$ 100,000,000	\$ 100,000,000
State Agencies for non-state worker compensation	-	\$ 10,000,000	\$ 10,000,000
Reduction to SB 505 special purpose appropriation	-	\$ (600,000)	\$ (600,000)
<u>ADMINISTRATION PROGRAM AREA</u>			
<u>Department of Administrative Services</u>			
General Fund	-	\$ 9,091,000	\$ 9,091,000
General Fund Debt Service	-	\$ (4,962,907)	\$ (4,962,907)
Lottery Funds	-	\$ 180,000	\$ 180,000
Lottery Funds Debt Service	-	\$ (2,317,505)	\$ (2,317,505)
Other Funds	-	\$ 23,939,750	\$ 23,939,750
Other Funds Debt Service	-	\$ 1,080,828	\$ 1,080,828
<u>Advocacy Commissions Office</u>			
General Fund	-	\$ 10,471	\$ 10,471
<u>Employment Relations Board</u>			
General Fund	-	\$ (29,574)	\$ (29,574)
Other Funds	-	\$ (16,497)	\$ (16,497)
<u>Oregon Government Ethics Commission</u>			
Other Funds	-	\$ (28,614)	\$ (28,614)
<u>Office of the Governor</u>			
General Fund	-	\$ (525,236)	\$ (525,236)
Lottery Funds	-	\$ (138,447)	\$ (138,447)
Other Funds	-	\$ (110,630)	\$ (110,630)
<u>Oregon Liquor Control Commission</u>			
Other Funds	-	\$ (1,458,427)	\$ (1,458,427)

Budget Summary*

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
<u>Public Employees Retirement System,</u>			
Other Funds	-	\$ (2,508,616)	\$ (2,508,616)
<u>Racing Commission</u>			
Other Funds	-	\$ (89,929)	\$ (89,929)
<u>Department of Revenue</u>			
General Fund	-	\$ (5,581,902)	\$ (5,581,902)
General Fund Debt Service	-	\$ (6,870,670)	\$ (6,870,670)
Other Funds	-	\$ 7,676,661	\$ 7,676,661
<u>Secretary of State</u>			
General Fund	-	\$ (346,704)	\$ (346,704)
Other Funds	-	\$ (1,030,747)	\$ (1,030,747)
Federal Funds	-	\$ (472,720)	\$ (472,720)
<u>State Library</u>			
General Fund	-	\$ 128,123	\$ 128,123
Other Funds	-	\$ (137,871)	\$ (137,871)
Federal Funds	-	\$ (1,625)	\$ (1,625)
<u>State Treasurer</u>			
General Fund	-	\$ 1,013,497	\$ 1,013,497
Other Funds	-	\$ (1,557,357)	\$ (1,557,357)
<u>CONSUMER AND BUSINESS SERVICES PROGRAM AREA</u>			
<u>State Board of Accountancy</u>			
Other Funds	-	\$ (56,046)	\$ (56,046)
<u>Chiropractic Examiners Board</u>			
Other Funds	-	\$ (51,085)	\$ (51,085)

Budget Summary*

	2015-17 Legislatively Approved Budget	2017-19 Committee Recommendation	Committee Change
<u>Consumer and Business Services</u>			
Other Funds	-	\$ (5,252,286)	\$ (5,252,286)
Federal Funds	-	\$ (475,260)	\$ (475,260)
<u>Construction Contractors Board</u>			
Other Funds	-	\$ (461,875)	\$ (461,875)
<u>Board of Dentistry</u>			
Other Funds	-	\$ (38,848)	\$ (38,848)
<u>Health Related Licensing Boards</u>			
Other Funds	-	\$ (83,199)	\$ (83,199)
<u>Bureau of Labor and Industries</u>			
General Fund	-	\$ (127,909)	\$ (127,909)
Other Funds	-	\$ (278,736)	\$ (278,736)
Federal Funds	-	\$ (960)	\$ (960)
<u>Licensed Professional Counselors and Therapists. Board of</u>			
Other Funds	-	\$ (24,871)	\$ (24,871)
<u>Licensed Social Workers, Board of</u>			
Other Funds	-	\$ (25,841)	\$ (25,841)
<u>Medical Board</u>			
Other Funds	-	\$ (345,981)	\$ (345,981)
<u>Board of Nursing</u>			
Other Funds	-	\$ (450,604)	\$ (450,604)
<u>Board of Pharmacy</u>			
Other Funds	-	\$ (261,147)	\$ (261,147)

Budget Summary*

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
<u>Psychologist Examiners Board</u>			
Other Funds	-	\$ (26,589)	\$ (26,589)
<u>Public Utility Commission</u>			
Other Funds	-	\$ (1,156,876)	\$ (1,156,876)
Federal Funds	-	\$ (6,858)	\$ (6,858)
<u>Real Estate Agency</u>			
Other Funds	-	\$ (276,826)	\$ (276,826)
<u>Tax Practitioners Board</u>			
Other Funds	-	\$ (18,835)	\$ (18,835)
<u>ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA</u>			
<u>Oregon Business Development Department</u>			
General Fund	-	\$ 3,628,465	\$ 3,628,465
General Fund Debt Service	-	\$ (1,481,045)	\$ (1,481,045)
Lottery Funds	-	\$ (247,934)	\$ (247,934)
Lottery Funds Debt Service	-	\$ (1,410,613)	\$ (1,410,613)
Other Funds	-	\$ 151,174,323	\$ 151,174,323
Other Funds Nonlimited	-	\$ 30,000,000	\$ 30,000,000
Federal Funds	-	\$ (13,232)	\$ (13,232)
<u>Employment Department</u>			
Other Funds	-	\$ (3,490,798)	\$ (3,490,798)
Federal Funds	-	\$ (4,403,080)	\$ (4,403,080)
<u>Housing and Community Services Department</u>			
General Fund	-	\$ 21,433,916	\$ 21,433,916
General Fund Debt Service	-	\$ 2,640,239	\$ 2,640,239
Lottery Funds	-	\$ 350,000	\$ 350,000
Other Funds	-	\$ 25,972,449	\$ 25,972,449
Federal Funds	-	\$ (7,227,385)	\$ (7,227,385)

Budget Summary*

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
<u>Department of Veterans' Affairs</u>			
General Fund	-	\$ (136,724)	\$ (136,724)
Lottery Funds	-	\$ -	\$ -
Other Funds	-	\$ (140,617)	\$ (140,617)
Federal Funds	-	\$ -	\$ -
<u>EDUCATION PROGRAM AREA</u>			
<u>Department of Education</u>			
General Fund	-	\$ (1,685,086)	\$ (1,685,086)
General Fund Debt Service	-	\$ (1,587,898)	\$ (1,587,898)
Other Funds	-	\$ 270,433,393	\$ 270,433,393
Federal Funds	-	\$ (957,295)	\$ (957,295)
<u>State School Fund</u>			
General Fund	-	\$ (30,372,945)	\$ (30,372,945)
Lottery Funds	-	\$ 12,465,745	\$ 12,465,745
Other Funds	-	\$ 17,907,200	\$ 17,907,200
<u>Higher Education Coordinating Commission</u>			
General Fund	-	\$ 8,532,950	\$ 8,532,950
General Fund Debt Service	-	\$ (13,840,783)	\$ (13,840,783)
Lottery Funds Debt Service	-	\$ (73,975)	\$ (73,975)
Other Funds	-	\$ 6,614,787	\$ 6,614,787
Federal Funds	-	\$ (430,293)	\$ (430,293)
<u>Chief Education Office</u>			
General Fund	-	\$ (369,306)	\$ (369,306)
<u>Teacher Standards and Practices</u>			
Other Funds	-	\$ (214,668)	\$ (214,668)

Budget Summary*

HUMAN SERVICES PROGRAM AREA

Commission for the Blind

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
General Fund	-	\$ (41,304)	\$ (41,304)
Other Funds	-	\$ (11,467)	\$ (11,467)
Federal Funds	-	\$ (157,969)	\$ (157,969)

Oregon Health Authority

General Fund	-	\$ (59,956,387)	\$ (59,956,387)
General Fund Debt Service	-	\$ 4,001	\$ 4,001
Lottery Funds	-	\$ (4,617)	\$ (4,617)
Other Funds	-	\$ 71,374,612	\$ 71,374,612
Federal Funds	-	\$ (9,456,614)	\$ (9,456,614)

Department of Human Services

General Fund	-	\$ (8,487,786)	\$ (8,487,786)
General Fund Debt Service	-	\$ 10,521,010	\$ 10,521,010
Other Funds	-	\$ 45,175,634	\$ 45,175,634
Federal Funds	-	\$ 138,153,153	\$ 138,153,153

Long Term Care Ombudsman

General Fund	-	\$ (272,509)	\$ (272,509)
Other Funds	-	\$ (2,593)	\$ (2,593)

Psychiatric Security Review Board

General Fund	-	\$ (33,233)	\$ (33,233)
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JUDICIAL BRANCH

Judicial Department

General Fund	-	\$ (7,171,498)	\$ (7,171,498)
General Fund Debt Service	-	\$ (2,555,411)	\$ (2,555,411)
Other Funds	-	\$ 195,971,790	\$ 195,971,790

Budget Summary*

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
<u>Commission on Judicial Fitness and Disability</u>			
General Fund	-	\$ (577)	\$ (577)
<u>Public Defense Services Commission</u>			
General Fund	-	\$ 1,060,699	\$ 1,060,699
<u>LEGISLATIVE BRANCH</u>			
<u>Legislative Administration Committee</u>			
General Fund	-	\$ 4,109,449	\$ 4,109,449
General Fund Debt Service	-	\$ (445,481)	\$ (445,481)
Other Funds	-	\$ 239,358	\$ 239,358
Other Funds Debt Service	-	\$ (28,305)	\$ (28,305)
<u>Legislative Assembly</u>			
General Fund	-	\$ (1,324,394)	\$ (1,324,394)
<u>Legislative Commission on Indian Services</u>			
General Fund	-	\$ (1,750)	\$ (1,750)
<u>Legislative Counsel</u>			
General Fund	-	\$ (232,754)	\$ (232,754)
Other Funds	-	\$ (59,154)	\$ (59,154)
<u>Legislative Fiscal Office</u>			
General Fund	-	\$ (183,583)	\$ (183,583)
Other Funds	-	\$ (124,420)	\$ (124,420)
<u>Legislative Revenue Office</u>			
General Fund	-	\$ (18,516)	\$ (18,516)
<u>Legislative Policy and Research Office</u>			
General Fund	-	\$ (45,374)	\$ (45,374)

Budget Summary*

NATURAL RESOURCES PROGRAM AREA

State Department of Agriculture

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
General Fund	-	\$ (1,066,655)	\$ (1,066,655)
Lottery Funds	-	\$ (231,617)	\$ (231,617)
Other Funds	-	\$ (2,054,053)	\$ (2,054,053)
Federal Funds	-	\$ (388,340)	\$ (388,340)

Columbia River Gorge Commission

General Fund	-	\$ 24,081	\$ 24,081
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State Department of Energy

Other Funds	-	\$ (538,561)	\$ (538,561)
Federal Funds	-	\$ (72,012)	\$ (72,012)

Department of Environmental Quality

General Fund	-	\$ (352,190)	\$ (352,190)
Lottery Funds	-	\$ (77,348)	\$ (77,348)
Other Funds	-	\$ (3,614,762)	\$ (3,614,762)
Federal Funds	-	\$ (461,243)	\$ (461,243)

State Department of Fish and Wildlife

General Fund	-	\$ 182,646	\$ 182,646
Lottery Funds	-	\$ (167,378)	\$ (167,378)
Other Funds	-	\$ (3,153,172)	\$ (3,153,172)
Federal Funds	-	\$ (3,058,576)	\$ (3,058,576)

Department of Forestry

General Fund	-	\$ (1,201,103)	\$ (1,201,103)
General Fund Debt Service	-	\$ (410,919)	\$ (410,919)
Lottery Funds Debt Service	-	\$ (5,594)	\$ (5,594)
Other Funds	-	\$ 96,885,643	\$ 96,885,643
Other Funds Debt Service	-	\$ 79,996	\$ 79,996
Federal Funds	-	\$ (495,371)	\$ (495,371)

Budget Summary*

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
<u>Department of Geology and Mineral Industries</u>			
General Fund	-	\$ (104,725)	\$ (104,725)
Other Funds	-	\$ (141,422)	\$ (141,422)
Federal Funds	-	\$ (65,496)	\$ (65,496)
<u>Department of Land Conservation and Development</u>			
General Fund	-	\$ (395,929)	\$ (395,929)
Other Funds	-	\$ (1,373)	\$ (1,373)
Federal Funds	-	\$ (108,803)	\$ (108,803)
<u>Land Use Board of Appeals</u>			
General Fund	-	\$ 266	\$ 266
<u>Oregon Marine Board</u>			
Other Funds	-	\$ (335,800)	\$ (335,800)
Federal Funds	-	\$ (1,373)	\$ (1,373)
<u>Department of Parks and Recreation</u>			
Lottery Funds	-	\$ (1,881,005)	\$ (1,881,005)
Lottery Funds Debt Service	-	\$ (895,019)	\$ (895,019)
Other Funds	-	\$ 3,232,341	\$ 3,232,341
Federal Funds	-	\$ (7,925)	\$ (7,925)
<u>Department of State Lands</u>			
General Fund	-	\$ 5,000,000	\$ 5,000,000
Other Funds	-	\$ 11,149,657	\$ 11,149,657
Federal Funds	-	\$ (3,183)	\$ (3,183)
<u>Water Resources Department</u>			
General Fund	-	\$ (748,813)	\$ (748,813)
Lottery Funds Debt Service	-	\$ (2,078,875)	\$ (2,078,875)
Other Funds	-	\$ 21,943,095	\$ 21,943,095
Federal Funds	-	\$ -	\$ -

Budget Summary*

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
<u>Watershed Enhancement Board</u>			
Lottery Funds	-	\$ (205,451)	\$ (205,451)
Federal Funds	-	\$ (1,136)	\$ (1,136)
<u>PUBLIC SAFETY PROGRAM AREA</u>			
<u>Department of Corrections</u>			
General Fund	-	\$ (23,762,896)	\$ (23,762,896)
General Fund Debt Service	-	\$ 1,268,059	\$ 1,268,059
Other Funds	-	\$ 272,630	\$ 272,630
Federal Funds	-	\$ (10,323)	\$ (10,323)
<u>Oregon Criminal Justice Commission</u>			
General Fund	-	\$ (87,794)	\$ (87,794)
Other Funds	-	\$ (1,137)	\$ (1,137)
Federal Funds	-	\$ (3,503)	\$ (3,503)
<u>District Attorneys and their Deputies</u>			
General Fund	-	\$ (23,359)	\$ (23,359)
<u>Department of Justice</u>			
General Fund	-	\$ (3,386,309)	\$ (3,386,309)
General Fund Debt Service	-	\$ 3,235,629	\$ 3,235,629
Other Funds	-	\$ 15,825,892	\$ 15,825,892
Federal Funds	-	\$ 29,064,361	\$ 29,064,361
<u>Oregon Military Department</u>			
General Fund	-	\$ 932,333	\$ 932,333
General Fund Debt Service	-	\$ (802,765)	\$ (802,765)
Other Funds	-	\$ 4,796,923	\$ 4,796,923
Other Funds Debt Service	-	\$ 448,429	\$ 448,429
Federal Funds	-	\$ (1,156,392)	\$ (1,156,392)

Budget Summary*

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
<u>Oregon Board of Parole</u>			
General Fund	-	\$ (340,944)	\$ (340,944)
<u>Oregon State Police</u>			
General Fund	-	\$ (2,667,382)	\$ (2,667,382)
Lottery Funds	-	\$ (240,268)	\$ (240,268)
Other Funds	-	\$ (26,542)	\$ (26,542)
Federal Funds	-	\$ (142,526)	\$ (142,526)
<u>Department of Public Safety Standards and Training</u>			
Other Funds	-	\$ (1,183,157)	\$ (1,183,157)
Federal Funds	-	\$ 464,466	\$ 464,466
<u>Oregon Youth Authority</u>			
General Fund	-	\$ (4,902,061)	\$ (4,902,061)
General Fund Debt Service	-	\$ 1,925,787	\$ 1,925,787
Other Funds	-	\$ 567,980	\$ 567,980
Federal Funds	-	\$ (218,984)	\$ (218,984)
<u>TRANSPORTATION PROGRAM AREA</u>			
<u>Department of Aviation</u>			
Other Funds	-	\$ (39,973)	\$ (39,973)
Federal Funds	-	\$ (1,538)	\$ (1,538)
<u>Department of Transportation</u>			
General Fund	-	\$ (389,942)	\$ (389,942)
General Fund Debt Service	-	\$ (1,037,553)	\$ (1,037,553)
Lottery Funds Debt Service	-	\$ (6,039,258)	\$ (6,039,258)
Other Funds	-	\$ (1,415,838)	\$ (1,415,838)
Other Funds Debt Service	-	\$ 10	\$ 10
Federal Funds	-	\$ (227,030)	\$ (227,030)

Budget Summary*

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
2017-19 Budget Summary			
General Fund Total	-	\$ 58,172,743	\$ 58,172,743
General Fund Debt Service	-	\$ (14,400,707)	\$ (14,400,707)
Lottery Funds Total	-	\$ 9,801,680	\$ 9,801,680
Lottery Funds Debt Service	-	\$ (12,820,839)	\$ (12,820,839)
Other Funds Total	-	\$ 938,856,278	\$ 938,856,278
Other Funds Debt Service	-	\$ 1,580,778	\$ 1,580,778
Other Funds Nonlimited	-	\$ 30,000,000	\$ 30,000,000
Federal Funds Total	-	\$ 137,654,935	\$ 137,654,935

* Excludes Capital Construction

	<u>2015-17 Legislatively Approved Budget</u>	<u>2015-17 Committee Recommendation</u>	<u>Committee Change</u>
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2015-17 Supplemental Appropriations

Commission on Judicial Fitness and Disability

General Fund	-	\$ 35,000	\$ 35,000
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Department of Transportation

Other Funds	-	\$ 45,500,000	\$ 45,500,000
Federal Funds	-	\$ 8,100,000	\$ 8,100,000

2017-19 Position Summary

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
ADMINISTRATION PROGRAM AREA			
<u>Department of Administrative Services</u>			
Authorized Positions	-	6	6
Full-time Equivalent (FTE) positions	-	6.00	6.00
<u>Public Employees Retirement System</u>			
Authorized Positions	-	1	1
Full-time Equivalent (FTE) positions	-	0.92	0.92
<u>Department of Revenue</u>			
Authorized Positions	-	33	33
Full-time Equivalent (FTE) positions	-	9.00	9.00
<u>State Treasurer</u>			
Authorized Positions	-	2	2
Full-time Equivalent (FTE) positions	-	2.34	2.34
CONSUMER AND BUSINESS SERVICES PROGRAM AREA			
<u>Consumer and Business Services</u>			
Authorized Positions	-	11	11
Full-time Equivalent (FTE) positions	-	9.68	9.68
<u>Bureau of Labor and Industries</u>			
Authorized Positions	-	3	3
Full-time Equivalent (FTE) positions	-	2.50	2.50
ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA			
<u>Housing and Community Services Department</u>			
Authorized Positions	-	3	3
Full-time Equivalent (FTE) positions	-	0.75	0.75

2017-19 Position Summary

2015-17 Legislatively
Approved Budget

2017-19 Committee
Recommendation

Committee Change

HUMAN SERVICES PROGRAM AREA

Oregon Health Authority

Authorized Positions	-	63	63
Full-time Equivalent (FTE) positions	-	51.46	51.46

Department of Human Services

Authorized Positions	-	113	113
Full-time Equivalent (FTE) positions	-	74.33	74.33

JUDICIAL BRANCH

Judicial Department

Authorized Positions	-	4	4
Full-time Equivalent (FTE) positions	-	2.00	2.00

NATURAL RESOURCES PROGRAM AREA

Oregon Department of Agriculture

Authorized Positions	-	(1)	(1)
Full-time Equivalent (FTE) positions	-	(1.00)	(1.00)

Department of Fish and Wildlife

Authorized Positions	-	6	6
Full-time Equivalent (FTE) positions	-	5.33	5.33

Department of Forestry

Authorized Positions	-	4	4
Full-time Equivalent (FTE) positions	-	3.50	3.50

Department of State Lands

Authorized Positions	-	1	1
Full-time Equivalent (FTE) positions	-	1.00	1.00

2017-19 Position Summary

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
<u>Water Resources Department</u>			
Authorized Positions	-	1	1
Full-time Equivalent (FTE) positions	-	1.00	1.00
PUBLIC SAFETY PROGRAM AREA			
<u>Department of Justice</u>			
Authorized Positions	-	68	68
Full-time Equivalent (FTE) positions	-	54.99	54.99
<u>Oregon Military Department</u>			
Authorized Positions	-	2	2
Full-time Equivalent (FTE) positions	-	2.00	2.00
<u>Oregon State Police</u>			
Authorized Positions	-	27	27
Full-time Equivalent (FTE) positions	-	25.32	25.32

Summary of Revenue Changes

The General Fund appropriations made in the bill are within resources available as projected in the May 2017 economic and revenue forecast by the Department of Administrative Services, Office of Economic Analysis, supplemented by transfers from various agency accounts to the General Fund for general governmental purposes as authorized in HB 3470, plus other actions to reduce state agency expenditures.

Summary of Capital Construction Subcommittee Action

HB 5006 appropriates General Fund to the Emergency Board for general purpose and targeted special purpose appropriations, and makes other adjustments to individual agency budgets and position authority as described below.

Emergency Board

The Emergency Board allocates General Fund and provides Lottery Funds, Other Funds, and Federal Funds expenditure limitation to state agencies for unanticipated needs in approved agency budgets when the Legislature is not in session. The Subcommittee appropriated \$50 million General Fund to the Emergency Board for general purposes.

HB 5006 makes two special purpose appropriations to the Emergency Board, totaling \$110 million General Fund; the bill also adjusts a special purpose appropriation already approved in a different bill:

- \$100 million General Fund for state employee compensation changes.
- \$10 million General Fund for allocation to state agencies for compensation changes driven by collective bargaining for workers who are not state employees.
- Reduces the special purpose appropriation made by SB 505 for costs associated with the requirement to record grand jury proceedings, by \$600,000 General Fund. The budget for the Judicial Department is increased by this amount.

If these special purpose appropriations are not allocated by the Emergency Board before December 1, 2018, any remaining funds become available to the Emergency Board for general purposes.

Adjustments to Approved 2017-19 Agency Budgets

STATEWIDE ADJUSTMENTS

Statewide adjustments reflect budget changes in multiple agencies based on reductions in Department of Administrative Services assessments and charges for services, Attorney General rates, certain services and supplies, and additional vacancy savings expected as a result of a hiring slowdown. Statewide adjustments also reflect net reductions to debt service realized through interest rate savings on bond sales and refunding of outstanding general obligation and lottery revenue bonds. Total savings are \$135.8 million General Fund, \$16.7 million Lottery Funds, \$105.5 million Other Funds, and \$35.6 million Federal Funds.

Specific adjustments include \$126 million total funds savings from implementing a hiring slowdown implemented across all three branches of government; \$25 million in General Fund and Lottery Funds savings from eliminating most inflation on services and supplies implemented across all three branches of government; \$9.3 million total funds from a 10% reduction to travel in Executive Branch agencies to implement the Governor's previously announced cost containment effort; \$68 million total funds reduction from lower Department of Administrative Services assessments and service rates; and \$13 million total funds from lower Attorney General rates.

Section 145 of the budget bill reflects the changes, as described above, for each agency. These adjustments are not addressed in the individual agency narratives, although they are included in the table at the beginning of the budget report.

ADMINISTRATION

Department of Administrative Services

The Subcommittee approved various one-time General Fund appropriations to the Department of Administrative Services (DAS) for the following purposes:

- \$1,895,000 for disbursement to the Rogue River Valley Irrigation District for the Bradshaw Drop Irrigation Canal project to pipe over three miles of irrigation canal to conserve water and provide pressurized water to district patrons.
- \$1,836,000 for disbursement to the City of John Day to extend a fiber optic line along US 395 from US 20 to John Day.
- \$1,000,000 for disbursement to the JPR Foundation, Inc. for the Holly Theater restoration project in Medford.
- \$1,000,000 for disbursement to the Deschutes Rim Clinic Foundation for the Rim Health Clinic in Maupin to supplement capacity at the current facility.
- \$750,000 for disbursement to the Medford Youth Baseball Society for improvements at Harry and David Baseball Park.
- \$500,000 for disbursement to the City of Mosier for a joint use facility, encompassing a city hall, main fire station, and multi-use community space to be built on land donated by Union Pacific Railroad.
- \$500,000 for disbursement to the Oregon Wine Board for marketing and increasing the market access of Oregon produced wine.
- \$420,000 for disbursement to the City of John Day for operations of a public safety answering point through the 2017-19 biennium.
- \$400,000 for disbursement to the Greater Portland YWCA for the Family Preservation Project.
- \$250,000 for disbursement to the Southern Oregon Veterans Benefit organization for construction of a replica of the Vietnam Memorial Traveling Wall.
- \$200,000 for disbursement to the Mid-Columbia Health Foundation for a hospital modernization and expansion project involving a regional rural community hospital in The Dalles that was built in 1859.
- \$50,000 for disbursement to the World of Speed organization as transition funding for the High School Automotive Career Technical Education program as the organization seeks other support for the program.
- \$50,000 for disbursement to the Family YMCA of Marion and Polk Counties for the YMCA Youth and Government program.
- \$50,000 for disbursement to the Bag and Baggage Productions, a professional theater located in Hillsboro, for its Cultural Innovation Project involving the purchase and installation of a 360 degree digitally immersive projection system.
- \$40,000 for disbursement to the Cities of Turner, Aumsville, and Salem, for use as flood mitigation planning match.

A total of \$28,177,202 Other Funds expenditure limitation was added by the Subcommittee for the one-time cost of issuance and special payments associated with the disbursement of proceeds from Lottery Bond sales; projects are detailed below and approved in SB 5530. Cost of issuance for these projects totals \$707,202. There is no debt service allocated in the 2017-19 biennium, as the bonds will not be sold until the

spring of 2019. Total debt service on all the projects described below is estimated at a total of \$4,743,599 Lottery Funds for the 2017-19 biennium and \$47,153,969 over the life of the bonds.

- \$12,235,018 Other Funds for disbursement to the YMCA of Marion and Polk counties for construction of a new YMCA facility in Salem.
- \$6,125,396 Other Funds for disbursement to the Eugene Civic Alliance to redevelop the site of the former Civic Stadium into a community sports and recreation complex.
- \$2,050,587 Other Funds for disbursement to the Gresham Redevelopment Commission for the construction of an innovation and workforce training center in the Rockwood neighborhood in Gresham.
- \$2,050,587 Other Funds for disbursement to the Family Nurturing Center (Rogue Valley Children’s Relief Nursery) to purchase and rehabilitate affordable housing adjacent to the Center’s campus.
- \$1,042,655 Other Funds for disbursement to the Cascade AIDS Project for the acquisition and renovation of a primary care and mental health center for the lesbian, gay, bisexual, transgender, queer, and other minority gender identities and sexual orientation community.
- \$1,041,303 Other Funds for disbursement to the City of Independence for the Independence Landing Revitalization Project.
- \$1,041,303 Other Funds for disbursement to Klamath County for construction of the Klamath Youth Inspiration Program residential treatment center in Klamath Falls.
- \$1,041,303 Other Funds for disbursement to the City of Woodburn to develop a community center in Woodburn.
- \$784,922 Other Funds for disbursement to The Dalles Civic Auditorium Preservation Commission to continue reconstruction of The Dalles Civic Auditorium theater.
- \$764,128 Other Funds for disbursement to the City of Spray to construct a public safety and emergency services center, which includes fire protection and emergency medical services.

The Subcommittee approved two one-time increases to existing subsidy programs funded through the DAS budget: \$150,000 General Fund was added to the special payments made to the Oregon Historical Society, increasing its total state support in 2017-19 to \$900,000 General Fund. The Subcommittee also approved increasing the 2017-19 special payments to county fairs by \$180,000 Lottery Funds, which provides county fairs with a total of \$3,828,000 Lottery Funds in 2017-19.

To complete projects approved in SB 5506, the capital construction bill, the Subcommittee approved the establishment of five limited duration Project Manager 2 positions (5.00 FTE) and one limited duration Project Manager 3 position (1.00 FTE) within the DAS Planning and Construction Management program. This is position establishment authority only, as all position costs will be charged against project funding.

The Subcommittee approved \$1,080,818 in additional Other Funds Debt Service to support repayment of Article XI-Q General Obligation bond proceeds approved in SB 5505 for renovations at the Portland State Office Building, and an Other Funds expenditure limitation increase of \$214,000 for the cost of issuance of the bonds.

Public Employees Retirement System

An Other Funds expenditure limitation increase of \$209,443 was approved by the Subcommittee, which supports one permanent full-time Principal Executive Manager G (0.92 FTE) to serve as the agency's Chief Financial Officer, with the understanding that the agency competitively recruit for, and hire, a Certified Public Accountant for this position.

Department of Revenue

The Subcommittee approved funding for the final project phase to replace most of the agency's core information technology systems (Core Systems Replacement project). The final phase includes: Timber tax; electrical cooperative tax; rail car tax; gas and oil production tax; County Assessment Funding Assistance; Green Light; Non-profit homes; court fines and assessments; and revenue accounting. The scheduled implementation date is November 13, 2017.

The Subcommittee approved \$8,383,109 of Other Funds expenditure limitation and the establishment of 32 limited duration positions (8.00 FTE), which is to be mostly financed with Article XI-Q bonds approved in SB 5505 (\$4,781,944). Project revenues also include an estimated \$3,501,165 in bond proceeds that were authorized and issued during the 2015-17 biennium, but remained unexpended, and \$100,000 of state marijuana tax revenue. The Department of Administrative Services is directed to unschedule \$276,599 of Other Funds expenditure limitation associated with the Core Systems Replacement project, which may be rescheduled upon the approval of the Legislative Fiscal Office.

The Subcommittee appropriated \$1,000,000 General Fund for vendor contract maintenance costs to support the ongoing maintenance of the vendor product after installation and \$60,000 General Fund for non-bondable expenditures related to the project; these are one-time costs that should be phased out for 2019-21.

To support repayment of Article XI-Q General Obligation bond proceeds approved in SB 5505 for the project, the Subcommittee appropriated \$796,311 in additional General Fund Debt Service and added \$73,056 Other Funds expenditure limitation for the cost of issuance of the bonds.

The Subcommittee increased the General Fund appropriation by \$276,906 and Other Funds expenditure limitation by \$24,079 for one permanent full-time Principal Executive Manager F position (1.00 FTE) to restore funding for the agency's Finance Manager position, a long-term vacancy that was eliminated in SB 5535, with the understanding that the agency competitively recruit for, and fill, this position.

To balance available revenues with Other Funds expenditure limitation, the Subcommittee decreased Other Funds expenditure limitation by \$187,277 for services and supplies in the Property Tax Division.

The Subcommittee increased Other Funds expenditure limitation by \$244,058 for services and supplies in the Marijuana Program. Of the increase, \$200,000 is for a remodel of the cash transaction space in the Salem headquarters building. This will bring the total estimated project

costs to \$1.33 million, of which \$1 million will be funded during the 2017-19 biennium. This is a one-time expense. The remaining \$44,058 is for services and supplies approved by the Emergency Board in May of 2016.

Oregon Advocacy Commissions Office

To restore a reduction in services and supplies included in the budget bill for the Oregon Advocacy Commissions Office (SB 5501), the Subcommittee approved \$17,000 General Fund.

State Library

The Subcommittee approved a \$197,488 General Fund appropriation to restore a reduction to the Ready to Read Grant program included in the budget bill for the State Library (HB 5018). The Ready to Read Grant program provides grants to public libraries for early literacy services and summer reading programs.

State Treasurer

For the Oregon Retirement Savings Board, the Subcommittee increased General Fund by \$1,056,224 and established three permanent full-time positions (2.84 FTE) for additional implementation work. The positions are: one permanent full-time Operations and Policy Analyst 4 to serve as a Public Engagement Manager (1.00 FTE); one permanent full-time Operations and Policy Analyst 3 to serve as a Compliance Manager (0.92 FTE); and one permanent full-time Executive Support Special 1 (0.92 FTE). The Subcommittee abolished one permanent part-time Program Analyst 1 position, a long-term vacant position (-0.50 FTE). A General Fund appropriation is required to fund the Board's operating expenses until the Retirement Savings Plan Administrative Fund has sufficient revenue to support the Board. General Fund expenditures are to be repaid with future administrative fees.

CONSUMER AND BUSINESS SERVICES

Department of Consumer and Business Services

The Subcommittee approved an increase in Other Funds expenditure limitation of \$154,056 for the Department of Consumer and Business Services (DCBS), Division of Financial Regulation and authorized the establishment of a limited duration Operation and Policy Analyst 3 position (0.88 FTE). This position will support work required by the passage of HB 2391, which requires DCBS to establish a reinsurance program for individual and group health insurance policies. The position will assist existing staff at the agency with the additional rulemaking process required to establish the reinsurance program and with the application to the US Department of Health and Human Services for a 1332 waiver to implement the Oregon Reinsurance Program.

The Subcommittee approved an increase in Other Funds expenditure limitation of \$1,748,149 for the DCBS Building Codes Division and the establishment of 10 positions (8.80 FTE). Three of the positions, two Operations and Policy Analyst 3 and a Professional Engineer 2, are for building code development. These positions will provide policy and technical research, analysis, and subject matter expertise related to developing statewide standards, and provide support on special projects related to statewide consistency and uniformity within the building

code. Two Administrative Specialist 2 positions will support analysts, engineers, and subject matter experts in the process of statewide code development, and facilitate and coordinate on special projects, permit services, and project tracking. Two Plans Examiner 2 positions will provide technical expertise and support to special projects, by reviewing plans and specifications for those projects and providing additional support to operational programs in the Pendleton and Coos Bay field offices. One Structural and Mechanical Inspector, a Plumbing Inspector, and one Electrical Inspector will provide field support for site-built construction in the Pendleton and Coos Bay field offices.

Bureau of Labor and Industries

General Fund in the amount of \$413,787 is added to the budget of the Bureau of Labor and Industries for anticipated investigatory and enforcement provisions related to the passage of SB 828. The funding supports a permanent Civil Rights Field Representative (0.75 FTE), and a Permanent Compliance Specialist (0.75 FTE). In addition, funding to support a limited duration Training and Development Specialist 2 position (1.00 FTE) is also included; this position will develop notice materials for posting in the work place, and provide employer training opportunities on the new requirements.

ECONOMIC AND COMMUNITY DEVELOPMENT

Oregon Business Development Department

The Subcommittee established a one-time \$1,650,000 General Fund appropriation for the Arts Commission to distribute grants to the following cultural institutions in the following amounts:

- APANO Cultural Center - \$300,000
- Benton County Historical Society & Museum - Corvallis Museum - \$500,000
- Cottage Theatre Expansion - \$125,000
- High Desert Museum - By Hand Through Memory Exhibit - \$125,000
- Liberty Theatre Foundation - Theatre Restoration in La Grande - \$200,000
- Oregon Coast Council for the Arts - Newport Performing Arts Center - \$300,000
- Portland Institute of Contemporary Art - Capital Campaign NE Hancock \$100,000

The Subcommittee established a one-time \$2,000,000 General Fund appropriation for a grant to the Crescent Sanitary District to support a sewer system/wastewater treatment facility project. To supplement support for the Regional Accelerator Innovation Network (RAIN), the Subcommittee increased the one-time Lottery Funds expenditure limitation by \$500,000. With the expenditure increase in this bill, total support in the budget for RAIN will total \$1,000,000. The Subcommittee also established a one-time Other Funds expenditure limitation of \$3,000,000 to support operating and research expenses of the Oregon Manufacturing Innovation Center (OMIC). The source of these funds are moneys transferred from the Connect Oregon Fund in the Department of Transportation. With the expenditure increase in this bill, support in the Oregon Business Development Department budget for OMIC operations will total \$6.6 million of combined Lottery Funds and Other Funds expenditures.

The Subcommittee increased Other Funds expenditures for distribution of bond proceeds authorized in SB 5505 and SB 5530, and HB 2278 (2015 Session). These expenditures include expenditures for the following projects for the following amounts:

- Seismic Rehabilitation Grants - \$120 million total, including \$100 million for school facilities and \$20 million for emergency services facilities.
- Port of Coos Bay - Channel Deepening Project - \$15,000,000
- Oregon Manufacturing Innovation Center Roads - \$3,390,000
- City of Sweet Home - Wastewater Treatment Plant Upgrade - \$2,000,000
- Crescent Sanitary District Sewer System - \$3,000,000
- Portland Art Museum 0 Connection Campaign - \$1,000,000
- Eugene Ballet Company - Midtown Arts Center - \$700,000
- Friends of the Oregon Caves & Chateau - Balcony Restoration Project - \$750,000
- Regional Solutions - \$1

Regarding Regional Solutions, SB 5530 authorizes \$4 million of lottery bond proceeds for the Regional Infrastructure Fund for Regional Solutions projects. After the Department presents a funding request with identified Regional Solutions projects, the Legislature or Emergency Board will increase the Other Funds expenditure limitation to allow funding of the approved projects. The expenditure limitation applies solely to lottery bond proceeds received in the 2017-19 biennium. Proceeds from previously issued bonds that have been transferred to the Regional Infrastructure Fund, and any earnings in the Fund, are not subject to the \$1 expenditure limitation.

The Subcommittee also increased Nonlimited Other Funds expenditures by \$30 million for distribution of lottery bond proceeds authorized for the Special Public Works Fund. The \$30 million include \$20 million for adding capital to the base Fund, and \$10 million restricted to levee projects.

Other Funds expenditures are increased by a total of \$2,746,249 to pay costs of issuing the general obligation and lottery revenue bonds authorized for the above projects. Proceeds of bonds are used to finance these costs.

Finally, the General Fund appropriation for debt service is increased by \$2,836,985 to pay 2017-19 biennium debt service costs for approved Seismic Rehabilitation Grant bonds. This supports debt service costs for \$25 million of seismic school bonds, and \$10 million of seismic emergency services facility bonds, issued in spring 2018. The remaining seismic bonds, and all lottery bonds authorized for projects in this budget, will be issued in spring 2019, and related debt service will not be paid until the 2019-21 biennium.

Housing and Community Services Department

The Housing and Community Services Department budget is adjusted by the Subcommittee as follows:

Local Innovation and Fast Track (LIFT) housing program - Other Funds expenditure limitation is increased by \$1,090,000 attributable to the cost of issuance for \$80 million in Article XI-Q Bonds for affordable housing development; the housing developed with the bonds will be targeted to low income individuals and families. It is assumed that this investment will result in an additional 1,200 - 1,500 units of new housing, depending on economic factors and the extent to which the program is modified (specifically, to include single family home ownership). Expenditure limitation for a period of six years for the project amount (\$80 million) is in SB 5506. Administration of the \$80 million in additional bond proceeds drives the need for additional expenditure limitation and General Fund support in the 2017-19 biennium, as follows: Two limited duration Loan Specialist positions (0.75 FTE) and two permanent Compliance Specialist positions (1.00 FTE) are authorized to add appropriate underwriting and project monitoring for affordable housing units developed through the LIFT housing program, as authorized by the 2017 Legislative Assembly. The compliance specialist positions are funded through fees charged to the projects, while the loan specialists are supported by General Fund. Finally, General Fund of \$3.4 million is appropriated for debt service, assuming half of the total authorized amount (\$40 million) is issued in the spring of 2018.

Preservation of Affordable Housing - Other Funds expenditure limitation in the amount of \$25,395,235 is included to enable the Housing and Community Services Department (HCSD) to expend lottery bond proceeds for preservation of affordable housing. Of this amount, \$25 million is attributable to project costs, and \$395,235 is related to cost of issuance. Eligible projects for which these funds can be expended will be defined by HCSD and include activities such as: multi-family rental properties where at least 25% of the units are subsidized by a project-based rental assistance contract through the USDA Rural Development or the US Department of Housing and Urban Development; existing manufactured housing communities and affordable housing units to be acquired by a mission-based non-profit organization, resident cooperative, tenants' association, housing authority, or local government; existing multifamily projects with affordability restrictions in need of rehabilitation and contract renewal; and public housing projects undergoing a preservation transaction which involves a comprehensive recapitalization and which will secure ongoing rental subsidies.

Oregon Foreclosure Avoidance Program - General Fund of \$1.3 million is included for the program. This 2017-19 funding is intended to be the final installment for the program, with the expectation that HCSD will cease administration and payment reimbursement by June 30, 2019, or the time at which funds are fully expended, whichever comes first.

Emergency Housing Account and State Homeless Assistance Program - An additional \$13,200,000 General Fund is added to the Emergency Housing Account (EHA) program, and an additional \$6,800,000 General Fund is included for the State Homeless Assistance Program (SHAP). These are one-time enhancements that bring the total 2017-19 budget for EHA to \$27,893,832 (a 93% increase over the 2015-17 legislatively approved budget) and SHAP to \$12,226,228 (a 129% increase over the 2015-17 legislatively approved budget).

Oregon Commission for Voluntary Action and Service - Federal Funds expenditure limitation is reduced by \$7.1 million and one position (1.00 FTE) to reflect funding associated with transfer of administration of the Commission from HCSD to the Office of the Governor. The statutory changes to accomplish the transfer of the program are included in HB 3470.

Measure 96 Lottery Funds Allocation - Lottery Funds expenditure limitation, attributable to the 2016 passage of Measure 96, in the amount of \$350,000 is added for emergency housing assistance to veterans, as provided through the Emergency Housing Account program. The funds are allocated to the Department in SB 140. A budget note in HB 5012 (the HCSD budget bill) directs HCSD and the Department of Veterans' Affairs to report back to the Joint Committee on Ways and Means in February 2018 with advice on strategic investments of available funds that will result in long-term housing stability for veterans.

Oregon Department of Veterans' Affairs

The Subcommittee approved increasing Other Funds expenditure limitation by \$310,000 for costs of issuance on Article XI-Q general obligation bonds authorized in SB 5505 for a parking lot at the Lebanon Veterans' Home, an educational and daycare facility at The Dalles Veterans' Home, and a new veterans' home in Roseburg. Costs of issuance will be paid with bond proceeds. Bonds are scheduled to be sold in spring 2019, with debt service of \$2.2 million General Fund in the 2019-21 biennium.

Due to the shortage of nurses and medical technicians in the City of Roseburg and Douglas County that would be required to staff the approved Veterans' Home, the Subcommittee adopted the following budget note:

Budget Note:

The Oregon Department of Veterans' Affairs, in collaboration with the Oregon Health Authority and the Oregon State Board of Nursing, is directed to convene a rural medical training facilities workgroup that will investigate issues related to alleviating a shortage of skilled and experienced nurses and medical technicians in the City of Roseburg and in Douglas County. Representatives from the City of Roseburg, Douglas County, local hospital or medical facilities, including the Roseburg VA Medical Center, and local medical practitioners with experience in training nursing and medical technician students should be included in the workgroup membership. The workgroup should consider issues related to establishing a medical training facility in partnership with local academic programs and methods of reintegrating veterans who are transitioning out of military service into society through higher education and career training. The Department shall report the results of the workgroup and recommendations to the Legislature by September 15, 2018.

EDUCATION

State School Fund

The Subcommittee approved a decrease of \$30,372,945 General Fund and an increase of \$12,465,745 Lottery Funds for the State School Fund, which reflects the balancing of available Lottery Funds across the entire state budget. In addition, Other Funds expenditure limitation was

increased by \$17,907,200 to account for the total amount of Marijuana revenues dedicated to the State School Fund. Overall, the net change to the State School Fund is zero from the \$8.2 billion included in SB 5517, the State School Fund budget bill.

Department of Education

The Subcommittee approved \$480,517 General Fund for debt service on Article XI-Q bonds sold for deferred maintenance projects at the Oregon School for the Deaf. The bond proceeds will be used to address long standing deferred maintenance issues including replacement or repair of roofs (\$2.5 million) and various improvements (\$1.8 million) to address accessibility issues at the facility necessary to comply with the Americans with Disabilities Act (ADA). For the sale of Article XI-P bonds for the Oregon School Capital Improvement Matching program, \$100 million Other Funds expenditure limitation is included. The XI-P bonds will be sold later in the biennium, so no debt service is required. For both the sale of XI-Q bonds for the Oregon School for the Deaf and the Article XI-P bonds for school district facilities, an increase of \$1,052,442 in Other Funds expenditure limitation is included for the issuance costs of the bonds.

An Other Funds expenditure limitation of \$170.0 million is included for payments to school districts under Ballot Measure 98. A \$170 million General Fund appropriation was made in SB 5516, the budget bill for the Oregon Department of Education, but payments out of the new High School Graduation and College and Career Readiness Fund must be budgeted as an Other Funds expenditure under the language of Ballot Measure 98 and for accounting practices.

Higher Education Coordinating Commission

The Subcommittee approved an increase of \$6,831,534 in Other Funds expenditure limitation for the Higher Education Coordinating Commission (HECC) for the issuance costs of general obligation bonds sold for public universities and community colleges. These include both Article XI-G and XI-Q bonds for the seven public universities and Article XI-G bonds for community colleges.

A General Fund appropriation of \$1.2 million was approved for a one-time grant to Eastern Oregon University for the construction of a new dedicated technology infrastructure equipment facility. This facility will be the campus hub for communications and network infrastructure. Also approved was \$490,000 General Fund for a one-time grant to Oregon State University for the renovation of the Graduate and Research Center at the Cascades Campus in Bend. This will create office space for teaching and research at the campus as it offers new programs and courses.

An additional \$5.3 million General Fund was approved for the Oregon Promise program which provides financial assistance to recent high school graduates with tuition waivers or subsidies at a community college. The increase, along with \$34.7 million General Fund included in the HECC budget bill (SB 5524), brings 2017-19 funding for this program to \$40 million General Fund. At this funding level, the Commission will need to implement policies limiting participation, including restricting program eligibility based on Earned Family Contribution. The intent is to “grandfather” in the first year’s students who started in the program during the 2016-17 academic year under the former requirements and implement any changes for those students who start during or after the fall quarter of the 2017-18 academic year. SB 1032 will include authority for HECC to limit the number of Oregon Promise participants by setting a maximum Earned Family Contribution for program eligibility.

The Subcommittee also approved a budget note related to community colleges:

Budget Note:

The Higher Education Coordinating Commission shall convene a workgroup to develop recommendations for enabling community colleges to offer an associate's degree that is completed in coordination with credits earned in registered apprenticeship or training programs that are at least four years long. The commission shall report their findings and recommendations to the appropriate legislative interim committee.

For College Possible, the Subcommittee approved a one-time \$350,000 General Fund appropriation to HECC for a one-time grant to the organization. This program provides mentoring, coaching, and other assistance to low income students to encourage them to go to college and help them apply for college and financial aid.

One-time funding for two Agricultural Experiment Station positions are added in this bill. One is located at the Hermiston Agricultural Research and Extension Center for potato research and one is at the North Willamette Research and Extension Center. The costs are \$260,000 and \$120,000 General Fund, respectively. Funding for the Renewable Energy Center at the Oregon Institute of Technology was approved in the amount of \$500,000 General Fund.

The Subcommittee approved one-time funding for two projects through Oregon State University resulting, in part, from the work of the Oregon Shellfish Task Force. The first is \$570,000 General Fund for the Molluscan Broodstock program at the Hatfield Marine Science Center in conjunction with the Whiskey Creek Shellfish Hatchery. The second project is \$280,000 General Fund for monitoring the effects of ocean acidification and conducting ocean acidification research at the Whiskey Creek Shellfish Hatchery.

HUMAN SERVICES

Oregon Health Authority

HB 5006 includes \$10,000,000 General Fund for costs related to treating Hepatitis C - Stage 2 for members of the Oregon Health Plan (OHP). Coverage is already included for Stages 3 and 4. It is estimated that roughly 3,200 OHP members have Hepatitis C at Stage 2, and if all these members pursue treatment, the 2017-19 estimated cost is about \$21.6 million General Fund. The agency will include data on current treatment patterns and costs in its first 2017-19 rebalance, and may need to request additional funding during the 2018 legislative session. A portion of this funding is expected to be one-time, as the existing OHP population is treated and only new cases will need treatment in the following biennium.

The Subcommittee approved \$200,000 General Fund for providing fresh Oregon-grown fruits, vegetables, and cut herbs from farmers' markets and roadside stands to eligible low-income seniors under the Senior Farm Direct Nutrition Program. Another \$1,000,000 General Fund was

added for the same purpose for eligible individuals through the Women, Infants and Children Program. Both program enhancements are one-time.

Additional one-time Tobacco Master Settlement Agreement (TMSA) resources of \$63,250,000 are available because of a series of legal settlements. Other Funds expenditure limitation is increased for OHP by \$63,250,000, and General Fund is reduced by a like amount. Other TMSA resources in the OHP budget include funding that had previously been used for tobacco prevention and cessation programs. The Subcommittee approved the following budget note:

Budget Note:

The Oregon Health Authority, in collaboration with the Tobacco Reduction Advisory Committee, shall make recommendations to the Public Health Advisory Board on reductions to the Tobacco Prevention and Education Program, based on the loss of Tobacco Master Settlement Agreement (TMSA) funding, that reflects best practices for tobacco control, to minimize programmatic disruption. The Oregon Health Authority shall report to the Legislature the impact of the loss of TMSA funding to tobacco prevention in Oregon, across state and local programs, health communications, tobacco cessation, and data and evaluation.

In order to balance to the final revenue forecast, an additional \$375,000 of recreational marijuana proceeds are expected to be distributed to the Oregon Health Authority (OHA) for alcohol and drug prevention and treatment programs. Other Funds expenditure limitation is increased by \$375,000 and General Fund is reduced by that same amount.

HB 5006 reduces General Fund by \$401,413 for the Oregon State Hospital, and reduces one FTE. SB 65 consolidates all persons found guilty except for insanity of a felony and committed to the Oregon State Hospital, under the jurisdiction of the Psychiatric Security Review Board. As a result, the State Hospital Review Panel (SHRP) will no longer be needed after June 30, 2018. The Subcommittee approved \$3,226,060 General Fund for rural provider incentive programs. This is funding that was mistakenly taken out of the current service level at Governor's Budget.

HB 5006 increases General Fund by \$10,000 to make the necessary changes to the Medicaid Management Information System (MMIS) to ensure that children who are placed in substitute care are enrolled in a coordinated care organization (CCO). This would apply to children in the legal custody of the Department of Human Services, and eligible for medical assistance. The new MMIS coding would allow a child who changes placement to remain in the original CCO until the transition of the child's care to another CCO has been completed.

The bill includes \$196,111 Other Funds expenditure limitation and one position (0.75 FTE) to implement HB 3440, which will open up the Prescription Drug Monitoring Program to out-of-state practitioners. This will create additional workload as the program will need to implement and manage a process of auditing out-of-state users' credentials and use of the system.

To support the ongoing DHS effort to develop and implement an integrated eligibility system, now called the ONE Integrated Eligibility and Medicaid Eligibility (ONE IE & ME), the Subcommittee approved \$322,233 General Fund, \$13,595,873 Other Funds expenditure limitation,

\$1,306,605 Federal Funds expenditure limitation, and 62 positions (51.71 FTE); 41 of the positions are limited duration. The 21 permanent positions are associated with a core need for legacy system integration, as well as system maintenance and operations.

Department of Human Services

The Subcommittee approved \$1,300,000 General Fund, on a one-time basis, to increase funding for the Oregon Hunger Response Fund, which is a 26.2% increase from the 2015-17 funding level. This additional support will help the Oregon Food Bank, through its 20 regional food banks, acquire and distribute a higher volume of food to over 950 local agencies.

Another adjustment in the Self Sufficiency program is a change to a budget reduction included in SB 5526, the primary budget bill for the Department of Human Services (DHS). Instead of a \$3.4 million General Fund reduction in the Temporary Assistance for Needy Families (TANF) program, which affected households with a Non-Needy Caretaker Relative, the Subcommittee decreased funding in the Employment Related Day Care program by \$3.4 million General Fund, which reduces the caseload by about 200 cases.

Regarding TANF, the DHS budget approved in SB 5526, assumes \$22.2 million in General Fund cost avoidance related to program restrictions that have been in place since the 2009-11 biennium; this requires statutory date changes that are included in HB 3470. In addition, \$60.0 million General Fund in TANF program caseload savings was used to help balance the agency-wide budget. These savings were due to the projected 2017-19 caseload decreasing by more than 3,000 families between the fall 2016 and spring 2017 caseload forecasts. The Subcommittee noted that, ideally, TANF savings would be retained within the TANF program to help improve services to families and client outcomes. To help institute this practice, the Subcommittee approved the budget note set out below.

Budget Note:

During the 2017-19 biennium, after each biannual caseload forecast, the Department of Human Services is directed to calculate any General Fund or Federal Funds savings resulting from a decrease in the TANF caseload below the level assumed in the 2017-19 legislatively adopted budget. As part of its first rebalance report to or request of the Legislature following that calculation, the agency will present a proposal for directing any savings to either increase the TANF grant amount or invest in the JOBS program.

For the Intellectual and Developmental Disabilities (IDD) program, the Subcommittee discussed the need to ensure individuals with IDD receive information about all service setting options. Accordingly, DHS is directed to present to all adults with IDD the option to receive in-home services as described in ORS 427.101(3)b. The Subcommittee also approved the following budget note related to IDD group homes:

Budget Note:

The Department of Human Services will convene a workgroup to review rules and statutes regarding substantiated abuse findings, fines, and enforcement for Intellectual and Developmental Disability (IDD) group homes. The workgroup shall include representation from IDD providers, clients served in the IDD system, employees working in IDD group homes, and other stakeholders. The workgroup shall report

their findings and recommended statutory changes to the appropriate legislative interim policy committees no later than February 1, 2018. The workgroup shall discuss and report on:

- Recommendations for rule or statutory changes to abuse definitions and substantiated abuse findings.
- A review of current enforcement statutes and recommended changes that result in consistent applications of fines across the IDD group home system.
- Recommendations for mandatory minimum fines for substantiated abuse.

The Subcommittee approved funding for the continued development and implementation of an integrated eligibility system, now called the ONE Integrated Eligibility and Medicaid Eligibility (ONE IE & ME) project. This effort will integrate eligibility determinations for DHS programs; Non-MAGI Medicaid, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and Employment Related Day Care (ERDC); into the OregonONEligibility (ONE) system used by OHA.

While a 2017-19 funding request was always expected, the 2017-19 cost estimate for the project has increased over the budget development timeframe; the current project estimate and approved amount for 2017-19 is \$203,272,716 total funds. (The former estimate for 2017-19 spending was \$132.0 million total funds). This budget includes: state staff costs of \$42.3 million; \$128.2 million for contracted information technology services; \$21.0 million for software costs and hosting charges; \$2.2 million for training; and \$9.5 million for debt service. Cost allocation, contingencies, legacy system integration work, and payments to OHA for its project work are accounted for in these estimates. The state staffing component consists of 113 positions (74.33 FTE) and primarily supports business analytics and training activities; 88 positions (50.83 FTE) are limited duration.

The bulk of the project budget, at \$146.3 million or 72% of 2017-19 costs, is supported by Federal Funds; this is due to enhanced federal funding for the project. Some of that higher match expires on December 31, 2018, but the Medicaid portion at a 90% federal/10% state share does not have a set end date. The current project timeline and updated budget estimates account for these match rates. General Fund supports \$11.5 million of project costs and debt service; the bulk of the state share will be covered by \$45.0 million in proceeds from Article XI-Q bonds.

In SB 5505, the Joint Ways and Means Subcommittee on Capital Construction approved \$34,045,000 Article XI-Q bonds to finance \$33,523,000 of project costs and \$522,000 for costs of issuing the bonds. The Subcommittee also approved additional funding of \$11,477,000 for this project through the repurposing of bond proceeds originally issued for the Oregon Military Department (OMD).

The Joint Legislative Committee on Information Management and Technology (JLCIMT) reviewed the project on May 25, 2017, and recommended incremental, conditional approval of the project and set out detailed next steps in its recommendation, which was adopted. In addition to completion of 26 specific actions, the recommendation requires a minimum of two progress reports to JLCIMT; one in September 2017 and another in February 2018. The agency will also work closely with and regularly report project status to the Office of the State Chief Information Officer (OSCIO) and the Legislative Fiscal Office (LFO) throughout the project's lifecycle. It is likely additional formal reporting may

be required by JCLIMT or interim budget committees, depending on agency progress and any need to address project or budget issues flagged by LFO or OSCIO. The Subcommittee approved the project with the understanding that the funding will be unscheduled until LFO and the Chief Financial Office of the Department of Administrative Services approve rescheduling; agency compliance with the JLCIMT recommendations will be key to making funding available.

Since this project will result in eligibility determinations for multiple programs in both OHA and DHS being done through one system, to perform these determinations most efficiently, eligibility functions (responsibility for the work and staffing) from both agencies will be centralized at DHS. The following budget note was approved by the Subcommittee:

Budget Note:

The Department of Human Services and the Oregon Health Authority are currently planning to centralize eligibility processing at DHS in the fall of 2017. DHS has begun an assessment of current processes and will need 9-12 months to complete a comprehensive assessment and business plan that meets Medicaid requirements. DHS will report to the Interim Joint Committee on Ways and Means by June 30, 2018, and will include in its report a plan to increase jobs in rural Oregon including the option of outsourcing, in order to provide the highest quality, most efficient and cost effective Medicaid enrollment services to Oregonians.

JUDICIAL BRANCH

Judicial Department

The Subcommittee increased General Fund for the Judicial Department by \$600,000, and established four full-time positions (2.00 FTE) for additional workloads associated with an increased number of preliminary hearings anticipated as a result of SB 505. SB 505 requires grand jury proceeding to be recorded. A special purpose appropriation in SB 505 to the Emergency Board for additional costs associated with the measure was reduced by the same amount.

The Subcommittee also established a \$1,200,000 General Fund appropriation to provide a grant to Clackamas County for planning costs associated with a project to replace the county's courthouse. The county must spend at least an equal amount of matching funds for planning costs. The provision of this support does not establish a commitment or expectation for any additional state support for the capital project.

The Subcommittee added Other Funds expenditures to the budget associated with the authorization, in SB 5505, of Article XI-Q bonds for grants and capital construction projects. This limitation will allow the Judicial Department to provide grants to counties for courthouse capital construction projects through the Oregon Courthouse Capital Construction and Improvement Fund (OCCCIF), and pay costs associated with issuing the bonds for both the OCCCIF grants, and for capital construction projects approved in SB 5506. A \$195.2 million Other Funds limitation is established for the OCCCIF, for transfer of \$97.6 million of Article XI-Q proceeds, and an equal amount of county matching funds, for the following two county courthouse replacement projects:

- Multnomah County Courthouse - \$185.2 million (including \$92.6 million of bond proceeds) for the Multnomah County Courthouse replacement project. The funds will permit the county to complete construction of the courthouse project. With these moneys, the state will have provided a total of \$125 million of bond proceeds for the project over a three-biennium period.
- Lane County Courthouse - \$10 million (including \$5 million of bond proceeds) for the Lane County Courthouse replacement project. These funds will provide support for planning and development of the project. With these moneys, the state will have provided a total of \$6.4 million of bond proceeds for the project over a two-biennium period. The provision of this support does not establish a commitment or expectation for any additional state support for the capital project.

Other Funds expenditures were increased by \$1,235,000 for costs of issuing Article XI-Q bonds for the OCCIF-supported projects, and for two capital construction projects approved in SB 5506. Proceeds of bonds are used to finance these costs.

Finally, the Subcommittee established a distinct Other Funds expenditure limitation for the State Court Technology Fund (SCTF), and transferred \$17,942,354 from the Operations expenditure limitation to the newly established SCTF expenditure limitation. The SCTF receives revenues from court filing fees, charges for technology services, and the Criminal Fine Account, and its use is restricted to providing support state court electronic systems.

Public Defense Services Commission

The Subcommittee approved a \$1,800,000 increase in General Fund for the Professional Services Account. This appropriation brings total General Fund support for the program to the current service level. The Professional Services Account finances the costs of all trial-level and certain appellate-level public defense services.

LEGISLATIVE BRANCH

Legislative Administration Committee

General Fund of \$5,145,277 for Legislative Administration was approved by the Subcommittee for security enhancements to the Oregon State Capitol. The increased funds include: \$20,000 for a mass communication system, \$528,000 for third party monitoring services, and \$4,597,277 for security cameras and networks, independent distribution facility (network closet) upgrade, safety film installation, garage gate replacement, and other security needs.

The Subcommittee also approved \$906,053 General Fund for debt service on Article XI-Q bonds sold for the Capitol Accessibility, Maintenance, and Safety project. Bonds are scheduled to be sold in spring 2018. In addition, Other Funds expenditure limitation was increased by \$239,358 for costs of issuance on the bonds, which will be paid with bond proceeds.

NATURAL RESOURCES

Department of Agriculture

In the Agricultural Development and Marketing program, the Subcommittee reduced General Fund by \$250,000 due to elimination of a marketing position. This action eliminates one of three permanent full-time positions added to the program during the 2011-13 biennium to increase economic activity in the agriculture sector.

Columbia River Gorge Commission

The Subcommittee added \$24,081 General Fund to the Columbia River Gorge Commission budget to match the amount provided by the State of Washington as required by interstate compact; \$14,686 of the increase is provided for the Joint Expenses Program and the remaining \$9,395 is for Commissioner Expenses.

Department of Environmental Quality

The Subcommittee approved a \$500,000 one-time General Fund appropriation to complete an inventory of non-road diesel engines with the expectation that DEQ would use a third-party contractor to conduct a state-wide and multi-sector inventory of non-road diesel engines currently in use by private and public fleets for the purposes of informing and refining air quality models. This inventory is expected to be completed no later than May 1, 2019. To ensure the survey results are representative of the statewide inventory, data collection shall be conducted using a mix of sampling techniques, including, but not limited to whole fleet inventories (census style counts), representative sampling of fleets by fleet-size, and industry surveying. Results and assumptions should be verified using existing relevant and complementary data, such as fuel use and business asset data collected by county tax assessors. The Department is to consult with interested stakeholders during various phases of the inventory work including, but not limited to, prior to releasing the inventory request-for-proposal and upon the development of preliminary results. The Department shall make the results of this inventory available to interested stakeholders but only in aggregate form.

Department of Fish and Wildlife

The Subcommittee approved three General Fund increases for the Department of Fish and Wildlife (ODFW) totaling \$1,325,000 for several program changes. First, \$425,000 General Fund was added to fund a permanent Natural Resources Specialist 5 position to serve as the Department's Sage Grouse Mitigation Program Coordinator. Approximately \$175,000 of the \$425,000 is for professional services contracts to assist in implementation of the sage grouse mitigation program. Next, \$250,000 General Fund was added to restore and make permanent two positions (1.67 FTE) to work on the Integrated Water Resources Strategy involving water flows necessary to maintain fish habitat and in-stream water rights consultations. In addition, it is expected that the positions would also examine the need for a sediment study of the lower Rogue River. Finally, \$650,000 General Fund was added to restore three of the five permanent full-time positions eliminated from the Western Oregon Stream Program as part of the General Fund reductions taken in HB 5018, the ODFW budget bill. The three positions that were restored work in Clackamas, Roseburg, and Tillamook. Along with the funding for position costs, \$40,839 was added for services and supplies.

The Subcommittee also established a one-time Other Funds expenditure limitation of \$215,000 for the cost of issuance of Article XI-Q General Obligation bonds approved in SB 5505 for repairs and capital improvements at ODFW facilities.

Department of Forestry

The Subcommittee approved a \$57,568 increase in the General Fund appropriation made to the Oregon Department of Forestry (ODF) for the payment of debt service on General Obligation bonds issued for the replacement of a shared facility at Toledo. The Subcommittee also approved an increase in Other Funds expenditure limitation of \$1,114,991 to accommodate the payment of \$79,991 for debt service and \$50,000 in bond issuance costs related to bonds issued for the Toledo facility; the remaining \$985,000 is for the cost of issuance of Certificates of Participation related to the Elliott State Forest.

In addition, the Subcommittee approved the establishment of an Other Funds expenditure limitation for ODF, in the amount of \$100 million, for the payment, from the net proceeds from the sale of Certificates of Participation, of monies to finance the release of all or a portion of the Elliott forest from restrictions resulting from ownership of that forest by the Common School Fund, or to compensate the Common School Fund for the preservation of non-economic benefits of the forest through the imposition, transfer, or sale of restrictions such as easements, use requirements or restrictions, or other methods that preserve non-economic benefits of the forest for the public such as recreation, aesthetics, wildlife or habitat preservation, or other environmental and quality of life considerations.

For the initial work required for the development of a federal Habitat Conservation Plan (HCP), the Subcommittee approved a \$300,000 increase in Other Funds expenditure limitation pursuant to an agreement with the Department of State Lands for the development of the plan. ODF will use this funding to establish four limited duration positions (3.50 FTE) including a project leader, a HCP coordinator, a threatened and endangered species coordinator, and a data manager/analyst to work with federal agencies to develop a Request for Proposal to complete all the technical work needed for completing the HCP. The Department is also expected to apply for a federal grant to help with the cost of developing the Environmental Impact Statement required for completion of the HCP. It is anticipated that the agency will seek additional expenditure limitation once the remaining project costs are better known.

Land Use Board of Appeals

For the Land Use Board of Appeals, the Subcommittee added \$11,650 General Fund to reclassify a position from Executive Support Specialist I to Executive Support Specialist II.

Department of Parks and Recreation

The Subcommittee approved an increase in the Other Funds expenditure limitation for the Oregon Department of Parks and Recreation of \$5,111,682 for the expenditure of lottery bond proceeds for the Oregon Main Street Revitalization program. The funding will be used to provide competitive grants to organizations participating in the Oregon Main Street Network. The program focuses on projects that acquire, rehabilitate, and construct buildings on properties in designated downtown areas and facilitate community revitalization leading to additional private

investment, job creation or retention, expansion or establishment of viable businesses, or creating a stronger tax base. The expenditure limitation increase includes \$111,682 for bond issuance costs.

Department of State Lands

For work related to the Elliott State Forest, the Subcommittee established an Other Funds expenditure limitation of \$3,985,377 and the establishment of a Project Manager 3 position (1.0 FTE). Specifically, \$1,608,930 of the total is for paying costs associated with a custodial forest management contract for the Elliott State Forest. Under the contract, the manager will be responsible for four primary tasks: maintaining road systems for safe public access and fire protection activities; ensuring compliance with all applicable laws; conducting reforestation activities to comply with Oregon's Forest Practices Act; and providing general forest management and oversight. The manager will be the first point of contact for any questions; responsible for identifying problems specific to the property and coordinating with local officials and DSL as necessary; and manage access to the property and coordinate proper disposal of trash and removal of abandoned property.

Other components include \$608,000 for estimated cost of fire patrol assessments to be paid to the Oregon Department of Forestry (ODF) for wildfire protection, \$268,447 for a Project Manager 3 position (1.00 FTE) that will provide general coordination for the Elliott Forest as well as providing project management for the Portland Harbor Superfund Site and Goble cleanup site. Also included is \$1,500,000 for development of a federal Habitat Conservation Plan (HCP) and an Environmental Impact Statement (EIS). The HCP development will be via an agreement with ODF; that agency will lead the collaborative work with other state, federal, and private entities. The initial ODF work is anticipated to cost \$300,000, the remaining \$1,200,000 is to be administratively unscheduled until a better estimate of the total cost to develop the HCP and EIS can be established. ODF anticipates that it will apply for federal grant funding for at least a portion of the cost to develop the EIS.

The Subcommittee approved \$5,000,000 General Fund for the Department of State Lands to deposit into the Portland Harbor Cleanup Fund established in SB 5530; after deposit (payment), the money is available to be spent as Other Funds. In SB 5530, \$3,000,000 in lottery bond proceeds is also allocated for deposit into the Cleanup Fund. To spend the \$8,000,000 total subsequently available, a new \$8,000,000 Other Funds expenditure limitation is established. To pay costs associated with the issuance of the lottery bonds, the Subcommittee approved an increase in Other Funds expenditure limitation of \$57,587.

Monies in the Cleanup Fund are for the coordination and participation in any contracts or agreements relating to or arising out of the Portland Harbor Superfund Site that may include investigation of baseline conditions, investigation of key sediment sites, potential infrastructure needs related to contaminated sediments, development and administration of a comprehensive data management system for the site, satisfaction of obligations under any settlement or administrative order, work required by the United States Environmental Protection Agency in connection with the site, and other activities directly related to minimizing the state's liability for costs related to the Portland Harbor Superfund Site.

Water Resources Department

The Subcommittee approved a General Fund appropriation of \$333,677 for the Water Resources Department (WRD) to fund two Assistant Watermaster positions and an Office Specialist position in Umatilla County, in the Pendleton and Milton-Freewater offices. The former Umatilla

County positions were authorized in the agency's primary budget bill (SB 5542) using Other Funds expenditure limitation of \$433,677. This action assumed Umatilla County would be covering the cost of the positions via contract with WRD. However, available county resources are projected to be able to provide only \$100,000 of this amount, so General Fund will cover the remaining cost. To complete the fundshift, the Subcommittee also approved a \$333,677 reduction in Other Funds expenditure limitation.

To support pilot programs in several locations throughout the state, the Subcommittee approved an increase of \$203,870 General Fund and the establishment of a limited duration, Natural Resource Specialist 4 position (1.00 FTE). The Department was allocated \$750,000 in lottery bond proceeds during the 2015-17 biennium to make grants and provide technical assistance to local governments to establish place-based water resource planning pilot programs. Of that grant funding, \$600,000 is carried forward into the 2017-19 biennium; \$56,000 of that amount remains unobligated. The position authorized by the Subcommittee is a continuation of the limited duration position that was established in the prior biennium to assist in the administration of the program and the distribution of the grant funding.

The Subcommittee approved an increase of \$1,547,235 Other Funds expenditure limitation for making grants, loans, or providing technical assistance for feasibility studies, and for the payment of bond issuance costs from lottery bond sale proceeds deposited into the Water Conservation, Reuse, and Storage Investment Fund. Of the amount allocated to the Fund, \$47,235 is for the payment of bond issuance costs.

For water supply projects, the Subcommittee approved a total increase of \$21,075,301 Other Funds expenditure limitation for making grants, loans, and paying the cost of bond issuance from lottery bond proceeds deposited into the Water Supply Development Fund established under section 3, chapter 784, Oregon Laws 2013. At \$15,000,000, the bulk of the additional limitation provided for the expenditure of net bond proceeds allocated to the fund is for Water Supply Development grants and loans to evaluate, plan, and develop in-stream and out-of-stream water development projects that repair or replace infrastructure to increase the efficiency of water use; provide new or expanded water storage; improve or alter operations of existing water storage facilities in connection with newly developed water; create new, expanded, improved, or altered water distribution, conveyance, or delivery systems in connection with newly developed water; allocate federally stored water; promote water reuse or conservation; provide streamflow protection or restoration; provide for water management or measurement in connection with newly developed water; and, determine seasonally varying flows in connection with newly developed water. To pay for bond issuance costs, \$375,301 Other Funds expenditure limitation is needed.

The remaining expenditure limitation approved by the Subcommittee is for three specific projects that, while comports to the other requirements of grants made from the Water Supply Development Fund, are not subject to any application process, public benefit scoring, or ranking. The projects and amounts are:

- City of Carlton, Panther Creek Reservoir sediment reduction and water storage capacity increase project - \$2,500,000
- City of Carlton, Finished water supply line loss reduction project - \$2,000,000
- Santiam Water Control District, Mill Creek Corporate Center irrigation conversion and efficiency project - \$1,200,000

PUBLIC SAFETY

Department of Corrections

To purchase two new transport buses to replace vehicles at the end of their service life, the Subcommittee approved a one-time appropriation of \$708,788 General Fund in the Department of Corrections' Operations Division.

The Subcommittee approved an increase in Other Funds expenditure limitation of \$721,466 for cost of issuance of \$39,215,000 in Article XI-Q bonds authorized in SB 5506 for the Department of Corrections' deferred maintenance program and for technology infrastructure upgrades. Bonds will be issued in May 2018 and in March 2019.

The agency's General Fund appropriation for debt service was increased by \$1,926,252 for new debt service estimated to be paid in 2017-19. Debt service for bonds issued in 2017-19 is estimated to be \$7,616,448 General Fund in 2019-21.

Oregon Department of Justice

The Subcommittee approved \$16,573,792 Other Funds expenditure limitation for project costs, which is to be financed with \$16,267,633 of Article XI-Q bonds approved in SB 5505 and \$306,159 in bond proceeds that were authorized and issued during the 2015-17 biennium but remained unexpended. The Subcommittee also approved \$32,136,210 Federal Funds expenditure limitation and the establishment of 32 permanent full-time positions (23.81 FTE). This includes personal services of \$5.8 million and services and supplies of \$43.0 million. The amount for services and supplies includes \$35.8 million total funds of contractor payments for: project management, including organization change management services; implementation; independent quality assurance; and independent verification and validation.

Unless otherwise approved by the Legislature or the Emergency Board, the positions budgeted for the project are established as permanent full-time under the following conditions: (a) the positions will be abolished on or before the completion of the project; (b) the positions are to remain in the CSEAS program (i.e., CSEAS summary cross reference) and may not be transferred to any other program or used for any purpose other than the development of the CSEAS project; and (c) the positions may not be included in any permanent finance plan action.

Other Funds expenditure limitation of \$317,367 is included for the cost of issuance of the bonds. The Subcommittee appropriated \$3,391,920 in additional General Fund Debt Service to support repayment of Article XI-Q General Obligation bond proceeds approved in SB 5505.

The Subcommittee approved \$6,916,041 Other Funds expenditure limitation and 35 permanent full-time positions (30.80 FTE) for the Civil Enforcement Division - Child Advocacy Section to represent Child Welfare caseworkers in court and provide full access to legal representation, legal counsel, legal advice, litigation support, and training. The revenue to support this package was approved in SB 5526, the primary budget bill for the Department of Human Services (DHS). DHS will be billed by DOJ no more than \$6.9 million for the increase in juvenile dependency workload using DOJ's traditional fee-for-service billing model. DOJ will also provide DHS with a monthly billing summary of the legal work performed. DOJ has committed to tracking quality assurance measures, including outcome measures.

Statewide implementation will be through a three-phase approach across all 36 counties: Phase-I will be completed by January 1, 2018 for: Benton; Coos; Gilliam; Grant; Hood River; Josephine; Lane; Lincoln; Linn; Morrow; Polk; Sherman; Tillamook; Wasco; and Wheeler Counties. Phase-II will be completed by July 1, 2018 for: Columbia; Crook; Deschutes; Douglas; Harney; Jackson; Jefferson; Klamath, Lake; Malheur; Umatilla; and Yamhill counties. Phase-III will be completed by January 1, 2019 for: Baker; Clackamas; Clatsop; Curry; Marion; Multnomah; Union; Washington; and Willowa counties. The final implementation schedule, however, may change depending upon the needs of a specific county. Both DOJ and DHS will work collaboratively with county District Attorneys to ensure juvenile dependency cases are handled in a consistent and coordinated manner with as much continuity as possible throughout the legal proceedings.

This investment in legal services was, in part, the result of work completed by the Task Force on Legal Representation in Childhood Dependency, which was established by SB 222 (2015). While, due to limited General Fund resources, the Legislature was unable to fund most Task Force recommendations, the affected state agencies and legal partners are committed to continuing to work on system improvements. In recognition of this commitment, the Subcommittee approved the following budget note:

Budget Note:

The Department of Human Services, Department of Justice, Oregon Judicial Department, and Public Defense Services Commission shall work collaboratively, at both the state and local levels, to solicit input on, develop, and implement strategies to improve the effectiveness and efficiency of Oregon's juvenile dependency systems and to determine the appropriate level of legal services. Potential strategies should include standardizing forms, streamlining processes, conforming practices, and adopting administrative or court rules. The agencies are expected to identify and begin implementing strategies no later than July 1, 2018. Options for providing more effective and cost-efficient legal and other services should also be reviewed and analyzed. The agencies will submit a joint report on the progress of these efforts to the Interim Joint Committee on Ways and Means or the Emergency Board by October 2018. In addition, each agency shall include an update, in its budget presentation to the Joint Committee on Ways and Means during the 2019 session, on its specific roles, activities, strategies, and costs to improve the effectiveness and efficiency of Oregon's juvenile dependency system.

In addition, the Legislature, under separate legislation (HB 3470), extended the sunset on the provision authorizing DHS to appear as a party in a juvenile court proceeding without appearance of an Attorney General from June 30, 2018 to June 30, 2020 to accommodate the planned implementation schedule.

The Department of Administrative Services is directed to unschedule \$4.0 million of the General Fund in the DHS budget and \$4.0 million of the Other Funds expenditure limitation in the DOJ budget pending demonstration to the Legislative Fiscal Office that the work performed, billing, reporting, and communication between the agencies is consistent with the budget cap, implementation schedule, and service level expectations for the caseworker legal representation program.

For SB 243, the Subcommittee approved implementation costs of \$123,932 Other Funds and established one permanent part-time Assistant Attorney General position (0.38 FTE) in DOJ's Civil Enforcement Division. The Division provides services to train caseworkers and certifiers on the new legal standard of abuse, advises Department of Human Services (DHS) in the preparation and adoption of administrative rules, as well as child protective services investigations, confidentiality laws, and release of records. The Division also provides advice and legal representation to DHS in all administrative appeals of those investigations and related certification actions for certified foster homes. The revenue source to fund this expense is legal service charges billed to DHS. The roll-up costs are estimated to be \$89,084 Other Funds and one position (0.25 FTE) for the 2019-21 biennium.

The Subcommittee approved \$500,000 General Fund to support Community Assessment Centers, as a one-time increase, in order to provide child abuse medical assessments. The funding will be administered through the Oregon Department of Justice, Crime Victims Services Division, as pass through funds distributed to the statewide Community Assessment Centers network association, which will ensure equitable distribution.

To support the Oregon Crime Victims Law Center, the Subcommittee also appropriated \$175,000 General Fund as a one-time increase. This will bring total funding for the Law Center from the Department of Justice to \$554,559, including \$504,599 General Fund and \$50,000 Other Funds; the latter is from the renewal of a state grant funded from punitive damage awards.

Oregon Military Department

The Subcommittee approved an increase in Other Funds expenditure limitation of \$448,244 for cost of issuance of \$23,730,000 in Article XI-Q bonds authorized in SB 5506 for three Regional Armory Emergency Enhancement projects in Salem, Newport, and Coos Bay; an Armory Service Life Extension project at the Grants Pass armory; and to re-issue bonds for the Regional Training Institute and Youth Challenge capital construction projects in 2017-19. Bonds are planned to be issued in October 2017, and in March 2019.

The agency's General Fund appropriation for debt service was decreased by \$378,344 for debt service estimated to be paid in 2017-19 due to anticipated debt service savings. Debt service in 2019-21 for bonds issued in 2017-19 is estimated to be \$4,305,134 General Funds.

The Subcommittee approved a one-time appropriation of \$1,000,000 General Fund for construction of or repairs to the Oregon Military Museum at Camp Withycombe in Clackamas, Oregon.

To operationalize the provisions of HB 2687, the Subcommittee increased Other Funds expenditure limitation in the Oregon Military Department, Office of Emergency Management by \$5,000,000 to capitalize the Resiliency Grant Fund, and increased Other Funds expenditure limitation by \$70,000 to pay for the cost of bond issuance. Other Funds limitation is funded by the sale of Article XI-Q bonds authorized in SB 5506. The Subcommittee added \$181,178 General Fund and increased Federal Funds expenditure limitation by \$181,178 and approved two permanent positions (2.00 FTE) to administer the program and the grant-making process.

Department of Public Safety Standards and Training

The Department of Public Safety Standards and Training's Federal Funds expenditure limitation was increased by \$469,566 to allow the expenditure of grant funds from the federal Assistance to Firefighters grant program on a new mobile fire training unit, to replace equipment at the end of its service life.

Oregon State Police

The Subcommittee increased Other Funds expenditure limitation in the Patrol Division by \$2,521,711 to support the addition of six troopers and one sergeant (7.00 FTE) in the Capitol Mall Security Unit.

The Subcommittee approved \$6,230,000 General Fund and established twenty sworn positions (18.32 FTE) to increase highway patrol coverage statewide, and to provide additional drug enforcement detectives in central and southern Oregon counties.

Oregon Youth Authority

To continue the installation of video monitoring systems to supplement the Oregon Youth Authority's sexual abuse prevention, detection, and response efforts for adherence to the US Prison Rape Elimination Act of 2003 (PREA), the Subcommittee approved a one-time appropriation of \$771,000 General Fund.

The Subcommittee approved an increase in Other Funds expenditure limitation of \$676,086 for cost of issuance of \$39,995,000 in Article XI-Q bonds authorized in SB 5506 to remodel five living unit cottages at the MacLaren Youth Correctional Facility, to remodel two dormitory spaces at the Rogue Valley Youth Correctional Facility, and to undertake deferred maintenance projects in 2017-19. Bonds are planned to be issued in May 2018 and in March 2019.

The agency's General Fund appropriation for debt service was increased by \$1,695,236 for new debt service estimated to be paid in 2017-19. Debt service for bonds issued in 2017-19 is estimated to be \$6,104,546 General Fund in 2019-21.

TRANSPORTATION

Department of Transportation

Other Funds expenditure limitation for the Oregon Department of Transportation (ODOT) for the 2017-19 biennium is decreased by \$406,813 as an adjustment to Central Services to account for the transfer of positions from ODOT to the Office of the State Chief Information Officer.

The Subcommittee approved an increase in Other Funds expenditure limitation in ODOT's Transportation Program Development section of \$30 million in lottery bond proceeds for ConnectOregon VII. In addition, the Other Funds expenditure limitation is increased by \$433,693 for cost of issuance expenses. There is no debt service in the 2017-19 biennium as the bonds will not be sold until the spring of 2019.

The Subcommittee approved an increase in Other Funds expenditure limitation in ODOT's Public Transit Program of \$5 million in lottery bond proceeds for the Lane Transit District's expansion of the EmX Bus Rapid Transit network. In addition, the limitation is increased by \$119,541 for cost of issuance expenses. There is no debt service in the 2017-19 biennium as the bonds will not be sold until the spring of 2019.

The Subcommittee approved an increase in Other Funds expenditure limitation in ODOT's Local Government Program of \$2 million in lottery bond proceeds for City of Portland SW Capitol Highway safety improvements. In addition, the Other Funds expenditure limitation is increased by \$50,587 for cost of issuance expenses. There is no debt service in the 2017-19 biennium as the bonds will not be sold until the spring of 2019.

Adjustments to 2015-17 Budgets

Commission on Judicial Fitness and Disability

The Subcommittee increased the 2015-17 biennium General Fund appropriation for extraordinary expenses by \$35,000 to fund costs incurred for the investigation and prosecution of cases of judicial misconduct.

Oregon Department of Transportation

Other Funds expenditure limitation for the Oregon Department of Transportation for the 2015-17 biennium was increased by \$45.5 million for Highway Division programs for costs associated with winter storms, implementation of an ADA-related settlement agreement, and for increased project payout.

Federal Funds expenditure limitation for the Oregon Department of Transportation for the 2015-17 biennium was increased by \$8.1 million to complete commitments carried over from the 2013-15 biennium.

SB 5512 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Hansell

Joint Committee On Ways and Means

Action Date: 05/12/17

Action: Do pass with amendments. (Printed A-Eng.)

Senate Vote

Yeas: 10 - DeBoer, Devlin, Frederick, Hansell, Johnson, Manning Jr, Monroe, Roblan, Steiner Hayward, Winters

Nays: 2 - Girod, Thomsen

House Vote

Yeas: 7 - Gomberg, Holvey, Huffman, Nathanson, Rayfield, Smith Warner, Williamson

Nays: 2 - Stark, Whisnant

Exc: 2 - McLane, Smith G

Prepared By: Patrick Heath, Department of Administrative Services

Reviewed By: Matt Stayner, Legislative Fiscal Office

Department of Consumer and Business Services

2017-19

Budget Summary*

	2015-17 Legislatively Approved Budget ⁽¹⁾	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 1,823,000	\$ -	\$ -	\$ (1,823,000)	(100.0%)
Other Funds Limited	\$ 249,320,936	\$ 258,879,476	\$ 250,597,297	\$ 1,276,361	0.5%
Other Funds Nonlimited	\$ 197,626,507	\$ 202,096,657	\$ 202,096,657	\$ 4,470,150	2.3%
Federal Funds Limited	\$ 17,420,257	\$ 14,941,294	\$ 14,941,294	\$ (2,478,963)	(14.2%)
Total	\$ 466,190,700	\$ 475,917,427	\$ 467,635,248	\$ 1,444,548	0.3%

Position Summary

Authorized Positions	960	950	952	(8)
Full-time Equivalent (FTE) positions	952.76	944.54	945.92	(6.84)

⁽¹⁾ Includes adjustments through December 2016

* 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 workers' 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 agency also receives Federal Funds which support the OSHA program, the Senior Health Insurance Benefit Assistance program, insurance rate review processes, and manufactured housing programs.

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 \$126.1 million for the General Fund in the 2017-19 biennium. The Finance and Corporate Securities program within DFR also makes a transfer of revenues in excess of expenditure needs to the General Fund. This transfer is forecasted to generate approximately \$25.3 million in the 2017-19 biennium. A surcharge on fire insurance policies is collected by DFR, estimated at \$25.7 million in the 2017-19 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 \$250,597,297 Other Funds, \$202,096,657 Other Funds Nonlimited and \$14,941,294 Federal Funds for 2017-19, which is 0.3 percent higher than the 2015-17 Legislatively Approved Budget.

The Subcommittee approved the following recommendations:

Workers' Compensation

DCBS administers two reserves within its Operating Fund: the Self-Insured Employer Adjustment Reserve and the Self-Insured Employer Group Adjustment Reserve. These reserves are for the payment of claims from insolvent self-insured employers and are intended to protect injured workers who work for employers that self-insure their workers' compensation liability.

The Subcommittee recommended funding this program at the 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 that 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 approved the following recommendation:

Package 812, Vacant Position Elimination - eliminates one long-term vacant position (1.00 FTE) and \$117,465 in Other Funds expenditure limitation.

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 recommended funding this program at the Current Service Level.

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 approved the following recommendation:

Package 101, Workplace Presence - This package provides \$1,883,900 in Other Funds expenditure limitation to fund nine positions (8.88 FTE) that will provide a greater enforcement presence and more consulting services around workplace safety in Oregon. Specifically, the package authorizes the establishment of six enforcement positions and three workplace consultation positions. The goal of the additional positions is to increase the workplace presence of OSHA within the state to maintain or reduce the rate of workplace injuries and illnesses, which have recently levelled off after a long period of decline.

The Oregon OSHA program had a reduction of 14 occupational safety specialists and one industrial hygienists positions in the 2011-13 budget due to reduced revenues related to a waning economy. No adjustments were made in the 2013-15 budget, but an additional three positions were added in 2015 as commercial activity started to recover. This package brings the program staffing to just slightly less than the 2009-11 biennium level.

The program is funded by the Worker's Compensation Premium Assessment. The 2018 fiscal year rates were set by DCBS inclusive of the funding needed for this package as reported by the agency to the Emergency Board in December of 2016.

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 approved the following recommendations:

Package 090, Analyst Adjustments - as included in the Governor's budget, this package makes a total reduction of Other Funds limitation of \$9,899,237 to align the 2017-19 budget for the Health Insurance Marketplace with anticipated expenditures following the settlement of the ORACLE litigation in the 2015-17 biennium. This package eliminates \$6.0 million Other Funds expenditure limitation in IT professional services for contracts that were needed for the transition of the marketplace from Cover Oregon that are now expired; ongoing IT professional service costs are estimated at \$3.0 million. The package also eliminates \$1.5 million Other Funds expenditure limitation for telecommunications contracts that are no longer needed. Ongoing telecommunications expenditures are estimated at \$0.3 million for the 2017-19 biennium. Finally, a reduction of \$2.4 million in Other Funds expenditure limitation for Attorney General Fees to reflect the resolution of the Cover Oregon litigation. These reductions bring the expenditure limitation for the Marketplace in line with its current program needs.

Package 102, The Compact of Free Association (COFA) Premium Assistance Program - establishes \$1,383,290 of Other Funds expenditure authority from the Compact of Free Association (COFA) Islander Fund. These amounts represent the residual funding projected to be remaining in the account at the beginning of the 2017-19 biennium. These monies were transferred in to the fund from the General Fund during the 2016 Legislative Session to provide insurance premium and out of pocket expense assistance to qualified COFA islanders residing in Oregon. The package also includes the continuation of one limited-duration full-time position to administer the program. Under the terms of the Compact of Free Association, COFA islanders are allowed to legally live and work in the United States but they are excluded by federal law from many forms of public assistance, including Medicaid.

Based on cost estimates provided by DCBS, the annual cost per program enrollee is \$1,215. The current number of program participants is roughly 300, equating to an annual estimated cost of \$364,500 or a biennial cost of \$729,000 plus program administration.

Package 801, LFO Analyst Adjustments - reduces \$200,000 in Other Funds expenditure limitation for spending authority that was erroneously included in the program's base budget.

Budget Note:

The expenditure limitation included in the agency's budget for the premium assistance program for low-income Compact of Free Association (COFA) islanders is provided with the understanding that the agency will use the available funding to provide the full benefits outlined in the program to the program participants for as long as monies are available. Based on the estimated program costs provided by DCBS prior to program implementation, the available funding is sufficient to provide full benefits for the entire biennium based on the number of currently enrolled participants. If at some time during the biennium DCBS should determine that the funding will not be sufficient to continue providing full benefits to participants,

the agency should not diminish, apportion, or ration benefits prior to seeking additional program funding from the Legislature. Additionally, the agency is instructed to evaluate and pursue the availability of federal funding for this program.

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 approved the following recommendations:

Package 090, Analyst Adjustments - reduces Other Funds expenditure limitation by \$256,054 and two positions (2.00 FTE) to reflect the transfer of payroll services from the division to the Department of Administrative Services, during the 2015-17 biennium.

Package 812, Vacant Position Elimination - eliminates \$503,526 in Other Funds expenditure limitation and three positions (3.00 FTE) to reduce long-term vacancies in the division.

Package 814, IT Security Positions Consolidation - reduces \$410,070 in Other Funds expenditure limitation, one position and part of another position (1.50 FTE) to reflect the centralization of all information systems security functions within the Department of Administrative Services.

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 former divisions of Finance and Corporate Securities – 016 and Insurance – 014.

The Subcommittee approved the following recommendations:

Package 812, Vacant Position Elimination - eliminates \$163,017 in Other Funds expenditure limitation and one position (1.00 FTE) in order to eliminate a long-term vacancy in the division.

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 recommended funding this program at the Current Service Level.

Summary of Performance Measure Action

See attached Legislatively Adopted 2017-19 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Consumer and Business Services
Patrick Heath - (503) 378-3742

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2015-17 Legislatively Approved Budget at Dec 2016 *	\$ 1,823,000	\$ -	\$ 249,320,936	\$ 197,626,507	\$ 17,420,257	\$ -	\$ 466,190,700	960	952.76
2017-19 Current Service Level (CSL)*	\$ -	\$ -	\$ 258,879,476	\$ 202,096,657	\$ 14,941,294	\$ -	\$ 475,917,427	950	944.54
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 011-12 - Workers' Comp Board									
Package 812: Vacant Position Elimination									
Personal Services	\$ -	\$ -	\$ (112,162)	\$ -	\$ -	\$ -	\$ (112,162)	(1)	(1.00)
Services and Supplies	\$ -	\$ -	\$ (5,303)	\$ -	\$ -	\$ -	\$ (5,303)		
SCR 011-15 - OR OSHA									
Package 101: Workplace Presence									
Personal Services	\$ -	\$ -	\$ 1,649,773	\$ -	\$ -	\$ -	\$ 1,649,773	9	8.88
Services and Supplies	\$ -	\$ -	\$ 234,127	\$ -	\$ -	\$ -	\$ 234,127		
SCR 015 - OR Health Insurance Marketplace									
Package 090: Analyst Adjustments									
Services and Supplies	\$ -	\$ -	\$ (9,899,237)	\$ -	\$ -	\$ -	\$ (9,899,237)		
Package 102: COFA Premium Assistance Program									
Personal Services	\$ -	\$ -	\$ 236,439	\$ -	\$ -	\$ -	\$ 236,439	1	1.00
Services and Supplies	\$ -	\$ -	\$ 119,812	\$ -	\$ -	\$ -	\$ 119,812		
Special Payments (Dist. to Individuals)	\$ -	\$ -	\$ 1,027,039	\$ -	\$ -	\$ -	\$ 1,027,039		
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ -	\$ -	\$ (200,000)	\$ -	\$ -	\$ -	\$ (200,000)		
SCR 017 - Central Services									
Package 090: Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ (256,000)	\$ -	\$ -	\$ -	\$ (256,000)	(2)	(2.00)
Services and Supplies	\$ -	\$ -	\$ (54)	\$ -	\$ -	\$ -	\$ (54)		
Package 812: Vacant Position Adjustments									
Personal Services	\$ -	\$ -	\$ (480,794)	\$ -	\$ -	\$ -	\$ (480,794)	(3)	(3.00)
Services and Supplies	\$ -	\$ -	\$ (22,732)	\$ -	\$ -	\$ -	\$ (22,732)		
Package 814: IT Security Positions Consolidation									
Personal Services	\$ -	\$ -	\$ (392,607)	\$ -	\$ -	\$ -	\$ (392,607)	(1)	(1.50)
Services and Supplies	\$ -	\$ -	\$ (17,463)	\$ -	\$ -	\$ -	\$ (17,463)		
SCR 018 - Division of Financial Regulation									
Package 812: Vacant Position Adjustments									
Personal Services	\$ -	\$ -	\$ (155,658)	\$ -	\$ -	\$ -	\$ (155,658)	(1)	(1.00)
Services and Supplies	\$ -	\$ -	\$ (7,359)	\$ -	\$ -	\$ -	\$ (7,359)		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ (8,282,179)	\$ -	\$ -	\$ -	\$ (8,282,179)	2	1.38
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 250,597,297	\$ 202,096,657	\$ 14,941,294	\$ -	\$ 467,635,248	952	945.92

% Change from 2015-17 Leg Approved Budget

(100.0%)

0.0%

0.5%

2.3%

(14.2%)

0.0%

0.3%

(0.8%)

(0.7%)

% Change from 2017-19 Current Service Level

0.0%

0.0%

(3.2%)

0.0%

0.0%

0.0%

(1.7%)

0.2%

0.1%

*Excludes Capital Construction Expenditures

Legislatively Approved 2017 - 2019 Key Performance Measures

Published: 5/10/2017 9:42:35 AM

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 2018	Target 2019
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	No Data	10	10
2. EFFECTIVE REGULATION - Percent of licensees receiving a satisfactory examination score.		Approved	No Data	98%	98%
3. OCCUPATIONAL INJURY AND ILLNESS INCIDENCE RATES - Number of occupational injury and illness cases per 100 full-time workers.		Approved	3.70	4.20	4.10
4. TIMELY WORKER BENEFITS - Percent of injured workers who receive timely benefits from insurers.		Approved	91.70%	93%	93%
5. ACCURATE WORKER BENEFITS - Percent of injured workers who receive accurate benefits from insurers.		Approved	90.60%	95%	95%
6. RE-EMPLOYMENT OF INJURED WORKERS - Difference in percentage from workers with disabling injuries from those without disabling injuries.		Approved	No Data	10%	10%
8. WORKERS' COMPENSATION COVERAGE - Number of claims against employers without workers' compensation coverage per 1,000 accepted disabling claims.		Approved	2.10	2.50	2.50
9. WORKERS' COMPENSATION INSURER PERFORMANCE - Percentage of workers' compensation insurers meeting standards for benefit delivery and reporting.		Approved	83.80%	85%	85%
10. UPHELD WORKERS' COMPENSATION DECISIONS - Percent of Workers' Compensation Board decisions affirmed on appeal to the Judiciary.		Approved	85.70%	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	75,000	75,000	75,000
12. ON-TIME WORK - Percent of timelines for key department activities that are met.		Approved	86.70%	95%	95%
13. E-TRANSACTIONS FOR CUSTOMERS - Percent of customer transactions completed electronically.		Approved	64.70%	67.50%	70%
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	98.20%	93.80%	93.80%
	Availability of Information		96.30%	90%	90%
	Helpfulness		97.80%	92.80%	92.80%
	Overall		97.60%	92.60%	92.60%
	Accuracy		97.30%	92.70%	92.70%
	Timeliness		94.60%	90.40%	90.40%

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
1. PERFORMANCE OF FINANCIAL SERVICE ENTITIES - Percentage of financial services entities rated satisfactory or higher.		Legislatively Deleted	88%	77%	TBD
2. INSURANCE CONSUMER RELIEF - Percent of confirmed complaints resolved with relief for the consumer.		Legislatively Deleted	82.10%	75%	TBD
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.		Legislatively Deleted	8.50	11	TBD
7. WAGE RECOVERY FOR INJURED WORKERS - Difference in percentage wage recovery for workers who use return-to-work programs versus workers who do not.		Legislatively Deleted	12%	13%	TBD

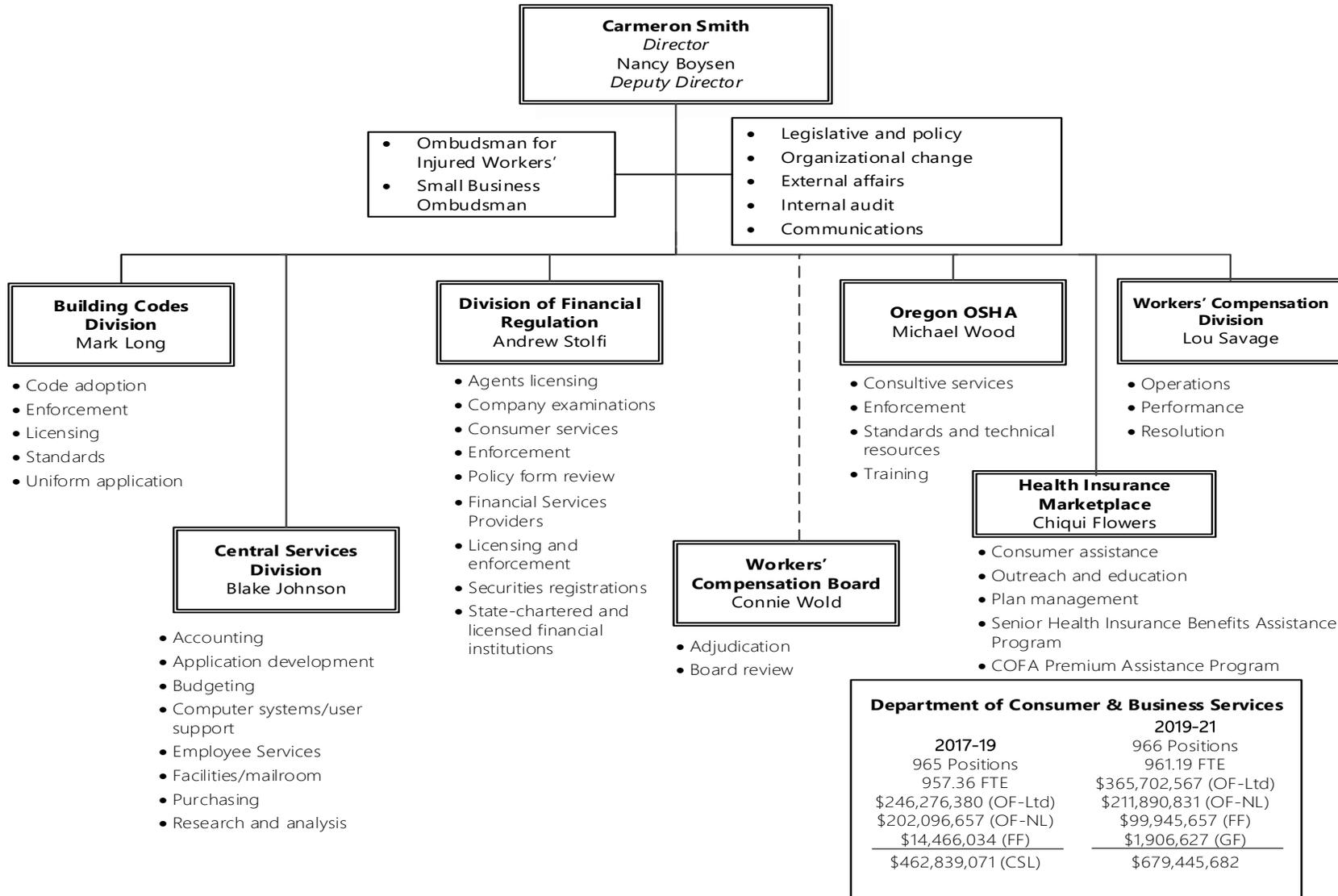
LFO Recommendation:

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 as recommended by LFO

BUDGET NARRATIVE

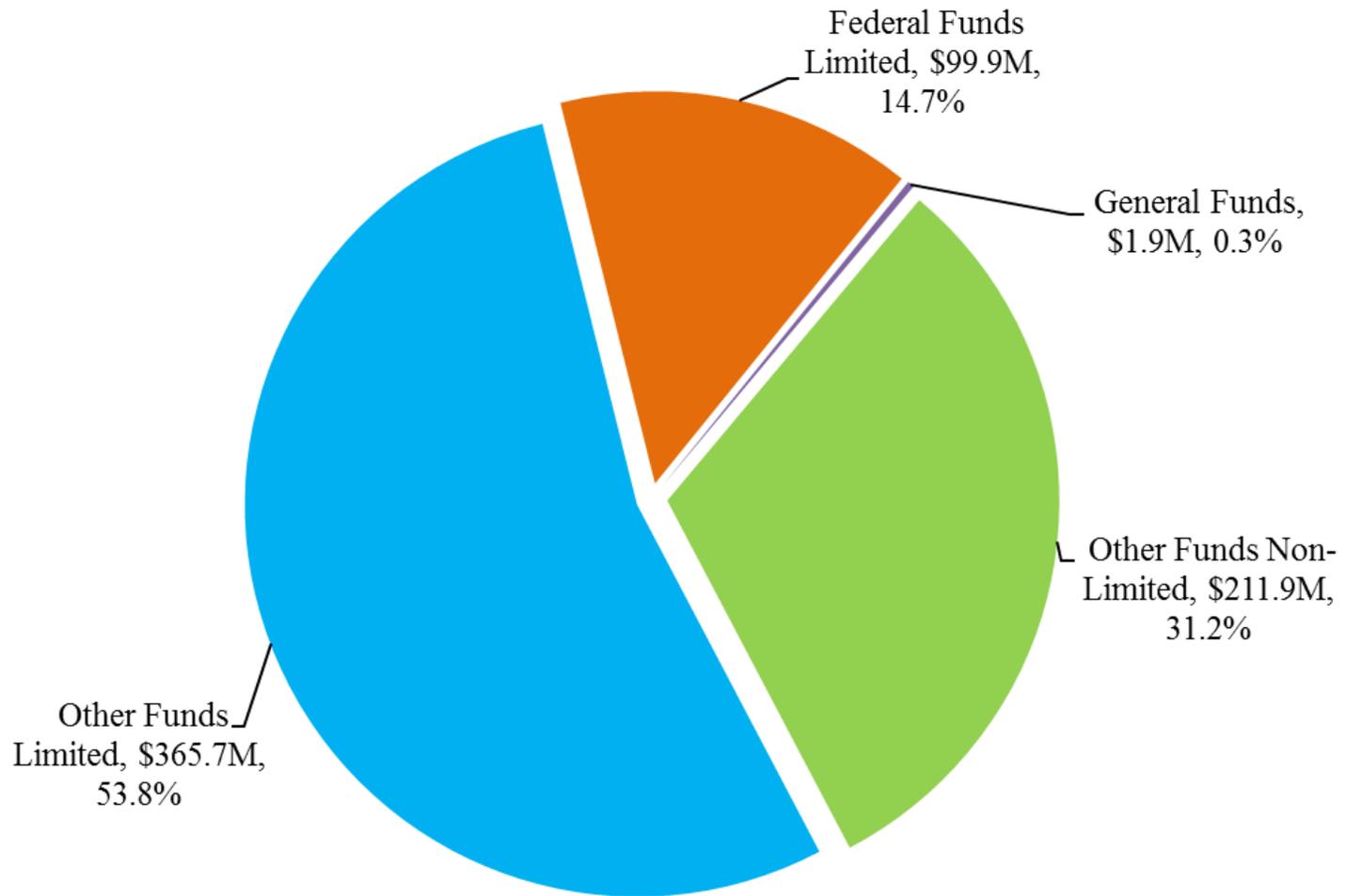


BUDGET NARRATIVE

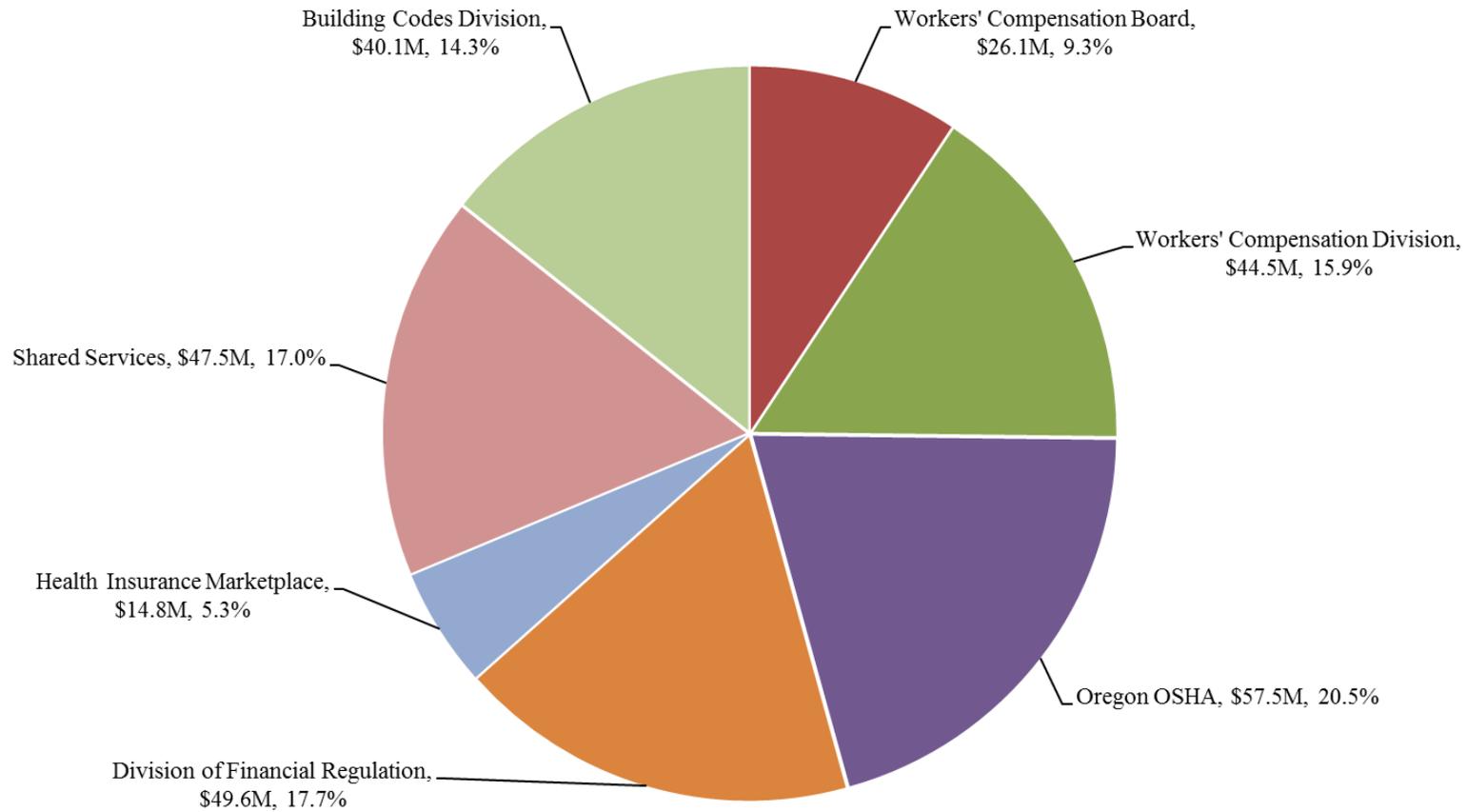
DCBS Expenditure Summary by Fund Type

	2017-19 LAB	2019-21 GB	Percentage Change
Base, Other Fund Limited	255,139,993	257,666,734	
Base, Other Fund Non-Limited	202,096,657	212,126,048	
Base, General Fund	1,823,000	-	
Base, Federal Fund	17,679,335	16,793,675	
Subtotal Base Budget	476,738,985	486,586,457	2%
Essential Packages, Other Fund Limited	3,739,483	7,946,298	
Essential Packages, Other Fund Non-Limited	-	-	
Essential Packages, General Fund	(1,823,000)	-	
Essential Packages, Federal Fund	(2,738,041)	29,543	
Subtotal Essential Packages Budget	(821,558)	7,975,841	N/A
Continuing Service Level, Other Fund Limited	258,879,476	265,613,032	
Continuing Service Level, Other Fund Non-Limited	202,096,657	212,126,048	
Continuing Service Level, General Fund	-	-	
Continuing Service Level, Federal Fund	14,941,294	16,823,218	
Subtotal Base + Essential Packages Budget	475,917,427	494,562,298	4%
Policy Option, Other Fund Limited	(12,603,096)	100,089,535	
Policy Option, Other Fund Non-Limited	-	(235,217)	
Program - Policy Option, General Fund	-	1,906,627	
Program - Policy Option, Federal Fund	(475,260)	83,122,439	
Subtotal Policy Packages Budget	(13,078,356)	184,883,384	
E-Board and Special Session, Other Fund Limited	6,729,364	-	
E-Board and Special Session, Other Fund Non-Limited	-	-	
E-Board and Special Session, General Fund	-	-	
E-Board and Special Session, Federal Fund	2,337,336	-	
Subtotal E-Board and Special Session	9,066,700	-	
Total Budget, Other Fund Limited	253,005,744	365,702,567	45%
Total Budget, Other Fund Non-Limited	202,096,657	211,890,831	5%
Total Budget, General Fund	-	1,906,627	
Total Budget, Federal Fund	16,803,370	99,945,657	
Total Budget	\$ 471,905,771	\$ 679,445,682	44%

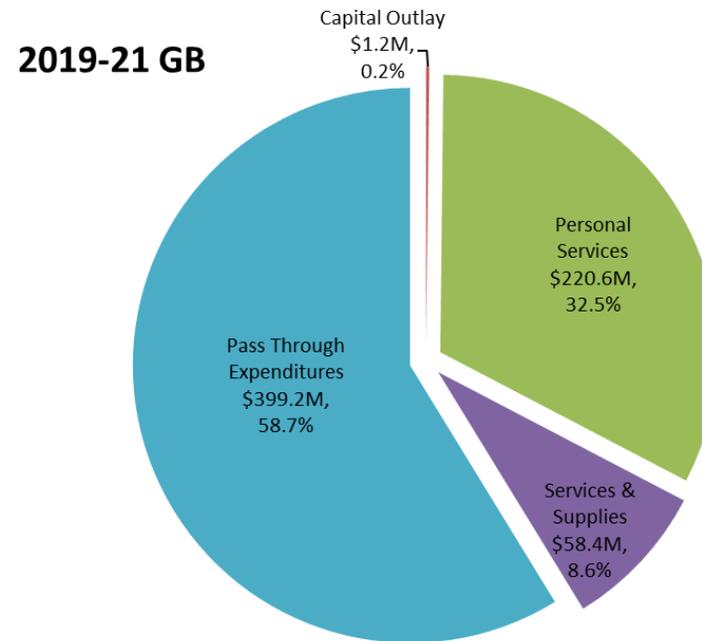
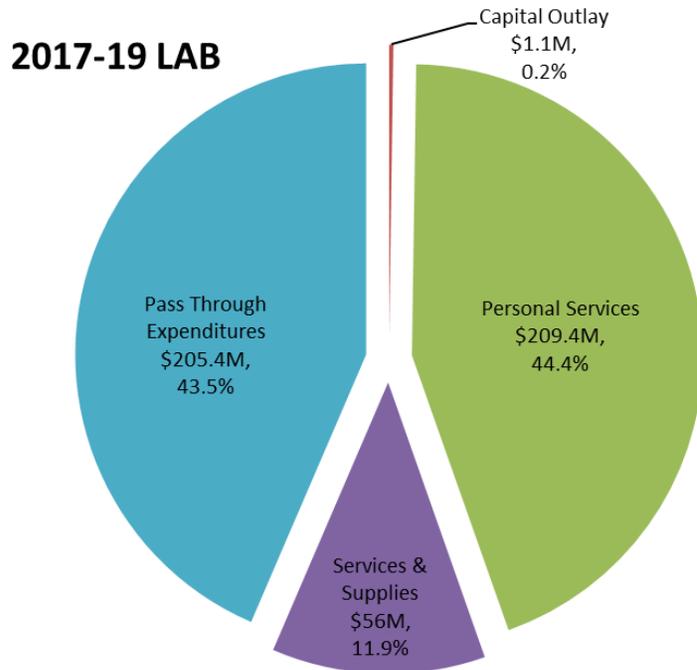
DCBS Expenditures by Fund Type
\$679.4 million



DCBS Operating Budget by Division
\$280.1 million



DCBS Total Budget by Category \$679.4 million



BUDGET NARRATIVE

Mission

To protect and serve Oregon’s consumers and workers while supporting a positive business climate.

Statutory Authority

Program	Statute	Rules
DCBS, General	ORS 705	OAR 440
Building Codes	ORS 446, 447, 455, 460, 479, 480, 693	OAR 198
Division of Finance Regulation	ORS 59, 86A, 97, 446, 645, 646, 646A, 650, 697, 705, 706, 707, 708A, 713, 714, 715, 716, 717, 723, 725, 725A, 726, 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748, 750, & 752	OAR 441 and 836
Oregon OSHA	ORS 654 and 656	OAR 437
Workers' Compensation Board	ORS 656	OAR 438
Workers' Compensation Division	ORS 656	OAR 436
Health Insurance Marketplace	ORS 741	OAR 945

DCBS is Oregon’s largest business regulatory and consumer protection agency. The department administers state laws and rules to protect consumers and workers in the areas of workers’ compensation, occupational safety and health, financial services, insurance, and building codes.

DCBS staff members are committed to carrying out the department’s statutory responsibilities and fulfilling our mission and goals in a manner that serves the needs of both the public and the businesses and professionals we regulate.

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

Long-term Plan

DCBS has three fundamental goals to advance its mission for the next three years and beyond:

- Protect consumers and workers in Oregon.
- Regulate in a manner that supports a positive business climate.
- Be accountable to the public we serve, with excellent service to our customers.

Strategies to achieve these goals:

- We will seek input from stakeholders and the public to identify areas of greatest concern to consumers, workers, and the businesses we regulate.
- We will focus our efforts on improving outcomes for consumers and workers.
- We will structure our regulatory programs to impose the minimum burden on regulated businesses consistent with achieving the desired outcomes.
- We will promote choices and access for Oregon consumers and businesses by supporting the success of industries in the economic sectors we regulate.
- We will use a variety of approaches (regulation, enforcement, education, consultation, direct service delivery, etc.) in the most appropriate combinations to achieve results.
- We will use technology and other tools to exchange information easily and conduct business.
- We will measure results achieved by our programs and approaches and re-evaluate the programs and approaches to find further improvements.
- We will continually improve our cost-effectiveness and ensure that our services provide value to consumers, workers, and businesses.
- We will evaluate, develop, and maintain appropriate levels of human, organizational, financial, and other resources necessary to carry out our responsibilities.

Two-Year Plan

Workers' Compensation Division

ORS 656; OAR 436

- Continue to expand outreach to preferred workers and collaborate with employers to further the goals of the return-to-work programs.
- Develop and implement an integrated cross-divisional team dedicated to external education and a coordinated outreach program for stakeholders and policymakers.
- Continue implementing electronic records management, including scanning and electronically storing paper documents.
- Review laws and rules to allow more electronic transmission of information to the division.
- Initiate planning for modernizing information systems, including the Claims Information System.
- Continue implementing a business intelligence software and data system to support outcome-focused decision making.
- Expand significantly the outreach to medical providers and their offices.

Funding Source: Workers' compensation premium assessment, Workers' Benefit Fund assessment, fines, and investment income.

Oregon Occupational Safety and Health Division

ORS 654, 656; OAR 437

- Continue to maintain the highest enforcement presence in the nation.
- Maintain a strong workplace presence in relation to on-site consultation.

- Target educational, collaborative, and enforcement efforts to high-hazard industries and occupations, and small employers.
- Focus education and outreach on protecting particularly vulnerable and hard-to-reach worker populations.
- Ensure that enforcement is used effectively as a tool to promote compliance, both before and after a particular workplace has been inspected.
- Increase employer and employee access to safety and health training through improved use of technology.
- Improve employer access and understanding of safety and health standards or rules by providing more online tools, writing rules more clearly, and using common industry terminology.
- Continue to establish and maintain strong partnerships to help leverage resources and communicate the importance of safety and health in the workplace.

Funding Source: Workers' compensation premium assessment, fines, federal funds spent as other funds, and investment income.

Building Codes Division

ORS 446, 447, 455, 460, 479, 480, 693; OAR 918

- Support economic growth by responding quickly to the needs of local governments and businesses for code interpretation, dispute resolution, and inspection services.
- Continue to develop partnerships with city and county governments to help them provide building department services.
- Continue implementation of a comprehensive ePermitting program, as well as the piloting of eVideo inspections to better understand the technology and implement in areas as an inspection option for contractors.

- Continue development of a mobile application to expand capacity to purchase permits and schedule inspections.
- Continue to enforce the statewide code by ensuring building officials are applying the code in a consistent way.
- Help develop a highly trained and efficient workforce by realigning inspector certification requirements and delivering inspector training in innovative ways.
- Facilitate job placement for building inspector trainees.
- Hire next group of trainees from local Career Technical Education Center. Continue to provide Web-based continuing education program opportunities for inspectors, planners, designers, and contractors.

Funding Source: Permit, surcharge, inspection, and license fees; federal funds spent as other funds; fines; and investment income.

Division of Financial Regulation

ORS 59, 86A, 97, 446, 645, 646, 646A, 650, 697, 705, 706, 707, 708A, 713, 714, 715, 716, 717, 723, 725, 725A, 726, 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748, 750 and 752; OAR 441 and 836

- Continue to enhance the compliance and enforcement programs to have a stronger market intelligence focus that serves as an early warning system and allows swifter action to protect Oregon consumers.
- Continue to help the health insurance industry keep individual health plan premium rates lower than if the program did not exist through the Oregon Reinsurance Program. The program operates like a traditional reinsurance plan by reimbursing qualifying

individual health insurers for a percentage of an enrollee's claims between an attachment point and a cap.

- Continue to scrutinize health insurance rates and offer public hearing opportunities for Oregonians to engage in the health insurance rate review process. Continued rate review efforts will help the department work toward market stability and ensuring Oregonians across the state have access to health insurance coverage.
- Continue to review health benefit plans to ensure coverage of essential health benefits. Review efforts for 2019-2020 will include ensuring compliance with the Reproductive Equity Act (HB 3391 – 2018) and nondiscrimination in health plan design.
- Strengthen consumer protection by requiring debt buyers (HB 2356 – 2017) to register with the division and actively respond to consumer complaints to ensure consumers are protected from unlawful collection practices.
- Strengthen consumer protection by requiring mortgage loan servicers (SB 98 – 2017) to obtain and renew a license. The division will enhance its examination program to ensure mortgage loan servicer practices are in compliance with the law and to ensure consumer complaints are actively responded to.
- Increase investigations of financial elder abuse, following the passage of SB 95 (effective Jan. 1, 2018), which made investment advisor representatives and securities salespeople mandatory reporters. Provide training to the securities industry relating to the reporting requirements and provide resources to law enforcement and other state agencies in investigating and prosecuting financial elder abuse.
- Work closely with consumer advocacy organizations, medical providers, and insurers to develop and implement state standards around health care network adequacy, improve cost

transparency, and achieve a sustainable health insurance market in Oregon.

- Continue to develop and strengthen relationships with licensees and consumer advocacy organizations regarding all aspects of the businesses we regulate from insurance to consumer finance. These relationships help the department implement comprehensive and effective rules and policies.
- Enhance our safety and soundness oversight of financial and insurance institutions to leverage best practices across industries, anticipate and adapt to innovations in the market, and strategically address emerging products and issues to foster innovation while protecting the public.
- Provide assistance to Oregonians who have questions about or are experiencing difficulties with financial and insurance products through the division's outreach and education program.
- Strengthen consumer protection by conducting more AARP Scam Jams (a joint event sponsored by AARP, U.S. and Oregon Departments of Justice, district attorneys, and DCBS) geared at reducing the probability of seniors and others becoming victims of financial fraud. We will also increase our visits to senior centers, and other educational venues to provide current information on avoiding being a victim of a financial scam.

Funding Source: Assessments, fees and charges for service and licensing, fines, workers' compensation premium assessments, federal grants, and investment income.

Workers' Compensation Board

ORS 656; OAR 438

- Expand the online portal so that stakeholders can electronically transact business with the board. The board plans to offer online submission of appellate briefs and expand access to case documents through the portal.
- Perform a strategic analysis of the board's information technology processes to streamline and more efficiently meet critical business needs.
- Explore opportunities to provide better access to justice to all communities in the state.
- Increased focus on removing barriers to effective communication with diverse populations.
- Meet timeliness standards within the 90 percent range when setting new requests for hearings, resetting postponed cases, and issuing administrative law judge Opinion and Orders.
- Maintain timeliness standards for issuing board orders on review within 120 days of briefing completion.
- Maintain a high affirmation rate of board orders at the Court of Appeals.
- Resolve Oregon OSHA disputes in a timely and efficient manner.

Funding Source: Workers' compensation premium assessment, Workers' Benefit Fund assessment, arbitration fees, and investment income.

Ombudsman for Injured Workers

ORS 656.709

- 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.

Small Business Ombudsman

ORS 656.709

- Increase awareness of the ombudsman services by working with small-business development centers, trade groups, small-business fairs, state agencies, and employer groups that engage small businesses.
- Provide excellent service by returning all calls within 24 hours and assisting businesses of all sizes with workers' compensation insurance issues.
- Work with carriers that service the Oregon Assigned Risk Plan to provide consistent and effective service to our policyholders.

Funding Source: The ombudsman offices are funded by workers' compensation premium assessment, Workers' Benefit Fund assessment, and investment income.

Health Insurance Marketplace

ORS 741; OAR 945

Social Security Act, Titles XVIII and XIX, section 1882 (g)(1)

- Drive enrollment in the marketplace by targeting Oregon's remaining uninsured population, millennials, and other Oregonians who are eligible for financial assistance but are not yet purchasing marketplace plans.
- Increase the marketplace's presence in eastern Oregon and expand partnerships with community leaders and advocates.
- Deploy a targeted outreach and education campaign through radio, TV, digital, social media, and direct mail to reach Oregon's diverse populations.
- Cultivate sustainable enrollment growth and implement efficiency measures for the Compact of Free Association (COFA) Premium Assistance Program and the Senior Health Insurance Benefits Assistance (SHIBA) program.
- Integrate more effectively with other state agencies to ensure a better experience for Oregonians who are transitioning into and out of Medicaid and into Medicare.
- Increase participation in WorkSource Oregon's Trade Act and Rapid Response sessions to work with employers to help laid-off employees secure other health insurance to ensure no gaps in coverage.
- Recruit SHIBA sponsors for all non-covered counties and regions.
- Increase promotion of SHIBA to the public through expanded outreach and education campaigns and improved collaboration with the Department of Human Services (DHS), Aging and People with Disabilities (APD), and the Oregon Health Authority (OHA).

Funding Source: Assessments paid by insurance companies on plans purchased by Oregonians through the marketplace; federal grant funds pay for the SHIBA program.

The COFA Premium Assessment Fund is a general fund program with appropriation provided by the legislature.

Environmental Factors and Related Initiatives

The Economy

The condition of the economy has a significant effect on the DCBS budget and the workload for many program areas. Other funds revenue sources are directly tied to changes in the economy. As the economy grows, the demand for many of the department's services increases.

Oregon's private-sector businesses added about 29,600 jobs from April 2017 to April 2018, according to the Oregon Employment Department's May 2018 report. That is an increase of 1.6 percent, about what the U.S. economy has gained. While Oregon's economic expansion continues, growth has slowed and stabilized. Yet, jobs are continuing to increase in the construction industry.

In fact, 2017 saw the highest average number of people working in the construction industry – 96,860 – since 2007. Additionally, July, August, September, and October 2017 all topped 100,000 people employed in construction.

Growth in the construction industry means greater demand for services for the Building Codes Division. BCD provides all phases of construction inspection services when local governments choose not to or when customers (either local governments or project owners) request state services. With the growing economy, BCD has received more requests from local governments for its services and creating new partnerships and resource-sharing opportunities.

As construction continues to grow, it will be important to continue standardizing and streamlining all aspects of the construction process, as well as improving access to services with technology. The Building Codes Division is expanding a comprehensive electronic permitting program, which is available to local

jurisdictions throughout the state so that customers can electronically apply for and purchase permits, submit building plans, and schedule inspections. In addition to saving costs for the construction industry, providing this service on a statewide level is helpful to local jurisdictions whose finances would not enable them to independently invest in upgraded systems.

The uptick in the economy is also affecting the workers' compensation system, which is regulated by DCBS. In a growing economy, more Oregonians join or rejoin the workplace and are at risk for work-related injuries or illnesses. Oregon OSHA continues to maintain the highest enforcement presence in the nation. Plus, the division has provided more than 5,000 no-cost workplace consultations during 2016 and 2017.

Health Insurance and Health Reform

Reforms to Oregon's commercial health insurance market have provided more access and choices to Oregonians. In recent years, thousands of Oregonians have health insurance coverage for the first time. Costs for health insurance premiums have also increased. These have had a significant effect on the department. Key areas include:

Oregon Reinsurance Program

The division is implementing the Oregon Reinsurance Program. The program spreads the risk of high-cost claims among all insurance companies to steady the individual health market, helping the health insurance industry keep individual health plan premium rates lower than if the program did not exist.

Rate filings and review

One of the ways in which the Division of Financial Regulation carries out its mission is through the prospective review and approval of health benefit plans sold to individuals and small businesses, including the rates charged and the benefits provided by each company.

Health insurance rates are an estimate of future expenses, including medical and prescription drug claims costs and administrative expenses. These estimates are based on historical data and forecasts of future trends. This data was not known during the first couple years of the implementation of the Affordable Care Act and, as a result, premiums were not high enough to cover costs and many insurers experienced significant losses.

The division approved increased rates for 2018 plans to ensure consumers could count on the coverage they purchased. During its annual rate review process, the division continues to ensure rates are actuarially sound, meaning they adequately cover costs without being too high, too low, or unfairly discriminatory. The division also continues to contract with a consumer advocacy organization to make sure consumers have a voice in the process.

To keep consumers better informed, the division posts rate information online so consumers can look up a health insurance rate request and comment online. The division also broadcasts small group and individual health insurance rate hearings so consumers could watch live or view them later from their computers.

Consumer outreach and assistance

With more Oregonians obtaining health insurance for the first time in recent years, the Division of Financial Regulation's consumer advocacy unit is receiving an increased number of inquiries and complaints. Consumers have questions about areas such as preferred provider networks, deductibles, cost sharing, claim delay, and claim denial.

Because plans and prices for health insurance are changing, the Oregon Health Insurance Marketplace encourages consumers to look at all of their plan options each year before they enroll. The marketplace also is targeting the remaining Oregonians who are not yet covered through a research-driven, focused outreach campaign.

Cost and quality initiatives

The Division of Financial Regulation is heavily involved in statewide efforts to transform the health care system. One area of focus is providing more information to the public about cost drivers in the health care system. These efforts will continue into the 2019-21 biennium.

The division has applied for a federal grant to review cost drivers for the individual health insurance market in rural counties.

Workers' compensation medical care

Medical costs and access to health care also raise significant challenges for DCBS in the area of workers' compensation. The Workers' Compensation Division is heavily focused on the increasing cost of quality medical care to injured workers and workers' access to health care providers. While the cost of medical care to injured workers in Oregon is growing slower than in most states, it remains a large part of the premium rates employers pay for workers'

compensation insurance. The division continues to work with medical providers to determine treatments that achieve the best outcome for injured workers at the lowest cost. Additionally, the Workers' Compensation Division is working to identify strategies for making occupational health a more attractive practice for providers by streamlining procedures and updating the medical provider reimbursement rules.

Emerging Issues in Building Codes

The building codes industry is facing issues regarding local inspection programs, an aging inspection workforce, and continuity in Building Codes Division operations. Some emerging issues include:

- **Local building inspection programs.** The Department of Justice is currently reviewing legal questions regarding local government programs that contract out the entire building program. The division may need to establish additional regional offices and will take steps to provide businesses with permit and inspection services should state services be necessary in interim during any program transitions.
- **Aging and rapidly diminishing inspection workforce.** More than half of the building inspectors/code professionals in the U.S. are estimated to be 55 years old or older. About 82 percent of inspectors will leave the profession in the next 15 years. Finding new inspectors with the necessary skills to take advantage of new technology and training is also challenging. The division is continuing to develop specialized and cross-training classes to help existing inspectors to expand their

skills/certifications and add to the inspector pool.

- **Continuity in division operations.** The previous two factors, plus the inability to find qualified staff, are contributing to ongoing challenges for the division to provide timely and efficient building permit services.

Aging of the Population – and the Workforce

The elderly population continues to grow at a faster pace than Oregon's overall population as a result of the baby boomer generation.

As the population ages, the need for retirement-related financial options will also increase. Many of these options also raise the potential for abuse, as the senior population tends to be vulnerable to aggressive sales techniques and to fraud in areas such as reverse mortgages, annuities, Medicare, and other investment and insurance products targeted to seniors. DCBS has increased education, outreach, and enforcement in these areas and expects this focus to continue. The passage of Senate Bill 95 (effective Jan. 1, 2018) made investment advisor representatives and securities salespeople mandatory reporters. The division will provide training to the securities industry and provide resources, in collaboration with the Department of Human Services, to law enforcement to combat financial elder abuse.

The aging population also affects workers' compensation outcomes. Even though older and more experienced workers tend to have lower injury rates, the higher potential for cumulative trauma claims, the slower healing ability of older workers, and the potential presence of other health conditions all make this group

potentially more challenging to return to appropriate work after injury. Therefore, Oregon's unique return-to-work programs remain a critical service as we move into the next decade.

Finally, the aging of the population affects the DCBS workforce, as well. As more experienced workers retire, the department must have the ability to attract and retain new workers to public service.

Another challenge of the aging population is a high number of building inspectors planning to retire. The Building Codes Division's inspector training program – Oregon Building Codes Academy – completed its first cohort of inspectors in June 2018 and the division will continue the program during the 2019-21 biennium. The division is also identifying new pathways to help young professionals consider inspection services as a long-term career.

Criteria for 2019-21 Budget Development

The DCBS budget is based on the following criteria:

- Protect consumers and workers while supporting a positive business climate.
- Maintain programs and services at reasonable financial cost to regulated entities, consistent with achieving the agency's mission.
- Support department goals and initiatives to improve service and achieve core program purposes.
- Assist regulated industries' efforts to achieve compliance and increase public access to information through electronic data interchange and electronic commerce.

- Upgrade information systems to allow efficient service delivery and data management.
- Maintain adequate program levels to ensure regulatory stability and consumer protection.

Agency Process Improvement Efforts

DCBS continually looks for opportunities to save costs and gain efficiencies. Examples in the 2019-2021 biennium include:

Strategic plan. DCBS is refreshing the agency's strategic plan. This comprehensive document incorporates the foundation, goals, objectives, and strategies for the department's progress over the next three to five years. This work includes all the functions of DCBS, including worker protection, consumer protection, building safety, and shared services.

Outcomes-based management. DCBS developed outcomes-based management systems during the 2015-17 biennium. As a result of this initiative, programs are tracking their performance and developing a greater understanding of their mission, goals, and processes. The outcomes from our management system are directly related to the agency goals of protecting consumers and workers, invigorating our core operations, empowering our employees, and strengthening our partnerships.

Performance management. Each quarter, DCBS programs report on a series of performance measures to the department's Executive Team. The measures include the department's key performance measures (KPMs), as well as a number of additional metrics that show how well the program is performing in areas such as timeliness, service delivery,

and customer outcomes. If a program is performing below the target, it must report the steps it is taking to improve performance.

Centralizing debt collections. DCBS moved to a centralized model for debt collections. After initial review and contact with debtors, accounts are now transferred to the Department of Revenue for active collections. With the passage of Senate Bill 1067 (2017), this change positions DCBS to take full advantage of tools made available to the Department of Revenue under this bill.

2019-21 Process Improvement Plan

In 2019-21, the department will continue process improvement efforts and identify new opportunities. Examples include the following:

- Continue to track and report performance measures on a quarterly basis. Implement action plans for measures that are not performing at target, using a problem-solving model.
- Continue to implement an electronic records management tool to eliminate paper and manage records more effectively.
- Continue to evaluate and ensure that the key performance measures are accurate and reflect the work that DCBS produces.
- Implement cross-divisional standards and best practices for accounts receivable unification processes through breakthrough efforts.
- Create process improvement teams to work towards cascading the process improvement efforts to more employees throughout the department.

Information technology strategy

DCBS strives to be a high-performance agency through its efforts to provide the best service to Oregonians, offer meaningful and timely public information, and achieve effective regulation. To achieve that, the department programs depend on high-quality information and technology. In addition to helping DCBS achieve its mission and goals, information and technology provides the opportunity for the department to be more responsive, effective, efficient, and productive.

The department has strong information technology (IT) planning and project management processes to ensure IT plans and projects are closely aligned with its business needs and are completed on time and within budget. The project portfolio and project priorities are created through ongoing collaboration with all DCBS business areas and the Oregon State Chief Information Office, using the strategic business plans developed by their management teams. The key drivers for projects in the portfolio are effective delivery of services and regulation, regulatory streamlining, customer service, decision support, information security, total cost of ownership, and process improvements.

DCBS uses a centralized application delivery approach to give users access to applications. This significantly extends the life of the department's computers.

Accomplishments

- Completed the migration of most DCBS computing resources from the Labor and Industries Building data center facility to the State Data Center. This move resulted in an overall reduction in servers, nearly 90 percent virtualization, the refresh of most servers, and an updated, simplified network

design. The effort was completed on time and with little operational impact to DCBS program areas.

- Initiated a DCBS IT strategic plan in alignment with the DCBS overall strategic direction. This also has resulted in the prioritization of IT initiatives and brings stronger focus to IT sustainability, utility, capacity, and data and system integrity.
- Completed a number of program-related IT system development projects, such as:
 - Civil penalty tracking for the Workers' Compensation Division
 - Appeals and billing redesign for Oregon OSHA
 - HB 2391, health tax assessment for the Division of Financial Regulation
 - SB 98, new licensing types for the Division of Financial Regulation
 - Response to Issues application for the Workers' Compensation Board

Major information technology initiatives

In 2019-21, the department will focus on information technology that supports these business initiatives:

- Continue to provide building departments and Oregon's construction industry with tools to streamline building permitting processes through continued expansion of the statewide electronic permitting program.
- Continue to make it easier for businesses to work with DCBS by expanding electronic application and renewal processes for professional licensees, and developing online systems for businesses to submit assessments, reports, and data to the department. Projects under way include the expansion of the Workers' Compensation Board's Web portal to allow increased electronic transaction capability for external stakeholders.

BUDGET NARRATIVE

Information Technology

- Continue to improve functionality of electronic services for consumers, such as filing complaints and submitting public comments online.
- Improve consumer and worker protection by enhancing the use of information and key indicators to target the department's actions, including inspections, audits, education, and consultation. For example, the department is using information to better target Oregon OSHA inspections and using workers' compensation claims data to focus its audits and education.
- Continue to leverage centralized Oregon state computing and network services (at the State Data Center) while continuing to migrate outdated or unsupported IT platforms or applications to supported solutions.
- Protect customers' sensitive information from misuse by following data and information security policies and practices.
- Provide video training and education, and broadcasting public hearings and meetings via the Internet. For example, the Division of Financial Regulation broadcasts health rate hearings online, and the Building Codes Division uses video conferencing to effectively train construction professionals around the state. In addition, DCBS uses social media to more effectively and quickly educate the public on key consumer protection and regulatory issues.
- Initiate an updated agency-wide IT governance model.
- Improve operational efficiency and effectiveness. Examples include:
 - Define and document updated IT system architectures that will guide future IT development and projects, and improve sustainability, interoperability, data integrity, and accessibility.
 - Continue to improve IT and IT security management processes and procedures to improve IT quality and support capacity.
 - Increase use of virtualized computing services and resources. These are not only more cost and energy efficient, they provide increased opportunities to advance IT system supportability, backup and restore capabilities.
 - Continue to progress in the implementation of the Oregon Records Management System. This is a multi-year effort that has so far resulted in one complete program's adoption and expansion into two other program areas to support specific functions.
 - Continue to work with the Workers' Compensation Division to explore the feasibility of replacing its aging Workers' Compensation Claims system. The division plans to continue its work to define future business processes, system requirements, and the gap that must be met to determine the scope of work necessary to complete this initiative and develop a business case.

2019 - 21 Department of Consumer and Business Services

10 Percent Reduction Options (ORS 291.216)

Division	Activity or Program	Describe Reduction	Amount and Fund Type	Revenue Source	Rank and Justification
DFR	Division Wide Policy Support (Administrative Rulemaking, Legislative Affairs, Regulatory Guidance, Public Record Request, Stakeholder involvement) (part 2)	Policy work would go to each program area, greatly reducing our ability to respond to legislative request, update rules, request legislative fixes and reduce our ability to have positive interactions with stakeholders.	\$963,227 Other Fund	Assessments and Fees	1
WCD	Workers' Benefit Fund - Retroactive and Other Benefits	There will be reduced accountability for the expenditure of public funds and increased potential for fraudulent and inaccurate payments.	\$4,693,581 Other Fund	PAOA	2
BCD	BCD Training	This reduction would result in the elimination of the consistent and uniform regulatory environment related to training and education requirements for building officials, inspectors and plan reviewers. It would remove the division's ability to establish statewide consistency through consistent training of building code professionals. It would also eliminate our ability to provide additional training options to local government through web-based continuing education program opportunities for inspectors, planners, designers, and contractors. The program/activity has a statutory requirement under ORS 446, 447, 455, 460, 479, 480, and 693. This reduction option eliminates 6 positions.	\$1,794,701 Other Fund	Assessments and Fees	3
WCD	Small Business Ombudsman	More employers may become noncomplying because they will have no advocate to assist them with obtaining required coverage. Employers who have disputes with their insurer about premiums or coverage will not have a resource to answer questions, or advocate on their behalf	\$557,445 Other Fund	PAOA	4

2019 - 21 Department of Consumer and Business Services

10 Percent Reduction Options (ORS 291.216)

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WCD	Workers' Compensation Division - Performance Management Team	The division will have reduced and impaired ability to consistently improve processes and complete needed projects and initiatives that impact our stakeholders. Managers will be required to absorb duties at the expense of other responsibilities.	\$1,568,740		PAOA	5
BCD	BCD Site-Built Construction Inspections (part 1)	This reduction would result in the elimination of field services such as electrical, plumbing, structural/mechanical and pre-fabrication inspections, plans examinations, and permit issuance specific to Salem, Pendleton and Coos Bay. The programs/activities protect property and building occupants, and have a statutory requirement under ORS 447, 455, 460, 479, and 480. This reduction option eliminates 16 positions.	\$4,544,118		Assessments and Fees	6
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BCD	BCD Statewide Services	This reduction would result in elimination of the regulatory oversight of elevators and amusement rides; boilers and pressure vessels; manufactured home ownership and structures; recreational vehicles and parks; and structural/mechanical and plumbing inspections. The programs/activities have a statutory requirement under ORS 446, 447, 455, 460, 479, 480, and 693. This reduction option eliminates 31 positions.	\$9,304,902	Other and Federal Fund	Assessments, Fees, and Federal Funds	8

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Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Consumer and Business Svcs, Dept of
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-000-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	965	957.36	462,839,071	-	-	246,276,380	14,466,034	202,096,657	-
2017-19 Emergency Boards	4	2.17	9,066,700	-	-	6,729,364	2,337,336	-	-
2017-19 Leg Approved Budget	969	959.53	471,905,771	-	-	253,005,744	16,803,370	202,096,657	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(9)	(3.74)	4,651,295	-	-	4,660,990	(9,695)	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			10,029,391	-	-	-	-	10,029,391	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	960	955.79	486,586,457	-	-	257,666,734	16,793,675	212,126,048	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	5,020,419	-	-	4,855,800	164,619	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	485,109	-	-	476,383	8,726	-	-
Subtotal	-	-	5,505,528	-	-	5,332,183	173,345	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	152,520	-	-	14,666	137,854	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(2,213,904)	-	-	(1,847,651)	(366,253)	-	-
Subtotal	-	-	(2,061,384)	-	-	(1,832,985)	(228,399)	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	2,795,553	-	-	2,710,956	84,597	-	-
State Gov't & Services Charges Increase/(Decrease)			1,736,144	-	-	1,736,144	-	-	-

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Subtotal	-	-	4,531,697	-	-	4,447,100	84,597	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	960	955.79	494,562,298	-	-	265,613,032	16,823,218	212,126,048	-

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Subtotal: 2019-21 Current Service Level	960	955.79	494,562,298	-	-	265,613,032	16,823,218	212,126,048	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	(5)	(5.00)	(2,016,675)	-	-	(421,931)	(1,359,527)	(235,217)	-
Modified 2019-21 Current Service Level	955	950.79	492,545,623	-	-	265,191,101	15,463,691	211,890,831	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	(1,000,000)	-	-	(1,000,000)	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(1,455,694)	-	-	(1,455,694)	-	-	-
092 - Statewide AG Adjustment	-	-	(250,093)	-	-	(249,946)	(147)	-	-
101 - Oregon Buys	-	-	-	-	-	-	-	-	-
102 - Insurance Stabilization	1	1.00	185,737,501	-	-	101,255,388	84,482,113	-	-
103 - Covering COFA Families	-	-	1,645,184	1,906,627	-	(261,443)	-	-	-
104 - Serving Oregon Seniors	-	-	-	-	-	-	-	-	-
105 - OSHA Funding Alignment	5	5.00	1,145,399	-	-	1,145,399	-	-	-
106 - Workers' Compensation Modernization Program	5	4.40	1,077,762	-	-	1,077,762	-	-	-
Subtotal Policy Packages	11	10.40	186,900,059	1,906,627	-	100,511,466	84,481,966	-	-
Total 2019-21 Governor's Budget	966	961.19	679,445,682	1,906,627	-	365,702,567	99,945,657	211,890,831	-
Percentage Change From 2017-19 Leg Approved Budget	-0.31%	0.17%	43.98%	-	-	44.54%	494.80%	4.85%	-

Summary of 2019-21 Biennium Budget

Consumer and Business Svcs, Dept of
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 2019-21 Biennium

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Percentage Change From 2019-21 Current Service Level	0.63%	0.56%	37.38%	-	-	37.68%	494.09%	-0.11%	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers Compensation NL Accts
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-005-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	-	-	-	-	-	-	-	-	-
2017-19 Emergency Boards	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			800,000	-	-	-	-	800,000	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	-	-	800,000	-	-	-	-	800,000	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	-	-	800,000	-	-	-	-	800,000	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers Compensation NL Accts
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-005-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2019-21 Current Service Level	-	-	800,000	-	-	-	-	800,000	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	-	-	800,000	-	-	-	-	800,000	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
101 - Oregon Buys	-	-	-	-	-	-	-	-	-
102 - Insurance Stabilization	-	-	-	-	-	-	-	-	-
103 - Covering COFA Families	-	-	-	-	-	-	-	-	-
104 - Serving Oregon Seniors	-	-	-	-	-	-	-	-	-
105 - OSHA Funding Alignment	-	-	-	-	-	-	-	-	-
106 - Workers' Compensation Modernization Program	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	-	-	-	-	-	-	-
Total 2019-21 Governor's Budget	-	-	800,000	-	-	-	-	800,000	-
Percentage Change From 2017-19 Leg Approved Budget	-	-	-	-	-	-	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers Compensation NL Accts
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-005-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Percentage Change From 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers' Benefit Fund
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-006-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	-	-	197,089,211	-	-	-	-	197,089,211	-
2017-19 Emergency Boards	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	197,089,211	-	-	-	-	197,089,211	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	7,423,223	-	-	-	-	7,423,223	-
Capital Construction	-	-	-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	-	-	204,512,434	-	-	-	-	204,512,434	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Non-PICS Personal Service Increase/(Decrease)	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers' Benefit Fund
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-006-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	-	-	204,512,434	-	-	-	-	204,512,434	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers' Benefit Fund
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-006-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2019-21 Current Service Level	-	-	204,512,434	-	-	-	-	204,512,434	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	-	-	204,512,434	-	-	-	-	204,512,434	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
101 - Oregon Buys	-	-	-	-	-	-	-	-	-
102 - Insurance Stabilization	-	-	-	-	-	-	-	-	-
103 - Covering COFA Families	-	-	-	-	-	-	-	-	-
104 - Serving Oregon Seniors	-	-	-	-	-	-	-	-	-
105 - OSHA Funding Alignment	-	-	-	-	-	-	-	-	-
106 - Workers' Compensation Modernization Program	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	-	-	-	-	-	-	-
Total 2019-21 Governor's Budget	-	-	204,512,434	-	-	-	-	204,512,434	-
Percentage Change From 2017-19 Leg Approved Budget	-	-	3.77%	-	-	-	-	3.77%	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers' Benefit Fund
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-006-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Percentage Change From 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers' Compensation System
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-011-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	471	467.88	123,290,609	-	-	107,286,957	12,541,618	3,462,034	-
2017-19 Emergency Boards	-	-	2,650,724	-	-	2,302,264	348,460	-	-
2017-19 Leg Approved Budget	471	467.88	125,941,333	-	-	109,589,221	12,890,078	3,462,034	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(2)	(1.88)	2,387,755	-	-	2,153,414	234,341	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			600,000	-	-	-	-	600,000	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	469	466.00	128,929,088	-	-	111,742,635	13,124,419	4,062,034	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	2,271,717	-	-	2,131,412	140,305	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	155,819	-	-	147,950	7,869	-	-
Subtotal	-	-	2,427,536	-	-	2,279,362	148,174	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	1,242,199	-	-	1,239,999	2,200	-	-
State Gov't & Services Charges Increase/(Decrease)			875,640	-	-	875,640	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers' Compensation System
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-011-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal	-	-	2,117,839	-	-	2,115,639	2,200	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	(595,922)	-	-	(595,922)	-	-	-
Subtotal: 2019-21 Current Service Level	469	466.00	132,878,541	-	-	115,541,714	13,274,793	4,062,034	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers' Compensation System
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-011-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2019-21 Current Service Level	469	466.00	132,878,541	-	-	115,541,714	13,274,793	4,062,034	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	(5)	(5.00)	(1,145,399)	-	-	(421,931)	(723,468)	-	-
Modified 2019-21 Current Service Level	464	461.00	131,733,142	-	-	115,119,783	12,551,325	4,062,034	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(699,889)	-	-	(699,889)	-	-	-
092 - Statewide AG Adjustment	-	-	(153,615)	-	-	(153,615)	-	-	-
101 - Oregon Buys	-	-	-	-	-	-	-	-	-
102 - Insurance Stabilization	-	-	-	-	-	-	-	-	-
103 - Covering COFA Families	-	-	-	-	-	-	-	-	-
104 - Serving Oregon Seniors	-	-	-	-	-	-	-	-	-
105 - OSHA Funding Alignment	5	5.00	1,145,399	-	-	1,145,399	-	-	-
106 - Workers' Compensation Modernization Program	3	2.64	643,684	-	-	643,684	-	-	-
Subtotal Policy Packages	8	7.64	935,579	-	-	935,579	-	-	-
Total 2019-21 Governor's Budget	472	468.64	132,668,721	-	-	116,055,362	12,551,325	4,062,034	-
Percentage Change From 2017-19 Leg Approved Budget	0.21%	0.16%	5.34%	-	-	5.90%	-2.63%	17.33%	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers' Compensation System
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-011-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Percentage Change From 2019-21 Current Service Level	0.64%	0.57%	-0.16%	-	-	0.44%	-5.45%	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers' Comp Board
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-011-12-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	82	82.00	24,048,509	-	-	24,048,509	-	-	-
2017-19 Emergency Boards	-	-	443,827	-	-	443,827	-	-	-
2017-19 Leg Approved Budget	82	82.00	24,492,336	-	-	24,492,336	-	-	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(1)	(1.00)	528,804	-	-	528,804	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	81	81.00	25,021,140	-	-	25,021,140	-	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	502,454	-	-	502,454	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	54,942	-	-	54,942	-	-	-
Subtotal	-	-	557,396	-	-	557,396	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	199,493	-	-	199,493	-	-	-
State Gov't & Services Charges Increase/(Decrease)			110,911	-	-	110,911	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers' Comp Board
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-011-12-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal	-	-	310,404	-	-	310,404	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	287,025	-	-	287,025	-	-	-
Subtotal: 2019-21 Current Service Level	81	81.00	26,175,965	-	-	26,175,965	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers' Comp Board
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-011-12-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2019-21 Current Service Level	81	81.00	26,175,965	-	-	26,175,965	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	81	81.00	26,175,965	-	-	26,175,965	-	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(79,462)	-	-	(79,462)	-	-	-
092 - Statewide AG Adjustment	-	-	(437)	-	-	(437)	-	-	-
101 - Oregon Buys	-	-	-	-	-	-	-	-	-
102 - Insurance Stabilization	-	-	-	-	-	-	-	-	-
103 - Covering COFA Families	-	-	-	-	-	-	-	-	-
104 - Serving Oregon Seniors	-	-	-	-	-	-	-	-	-
105 - OSHA Funding Alignment	-	-	-	-	-	-	-	-	-
106 - Workers' Compensation Modernization Program	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	(79,899)	-	-	(79,899)	-	-	-
Total 2019-21 Governor's Budget	81	81.00	26,096,066	-	-	26,096,066	-	-	-
Percentage Change From 2017-19 Leg Approved Budget	-1.22%	-1.22%	6.55%	-	-	6.55%	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers' Comp Board
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-011-12-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Percentage Change From 2019-21 Current Service Level	-	-	-0.31%	-	-	-0.31%	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers' Comp Division
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-011-13-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	185	183.50	45,003,001	-	-	41,540,967	-	3,462,034	-
2017-19 Emergency Boards	-	-	1,031,678	-	-	1,031,678	-	-	-
2017-19 Leg Approved Budget	185	183.50	46,034,679	-	-	42,572,645	-	3,462,034	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(2)	(2.00)	342,477	-	-	342,477	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			600,000	-	-	-	-	600,000	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	183	181.50	46,977,156	-	-	42,915,122	-	4,062,034	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	1,031,176	-	-	1,031,176	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	43,050	-	-	43,050	-	-	-
Subtotal	-	-	1,074,226	-	-	1,074,226	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	381,261	-	-	381,261	-	-	-
State Gov't & Services Charges Increase/(Decrease)			342,955	-	-	342,955	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers' Comp Division
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-011-13-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal	-	-	724,216	-	-	724,216	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	(512,122)	-	-	(512,122)	-	-	-
Subtotal: 2019-21 Current Service Level	183	181.50	48,263,476	-	-	44,201,442	-	4,062,034	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers' Comp Division
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-011-13-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2019-21 Current Service Level	183	181.50	48,263,476	-	-	44,201,442	-	4,062,034	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	183	181.50	48,263,476	-	-	44,201,442	-	4,062,034	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(326,518)	-	-	(326,518)	-	-	-
092 - Statewide AG Adjustment	-	-	(58,114)	-	-	(58,114)	-	-	-
101 - Oregon Buys	-	-	-	-	-	-	-	-	-
102 - Insurance Stabilization	-	-	-	-	-	-	-	-	-
103 - Covering COFA Families	-	-	-	-	-	-	-	-	-
104 - Serving Oregon Seniors	-	-	-	-	-	-	-	-	-
105 - OSHA Funding Alignment	-	-	-	-	-	-	-	-	-
106 - Workers' Compensation Modernization Program	3	2.64	643,684	-	-	643,684	-	-	-
Subtotal Policy Packages	3	2.64	259,052	-	-	259,052	-	-	-
Total 2019-21 Governor's Budget	186	184.14	48,522,528	-	-	44,460,494	-	4,062,034	-
Percentage Change From 2017-19 Leg Approved Budget	0.54%	0.35%	5.40%	-	-	4.43%	-	17.33%	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Workers' Comp Division
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-011-13-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Percentage Change From 2019-21 Current Service Level	1.64%	1.45%	0.54%	-	-	0.59%	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
OR - OSHA
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-011-15-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	204	202.38	54,239,099	-	-	41,697,481	12,541,618	-	-
2017-19 Emergency Boards	-	-	1,175,219	-	-	826,759	348,460	-	-
2017-19 Leg Approved Budget	204	202.38	55,414,318	-	-	42,524,240	12,890,078	-	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	1	1.12	1,516,474	-	-	1,282,133	234,341	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	205	203.50	56,930,792	-	-	43,806,373	13,124,419	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	738,087	-	-	597,782	140,305	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	57,827	-	-	49,958	7,869	-	-
Subtotal	-	-	795,914	-	-	647,740	148,174	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	661,445	-	-	659,245	2,200	-	-
State Gov't & Services Charges Increase/(Decrease)			421,774	-	-	421,774	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
OR - OSHA
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-011-15-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal	-	-	1,083,219	-	-	1,081,019	2,200	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	(370,825)	-	-	(370,825)	-	-	-
Subtotal: 2019-21 Current Service Level	205	203.50	58,439,100	-	-	45,164,307	13,274,793	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
OR - OSHA
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-011-15-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2019-21 Current Service Level	205	203.50	58,439,100	-	-	45,164,307	13,274,793	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	(5)	(5.00)	(1,145,399)	-	-	(421,931)	(723,468)	-	-
Modified 2019-21 Current Service Level	200	198.50	57,293,701	-	-	44,742,376	12,551,325	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(293,909)	-	-	(293,909)	-	-	-
092 - Statewide AG Adjustment	-	-	(95,064)	-	-	(95,064)	-	-	-
101 - Oregon Buys	-	-	-	-	-	-	-	-	-
102 - Insurance Stabilization	-	-	-	-	-	-	-	-	-
103 - Covering COFA Families	-	-	-	-	-	-	-	-	-
104 - Serving Oregon Seniors	-	-	-	-	-	-	-	-	-
105 - OSHA Funding Alignment	5	5.00	1,145,399	-	-	1,145,399	-	-	-
106 - Workers' Compensation Modernization Program	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	5	5.00	756,426	-	-	756,426	-	-	-
Total 2019-21 Governor's Budget	205	203.50	58,050,127	-	-	45,498,802	12,551,325	-	-
Percentage Change From 2017-19 Leg Approved Budget	0.49%	0.55%	4.76%	-	-	6.99%	-2.63%	-	-

Summary of 2019-21 Biennium Budget

Consumer and Business Svcs, Dept of
OR - OSHA
2019-21 Biennium

Governor's Budget
Cross Reference Number: 44000-011-15-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Percentage Change From 2019-21 Current Service Level	-	-	-0.67%	-	-	0.74%	-5.45%	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Insurance
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-014-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	-	-	-	-	-	-	-	-	-
2017-19 Emergency Boards	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	-	-	-	-	-	-	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Insurance
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-014-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
101 - Oregon Buys	-	-	-	-	-	-	-	-	-
102 - Insurance Stabilization	-	-	-	-	-	-	-	-	-
103 - Covering COFA Families	-	-	-	-	-	-	-	-	-
104 - Serving Oregon Seniors	-	-	-	-	-	-	-	-	-
105 - OSHA Funding Alignment	-	-	-	-	-	-	-	-	-
106 - Workers' Compensation Modernization Program	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	-	-	-	-	-	-	-
Total 2019-21 Governor's Budget	-	-	-	-	-	-	-	-	-
Percentage Change From 2017-19 Leg Approved Budget	-	-	-	-	-	-	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Insurance
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-014-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Percentage Change From 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Health Insurance Marketplace
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-015-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	22	22.00	17,529,079	-	-	16,141,763	1,387,316	-	-
2017-19 Emergency Boards	-	-	968,360	-	-	148,272	820,088	-	-
2017-19 Leg Approved Budget	22	22.00	18,497,439	-	-	16,290,035	2,207,404	-	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	52,413	-	-	29,193	23,220	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	22	22.00	18,549,852	-	-	16,319,228	2,230,624	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	80,549	-	-	68,860	11,689	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	8,951	-	-	8,788	163	-	-
Subtotal	-	-	89,500	-	-	77,648	11,852	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(1,146,851)	-	-	(1,146,851)	-	-	-
Subtotal	-	-	(1,146,851)	-	-	(1,146,851)	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	483,775	-	-	425,052	58,723	-	-
State Gov't & Services Charges Increase/(Decrease)			48,864	-	-	48,864	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Health Insurance Marketplace
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-015-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal	-	-	532,639	-	-	473,916	58,723	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	49,546	-	-	49,546	-	-	-
Subtotal: 2019-21 Current Service Level	22	22.00	18,074,686	-	-	15,773,487	2,301,199	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Health Insurance Marketplace
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-015-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2019-21 Current Service Level	22	22.00	18,074,686	-	-	15,773,487	2,301,199	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	(636,059)	-	-	-	(636,059)	-	-
Modified 2019-21 Current Service Level	22	22.00	17,438,627	-	-	15,773,487	1,665,140	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	(1,000,000)	-	-	(1,000,000)	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(32,504)	-	-	(32,504)	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
101 - Oregon Buys	-	-	-	-	-	-	-	-	-
102 - Insurance Stabilization	-	-	-	-	-	-	-	-	-
103 - Covering COFA Families	-	-	1,645,184	1,906,627	-	(261,443)	-	-	-
104 - Serving Oregon Seniors	-	-	-	-	-	-	-	-	-
105 - OSHA Funding Alignment	-	-	-	-	-	-	-	-	-
106 - Workers' Compensation Modernization Program	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	612,680	1,906,627	-	(1,293,947)	-	-	-
Total 2019-21 Governor's Budget	22	22.00	18,051,307	1,906,627	-	14,479,540	1,665,140	-	-
Percentage Change From 2017-19 Leg Approved Budget	-	-	-2.41%	-	-	-11.11%	-24.57%	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Health Insurance Marketplace
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-015-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Percentage Change From 2019-21 Current Service Level	-	-	-0.13%	-	-	-8.20%	-27.64%	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Finance and Corp Securities
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-016-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	-	-	-	-	-	-	-	-	-
2017-19 Emergency Boards	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	-	-	-	-	-	-	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Finance and Corp Securities
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-016-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
101 - Oregon Buys	-	-	-	-	-	-	-	-	-
102 - Insurance Stabilization	-	-	-	-	-	-	-	-	-
103 - Covering COFA Families	-	-	-	-	-	-	-	-	-
104 - Serving Oregon Seniors	-	-	-	-	-	-	-	-	-
105 - OSHA Funding Alignment	-	-	-	-	-	-	-	-	-
106 - Workers' Compensation Modernization Program	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	-	-	-	-	-	-	-
Total 2019-21 Governor's Budget	-	-	-	-	-	-	-	-	-
Percentage Change From 2017-19 Leg Approved Budget	-	-	-	-	-	-	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Finance and Corp Securities
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-016-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Percentage Change From 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Central Services Division
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-017-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	159	157.04	40,979,143	-	-	40,426,107	287,341	265,695	-
2017-19 Emergency Boards	-	-	850,661	-	-	841,910	8,751	-	-
2017-19 Leg Approved Budget	159	157.04	41,829,804	-	-	41,268,017	296,092	265,695	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	1	1.96	1,742,924	-	-	1,727,968	14,956	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			1,180,757	-	-	-	-	1,180,757	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	160	159.00	44,753,485	-	-	42,995,985	311,048	1,446,452	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	948,189	-	-	938,370	9,819	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	79,949	-	-	79,405	544	-	-
Subtotal	-	-	1,028,138	-	-	1,017,775	10,363	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	237,824	-	-	236,878	946	-	-
State Gov't & Services Charges Increase/(Decrease)			228,048	-	-	228,048	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Central Services Division
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-017-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal	-	-	465,872	-	-	464,926	946	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	1,151,664	-	-	1,151,664	-	-	-
Subtotal: 2019-21 Current Service Level	160	159.00	47,399,159	-	-	45,630,350	322,357	1,446,452	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Central Services Division
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-017-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2019-21 Current Service Level	160	159.00	47,399,159	-	-	45,630,350	322,357	1,446,452	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	160	159.00	47,399,159	-	-	45,630,350	322,357	1,446,452	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(308,183)	-	-	(308,183)	-	-	-
092 - Statewide AG Adjustment	-	-	(830)	-	-	(830)	-	-	-
101 - Oregon Buys	-	-	-	-	-	-	-	-	-
102 - Insurance Stabilization	-	-	-	-	-	-	-	-	-
103 - Covering COFA Families	-	-	-	-	-	-	-	-	-
104 - Serving Oregon Seniors	-	-	-	-	-	-	-	-	-
105 - OSHA Funding Alignment	-	-	-	-	-	-	-	-	-
106 - Workers' Compensation Modernization Program	2	1.76	434,078	-	-	434,078	-	-	-
Subtotal Policy Packages	2	1.76	125,065	-	-	125,065	-	-	-
Total 2019-21 Governor's Budget	162	160.76	47,524,224	-	-	45,755,415	322,357	1,446,452	-
Percentage Change From 2017-19 Leg Approved Budget	1.89%	2.37%	13.61%	-	-	10.87%	8.87%	444.40%	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Central Services Division
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-017-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Percentage Change From 2019-21 Current Service Level	1.25%	1.11%	0.26%	-	-	0.27%	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Division of Financial Regulation
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-018-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	176	175.64	46,403,313	-	-	45,733,813	-	669,500	-
2017-19 Emergency Boards	4	2.17	2,630,295	-	-	1,472,781	1,157,514	-	-
2017-19 Leg Approved Budget	180	177.81	49,033,608	-	-	47,206,594	1,157,514	669,500	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(6)	(4.02)	372,330	-	-	653,591	(281,261)	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			25,411	-	-	-	-	25,411	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	174	173.79	49,431,349	-	-	47,860,185	876,253	694,911	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	1,015,420	-	-	1,015,420	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	119,731	-	-	119,731	-	-	-
Subtotal	-	-	1,135,151	-	-	1,135,151	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	152,520	-	-	14,666	137,854	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(1,067,053)	-	-	(700,800)	(366,253)	-	-
Subtotal	-	-	(914,533)	-	-	(686,134)	(228,399)	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	465,285	-	-	443,865	21,420	-	-
State Gov't & Services Charges Increase/(Decrease)			322,371	-	-	322,371	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Division of Financial Regulation
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-018-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal	-	-	787,656	-	-	766,236	21,420	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	(95,288)	-	-	(95,288)	-	-	-
Subtotal: 2019-21 Current Service Level	174	173.79	50,344,335	-	-	48,980,150	669,274	694,911	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Division of Financial Regulation
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-018-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2019-21 Current Service Level	174	173.79	50,344,335	-	-	48,980,150	669,274	694,911	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	174	173.79	50,344,335	-	-	48,980,150	669,274	694,911	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(271,816)	-	-	(271,816)	-	-	-
092 - Statewide AG Adjustment	-	-	(75,276)	-	-	(75,276)	-	-	-
101 - Oregon Buys	-	-	-	-	-	-	-	-	-
102 - Insurance Stabilization	1	1.00	185,737,501	-	-	101,255,388	84,482,113	-	-
103 - Covering COFA Families	-	-	-	-	-	-	-	-	-
104 - Serving Oregon Seniors	-	-	-	-	-	-	-	-	-
105 - OSHA Funding Alignment	-	-	-	-	-	-	-	-	-
106 - Workers' Compensation Modernization Program	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	1	1.00	185,390,409	-	-	100,908,296	84,482,113	-	-
Total 2019-21 Governor's Budget	175	174.79	235,734,744	-	-	149,888,446	85,151,387	694,911	-
Percentage Change From 2017-19 Leg Approved Budget	-2.78%	-1.70%	380.76%	-	-	217.52%	7,256.40%	3.80%	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Division of Financial Regulation
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-018-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Percentage Change From 2019-21 Current Service Level	0.57%	0.58%	368.24%	-	-	206.02%	12,622.95%	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Building Codes Division
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-019-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	137	134.80	37,547,716	-	-	36,687,740	249,759	610,217	-
2017-19 Emergency Boards	-	-	1,966,660	-	-	1,964,137	2,523	-	-
2017-19 Leg Approved Budget	137	134.80	39,514,376	-	-	38,651,877	252,282	610,217	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(2)	0.20	95,873	-	-	96,824	(951)	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	135	135.00	39,610,249	-	-	38,748,701	251,331	610,217	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	704,544	-	-	701,738	2,806	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	120,659	-	-	120,509	150	-	-
Subtotal	-	-	825,203	-	-	822,247	2,956	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	366,470	-	-	365,162	1,308	-	-
State Gov't & Services Charges Increase/(Decrease)			261,221	-	-	261,221	-	-	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Building Codes Division
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-019-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal	-	-	627,691	-	-	626,383	1,308	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	(510,000)	-	-	(510,000)	-	-	-
Subtotal: 2019-21 Current Service Level	135	135.00	40,553,143	-	-	39,687,331	255,595	610,217	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Building Codes Division
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-019-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2019-21 Current Service Level	135	135.00	40,553,143	-	-	39,687,331	255,595	610,217	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	(235,217)	-	-	-	-	(235,217)	-
Modified 2019-21 Current Service Level	135	135.00	40,317,926	-	-	39,687,331	255,595	375,000	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(143,302)	-	-	(143,302)	-	-	-
092 - Statewide AG Adjustment	-	-	(20,372)	-	-	(20,225)	(147)	-	-
101 - Oregon Buys	-	-	-	-	-	-	-	-	-
102 - Insurance Stabilization	-	-	-	-	-	-	-	-	-
103 - Covering COFA Families	-	-	-	-	-	-	-	-	-
104 - Serving Oregon Seniors	-	-	-	-	-	-	-	-	-
105 - OSHA Funding Alignment	-	-	-	-	-	-	-	-	-
106 - Workers' Compensation Modernization Program	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	(163,674)	-	-	(163,527)	(147)	-	-
Total 2019-21 Governor's Budget	135	135.00	40,154,252	-	-	39,523,804	255,448	375,000	-
Percentage Change From 2017-19 Leg Approved Budget	-1.46%	0.15%	1.62%	-	-	2.26%	1.25%	-38.55%	-

Summary of 2019-21 Biennium Budget

**Consumer and Business Svcs, Dept of
Building Codes Division
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 44000-019-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Percentage Change From 2019-21 Current Service Level	-	-	-0.98%	-	-	-0.41%	-0.06%	-38.55%	-

Agencywide Program Unit Summary
2019-21 Biennium

Version: Y - 01 - Governor's Budget

Summary Cross Reference Number	Cross Reference Description	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
005-00-00-00000	Workers Compensation NL Accts						
	Other Funds	739,673	-	-	800,000	800,000	-
006-00-00-00000	Workers' Benefit Fund						
	Other Funds	160,996,549	197,089,211	197,089,211	204,512,434	204,512,434	-
011-12-00-00000	Workers' Comp Board						
	Other Funds	21,879,922	24,048,509	24,492,336	26,175,965	26,096,066	-
011-13-00-00000	Workers' Comp Division						
	Other Funds	38,396,137	45,003,001	46,034,679	48,907,160	48,522,528	-
011-15-00-00000	OR - OSHA						
	Other Funds	37,732,204	41,697,481	42,524,240	45,887,775	45,498,802	-
	Federal Funds	10,793,895	12,541,618	12,890,078	12,551,325	12,551,325	-
	All Funds	48,526,099	54,239,099	55,414,318	58,439,100	58,050,127	-
014-00-00-00000	Insurance						
	Other Funds	24,942,389	-	-	-	-	-
	Federal Funds	2,902,008	-	-	-	-	-
	All Funds	27,844,397	-	-	-	-	-
015-00-00-00000	Health Insurance Marketplace						
	General Fund	1,823,000	-	-	3,829,919	1,906,627	-
	Other Funds	18,302,961	16,141,763	16,290,035	15,512,044	14,479,540	-

Agencywide Program Unit Summary
2019-21 Biennium

Version: Y - 01 - Governor's Budget

Summary Cross Reference Number	Cross Reference Description	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
015-00-00-00000	Health Insurance Marketplace						
	Federal Funds	-	1,387,316	2,207,404	1,665,140	1,665,140	-
	All Funds	20,125,961	17,529,079	18,497,439	21,007,103	18,051,307	-
016-00-00-00000	Finance and Corp Securities						
	Other Funds	16,795,807	-	-	-	-	-
017-00-00-00000	Central Services Division						
	Other Funds	38,396,171	40,691,802	41,533,712	47,719,571	47,201,867	-
	Federal Funds	-	287,341	296,092	322,357	322,357	-
	All Funds	38,396,171	40,979,143	41,829,804	48,041,928	47,524,224	-
018-00-00-00000	Division of Financial Regulation						
	Other Funds	-	46,403,313	47,876,094	150,667,839	150,583,357	-
	Federal Funds	-	-	1,157,514	85,151,387	85,151,387	-
	All Funds	-	46,403,313	49,033,608	235,819,226	235,734,744	-
019-00-00-00000	Building Codes Division						
	Other Funds	32,857,263	37,297,957	39,262,094	40,062,331	39,898,804	-
	Federal Funds	-	249,759	252,282	255,595	255,448	-
	All Funds	32,857,263	37,547,716	39,514,376	40,317,926	40,154,252	-
TOTAL AGENCY							
	General Fund	1,823,000	-	-	3,829,919	1,906,627	-

Summary Cross Reference Number	Cross Reference Description	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
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TOTAL AGENCY

Other Funds	391,039,076	448,373,037	455,102,401	580,245,119	577,593,398	-
Federal Funds	13,695,903	14,466,034	16,803,370	99,945,804	99,945,657	-
All Funds	406,557,979	462,839,071	471,905,771	684,020,842	679,445,682	-

Operating Funds

The Department of Consumer and Business Services is responsible for the management of dedicated accounts within five operating funds:

- Consumer and Business Services Fund
- Workers' Benefit Fund
- Health System Reinsurance Fund
- Health Insurance Marketplace Fund
- COFA Premium Assistance Program Fund

The department is funded by more than 500 dedicated fees, assessments, and charges subject to the provisions of ORS 291.050-.060, which impose restrictions and procedures for the establishment and revision of agency fees.

Historically, the department has not received general fund dollars. However, it received some general fund money in the 2015-17 biennium in accordance with COFA legislation passed during the 2016 session. For the 2019-21 biennium, DCBS is seeking general fund appropriation to continue funding this program. DCBS also receives some federal funds for its programs. The department receives no lottery funds.

DCBS transfers revenues to the general fund for general governmental purposes.

Consumer and Business Services Fund

The Consumer and Business Services Fund is the primary operating fund for the department. It is composed of a number of dedicated accounts. These accounts are established to record revenues and expenditures for DCBS programs.

Workers' Benefit Fund

The Workers' Benefit Fund was legislatively created by HB 2044 (1995) and supports programs that help injured workers and their employers.

The fund pays for cost-of-living increases for fatally or permanently injured workers and their beneficiaries, reimburses insurers for certain return-to-work program costs, pays claims costs ordered by the Workers' Compensation Board for older claims, pays claims and administrative costs for the workers of dissolved self-insured employer groups, and pays costs for several smaller programs.

Health System Reinsurance Fund

HB 2391 (2017) created the Health System Reinsurance Fund. It is funded by an assessment on health insurers. It also received a one-time transfer from the Health Insurance Marketplace Fund as well as the remaining funds from the Oregon Medical Insurance Pool (OMIP). The fund provides funds to the Oregon Health Authority and for a health care reinsurance program at DCBS.

Health Insurance Marketplace Fund

The Health Insurance Marketplace Fund was created by SB 1 (2015) for the operation of the marketplace. The primary revenue source is the monthly assessment paid by health insurers operating in the marketplace.

COFA Premium Assistance Program Fund

The Compact of Free Association (COFA) Fund was created by HB 4071 (2016) to provide financial assistance to cover some health care costs for Pacific Islanders residing in Oregon. COFA revenue was from a one-time general fund transfer into the fund.

Revenue Forecast Methodology

The department's approach to setting fees and assessment rates is based on the principle that regulatory costs should be paid by those who necessitate the regulation. In general, the department sets programmatic revenues that match legislatively approved expenditures while maintaining a prudent financial reserve. When setting rates, DCBS strives to:

- Meet the cash flow needs of the program
- Accommodate the timing of receipts and expenditures
- Ensure stable funding for legislatively approved programs and services during uncertain economic times
- Minimize the volatility of fees and assessments on regulated industries and the consumers they serve

To meet these objectives, the department typically analyzes fees, assessments, and expenses over a five-year timeframe. The projected revenue levels are based on DCBS financial statements, planned programmatic expenditures, and the Oregon Office of Economic Analysis (OEA) projections of Oregon's economy. Estimates are also made of the impact on programs if a recession were to occur.

The projected revenue levels in the department's agency request budget are based on 2017-19 DCBS Financial Performance Reports which include actual revenue and expenditures as of Dec. 31, 2017, the state economist's March 2018 economic projections, and industry factors compiled by DCBS.

Rate Changes

When DCBS considers rate changes, it first attempts to create a structure that allows it to accomplish its mission while keeping expenditures in line with the forecasted revenue and budgetary limitation. If it appears expenditure requirements will exceed revenue over a sustained period, the department considers a reduced program level that can be supported by forecasted revenue. It consults with the regulated industry and stakeholders to develop a program level that will allow it to achieve its mission.

DCBS then determines a fee structure to support the needed level of regulation within its budget. The resulting fee structure is intended to generate enough revenue to closely match the regulatory costs for the program.

Other Funds

The major sources of income for the department include the following other fund revenues:

- Workers' Benefit Fund assessment
- Workers' compensation premium assessments
- Insurer assessments
- Financial institution assessments
- License fees and other charges for services
- Interest earnings and earnings from investment sales
- Fines and penalties

Federal Funds

In addition to its other fund revenues, the department receives federal funds for the following areas:

- Administration of the Occupational Safety and Health Act (OSHA)
- Collection of statistics for the U.S. Bureau of Labor Statistics
- Regulation of the production of manufactured housing
- Administration of the Oregon Senior Health Insurance Benefits Assistance (SHIBA) Program
- 1332 Waiver Grant for the Reinsurance Program
- Health Insurance Enforcement and Consumer Protection Grant

The department continues to collect the maximum amount of federal dollars possible to offset state program costs. Federal funds are used to reimburse the department for approved expenditures charged against its federal funds expenditures limitation.

General Fund

Historically, DCBS has not received a general fund appropriation. However, HB 4071 (2016) appropriated \$1.8 million for deposit into the COFA Premium Assistance Program Fund. This funds a program to provide assistance with health care premiums and out-of-pocket costs for Pacific Islanders legally residing in Oregon under the Compact of Free Association.

DCBS transfers some revenue to the general fund for general government purposes. The department collects retaliatory taxes from out-of-state insurance companies, which it transfers to the general fund. It collects these retaliatory taxes from insurance companies based in states with higher tax rates than Oregon. In addition, DCBS

collects a quarterly tax from surplus lines insurers that is transferred to the general fund.

The department also transfers the revenues in excess of the Division of Financial Regulation Securities Program's expenditures to the general fund. Fines collected by the insurance and mortgage programs are also transferred to the general fund.

DCBS transferred about \$141 million in insurance taxes and \$24 million in securities fees to the general fund during the 2015-17 biennium.

Revenue Descriptions

Workers' Benefit Fund Assessment

This assessment pays for programs that help injured workers and their employers. For example, the fund provides benefit increases to permanently and totally disabled workers and to families of workers who died from a workplace injury or disease to reflect changes in state average wages, an approximation of the cost of living. The fund also supports Oregon's highly successful return-to-work programs that help injured workers return to work quickly and earn close to their pre-injury wages. The assessment is paid by employers and workers through the Combined Tax Reporting Program. The current rate is 2.8 cents per hour. The rate is shared equally between employers and employees. The assessment funds the following programs:

- Retroactive Program
- Reemployment Assistance Program
- Noncomplying Employers Program
- Reopened Claims Program

BUDGET NARRATIVE

- Oregon Institute of Occupational Health Sciences, OHSU (one-16th of 1 cent, per ORS 656.630)Supplemental disability benefits
- Wages for Multiple Jobs
- Self-insured group claims
- Bureau of Labor and Industries to enforce chapter 659A anti-discrimination laws (ORS 656.605(2)(f))
- Workers with Disabilities Program

The DCBS director may adjust the cents-per-hour assessment rate annually. The department reviews the Workers' Benefit Fund assessment and sets it at a level that will finance projected payments plus an adequate ending fund balance to minimize volatility and support the long-term liability of the fund.

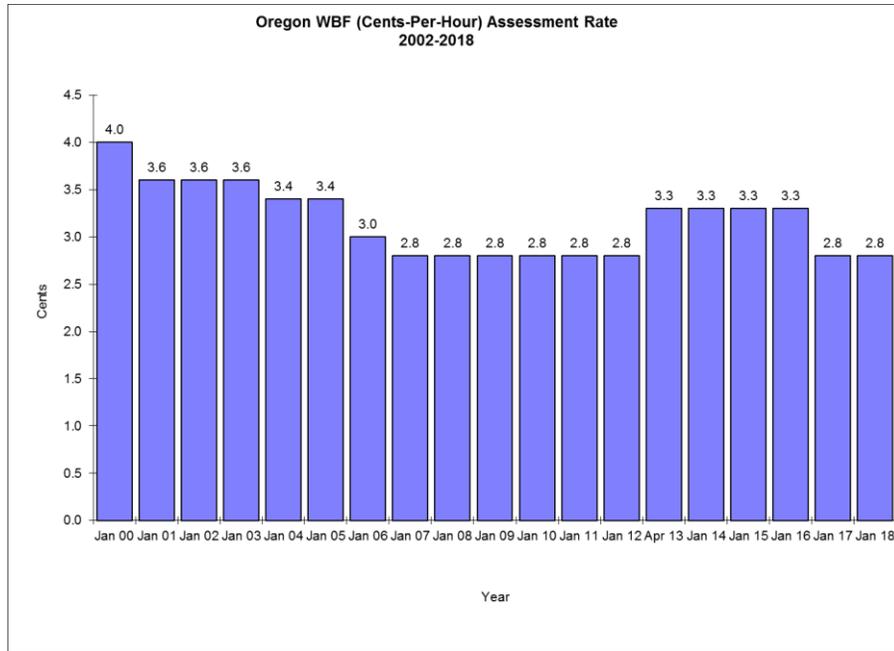
Because the assessment is based on hours worked, the severe recession in 2010-2013 significantly reduced the fund's revenue. To address this, in 2013, the assessment rate was increased to 3.3 cents per hour worked, but has been reduced to 2.8 cents per hour in January 2017. The reduction reflected lower program expenditures and an expanding economy.

The legislature has expanded the use of the WBF in recent years. SB 1558 (2014) provided for claims payments from the WBF for self-insurer groups that have become insolvent and exhausted their reserves. HB 2337 and HB 2338 both passed during the 2017 legislative session, increased some payments to permanently totally disabled workers and the beneficiaries of injured workers.

SB 1558 also changed the WBF balance requirement from "approximately 12 months of expenditures" to "no less than six months of expenditures." It requires the Management-Labor Advisory

Committee (MLAC) to study the effects of changing this requirement and report its findings by Jan. 1, 2019. This requirement was another reason for not lowering the 2018 assessment rate, and the report's conclusions will also be considered in future rate decisions.

When evaluating the assessment rates for 2018, DCBS determined that under optimal conditions the rate could be lowered. The decision was made to leave the rate at 2.8 cents-per-hour to safeguard against the uncertainty associated with the costs from the new legislation and recession risks. Going forward to 2019 and beyond, there is a possibility that the rate could be lowered given current revenue and expenditure projections. However, there is still uncertainty associated with the economy and the possibility of a recession, which could lower the WBF assessment revenue base. All of these factors will be evaluated when the department considers possible changes in the assessment rate as part of its normal rate setting process each year.



Workers' Compensation Premium Assessment

Like other forms of insurance, employers pay premiums to their insurer in return for workers' compensation coverage. An assessment on this premium is collected from employers and forwarded to the state by insurers and self-insured employers.

The premium assessment is a percentage charged against workers' compensation premiums. Insurance premiums are based on two main components:

- Pure premiums – This is the amount of the premium that is expected to be needed to cover claim costs. Pure premium rate

is set by DCBS and decreases when there is a decline in medical care costs and increases as costs increase.

- Additional administrative charges set by each individual insurance company to cover their cost of doing business and earnings.

As pure premium costs decrease, and employers pay less for workers' compensation insurance premiums, the percentage charged for the premium assessment yields less revenue. When this occurs, the percentage requires an adjustment in order to maintain the level of program funding to continue the existing service delivery. The overall impact to the employer is offset by the reduction in premium cost.

The DCBS director sets the assessment rate each fall for the following calendar year. The current rate is 7.4 percent of earned premiums for insurers, 7.6 percent for self-insured employers and public self-insured groups, and 8.4 percent for private self-insured employer groups. The additional amounts paid by self-insured employers and self-insured employer groups go into separate reserve accounts. Statute requires the director to use an administrative hearing process to set the assessment at a rate sufficient to support legislatively approved workers' compensation-related programs and services, including an appropriate ending fund balance to accommodate economic and other system variables. The assessment was last changed effective Jan. 1, 2018, when it was increased from 6.8 percent.

The pure premium rate, the rate paid per \$100 of payroll that covers workers' compensation claim costs, has declined by 33 percent between 2013 and 2018. The 2018 decline alone was 14 percent and reduced employers' premiums by about \$130 million per year. This reduced the forecast revenue by about \$9 million a year. The increase in the assessment rate to 7.4 percent restored \$5 million of this lost

revenue needed to maintain workers' compensation and safety programs.

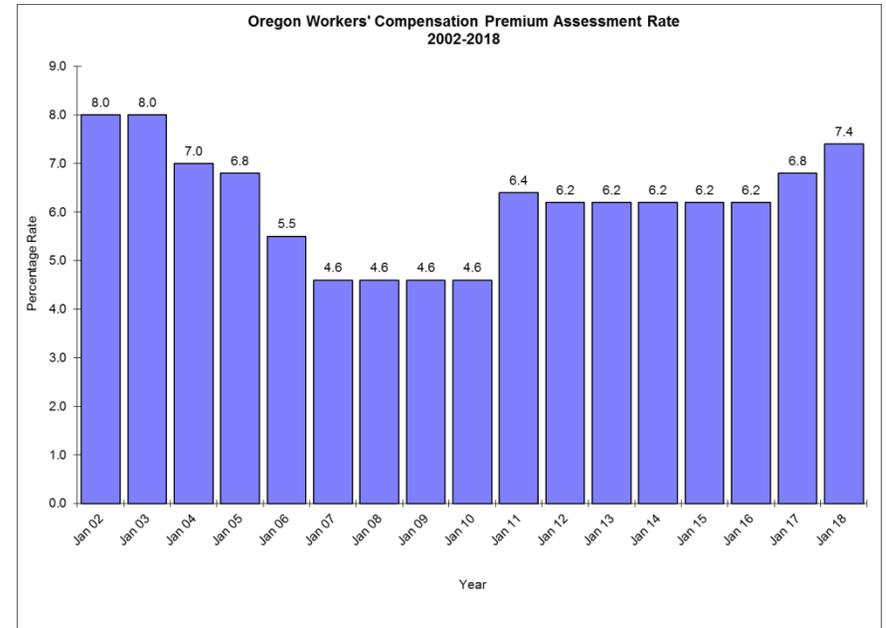
The need for future assessment rate changes is subject to changing circumstances. There are several factors that could necessitate a further increase in the assessment rate, including:

- Payroll growth that is slower than currently forecast by the Office of Economic Analysis
- Further reductions in the premium rates charged to employers for workers' compensation insurance
- Reduction in federal funds that support OSHA programs
- Additional legislatively approved expenditures.

Changes in the opposite direction for any of these factors could result in a decrease in the assessment rate.

Because the premium assessment is based on employment and payroll, it may change depending on the condition of the economy to ensure the department can continue to provide critical workplace safety and workers' compensation programs. Premium Assessment Funds are dedicated for the following purposes:

- Operating costs of regulating the workers' compensation system, including the Ombudsman for Injured Workers and Small Business Ombudsmen
- Claims costs not recovered from uninsured employers
- Oregon Institute of Occupational Health Sciences, OHSU (per ORS 656.630)



Workers' Compensation Self-Insured Employer Assessment

The director may impose additional assessments on self-insured employers and self-insured employer groups. These incremental assessments are deposited into the Self-Insured Employers Adjustment Reserve (SIEAR) and the Self-Insured Employer Group Adjustment Reserve (SIEGAR), respectively. The department currently collects an additional 0.2 percent assessment from self-insured employers and public-sector self-insured employer groups and an additional 1.0 percent assessment from private-sector self-insured employer groups. These rates are also set during the administrative hearing process used to set the workers' compensation premium assessment rate.

These reserves are guaranty funds. Claims payments are made from the SIEAR and SIEGAR on behalf of workers of self-insured employers when funds are not available from the employer and any excess insurance or security deposits are exhausted. With the passage of SB 1558 (2014), effective April 1, 2014, the assessments paid by the self-insured employer groups are paid into separate public-sector and private-sector accounts rather than the SIEGAR account.

These assessment rates have been stable over time. The SIEAR assessment rate has been 0.2 percent since 2005. The SIEGAR assessment rate was 0.2 percent from 1987 through 2013. It was raised to 1.0 percent in 2014 because of the instability that led to SB 1558. After the legislation, the assessment rate for the two public-sector self-insured groups was lowered to 0.2 percent. Barring unexpected instability, the assessment rates should continue to be stable.

Federal Occupational Safety and Health Administration (OSHA)

The department receives a grant from the U.S. Department of Labor that provides up to 50 percent funding for carrying out the Occupational Safety and Health Act of 1970. The department also has a contractual agreement with the Occupational Safety and Health Administration for 90 percent funding for safety and health consultative services to private-sector employers.

The amount of federal funds received for Oregon OSHA has been on the decline over the past several years. Since OSHA is also funded by the workers' compensation premium assessment, the decline in federal revenues may require more funding from the assessment.

Federal Bureau of Labor Statistics

An agreement between the department and the U.S. Bureau of Labor Statistics provides 50 percent funding to conduct research and analysis related to occupational safety and health.

Division of Financial Regulation Assessments and Fees

The Division of Financial Regulation (DFR) is funded primarily by annual assessments on insurance premiums, banking assets, credit union assets, program licensing and registration fees, examination fees, and security licensing and registration fees. In total, there are about 150 fees and assessments. The 2017 Legislature added two programs to DFR's responsibilities: debt buyers and mortgage loan servicers. The 2018 Legislature added a reporting program for drug manufacturers, with a registration fee.

The entities for which there are DFR fees and assessment include:

- Insurance companies and agents
- Captive insurers
- Legal expense organizations
- Purchasing groups
- Risk retention groups
- Car rental agencies
- Life settlement brokers
- Firms selling service contracts
- Companies selling vehicle theft protection products
- Companies selling portable electronics insurance
- Provider networks
- Self-service storage facilities
- Pharmacy benefit managers
- Drug manufacturers (*)

- State-chartered banks and credit unions
- Mortgage lenders, loan originators, and loan servicers (*)
- Non-depository financial companies
- People and companies selling securities (*).

Note: (*) indicates the programs DFR will be studying during CY 2018 or 2019. The studies may result in either fee or expenditure changes. If fee changes are made, the changes are most likely to be made by rule in CY 2018 or 2019. This would affect 2019-21 biennium revenue. Some of the possible changes are described below.

State-chartered banks and credit unions pay annual assessments based on fee schedules that are in administrative rule. In recent years, mergers and acquisitions in the banking industry have led to declining assessment revenue. This has resulted in both expenditure cuts and increases to the banking assessment rates. These assessments are evaluated annually. If the system stays stable, we do not anticipate any significant changes in these rates during the 2019-21 biennium.

With the expansion of state-chartered credit unions, and the growth of their assets, the credit union program's finances are stable. DFR will review the credit union program's finances and determine if a reduction of assessment rates or the use of credits is in order.

The mortgage program has a healthy fund balance and was expanded in 2017 to include the regulation of loan servicers. DFR will be reviewing the funding for this program to determine any changes needed based on growth in the mortgage industry and the addition of the loan services program. This may result in a reduction in some of its fees.

DFR oversees a set of nondepository programs, including pawnbrokers, consumer lenders, collection agencies, money transmitters, and check cashers. The programs generally have limited revenue. DFR will be looking at either increasing fees or reducing expenditures.

Oregon-certified funeral providers contribute to the Funeral and Cemetery Consumer Protection Fund, which provides restitution for consumers who prepay for funeral services and merchandise as part of "preneed" or "prearrangement" contracts. If a funeral home or cemetery cannot provide the services or merchandise that a customer paid for, a consumer may receive restitution from this fund.

DFR also licenses companies and individuals who sell and register securities offerings. These fees fund the securities program, and the excess fees are transferred to the general fund. Securities fees are reviewed in even-numbered years. Statute requires that Oregon's security fees be set as nearly as possible to the median of the fees charged for similar securities by the regulatory agencies in all other states. As a result, Oregon's securities fees depend on the actions of the regulatory bodies in other states. In 2016, one fee was lowered, two fees were raised, and 17 fees were not changed. The studies in 2018 and 2020 may lead to a similar number of changes.

Insurance companies authorized to conduct business in Oregon pay an annual assessment on insurance premiums to partially fund insurance regulation. The premium-weighted average of the percentage rates may not exceed 0.09 percent of gross premiums. DFR determines the insurance assessment by determining the amount of the legislatively approved expenditures for insurance regulation that are not covered by insurance licensing fees. This amount is divided by the previous year's insurance premiums to generate the assessment rates. Assessment

revenue is divided among the four major insurance industry segments based on the percentage of time spent by DFR staff on regulation of the industry area. Because of the statutory definition of the assessment, the assessment rates vary by small amounts each year. Over the period FY 2014 to FY 2018, the average rates have varied between 0.036 percent and 0.041 percent, less than half of the statutory limit. Future rates will depend on the growth of expenditures and the growth of insurance premiums. If insurance premiums do not grow, the average assessment rate may need to increase to cover expenditures.

Insurance Taxes

DCBS collects several taxes that are submitted directly to the general fund. The retaliatory tax is a quarterly tax that equalizes the tax on insurance companies headquartered out-of-state doing business in Oregon with the company's tax burden in their home state. The surplus lines tax is a quarterly 2 percent tax levied on all surplus lines premium in Oregon. The ocean marine tax is an annual 5 percent tax on ocean marine insurance underwriting profit.

The forecast for these insurance taxes is updated quarterly. Forecasts are based on actual collections and the Oregon Office of Economic Analysis' latest economic forecasts. The retaliatory tax comprises nearly 90 percent of the insurance tax revenue and fluctuates depending on economic conditions in Oregon and all other states. No changes in the insurance tax rates are anticipated during the 2019-21 biennium.

Health System Reinsurance Fund

HB 2391 (2017) created the Health System Reinsurance Fund. The fund provides monies to the Oregon Health Authority and a health care reinsurance program at DCBS. It is funded by an assessment on health

insurers. It also received a one-time transfer from the Health Insurance Marketplace Fund and the Oregon Medical Insurance Pool.

The Health System Reinsurance program is funded by a quarterly assessment rate of 1.5 percent on earned premiums of health insurers and the Public Employees Benefit Board (PEBB). Under the provisions of HB 2391, this assessment is in effect for a period of eight quarters beginning Jan. 1, 2018, and due 45 days after the end of each quarter. Due to the timing of insurance group renewals, the revenue is expected to be received through the third quarter of FY 2021. No change in the current assessment rate is expected during the 2019-21 biennium.

Health Insurance Marketplace Fees

The Oregon Health Insurance Marketplace is funded through a per-member-per-month (PMPM) fee charged to insurance companies for medical plans and dental plans purchased through the marketplace.

Statute provides that the assessment rates be set annually by the director of DCBS after consultation with the Health Insurance Marketplace Advisory Committee and a public hearing. The PMPM rate is included in the health insurance premiums of individuals, so the PMPM rates must be determined before insurers set their premiums rates for the next calendar year. Therefore, the PMPM rate for a calendar year must be determined in the spring of the prior year.

Statute also provides that any excess budget reserve at the end of the biennium must be rebated to insurers. In HB 2391, the 2017 Legislature transferred this reserve to the Health System Reinsurance Fund.

There continues to be a great deal of uncertainty about the future of the marketplace. Federal changes to the Affordable Care Act and the state's responses to them are unknown at this time. One possibility is that many individuals will drop their health insurance, quickly reducing the marketplace's revenue. If enrollments and costs remain stable, DCBS anticipates a lower PMPM rate in the spring of 2019 for CY 2020.

SHIBA Grant

The Senior Health Insurance Benefits Assistance (SHIBA) program is funded by three grants from the Administration for Community Living (ACL). Senior Health Insurance Program (SHIP) grant funds are provided to develop a statewide network, including volunteers, to help Oregonians with Medicare plan comparison and enrollment. Medicare Improvements for Patients and Providers Act (MIPPA) grant funds are used to reach and enroll low-income Medicare beneficiaries into financial assistance programs. These assistance programs help with out-of-pocket costs. Senior Medicare Patrol (SMP) grant funds are used to educate Medicare beneficiaries and their caregivers on how to prevent, detect and report Medicare fraud, waste, and abuse.

SHIP grant funds are provided directly to DCBS by the Administration for Community Living (ACL). MIPPA and SMP grant funds are provided by ACL to the Department of Human Services and then passed through to DCBS. All of these grants are federal funds. None of these grants require any state match.

Because of the uncertainty surrounding the federal government's continued funding of the SHIP grant, SHIBA is requesting a policy option package for general fund money to support current operations and to expand operations to a level similar in other states.

COFA Premium Assistance Program Fund

During the 2015-17 biennium, the COFA Fund was created by HB 4071 (2016) and \$1.8 million was transferred from the general fund to fund health care insurance premium support, out-of-pocket reimbursements, and administrative costs.

The department will have a policy option package with a request for additional general fund revenue to continue providing health insurance subsidies and out-of-pocket reimbursements to current and new program participants.

Building Codes Fees

The major sources of Building Codes Division revenue are permit, inspection, and license fees. In addition, surcharges are levied on permit fees, including those collected by local jurisdictions that have assumed responsibility for code administration and enforcement.

BCD has a cooperative agreement with the U.S. Department of Housing and Urban Development and is reimbursed for the costs of working with the Office of Manufactured Housing Programs as the State Administrative Agency, which is the consumer assistance side of the federal program. No state match is required.

The revenues for BCD are evaluated at least once per biennium to account for changes in trends, economic factors, and industry drivers. Revenue is separated into several programs such as electrical, plumbing, structural, and other programs. Revenue is specifically dedicated to the program from which the revenue is sourced, preventing the division from balancing overall resources across the entire organization. Construction industry trends, both upturns and downturns, often have a longer cycle than a single biennium. BCD has

more than 350 dedicated fees. We do not anticipate any changes in BCD fees during the 2019-21 biennium.

Fire Insurance Premium Taxes

Fire insurance premium taxes collected by the department are transferred to the Oregon State Police, Office of the State Fire Marshal.

As specified by ORS 731.820, the Fire Marshal tax is collected quarterly at the rate of 1.15 percent of all fire insurance premiums specified by policy type and a percentage allocation. Surplus Lines insurers also pay a Fire Marshal tax based upon 0.3 percent of all reported premiums. This is collected by the Oregon Surplus Lines Association and then transferred to DCBS quarterly.

The Fire Marshal tax forecast is based on the expected premium growth in the insurance lines subject to the tax (Fire, Auto, Multiple Peril, Inland Marine, and Aircraft). These premium forecasts are based on forecasts of economic variables produced by the Oregon Office of Economic Analysis and are updated each quarter.

The Fire Marshal tax was increased from 1.0 percent to 1.15 percent in 2013 after 30 years at the 1.0 percent rate. No changes in the Fire Marshal tax rates are expected during the 2019-21 biennium.

Investment Income

Income from long- and short-term investments is accounted for by dedicated revenue sources within two of the department's main funds: Consumer and Business Services Fund and Workers' Benefit Fund. The State Treasurer invests the monies in these two funds. The Health Insurance Marketplace Fund, COFA Premium Assistance Program

Fund, and Health System Reinsurance Fund earn interest at the Oregon Short Term Fund interest rate.

Fines and Penalties

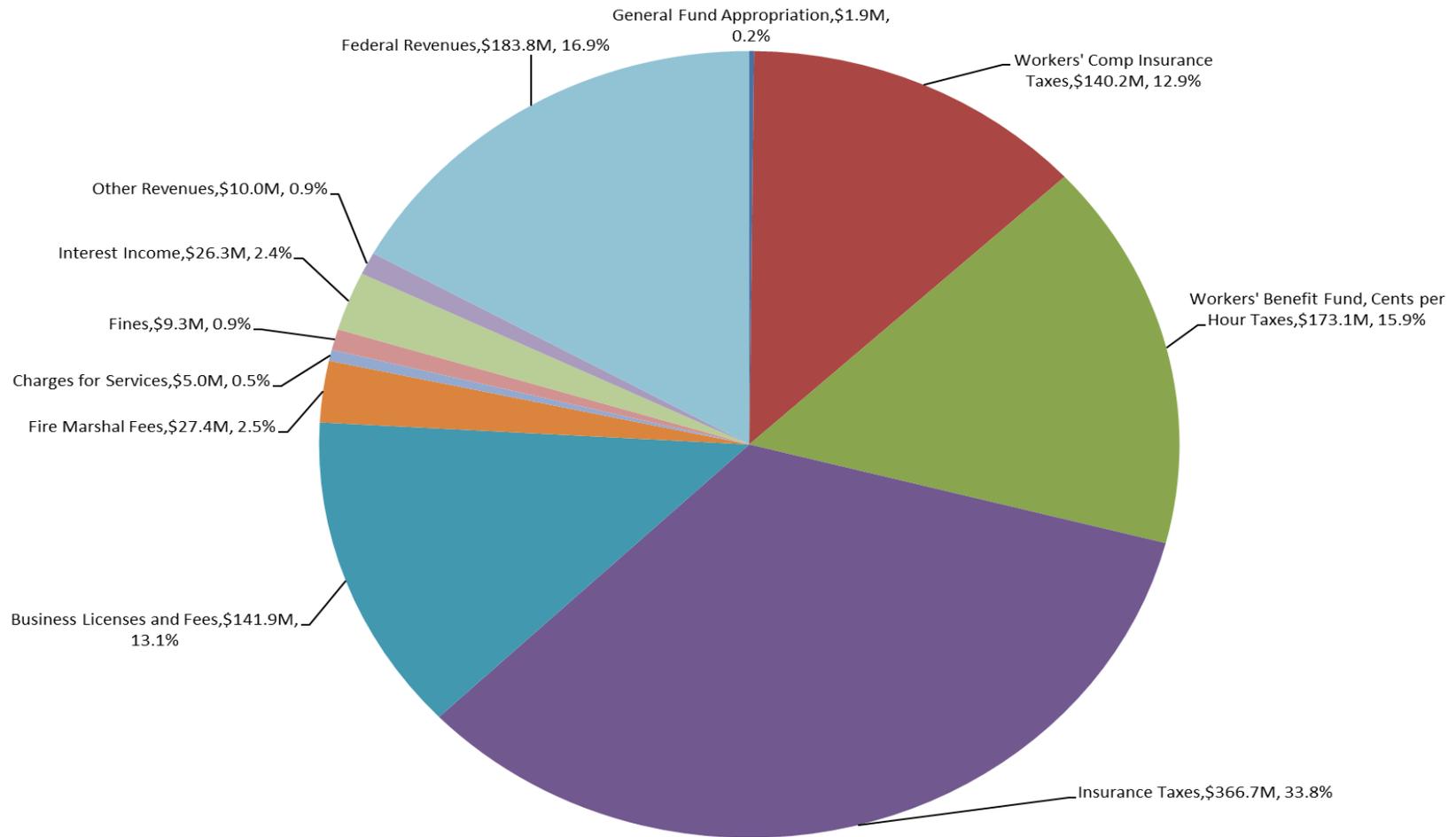
The majority of the department's civil penalty revenue is generated through fines issued to employers that are found, through safety and health inspections, to be in violation of the Oregon Safe Employment Act, as well as employers that violate workers' compensation system laws. These revenues are placed into the Consumer and Business Services Fund and are expended for occupational safety and health training grants, scholarships for children of workers who have been killed or permanently disabled, and for the general operating expenses of the workers' compensation-related program areas.

Civil penalty revenue is also generated through fines issued to employers found to be in noncompliance with coverage requirements of the workers' compensation law and against workers' compensation insurers in noncompliance with the claims-processing requirements of the workers' compensation law and relevant administrative rules. These revenues reduce the revenue required from the workers' compensation premium assessment.

Other fines and penalties are issued for violation of the statutory provisions administered by the department. Mortgage lending, securities, and insurance fines and penalties collected by the Division of Financial Regulation are deposited into the state general fund for general governmental purposes. Other fines and penalties collected by DFR and BCD are retained in those programs.

BUDGET NARRATIVE

DCBS Revenue by Category \$1.1 billion (excludes Intrafund Transfers)



Detail of Fee, License, or Assessment Revenue Increase

Instructions

Column 1	Purpose	Identify the purpose or type of fee, license or assessment. For example: day care licensing, underground storage tank permit, gasoline marketing fee.
Column 2	Who Pays	Explain the various individuals or groups that pay the fee. For example: day care providers, owners of underground storage tanks, gasoline distributors and retailers in carbon monoxide control areas.
Column 3	2017-19 Estimated Revenue	Estimate the revenue that will be collected in the current biennium.
Column 4	2019-21 Agency Request	Estimate the revenue that will be collected in 2019-21 based on the increase requested in policy packages.
Column 5	2019-21 Governor's Budget	Enter the amount approved in the Governor's Recommended Budget.
Column 6	2019-21 Legislatively Adopted	Enter the amount approved by the legislature
Column 7	Explanation	Describe the requested increase. Separate the increase due to volume change from an increase in the fee, license, or assessment. Identify if the increase is provided for by administrative rule or if statutory change is needed.

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

**Consumer and Business Svcs, Dept of
2019-21 Biennium**

**Agency Number: 44000
Cross Reference Number: 44000-000-00-00-00000**

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Workers Comp Insurance Taxes	114,227,247	127,792,501	130,840,342	140,300,175	139,656,491	-
Insurance Taxes	142,677,578	131,296,073	131,721,095	383,845,757	366,734,169	-
Business Lic and Fees	124,923,958	135,664,580	136,880,892	141,043,346	141,521,871	-
Fire Marshal Fees	24,080,209	24,854,664	24,854,664	27,365,168	27,365,168	-
Federal Revenues	1,135,065	-	-	-	-	-
Charges for Services	1,631,652	3,015,026	3,015,026	1,876,689	1,876,689	-
Admin and Service Charges	106,632	-	-	-	-	-
Fines and Forfeitures	4,996,108	4,556,465	4,556,465	4,688,371	4,688,371	-
Interest Income	4,089,387	4,974,685	4,974,685	14,917,215	14,917,215	-
Donations	300	-	-	-	-	-
Insurance Premiums	13,081,425	-	-	-	-	-
Other Revenues	10,978,717	1,339,071	2,180,981	8,436,815	8,436,815	-
Transfer In - Intrafund	38,209,832	40,776,107	40,776,107	49,672,605	49,672,605	-
Transfer from General Fund	1,823,000	-	-	-	-	-
Transfer Out - Intrafund	(39,062,255)	(41,397,743)	(41,397,743)	(53,348,674)	(53,348,674)	-
Transfer to General Fund	(168,032,783)	(155,765,944)	(155,765,944)	(174,042,164)	(178,821,494)	-
Transfer to Counties	(579,750)	(626,961)	(626,961)	(639,563)	(639,563)	-
Tsfr To Governor, Office of the	(330,000)	(350,000)	(350,000)	(350,000)	(350,000)	-
Tsfr To Police, Dept of State	(24,061,783)	(24,787,945)	(24,787,945)	(26,975,242)	(26,975,242)	-
Tsfr To Forestry, Dept of	(150,000)	-	-	-	-	-
Tsfr To Labor and Ind, Bureau	(455,000)	(500,000)	(500,000)	(512,000)	(512,000)	-
Total Other Funds	\$249,289,539	\$250,840,579	\$256,371,664	\$516,278,498	\$494,222,421	-
Federal Funds						
Federal Funds	15,916,097	14,941,294	17,278,630	183,768,324	183,768,324	-

____ Agency Request
2019-21 Biennium

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____ Legislatively Adopted
Detail of LF, OF, and FF Revenues - BPR012

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Consumer and Business Svcs, Dept of
2019-21 Biennium

Agency Number: 44000
Cross Reference Number: 44000-000-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Federal Funds						
Tsfr From Human Svcs, Dept of	109,290	-	-	-	-	-
Total Federal Funds	\$16,025,387	\$14,941,294	\$17,278,630	\$183,768,324	\$183,768,324	-
Nonlimited Other Funds						
Workers Comp Insurance Taxes	508,090	519,674	519,674	528,675	528,675	-
Other Employer -Employee Taxes	188,934,802	166,832,082	166,832,082	173,109,676	173,109,676	-
Business Lic and Fees	-	610,217	610,217	375,000	375,000	-
Admin and Service Charges	3,220,468	3,086,625	3,086,625	3,080,983	3,080,983	-
Fines and Forfeitures	4,468,941	4,617,618	4,617,618	4,611,743	4,611,743	-
Interest Income	6,150,345	7,564,975	7,564,975	11,372,813	11,372,813	-
Other Revenues	1,846,974	1,577,222	1,577,222	1,577,222	1,577,222	-
Transfer In - Intrafund	5,423,979	4,279,802	4,279,802	6,140,757	6,140,757	-
Transfer Out - Intrafund	(4,571,556)	(3,658,166)	(3,658,166)	(2,464,688)	(2,464,688)	-
Tsfr To Labor and Ind, Bureau	(764,941)	(811,526)	(811,526)	(1,060,900)	(1,060,900)	-
Total Nonlimited Other Funds	\$205,217,102	\$184,618,523	\$184,618,523	\$197,271,281	\$197,271,281	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Consumer and Business Svcs, Dept of
2019-21 Biennium

Agency Number: 44000

Cross Reference Number: 44000-005-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Nonlimited Other Funds						
Workers Comp Insurance Taxes	508,090	519,674	519,674	528,675	528,675	-
Interest Income	113,281	146,414	146,414	271,413	271,413	-
Other Revenues	495,289	570,695	570,695	570,695	570,695	-
Total Nonlimited Other Funds	\$1,116,660	\$1,236,783	\$1,236,783	\$1,370,783	\$1,370,783	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Consumer and Business Svcs, Dept of
2019-21 Biennium

Agency Number: 44000
Cross Reference Number: 44000-006-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Nonlimited Other Funds						
Other Employer -Employee Taxes	188,934,802	166,832,082	166,832,082	173,109,676	173,109,676	-
Admin and Service Charges	3,220,468	3,086,625	3,086,625	3,080,983	3,080,983	-
Fines and Forfeitures	4,468,941	4,617,618	4,617,618	4,611,743	4,611,743	-
Interest Income	6,009,810	7,391,584	7,391,584	11,030,766	11,030,766	-
Other Revenues	1,284,837	938,017	938,017	938,017	938,017	-
Transfer In - Intrafund	852,423	255,801	255,801	632,271	632,271	-
Transfer Out - Intrafund	(3,984,120)	(3,658,166)	(3,658,166)	(2,464,688)	(2,464,688)	-
Tsfr To Labor and Ind, Bureau	(764,941)	(811,526)	(811,526)	(1,060,900)	(1,060,900)	-
Total Nonlimited Other Funds	\$200,022,220	\$178,652,035	\$178,652,035	\$189,877,868	\$189,877,868	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Consumer and Business Svcs, Dept of
2019-21 Biennium

Agency Number: 44000
Cross Reference Number: 44000-011-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Workers Comp Insurance Taxes	114,227,247	127,427,654	129,700,398	140,167,469	139,523,785	-
Business Lic and Fees	414,652	348,500	348,500	424,350	424,350	-
Charges for Services	6,927	-	-	-	-	-
Admin and Service Charges	1,308	-	-	-	-	-
Fines and Forfeitures	3,085,029	3,207,012	3,207,012	3,267,012	3,267,012	-
Interest Income	1,787,065	1,982,228	1,982,228	3,444,715	3,444,715	-
Donations	300	-	-	-	-	-
Other Revenues	121,586	129,000	129,000	133,000	133,000	-
Transfer Out - Intrafund	(23,507,032)	(25,425,967)	(25,425,967)	(32,727,589)	(32,727,589)	-
Tsfr To Forestry, Dept of	(72,535)	-	-	-	-	-
Tsfr To Labor and Ind, Bureau	(455,000)	(500,000)	(500,000)	(512,000)	(512,000)	-
Total Other Funds	\$95,609,547	\$107,168,427	\$109,441,171	\$114,196,957	\$113,553,273	-
Federal Funds						
Federal Funds	12,457,308	12,990,316	13,338,776	12,551,325	12,551,325	-
Total Federal Funds	\$12,457,308	\$12,990,316	\$13,338,776	\$12,551,325	\$12,551,325	-
Nonlimited Other Funds						
Transfer In - Intrafund	3,726,164	3,758,306	3,758,306	4,062,034	4,062,034	-
Total Nonlimited Other Funds	\$3,726,164	\$3,758,306	\$3,758,306	\$4,062,034	\$4,062,034	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Consumer and Business Svcs, Dept of
2019-21 Biennium

Agency Number: 44000
Cross Reference Number: 44000-011-12-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Workers Comp Insurance Taxes	25,950,397	28,036,613	28,480,440	31,225,682	31,225,682	-
Business Lic and Fees	4,652	-	-	-	-	-
Admin and Service Charges	577	-	-	-	-	-
Other Revenues	10,534	-	-	-	-	-
Transfer Out - Intrafund	(4,073,168)	(3,988,104)	(3,988,104)	(5,049,717)	(5,049,717)	-
Tsfr To Forestry, Dept of	(13,070)	-	-	-	-	-
Total Other Funds	\$21,879,922	\$24,048,509	\$24,492,336	\$26,175,965	\$26,175,965	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Consumer and Business Svcs, Dept of
2019-21 Biennium

Agency Number: 44000
Cross Reference Number: 44000-011-13-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Workers Comp Insurance Taxes	43,624,214	50,850,733	51,852,891	54,218,269	53,574,585	-
Business Lic and Fees	410,000	348,500	348,500	424,350	424,350	-
Charges for Services	2,323	-	-	-	-	-
Admin and Service Charges	186	-	-	-	-	-
Fines and Forfeitures	350	-	-	-	-	-
Interest Income	1,684,682	1,948,193	1,948,193	3,378,714	3,378,714	-
Other Revenues	86,601	129,000	129,000	133,000	133,000	-
Transfer Out - Intrafund	(9,782,060)	(11,599,249)	(11,599,249)	(14,991,489)	(14,991,489)	-
Tsfr To Forestry, Dept of	(28,875)	-	-	-	-	-
Total Other Funds	\$35,997,421	\$41,677,177	\$42,679,335	\$43,162,844	\$42,519,160	-
Nonlimited Other Funds						
Transfer In - Intrafund	3,726,164	3,758,306	3,758,306	4,062,034	4,062,034	-
Total Nonlimited Other Funds	\$3,726,164	\$3,758,306	\$3,758,306	\$4,062,034	\$4,062,034	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Consumer and Business Svcs, Dept of
2019-21 Biennium

Agency Number: 44000
Cross Reference Number: 44000-011-15-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Workers Comp Insurance Taxes	44,652,636	48,540,308	49,367,067	54,723,518	54,723,518	-
Charges for Services	4,604	-	-	-	-	-
Admin and Service Charges	545	-	-	-	-	-
Fines and Forfeitures	3,084,679	3,207,012	3,207,012	3,267,012	3,267,012	-
Interest Income	102,383	34,035	34,035	66,001	66,001	-
Donations	300	-	-	-	-	-
Other Revenues	24,451	-	-	-	-	-
Transfer Out - Intrafund	(9,651,804)	(9,838,614)	(9,838,614)	(12,686,383)	(12,686,383)	-
Tsfr To Forestry, Dept of	(30,590)	-	-	-	-	-
Tsfr To Labor and Ind, Bureau	(455,000)	(500,000)	(500,000)	(512,000)	(512,000)	-
Total Other Funds	\$37,732,204	\$41,442,741	\$42,269,500	\$44,858,148	\$44,858,148	-
Federal Funds						
Federal Funds	12,457,308	12,990,316	13,338,776	12,551,325	12,551,325	-
Total Federal Funds	\$12,457,308	\$12,990,316	\$13,338,776	\$12,551,325	\$12,551,325	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Consumer and Business Svcs, Dept of
2019-21 Biennium

Agency Number: 44000
Cross Reference Number: 44000-014-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Insurance Taxes	142,677,578	-	-	-	-	-
Business Lic and Fees	24,219,645	-	-	-	-	-
Fire Marshal Fees	24,080,209	-	-	-	-	-
Federal Revenues	613,608	-	-	-	-	-
Charges for Services	1,186,476	-	-	-	-	-
Admin and Service Charges	44	-	-	-	-	-
Fines and Forfeitures	672,109	-	-	-	-	-
Interest Income	653,442	-	-	-	-	-
Other Revenues	915,431	-	-	-	-	-
Transfer Out - Intrafund	(5,093,371)	-	-	-	-	-
Transfer to General Fund	(143,560,408)	-	-	-	-	-
Tsfr To Police, Dept of State	(24,061,783)	-	-	-	-	-
Tsfr To Forestry, Dept of	(15,966)	-	-	-	-	-
Total Other Funds	\$22,287,014	-	-	-	-	-
Federal Funds						
Federal Funds	3,458,789	-	-	-	-	-
Tsfr From Human Svcs, Dept of	109,290	-	-	-	-	-
Total Federal Funds	\$3,568,079	-	-	-	-	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Consumer and Business Svcs, Dept of
2019-21 Biennium

Agency Number: 44000
Cross Reference Number: 44000-015-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Business Lic and Fees	11,490,277	18,269,867	18,418,139	19,512,517	19,512,517	-
Charges for Services	3,576	-	-	-	-	-
Interest Income	206,551	163,414	163,414	717,351	717,351	-
Insurance Premiums	13,081,425	-	-	-	-	-
Other Revenues	9,860,197	-	-	-	-	-
Transfer from General Fund	1,823,000	-	-	-	-	-
Transfer Out - Intrafund	(779,481)	(875,060)	(875,060)	(1,371,461)	(1,371,461)	-
Tsfr To Forestry, Dept of	(3,779)	-	-	-	-	-
Total Other Funds	\$35,681,766	\$17,558,221	\$17,706,493	\$18,858,407	\$18,858,407	-
Federal Funds						
Federal Funds	-	1,400,186	2,220,274	1,665,140	1,665,140	-
Total Federal Funds	-	\$1,400,186	\$2,220,274	\$1,665,140	\$1,665,140	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Consumer and Business Svcs, Dept of
2019-21 Biennium

Agency Number: 44000
Cross Reference Number: 44000-016-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Business Lic and Fees	44,864,142	-	-	-	-	-
Charges for Services	35,646	-	-	-	-	-
Admin and Service Charges	200	-	-	-	-	-
Fines and Forfeitures	753,758	-	-	-	-	-
Interest Income	292,086	-	-	-	-	-
Other Revenues	25,493	-	-	-	-	-
Transfer Out - Intrafund	(3,576,440)	-	-	-	-	-
Transfer to General Fund	(24,472,375)	-	-	-	-	-
Tsfr To Forestry, Dept of	(12,440)	-	-	-	-	-
Total Other Funds	\$17,910,070	-	-	-	-	-
Nonlimited Other Funds						
Interest Income	27,156	-	-	-	-	-
Other Revenues	66,462	-	-	-	-	-
Total Nonlimited Other Funds	\$93,618	-	-	-	-	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Consumer and Business Svcs, Dept of
2019-21 Biennium

Agency Number: 44000
Cross Reference Number: 44000-017-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Business Lic and Fees	200	-	-	-	-	-
Federal Revenues	297,318	-	-	-	-	-
Charges for Services	45	-	-	-	-	-
Admin and Service Charges	105,080	-	-	-	-	-
Interest Income	52	-	-	-	-	-
Other Revenues	36,659	-	841,910	-	-	-
Transfer In - Intrafund	38,209,832	40,776,107	40,776,107	49,672,605	49,672,605	-
Tsfr To Governor, Office of the	(330,000)	(350,000)	(350,000)	(350,000)	(350,000)	-
Tsfr To Forestry, Dept of	(25,911)	-	-	-	-	-
Total Other Funds	\$38,293,275	\$40,426,107	\$41,268,017	\$49,322,605	\$49,322,605	-
Federal Funds						
Federal Funds	-	297,182	305,933	331,500	331,500	-
Total Federal Funds	-	\$297,182	\$305,933	\$331,500	\$331,500	-
Nonlimited Other Funds						
Interest Income	98	-	-	-	-	-
Other Revenues	386	-	-	-	-	-
Transfer In - Intrafund	257,956	265,695	265,695	1,446,452	1,446,452	-
Total Nonlimited Other Funds	\$258,440	\$265,695	\$265,695	\$1,446,452	\$1,446,452	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Consumer and Business Svcs, Dept of
2019-21 Biennium

Agency Number: 44000
Cross Reference Number: 44000-018-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Workers Comp Insurance Taxes	-	364,847	364,847	132,706	132,706	-
Insurance Taxes	-	131,296,073	131,721,095	383,845,757	366,734,169	-
Business Lic and Fees	-	76,277,393	76,277,393	78,497,570	78,976,095	-
Fire Marshal Fees	-	24,854,664	24,854,664	27,365,168	27,365,168	-
Charges for Services	-	2,711,048	2,711,048	1,546,181	1,546,181	-
Fines and Forfeitures	-	919,701	919,701	963,958	963,958	-
Interest Income	-	1,182,552	1,182,552	8,139,197	8,139,197	-
Other Revenues	-	1,185,814	1,185,814	8,252,147	8,252,147	-
Transfer Out - Intrafund	-	(8,541,512)	(8,541,512)	(10,834,092)	(10,834,092)	-
Transfer to General Fund	-	(155,765,944)	(155,765,944)	(174,042,164)	(178,821,494)	-
Tsfr To Police, Dept of State	-	(24,787,945)	(24,787,945)	(26,975,242)	(26,975,242)	-
Total Other Funds	-	\$49,696,691	\$50,121,713	\$296,891,186	\$275,478,793	-
Federal Funds						
Federal Funds	-	-	1,157,514	168,964,226	168,964,226	-
Total Federal Funds	-	-	\$1,157,514	\$168,964,226	\$168,964,226	-
Nonlimited Other Funds						
Interest Income	-	26,977	26,977	70,634	70,634	-
Other Revenues	-	68,510	68,510	68,510	68,510	-
Total Nonlimited Other Funds	-	\$95,487	\$95,487	\$139,144	\$139,144	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Consumer and Business Svcs, Dept of
2019-21 Biennium

Agency Number: 44000
Cross Reference Number: 44000-019-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Workers Comp Insurance Taxes	-	-	775,097	-	-	-
Business Lic and Fees	43,935,042	40,768,820	41,836,860	42,608,909	42,608,909	-
Federal Revenues	224,139	-	-	-	-	-
Charges for Services	398,982	303,978	303,978	330,508	330,508	-
Fines and Forfeitures	485,212	429,752	429,752	457,401	457,401	-
Interest Income	1,150,191	1,646,491	1,646,491	2,615,952	2,615,952	-
Other Revenues	19,351	24,257	24,257	51,668	51,668	-
Transfer Out - Intrafund	(6,105,931)	(6,555,204)	(6,555,204)	(8,415,532)	(8,415,532)	-
Transfer to Counties	(579,750)	(626,961)	(626,961)	(639,563)	(639,563)	-
Tsfr To Forestry, Dept of	(19,369)	-	-	-	-	-
Total Other Funds	\$39,507,867	\$35,991,133	\$37,834,270	\$37,009,343	\$37,009,343	-
Federal Funds						
Federal Funds	-	253,610	256,133	256,133	256,133	-
Total Federal Funds	-	\$253,610	\$256,133	\$256,133	\$256,133	-
Nonlimited Other Funds						
Business Lic and Fees	-	610,217	610,217	375,000	375,000	-
Transfer In - Intrafund	587,436	-	-	-	-	-
Transfer Out - Intrafund	(587,436)	-	-	-	-	-
Total Nonlimited Other Funds	-	\$610,217	\$610,217	\$375,000	\$375,000	-

BUDGET NARRATIVE

Workers' Compensation System

Ombudsman for Injured Workers

- Makes recommendations about how injured workers may be better served
- Provides training and outreach
- Serves as advocate for injured workers dealing with the workers' compensation system by helping them understand their rights, investigating complaints, and acting to resolve those complaints

Oregon OSHA

See Oregon OSHA tab

- Develops occupational safety and health rules
- Inspects worksites for safety and health violations
- Investigates workplace facilities, accidents, and complaints of safety and health violations
- Provides training and consultation services

Small Business Ombudsman

- Serves business owners and entrepreneurs by helping them navigate the workers' compensation system
- Provides training and outreach
- Advocates for businesses when a dispute arises with their insurer.
- Acts as a mediator to resolve disputes or assists them through formal appeal options

Workers' Compensation Board

See Workers' Compensation Board tab

- Provides timely and impartial resolution of disputes arising under workers' compensation law and the Oregon Safe Employment Act

Workers' Compensation Division

See Workers' Compensation Division tab

- Ensures that employers have workers' compensation coverage and that injured workers receive timely and accurate benefits and quality medical care
- Facilitates injured workers' early return to work through incentive programs for employers
- Helps resolve medical, vocational, disability, and other disputes
- Provides consultation services to workers, employers, insurers, claims examiners, attorneys, medical providers, and others

Workers' Compensation System

2017-19	2019-21
471 Positions	472 Positions
467.88 FTE	468.64 FTE
\$123,290,609	\$132,668,721

Activities and Programs

The Oregon workers' compensation system is designed to ensure that employers provide workers' compensation coverage for their employees, prevent 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 following program areas within the Department of Consumer and Business Services are part of the workers' compensation system:

Oregon OSHA

- Administers the Oregon Safe Employment Act to protect workers and assist employers through safety and health enforcement, consultation, technical, and education programs.
- Inspects worksites for safety and health violations.
- Investigates workplace fatalities, major accidents, and safety and health complaints.
- Provides consultation services to employers, helping them to identify and correct workplace safety and health hazards.
- Provides technical assistance to help employers understand and consistently apply OSHA rules.
- Conducts conferences and provides training, training materials, and safety and health publications to employers and employees.
- Promotes participation in Oregon OSHA's highest-level voluntary compliance and safety and health recognition programs.

Workers' Compensation Division

- Enforces workers' compensation coverage laws so that subject employers secure and maintain coverage for their workers.
- Ensures a timely and accurate benefit delivery system for injured workers.

- Ensures injured workers have access to and receive quality medical care.
- Facilitates early return to work for injured workers and administers incentive programs for employers to hire injured workers.
- Resolves medical, vocational, disability, and other disputes.
- Provides consultation and technical assistance to workers, employers, insurers, claims examiners, attorneys, medical providers, and others.
- Administers the following programs paid for by the Workers' Benefit Fund:
 - Retroactive Program
 - Reemployment Assistance Program
 - Noncomplying Employer Claim payments
 - Reopened Claims Program
 - Supplemental disability benefits
 - Self-insured group claims
 - Workers with Disabilities Program

Workers' Compensation Board

- Provides timely and impartial resolution of disputes arising under workers' compensation law and the Oregon Safe Employment Act.
- Conducts an efficient, effective, and expeditious review of appealed cases.
- Provides mediation services to parties requesting an alternative to the hearings process.
- Exercises own motion jurisdiction when claims are reopened after aggravation rights expire.
- Approves claim disposition agreements (settlements).

Ombudsman for Injured Workers

- Provides information and training to injured workers and others so that injured workers can protect their rights in the workers' compensation system.
- Receives, investigates, and resolves complaints related to workers' compensation claims.
- Refers injured workers to other sources of assistance.
- Reports and makes recommendations to the governor, director, and other concerned parties about workers' compensation system problems experienced by injured workers and how workers may be better served.
- Provides information to policymakers about initiatives, legislative concepts, and administrative rule revisions that may affect injured workers.

Small Business Ombudsman

- Counsels employers on available choices in the workers' compensation insurance market and on their appeal rights and other options.
- Mediates solutions between employers and insurance companies on classification, audit, coverage, and premium disputes.
- Educates new and existing businesses on the fundamentals of workers' compensation coverage, pricing, and claims processing through outreach activities such as seminars, forums, and business fairs.
- Refers individuals to other sources of assistance when appropriate.

- Provides information to policymakers about initiatives, legislative concepts, and administrative rule revisions that may affect small businesses.

Other programs

In addition to these divisions, others that have an impact – but to a lesser extent – on the workers' compensation system include:

- Division of Financial Regulation, which authorizes and regulates workers' compensation insurance carriers to operate in Oregon, reviews and approves pure premium rates, and coordinates the assigned risk servicing carrier selection process.
- Financial Services, which oversees the reporting and collecting of Workers' Benefit Fund and premium assessments.
- Information Technology and Research, which creates, stores, processes, analyzes, and reports on data and automates systems to improve service delivery.

Program Background

Oregon's first workers' compensation law became effective in 1914, allowing employers to opt to contribute to the Industrial Accident Fund. By doing so, they were protected against being sued for worker injuries and illnesses. In 1965, the legislature overhauled the law so that most employers were required to provide workers' compensation insurance coverage. Two years later, the legislature required all employers employing subject workers to provide coverage. In 1990, based on recommendations from a task force appointed by the governor, the legislature made substantial reforms to the law in special session.

It has been nearly 30 years since these substantive changes. Recent trends have shown the stability of the system. These include:

- Stable injury rates. The claims rate (measured by disabling claims per 100 workers) has remained nearly constant over the period 2010-2017.
- Stable worker benefits. Most disability benefits are tied to the growth in average worker wages, so they generally increase over time.
- Strong return-to-work programs. Workers who use the Employer-at-Injury Program and the Preferred Worker Program have long-term employment patterns that match those of less severely injured workers who do not use these programs.
- Low employer costs. In 2016, Oregon had the seventh lowest workers' compensation cost among the states. Also, between 2013 and 2018, the average pure premium rate paid by Oregon employers declined by 33 percent.

Revenue

Revenue for Oregon's workers' compensation system comes primarily from the Workers' Compensation Premium Assessment and the Workers' Benefit Fund Assessment. Funding also comes from the U.S. Department of Labor (for occupational safety and health activities), fines, recovered claim costs, and investment income.

Workers' Compensation Premium Assessment

Like other forms of insurance, employers pay premiums to their insurer in return for workers' compensation coverage. An assessment on this premium is collected from employers and forwarded to the state by insurers and self-insured employers.

The premium assessment is a percentage charged against workers' compensation premiums. Insurance premiums are based on two main components:

- Pure premiums – this is the amount of the premium that is expected to be needed to cover claim costs. The pure premium rate is set by DCBS and decreases when there is a decline in medical care costs and increases as costs increase.
- Additional administrative charges set by each individual insurance company to cover their cost of doing business and earnings.

As pure premium costs decrease, and employers pay less for workers' compensation insurance premiums, the percentage charged for the premium assessment yields less revenue. When this occurs, the percentage requires an adjustment in order to maintain the level of program funding to continue the existing service delivery. The overall impact to the employer is offset by the reduction in premium cost.

The DCBS director sets the assessment rate each fall for the following calendar year. The current rate is 7.4 percent of earned premiums for insurers, 7.6 percent for self-insured employers and public self-insured groups, and 8.4 percent for private self-insured employer groups. The additional amounts paid by self-insured employers and self-insured employer groups go into separate reserve accounts. Statute requires the director to use an administrative hearing process to set the assessment at a rate sufficient to support legislatively approved workers' compensation-related programs and services, including an appropriate ending fund balance to accommodate economic and other system variables. The assessment was last changed effective Jan. 1, 2018, when it was increased from 6.8 percent.

The need for the assessment rate increase reflected the lower workers' compensation premium rates paid by employers. The pure premium rate, the rate paid per \$100 of payroll that covers workers' compensation claim costs, has declined by 33 percent over the five-year period 2014-2018. The 2018 decline alone was 14 percent and reduced employers' premiums by about \$130 million per year. This reduced the forecast revenue by about \$9 million a year. The increase in the assessment rate to 7.4 percent restored \$5 million of this lost revenue needed to maintain workers' compensation programs.

The need for future assessment rate changes is subject to much uncertainty. There are several factors that could necessitate a further increase in the assessment rate, including:

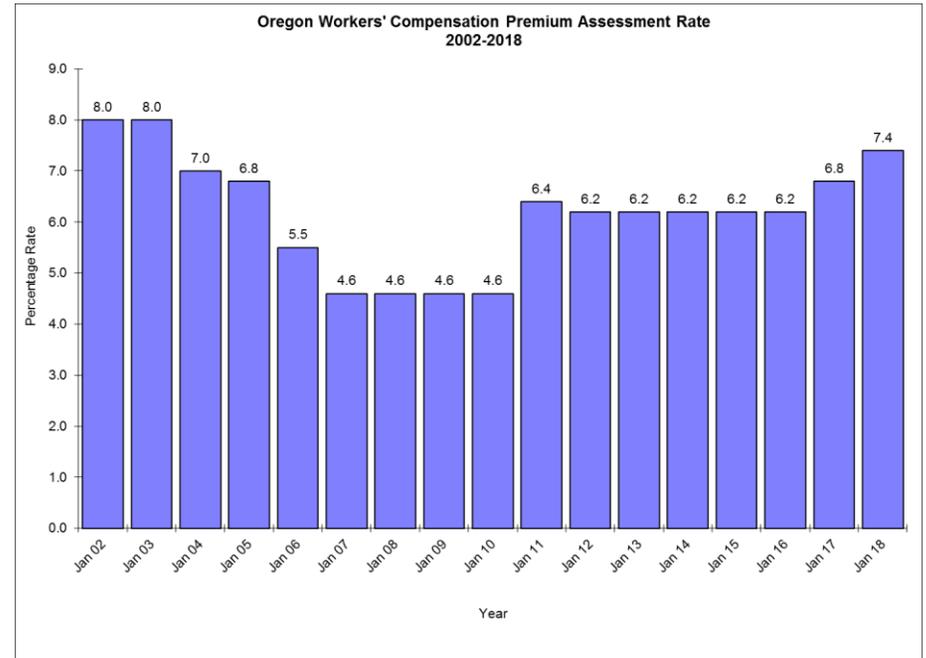
- Payroll growth that is slower than currently forecast by the Office of Economic Analysis
- Further reductions in the premium rates charged to employers for workers' compensation insurance
- Reduction in federal funds that support OSHA programs
- Additional legislatively approved expenditures.

Changes in the opposite direction for any of these factors could result in a decrease in the assessment rate.

Because the premium assessment is based on employment and payroll, it may change depending on the condition of the economy to ensure the department can continue to provide critical workplace safety and workers' compensation programs. Premium Assessment Funds are dedicated for the following purposes:

- Operating costs of regulating the workers' compensation system including the Injured Workers' and Small Business Ombudsmen
- Claims costs not recovered from uninsured employers
- Reimbursement of pre-1986 vocational assistance costs

- Oregon Institute of Occupational Health Sciences, OHSU (per ORS 656.630)



Workers' Benefit Fund Assessment

This assessment pays for programs that help injured workers and their employers. For example, the fund provides benefit increases to permanently and totally disabled workers and to families of workers who died from a workplace injury or disease to reflect changes in state average wages, an approximation of the cost of living. The fund also supports Oregon's highly successful return-to-work programs that help injured workers return to work quickly and earn close to their pre-injury wages. The assessment is paid by employers and workers through the Combined Tax Reporting Program. The current rate is 2.8

BUDGET NARRATIVE

Workers' Compensation System

cents per hour. The rate is shared equally between employers and employees. The assessment funds the following programs:

- Retroactive Program
- Reemployment Assistance Program
- Noncomplying Employers Program
- Reopened Claims Program
- Oregon Institute of Occupational Health Sciences, OHSU (one-16th of 1 cent, per ORS 656.630)
- Supplemental disability benefits
- Self-insured group claims
- Bureau of Labor and Industries to enforce chapter 659A anti-discrimination laws (ORS 656.605(2)(f))Workers with Disabilities Program

The DCBS director may adjust the cents-per-hour assessment rate annually. The department reviews the Workers' Benefit Fund assessment and sets it at a level that will finance projected payments plus an adequate ending fund balance to minimize volatility and support the long-term liability of the fund.

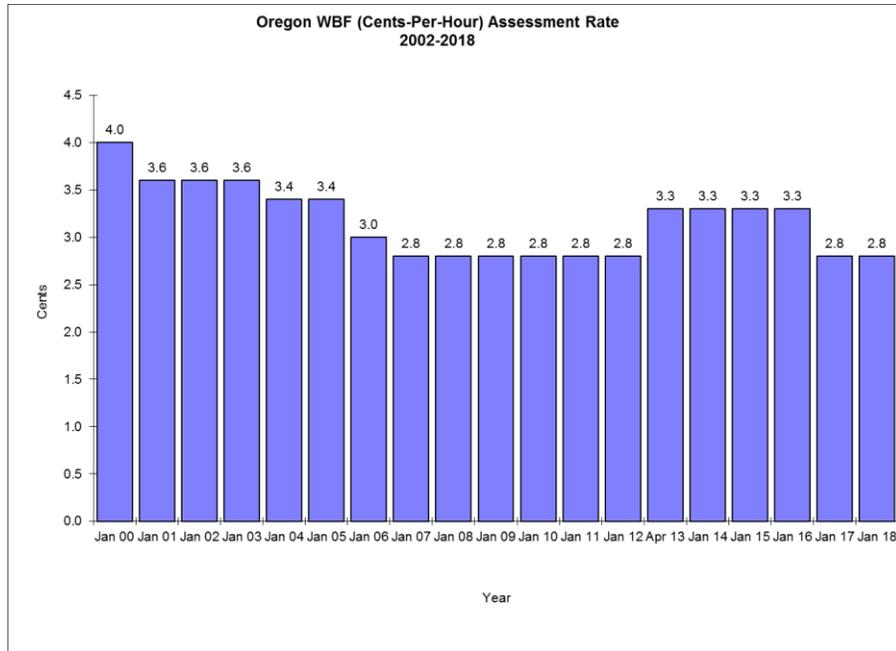
Because the assessment is based on hours worked, the severe recession in 2010-2013 significantly reduced the fund's revenue. To address this, in 2013, the assessment rate was increased to 3.3 cents per hour worked, but was reduced to 2.8 cents per hour in January 2017. The reduction reflected lower program expenditures and an expanding economy.

The legislature has expanded the use of the WBF in recent years. SB 1558 (2014) provided for claims payments from the WBF for self-insurer groups that have become insolvent and exhausted their reserves. HB 2337 and HB 2338, both passed during the 2017

legislative session, increased some payments to permanently totally disabled workers and the beneficiaries of injured workers.

SB 1558 also changed the WBF balance requirement from "approximately 12 months of expenditures" to "no less than six months of expenditures." It requires the Management Labor Advisory Committee (MLAC) to study the effects of changing this requirement and report its findings by Jan. 1, 2019. This requirement was another reason for not lowering the 2018 assessment rate, and the report's conclusions will also be considered in future rate decisions.

When evaluating the assessment rates for 2018, DCBS determined that under optimal conditions the rate could be lowered. The decision was made to leave the rate at 2.8 cents-per-hour to safeguard against the uncertainty associated with the costs from the new legislation and recession risks. Going forward to 2019 and beyond, there is still a possibility that the rate could be lowered given current revenue and expenditure projections. However, there is still uncertainty associated with the economy and the possibility of a recession which could lower the WBF assessment revenue base. In addition, there may be future legislation that could increase program expenditures. All of these factors will be evaluated when the department considers possible changes in the assessment rate as part of its normal rate setting process each year.



These reserves are guaranty funds. Claims payments are made from the SIEAR and SIEGAR on behalf of workers of self-insured employers when funds are not available from the employer and any excess insurance or security deposits are exhausted. With the passage of SB 1558 during the 2014 legislative session, effective April 1, 2014, the assessments paid by the self-insured employer groups are paid into separate public-sector and private-sector accounts rather than the SIEGAR account.

These assessment rates have been stable over time. The SIEAR assessment rate has been 0.2 percent since 2005. The SIEGAR assessment rate was 0.2 percent from 1987 through 2013. It was raised to 1.0 percent in 2014 because of the instability that led to SB 1558. After the legislation, the assessment rate for the two public-sector self-insured groups was lowered to 0.2 percent. Barring unexpected instability, the assessment rates should continue to be stable.

Workers' Compensation Self-Insured Employer Assessment

The director may impose additional assessments on self-insured employers and self-insured employer groups. These incremental assessments are deposited into the Self-Insured Employers Adjustment Reserve (SIEAR) and the Self-Insured Employer Group Adjustment Reserve (SIEGAR), respectively. The department currently collects an additional 0.2 percent assessment from self-insured employers and public-sector self-insured employer groups and an additional 1.0 percent assessment from private-sector self-insured employer groups. These rates are also set during the administrative hearing process used to set the workers' compensation premium assessment rate.

BUDGET NARRATIVE

Workers' Compensation System

Revenues

2019-21 Beginning Balance	\$ 51,618,251
Revenues	
General Fund Appropriation	-
Workers' Compensation Insurance Taxes	139,523,785
Other Employer-Employee Taxes	-
Insurance Taxes	-
Business License & Fees	424,350
Charges for Services	-
Fines & Forfeitures	3,267,012
Interest Income	3,444,715
Other Revenues	133,000
Federal Revenue	12,551,325
<i>Subtotal Revenues</i>	<i>\$ 159,344,187</i>
Transfers	
Transfers In - Intrafund	4,062,034
Transfers Out - Intrafund	(32,727,589)
Transfers Out - General Fund	-
Transfers Out - Counties	-
Transfers Out - Governor	-
Transfers Out - BOLI	(512,000)
<i>Subtotal Transfers</i>	<i>\$ (29,177,555)</i>
Available Funds	181,784,883
2019-21 Budgeted Expenditures	132,668,721
2019-21 Ending Balance	\$ 49,116,162

BUDGET NARRATIVE

Governor's Recommended Budget

2017-19 Legislatively Approved Budget	Operational	Pass Through Expenditures	Total	FTE
Total 2017-19 LAB	\$ 121,928,188	\$ 4,013,145	\$ 125,941,333	467.88

2019-21 Governor's Recommended Budget	Operational	Pass Through Expenditures	Total	FTE
Base Budget	\$124,315,943	\$4,613,145	\$128,929,088	466.00
<i>Essential Packages</i>				
Pkg. 010 Non-PICS Personal Services Vacancy Factor	\$2,427,536	\$0	\$2,427,536	-
Pkg. 021 Phase-In	\$0	\$0	\$0	-
Pkg. 022 Phase-Out Program & One-time Costs	\$0	\$0	\$0	-
Pkg. 031 Standard Inflation	\$1,948,708	\$20,942	\$1,969,650	-
Pkg. 032 Above Standard Inflation	\$148,189	\$0	\$148,189	-
Pkg. 060 Technical Adjustments	(\$595,922)	\$0	(\$595,922)	-
<i>Subtotal, Essential Packages</i>	<i>\$3,928,511</i>	<i>\$20,942</i>	<i>\$3,949,453</i>	<i>-</i>
<i>Subtotal, Current Service Level</i>	<i>\$128,244,454</i>	<i>\$4,634,087</i>	<i>\$132,878,541</i>	<i>466.00</i>
Pkg. 070 Revenue Shortfalls	(\$1,145,399)	\$0	(\$1,145,399)	(5.00)
<i>Modified Current Service Level</i>	<i>\$127,099,055</i>	<i>\$4,634,087</i>	<i>\$131,733,142</i>	<i>461.00</i>
<i>Policy Packages</i>				
Pkg. 091 Statewide Adjustment DAS Changes	(\$699,889)	\$0	(\$699,889)	-
Pkg. 092 Statewide AG Adjustment	(\$153,615)	\$0	(\$153,615)	-
Pkg. 105 OSHA Funding Alignment	\$1,145,399	\$0	\$1,145,399	5.00
Pkg. 106 Workers' Compensation Modernization Program	\$643,684	\$0	\$643,684	2.64
2019-21 Total Governor's Recommended Budget	\$128,034,634	\$4,634,087	\$132,668,721	468.64

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: Workers' Compensation System
Cross Reference Number: 44000-011-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Transfers Out							
Transfer Out - Intrafund	-	-	-	-	-	-	-
Total Transfers Out	-	-	-	-	-	-	-
Personal Services							
Temporary Appointments	-	-	8,579	-	-	-	8,579
Overtime Payments	-	-	4,813	-	-	-	4,813
All Other Differential	-	-	10,563	-	-	-	10,563
Public Employees' Retire Cont	-	-	2,609	-	-	-	2,609
Pension Obligation Bond	-	-	99,376	7,869	-	-	107,245
Social Security Taxes	-	-	1,833	-	-	-	1,833
Mass Transit Tax	-	-	20,177	-	-	-	20,177
Vacancy Savings	-	-	2,131,412	140,305	-	-	2,271,717
Total Personal Services	-	-	\$2,279,362	\$148,174	-	-	\$2,427,536
Total Expenditures							
Total Expenditures	-	-	2,279,362	148,174	-	-	2,427,536
Total Expenditures	-	-	\$2,279,362	\$148,174	-	-	\$2,427,536
Ending Balance							
Ending Balance	-	-	(2,279,362)	(148,174)	-	-	(2,427,536)
Total Ending Balance	-	-	(\$2,279,362)	(\$148,174)	-	-	(\$2,427,536)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Consumer and Business Svcs, Dept of
Pkg: 031 - Standard Inflation**

**Cross Reference Name: Workers' Compensation System
Cross Reference Number: 44000-011-00-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Instate Travel	-	-	46,820	1,116	-	-	47,936
Out of State Travel	-	-	2,928	745	-	-	3,673
Employee Training	-	-	21,107	71	-	-	21,178
Office Expenses	-	-	61,417	228	-	-	61,645
Telecommunications	-	-	68,221	40	-	-	68,261
State Gov. Service Charges	-	-	875,640	-	-	-	875,640
Data Processing	-	-	89,412	-	-	-	89,412
Publicity and Publications	-	-	8,123	-	-	-	8,123
Professional Services	-	-	52,840	-	-	-	52,840
IT Professional Services	-	-	7,470	-	-	-	7,470
Attorney General	-	-	432,802	-	-	-	432,802
Employee Recruitment and Develop	-	-	842	-	-	-	842
Dues and Subscriptions	-	-	4,440	-	-	-	4,440
Facilities Rental and Taxes	-	-	225,247	-	-	-	225,247
Fuels and Utilities	-	-	658	-	-	-	658
Facilities Maintenance	-	-	1,849	-	-	-	1,849
Agency Program Related S and S	-	-	5,194	-	-	-	5,194
Intra-agency Charges	-	-	15	-	-	-	15
Other Services and Supplies	-	-	8,784	-	-	-	8,784
Expendable Prop 250 - 5000	-	-	3,136	-	-	-	3,136
IT Expendable Property	-	-	22,868	-	-	-	22,868
Total Services & Supplies	-	-	\$1,939,813	\$2,200	-	-	\$1,942,013

Capital Outlay

Technical Equipment	-	-	5,590	-	-	-	5,590
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Essential and Policy Package Fiscal Impact Summary - BPR013

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 031 - Standard Inflation

Cross Reference Name: Workers' Compensation System
Cross Reference Number: 44000-011-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Capital Outlay							
Data Processing Hardware	-	-	1,105	-	-	-	1,105
Total Capital Outlay	-	-	\$6,695	-	-	-	\$6,695
Special Payments							
Other Special Payments	-	-	20,942	-	-	-	20,942
Total Special Payments	-	-	\$20,942	-	-	-	\$20,942
Total Expenditures							
Total Expenditures	-	-	1,967,450	2,200	-	-	1,969,650
Total Expenditures	-	-	\$1,967,450	\$2,200	-	-	\$1,969,650
Ending Balance							
Ending Balance	-	-	(1,967,450)	(2,200)	-	-	(1,969,650)
Total Ending Balance	-	-	(\$1,967,450)	(\$2,200)	-	-	(\$1,969,650)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 032 - Above Standard Inflation

Cross Reference Name: Workers' Compensation System
Cross Reference Number: 44000-011-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Facilities Rental and Taxes	-	-	148,189	-	-	-	148,189
Total Services & Supplies	-	-	\$148,189	-	-	-	\$148,189
Total Expenditures							
Total Expenditures	-	-	148,189	-	-	-	148,189
Total Expenditures	-	-	\$148,189	-	-	-	\$148,189
Ending Balance							
Ending Balance	-	-	(148,189)	-	-	-	(148,189)
Total Ending Balance	-	-	(\$148,189)	-	-	-	(\$148,189)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 060 - Technical Adjustments

Cross Reference Name: Workers' Compensation System
Cross Reference Number: 44000-011-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Instate Travel	-	-	(100,000)	-	-	-	(100,000)
Office Expenses	-	-	(100,000)	-	-	-	(100,000)
Telecommunications	-	-	(90,000)	-	-	-	(90,000)
Data Processing	-	-	(325,000)	-	-	-	(325,000)
Professional Services	-	-	200,000	-	-	-	200,000
Facilities Rental and Taxes	-	-	(180,922)	-	-	-	(180,922)
Total Services & Supplies	-	-	(\$595,922)	-	-	-	(\$595,922)
Total Expenditures							
Total Expenditures	-	-	(595,922)	-	-	-	(595,922)
Total Expenditures	-	-	(\$595,922)	-	-	-	(\$595,922)
Ending Balance							
Ending Balance	-	-	595,922	-	-	-	595,922
Total Ending Balance	-	-	\$595,922	-	-	-	\$595,922

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 070 - Revenue Shortfalls

Cross Reference Name: Workers' Compensation System
Cross Reference Number: 44000-011-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	(281,352)	(447,888)	-	-	(729,240)
Empl. Rel. Bd. Assessments	-	-	(123)	(182)	-	-	(305)
Public Employees' Retire Cont	-	-	(47,746)	(76,006)	-	-	(123,752)
Social Security Taxes	-	-	(21,523)	(34,263)	-	-	(55,786)
Worker's Comp. Assess. (WCD)	-	-	(117)	(173)	-	-	(290)
Flexible Benefits	-	-	(71,070)	(104,850)	-	-	(175,920)
Total Personal Services	-	-	(\$421,931)	(\$663,362)	-	-	(\$1,085,293)
Services & Supplies							
Instate Travel	-	-	-	(30,497)	-	-	(30,497)
Out of State Travel	-	-	-	(20,344)	-	-	(20,344)
Employee Training	-	-	-	(1,937)	-	-	(1,937)
Office Expenses	-	-	-	(6,240)	-	-	(6,240)
Telecommunications	-	-	-	(1,088)	-	-	(1,088)
Total Services & Supplies	-	-	-	(\$60,106)	-	-	(\$60,106)
Total Expenditures							
Total Expenditures	-	-	(421,931)	(723,468)	-	-	(1,145,399)
Total Expenditures	-	-	(\$421,931)	(\$723,468)	-	-	(\$1,145,399)
Ending Balance							
Ending Balance	-	-	421,931	723,468	-	-	1,145,399
Total Ending Balance	-	-	\$421,931	\$723,468	-	-	\$1,145,399

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 070 - Revenue Shortfalls

Cross Reference Name: Workers' Compensation System
Cross Reference Number: 44000-011-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Total Positions							
Total Positions							(5)
Total Positions	-	-	-	-	-	-	(5)
Total FTE							
Total FTE							(5.00)
Total FTE	-	-	-	-	-	-	(5.00)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Consumer and Business Svcs, Dept of
Pkg: 091 - Statewide Adjustment DAS Chgs**

**Cross Reference Name: Workers' Compensation System
Cross Reference Number: 44000-011-00-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Instate Travel	-	-	(43,519)	-	-	-	(43,519)
Office Expenses	-	-	(75,841)	-	-	-	(75,841)
Telecommunications	-	-	(11,190)	-	-	-	(11,190)
State Gov. Service Charges	-	-	(212,610)	-	-	-	(212,610)
Data Processing	-	-	(131,627)	-	-	-	(131,627)
Facilities Rental and Taxes	-	-	(223,535)	-	-	-	(223,535)
Other Services and Supplies	-	-	(1,567)	-	-	-	(1,567)
Total Services & Supplies	-	-	(\$699,889)	-	-	-	(\$699,889)
Total Expenditures							
Total Expenditures	-	-	(699,889)	-	-	-	(699,889)
Total Expenditures	-	-	(\$699,889)	-	-	-	(\$699,889)
Ending Balance							
Ending Balance	-	-	699,889	-	-	-	699,889
Total Ending Balance	-	-	\$699,889	-	-	-	\$699,889

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 092 - Statewide AG Adjustment

Cross Reference Name: Workers' Compensation System
Cross Reference Number: 44000-011-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Attorney General	-	-	(153,615)	-	-	-	(153,615)
Total Services & Supplies	-	-	(\$153,615)	-	-	-	(\$153,615)
Total Expenditures							
Total Expenditures	-	-	(153,615)	-	-	-	(153,615)
Total Expenditures	-	-	(\$153,615)	-	-	-	(\$153,615)
Ending Balance							
Ending Balance	-	-	153,615	-	-	-	153,615
Total Ending Balance	-	-	\$153,615	-	-	-	\$153,615

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Consumer and Business Svcs, Dept of
Pkg: 105 - OSHA Funding Alignment**

**Cross Reference Name: Workers' Compensation System
Cross Reference Number: 44000-011-00-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
Workers Comp Insurance Taxes	-	-	1,145,399	-	-	-	1,145,399
Total Revenues	-	-	\$1,145,399	-	-	-	\$1,145,399
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	729,240	-	-	-	729,240
Empl. Rel. Bd. Assessments	-	-	305	-	-	-	305
Public Employees' Retire Cont	-	-	123,752	-	-	-	123,752
Social Security Taxes	-	-	55,786	-	-	-	55,786
Worker's Comp. Assess. (WCD)	-	-	290	-	-	-	290
Flexible Benefits	-	-	175,920	-	-	-	175,920
Total Personal Services	-	-	\$1,085,293	-	-	-	\$1,085,293
Services & Supplies							
Instate Travel	-	-	30,497	-	-	-	30,497
Out of State Travel	-	-	20,344	-	-	-	20,344
Employee Training	-	-	1,937	-	-	-	1,937
Office Expenses	-	-	6,240	-	-	-	6,240
Telecommunications	-	-	1,088	-	-	-	1,088
Total Services & Supplies	-	-	\$60,106	-	-	-	\$60,106
Total Expenditures							
Total Expenditures	-	-	1,145,399	-	-	-	1,145,399
Total Expenditures	-	-	\$1,145,399	-	-	-	\$1,145,399

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 105 - OSHA Funding Alignment

Cross Reference Name: Workers' Compensation System
Cross Reference Number: 44000-011-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-
Total Positions							
Total Positions							5
Total Positions	-	-	-	-	-	-	5
Total FTE							
Total FTE							5.00
Total FTE	-	-	-	-	-	-	5.00

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 106 - Workers' Compensation Modernization Program

Cross Reference Name: Workers' Compensation System
Cross Reference Number: 44000-011-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
Workers Comp Insurance Taxes	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	342,153	-	-	-	342,153
Empl. Rel. Bd. Assessments	-	-	159	-	-	-	159
Public Employees' Retire Cont	-	-	58,063	-	-	-	58,063
Social Security Taxes	-	-	26,175	-	-	-	26,175
Worker's Comp. Assess. (WCD)	-	-	153	-	-	-	153
Flexible Benefits	-	-	92,358	-	-	-	92,358
Total Personal Services	-	-	\$519,061	-	-	-	\$519,061
Services & Supplies							
Instate Travel	-	-	3,184	-	-	-	3,184
Out of State Travel	-	-	109	-	-	-	109
Employee Training	-	-	1,400	-	-	-	1,400
Office Expenses	-	-	12,485	-	-	-	12,485
Telecommunications	-	-	5,463	-	-	-	5,463
Data Processing	-	-	6,406	-	-	-	6,406
IT Professional Services	-	-	50,000	-	-	-	50,000
Dues and Subscriptions	-	-	495	-	-	-	495
Facilities Rental and Taxes	-	-	24,413	-	-	-	24,413
Expendable Prop 250 - 5000	-	-	13,500	-	-	-	13,500

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 106 - Workers' Compensation Modernization Program

Cross Reference Name: Workers' Compensation System
Cross Reference Number: 44000-011-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
IT Expendable Property	-	-	7,168	-	-	-	7,168
Total Services & Supplies	-	-	\$124,623	-	-	-	\$124,623
Total Expenditures							
Total Expenditures	-	-	643,684	-	-	-	643,684
Total Expenditures	-	-	\$643,684	-	-	-	\$643,684
Ending Balance							
Ending Balance	-	-	(643,684)	-	-	-	(643,684)
Total Ending Balance	-	-	(\$643,684)	-	-	-	(\$643,684)
Total Positions							
Total Positions							3
Total Positions	-	-	-	-	-	-	3
Total FTE							
Total FTE							2.64
Total FTE	-	-	-	-	-	-	2.64

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

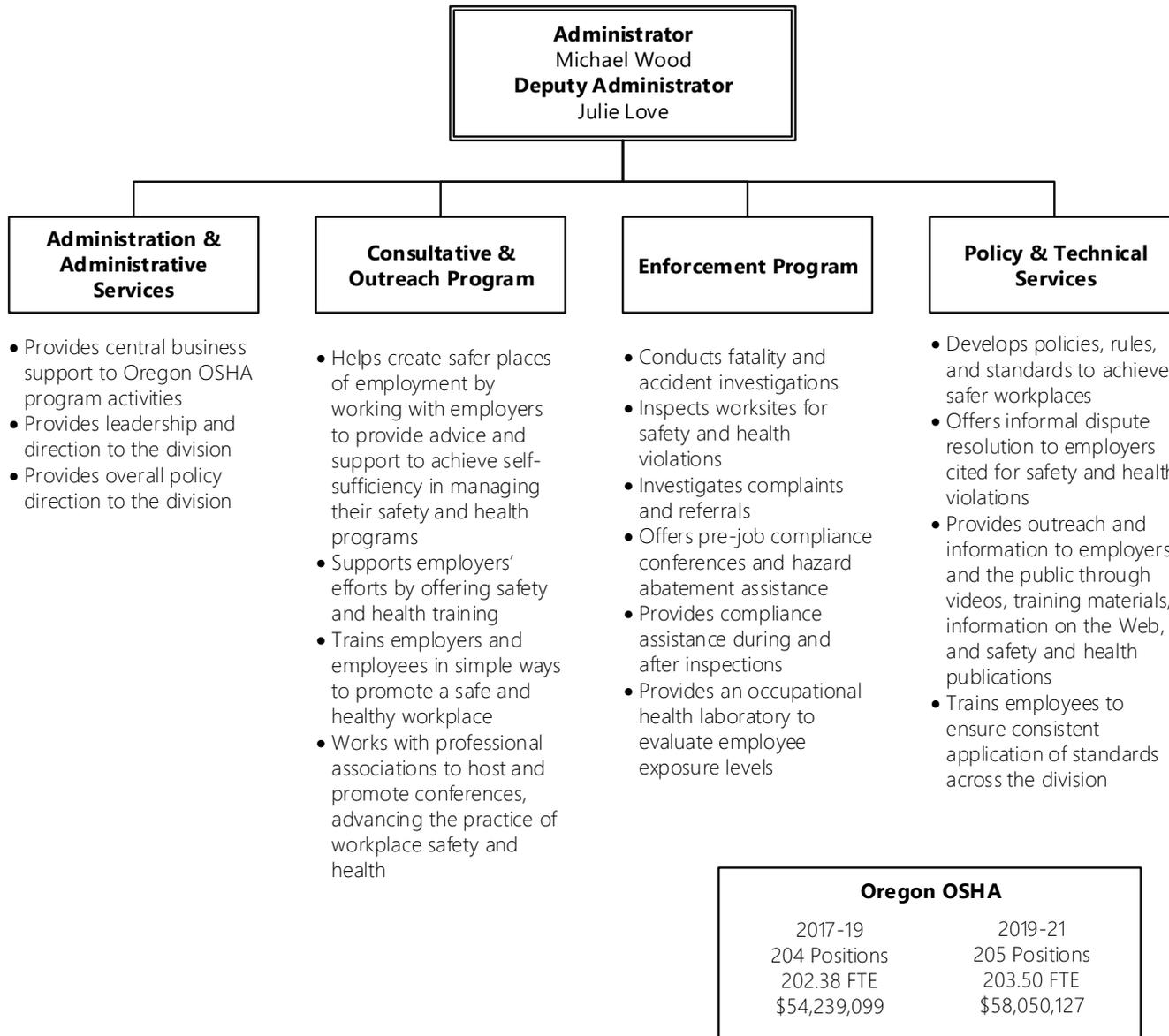
Consumer and Business Svcs, Dept of
2019-21 Biennium

Agency Number: 44000
Cross Reference Number: 44000-011-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Workers Comp Insurance Taxes	114,227,247	127,427,654	129,700,398	140,167,469	139,523,785	-
Business Lic and Fees	414,652	348,500	348,500	424,350	424,350	-
Charges for Services	6,927	-	-	-	-	-
Admin and Service Charges	1,308	-	-	-	-	-
Fines and Forfeitures	3,085,029	3,207,012	3,207,012	3,267,012	3,267,012	-
Interest Income	1,787,065	1,982,228	1,982,228	3,444,715	3,444,715	-
Donations	300	-	-	-	-	-
Other Revenues	121,586	129,000	129,000	133,000	133,000	-
Transfer Out - Intrafund	(23,507,032)	(25,425,967)	(25,425,967)	(32,727,589)	(32,727,589)	-
Tsfr To Forestry, Dept of	(72,535)	-	-	-	-	-
Tsfr To Labor and Ind, Bureau	(455,000)	(500,000)	(500,000)	(512,000)	(512,000)	-
Total Other Funds	\$95,609,547	\$107,168,427	\$109,441,171	\$114,196,957	\$113,553,273	-
Federal Funds						
Federal Funds	12,457,308	12,990,316	13,338,776	12,551,325	12,551,325	-
Total Federal Funds	\$12,457,308	\$12,990,316	\$13,338,776	\$12,551,325	\$12,551,325	-
Nonlimited Other Funds						
Transfer In - Intrafund	3,726,164	3,758,306	3,758,306	4,062,034	4,062,034	-
Total Nonlimited Other Funds	\$3,726,164	\$3,758,306	\$3,758,306	\$4,062,034	\$4,062,034	-

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BUDGET NARRATIVE



Enabling Legislation/Program Authorization

Federal Public Law 91-596 created the Occupational Health and Safety Association (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).”

Program Overview

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.

Oregon OSHA advances workplace safety and health and reduces workplace injuries and illnesses. In doing so, the division reduces 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 regulation, all of which are designed to encourage and enable employers and their workers to pursue safe and healthy workplaces. Its activities include:

- Inspecting worksites for workplace hazards, including violations of safety and health rules.
- Investigating workplace fatalities, major accidents, and safety and health complaints.

- Providing training and workplace consultation services.
- Developing occupational safety and health rules and other technical resources.

Oregon OSHA has regulatory authority over most Oregon employers. It focuses inspection activity on high-hazard industries and places of employment where workers are more likely to be injured or exposed to health hazards. A significant number of inspections come from complaints as well. During the 2017 federal fiscal year, 52.1 percent (1,973) of Oregon OSHA’s inspections were planned and 31.85 percent (1,206) came from complaints.

Program Description

Oregon OSHA administers the Oregon Safe Employment Act (OSEA), passed in 1973. Oregon OSHA is one of 28 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 the Oregon Safe Employment Act, 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, amends and adopts Oregon’s occupational safety and health rules, and provides rule interpretations.

These services are delivered as follows:

- **Enforcement.** Oregon continues to maintain the highest enforcement presence in the nation. Even with recent changes to certain maximum and minimum penalties, Oregon’s penalties are among the lowest in the country and federal regulators have historically recognized 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 scheduling lists, complaints, accidents (including fatalities), and referrals.
- **Consultative services and outreach programs.** Senate Bill 2900 (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 213 companies are current or graduated 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 21 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, workers, and internal staff understand and consistently apply rules and standards to achieve safer workplaces. The team expects approximately 9,000 contacts from employers and workers by phone and the Web during 2019-21. 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 active partnerships with organizations, governmental entities, and individuals who have an interest in workplace safety and health.

The Construction Advisory Committee, Small Agriculture Advisory Committee, and Forest Activities Advisory Committee, are groups designed by statute that require partnership involvement in rule writing. Oregon OSHA has signed alliances to work cooperatively and share information with Oregon Homebuilders Association, Oregon Coalition for Healthcare Ergonomics, Oregon Restaurant & Lodging Association, EMPLEO, Total Worker Health, and West Coast Chapter of the International Association of Foundation Drilling). Oregon OSHA has existing partnerships with the Pesticide Analytical and Response Center, Pacific Northwest Agriculture Safety and Health Center, Deschutes County Farm Bureau, Construction Safety Summit, SafeBuild Alliance, Oregon Home Care Commission, Oregon Health Authority, Oregon Employment Department, and Oregon Institute of Occupational Health Sciences. 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 affect injuries, illnesses, and workplace fatalities. Changing worksites and workplace demographics also drive certain occupational hazards and affect where the division focuses its efforts.

BUDGET NARRATIVE

Program Performance

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

Products and People	2010	2011	2012	2013	2014	2015	2016	2017
Inspections (FFY)	5,261	4,591	4,101	4,180	4,239	4,183	3,946	3,787
Consultations (FFY)	2,733	2,637	2,724	2,579	2,577	2,601	2,604	2,479
Conference and training attendance (FFY)	18,935	29,064	15,842	23,263	20,404	29,443	24,099	33,548

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

Measures	2010	2011	2012	2013	2014	2015	2016	2017
Total case incidence rate per 100 workers (CY)	3.9	3.8	3.9	4.1	3.9	3.7	4.0	***
Accepted disabling claims rate per 100 workers (CY)	1.1	1.1	1.1	1.1	1.1	1.1	1.1	***
Fatality rate per 100,000 workers (CY)	1.0	1.7	1.8	1.8	1.8	1.5	1.6	***
Customer service survey responses "Excellent" "Good" – Overall Service (FY)	96%	96%	96%	95%	94%	96%	98%	98%

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

Measures	2010	2011	2012	2013	2014	2015	2016	2017
Survey responses "Excellent" or "Good" – Service re: Timeliness (FY)	93%	93%	93%	92%	91%	94%	96%	95%

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

Units (FY) and Costs (FY)	2010	2011	2012	2013	2014	2015	2016	2017
Subject Employees (FY*)	1,630,350	1,632,300	1,652,650	1,680,800	1,723,000	1,774,350	1,829,800	1,876,150
<i>Cost per Unit** (ACTUAL EXPENDITURES; Planned expd for ≥ FY 2018)</i>	\$13	\$12	\$12	\$12	\$12	\$13	\$13	\$13
Subject Employers (FY*)	94,300	96,900	100,650	100,850	104,100	110,000	114,150	116,550
<i>Cost per Unit** (ACTUAL EXPENDITURES; Planned expd for ≥ FY 2018)</i>	\$218	\$201	\$196	\$195	\$201	\$203	\$204	\$217

* Based the average of the two calendar years containing the fiscal year

** Based on Oregon OSHA biennial Legislatively Adopted Budget

*** Data not available at this time

Funding Streams

Oregon OSHA is funded by the following:

- **74.6 percent** is funded by an assessment paid by employers on the premiums they pay to their insurer for workers' compensation coverage
- **19.7 percent** is funded by two grants from the U.S. Department of Labor OSHA
- **5.7 percent** is funded by civil penalties issued for violation of the Oregon Safe Employment Act

Significant Proposed Program Changes from 2017-19

None.

Program Narrative

2017-19 Accomplishments

1. Protected workers from workplace injuries and illnesses.

- Continued to achieve the highest employer inspection penetration in the country. The number of inspections has stabilized as the economy has improved, but is still less than historical levels.
- Provided approximately 5,000 no-cost workplace consultations to employers in the past two years. Approximately 45 percent of these were provided to employers who had either never used the service or had not done so within the previous five years.
- Continued prioritizing consultation requests and response times, allowing the division to better focus resources on small, high-hazard employers.
- Adopted the new "Preventing Heat-Related Illness" emphasis program to prevent heat-related illnesses and deaths in Oregon by raising awareness among workers and employers about the

health risks associated with working in hot environments. There were 81 inspections and 28 consultations during the first June through October summer emphasis campaign in 2017.

- Partnered with the Oregon Young Employee Safety Coalition to educate young workers and their employers about safety, including sponsoring a student video contest and developing curricula for use when making presentations on young worker safety and health.
- Continued to move more safety and health training online to allow better access for employers and workers.

2. Enhanced regulations and regulatory processes.

- Continued to provide plain language rules and publications to help employers and workers understand safety requirements.
- Adopted revisions to the silica standards for general industry and construction, and revisions to the walking working surfaces standards for general industry in collaboration with industry stakeholders.
- Moved forward with a long-term project to address certain permissible exposure limits (PELs) for exposures that have a significant impact on Oregon workplaces. The first stakeholder groups are meeting to address the lead and manganese standards.
- Offered easy access to schedule an informal conference and the ability to file appeals online of enforcement citations.
- Provided employees access to online forms for reporting worksite hazards and filing discrimination complaints related to safety and health issues.
- Adopted revisions to the application exclusion zone to increase protections against the risk of pesticide drift for agricultural workers and their families who rely on farm housing.

3. Improved customer service.

- Received a better than 95 percent favorable rating on customer service surveys.
- Continued to develop online tools to help employers comply with safety standards.
- Conducted regular meetings with stakeholder groups consisting of Oregon business and labor leaders from different industries. These committees provide advice to Oregon OSHA on policy and act as sounding boards on a variety of OSHA-related issues.
- Formed an alliance with the Construction Contractors Board (CCB). Contractors seeking licensing are now able to satisfy all or part of their elective continuing education credits through Oregon OSHA. Contractors will earn three to five credits when they receive an Oregon OSHA consultation and provide proof that they corrected any serious hazards that were identified. Contractors who undergo a series of safety consultations and work with OSHA over a period of one year to correct hazards and develop programs to become self-reliant in safety will earn up to 16 credit hours toward their license.
- Continued to provide scholarships through the Workers' Memorial Scholarship Program to spouses and children of workers permanently totally disabled or killed on the job.

4. Worked toward self-sufficiency of Oregon employers in managing their workplace health and safety.

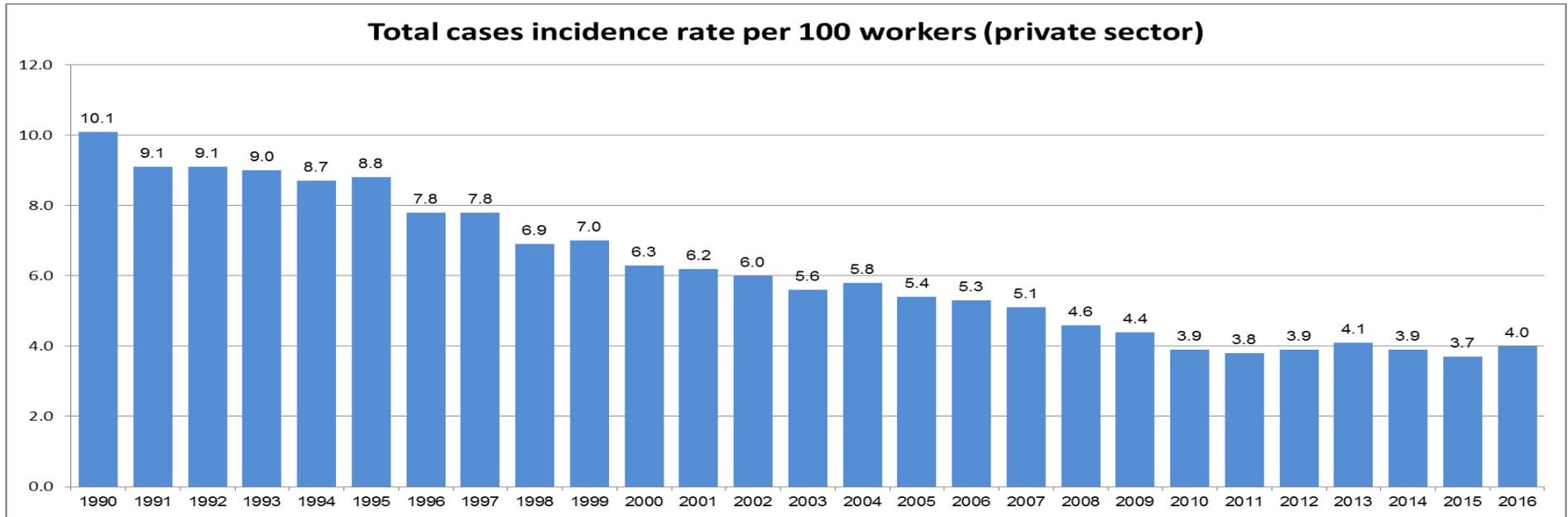
- Helped employers achieve exceptional performance in workplace safety and health through Oregon OSHA's Safety and Health Achievement Recognition Program (SHARP) and the Voluntary Protection Program (VPP). These two programs have recognized more than 230 employers who develop and

operate effective safety and health management systems in their workplaces.

- Completed the 14th year in 2017 of promoting "Safety Break for Oregon," which encourages employers and communities to promote and celebrate job safety with their employees.
- Partnered with various safety and health associations to present eight conferences throughout the state each biennium. In 2019-21, Oregon OSHA and partners expect to provide safety and health educational conferences to almost 5,500 attendees.

5. Increased training and education outreach to workers and businesses where English is a second language.

- Further expanded bilingual training programs by developing online safety and health training courses for Spanish speakers, as well as continued to deploy Oregon OSHA's award-winning bilingual PESO training program. Used social media campaigns to promote programs to target audiences.
- Continued to translate safety and health publications and materials into Spanish to help non-English-speaking employers and employees learn about workplace safety issues.



2019-21 Expected Results

Oregon OSHA plans to accomplish the following in the 2019-21 biennium:

- Continue to maintain the highest enforcement presence in the nation.
- Maintain a strong workplace presence in relation to on-site consultation.
- Target educational, collaborative, and enforcement efforts to high-hazard industries and occupations, and small employers.
- Focus education and outreach on protecting particularly vulnerable and hard-to-reach worker populations.

- Ensure that enforcement is used effectively as a tool to promote compliance, both before and after a particular workplace has been inspected.
- Increase employer and employee access to safety and health training through improved use of technology.
- Improve employer access and understanding of safety and health standards or rules by providing more online tools, writing rules more clearly, and using common industry terminology.
- Continue to establish and maintain strong partnerships to help leverage resources and communicate the importance of safety and health in the workplace.
- Increase the amount allocated in the Workers’ Memorial Scholarship program following the passage of SB 93, which increased the Workers’ Memorial Fund.

Proposed Legislation

None.

Revenues

Federal Occupational Safety and Health Administration (OSHA)

The department receives a grant from the U.S. Department of Labor that provides no more than 50 percent funding for carrying out specific activities related to the Occupational Safety and Health Act of 1970.

The department also has a contractual agreement with the Occupational Safety and Health Administration for 90 percent funding for four consultants conducting specific safety and health consultative services to private-sector employers following the federal consultation program requirements.

The amount of federal funds received for Oregon OSHA has been on the decline over the past several years. Since OSHA is also funded by the workers' compensation premium assessment, the decline in federal revenues is likely to require more funding from the assessment.

Federal Bureau of Labor Statistics

An agreement between the department and the U.S. Bureau of Labor Statistics provides 50 percent funding to conduct specific research and analysis related to occupational safety and health.

Base Budget

Agency Request: \$56,930,792 – Pos.: 205 FTE: 203.50

Governor's Recommended Budget: \$56,930,792 – Pos.: 205 FTE: 203.50

The base budget request is the 2017-19 Legislatively Adopted Budget and administrative changes approved by the Department of Administrative Services through February 2018 and roll-up of salary costs.

Essential Packages

Essential Package No. 010 – Non-PICS Service Adjustment

Agency Request: \$795,914

Governor's Recommended Budget: \$795,914

Essential Package No. 021 – Program Adjustments

Agency Request: \$0

Governor's Recommended Budget: \$0

Essential Package No. 022 – Phased-out Programs and One-time Costs

Agency Request: \$0

Governor's Recommended Budget: \$0

Essential Package No. 031 – Cost Adjustment for Inflation and Price List Items

Agency Request: \$1,017,054

Governor's Recommended Budget: \$1,107,054

BUDGET NARRATIVE

Oregon OSHA

Essential Package No. 032 – Above Standard Inflation

Agency Request: \$66,165

Governor's Recommended Budget: \$66,165

Essential Package No. 040 – Mandated Caseload & Costs

Agency Request: \$0

Governor's Recommended Budget: \$0

Essential Package No. 050 – Fund Shifts/Revenue Reductions

Agency Request: \$0

Governor's Recommended Budget: \$0

Essential Package No. 060 – Technical Adjustments

Agency Request: \$(370,825)

Governor's Recommended Budget: \$(370,825)

Current Service Level (CSL) Budget

Agency Request: \$58,439,100 – Pos.: 205 FTE: 203.50

Governor's Recommended Budget: \$58,439,100 – Pos.: 205 FTE: 203.50

The division's CSL budget is the total of the base budget request plus essential packages. Approval of the CSL continues current operations through the 2017-19 biennium.

Package No. 070 – Revenue Shortfalls

Federal OSHA Grant

Agency Request: \$(1,145,399) – Pos.: -5.00; FTE:-5.00

Governor's Recommended Budget: \$(1,145,399) – Pos.: (5) FTE: (5.00)

Modified Current Service Level (CSL) Budget

Agency Request: \$57,293,701 – Pos.: 200 FTE: 198.50

Governor's Recommended Budget: \$57,293,701 – Pos.: 200 FTE: 198.50

The division's modified CSL budget is the total of the CSL budget minus the revenue shortfall policy package 070. Approval of the modified CSL continues current operations through the 2019-21 biennium.

Policy Packages

Policy Package No. 090 – Analyst Adjustment

Governor's Recommended Budget: \$0

This package eliminates \$1.0 million Other Funds expenditure limitation in IT Professional Service in the Health Insurance Marketplace.

Policy Package No. 091 – Statewide Adjustment DAS Changes

Governor's Recommended Budget: \$(293,909)

This package represents changes to State Government Service Charges and DAS pricelist charges for services made for the Governor's Budget.

Policy Package No. 092 – Statewide AG Adjustment

Governor's Recommended Budget: \$(95,064)

This package reduces Attorney General rates by 5.95 percent to reflect changes from in the Governor's Budget.

BUDGET NARRATIVE

Policy Package No. 105 – OSHA Funding Alignment

Agency Request: \$1,145,399 – Pos.: 5 FTE: 5.00

Governor’s Recommended Budget: \$1,145,399 – Pos.: 5 FTE: 5.00

Purpose: As personal services continue to grow due to increases related to cost-of-living, annual merit, and other bargaining agreement commitments, the DCBS budget limitation is increased to reflect these costs through our continuing service level budget process. DCBS is awarded an increase in expenditure limitation by fund type in proportion to other fund and federal fund splits paid in previous biennium. However, the amount of federal funds DCBS is awarded remains flat and does not provide for the personal services increases Oregon is responsible for providing. This situation has caused DCBS to accrue an excess of federal fund limitation not supported by federal revenues.

DCBS is requesting a limitation fund shift from federal funds to other funds by requesting an increase to other funds limitation for the 2019-21 biennium.

How Achieved: The DCBS Agency Request Budget recognizes the federal fund revenue shortfall within package 070 for a total fund amount of \$(1,145,399) (column 3 below):

1	2	3	4	5
Funding	19-21 Continuing Service Level	19-21 Package 070	19-21 OSHA Funding Alignment Pkg. 105	Agency Request
Federal Fund	13,274,793	(723,468)	-	12,551,325
Other Fund	45,164,307	(421,931)	1,145,399	45,887,775
Total Fund	58,439,100	(1,145,399)	1,145,399	58,439,100
Position	205	(5)	5	205
FTE	203.50	(5.00)	5.00	203.50

Federal OSHA grants require grant recipients to share the cost of positions. In order to achieve a federal fund reduction target, a greater number of positions and other fund limitation must be reduced. DCBS requests the restoration of other fund removed in package 070 and an additional increase of other funds limitation to cover the approved personal services increases (e.g., merit increases and cost-of-living) granted through the state budget and bargaining processes originally awarded to DCBS as federal funds in previous biennia for a total other fund increase of \$1,145,399 (column 4 above). Approval of this policy option package will restore the staffing levels previously approved in other legislative sessions – maintaining the total fund limitation needed for the agency’s continuing service level through our agency request (columns 2 and 5, respectively). If this policy option package is not approved, the reductions in package 070 will become permanent reducing overall program services and capacity.

DCBS also requests that future budget adjustments based on inflationary factors and bargaining agreements be awarded as other funds limitation, due to the federal funds grant not being adjusted for these factors. If additional federal grant dollars do become available, DCBS will use additional federal OSHA awards to offset other fund costs to maintain current staffing levels. However, if federal funds continue to remain flat and costs continue to increase DCBS will request further action through the legislative process to adjust the budget.

Staffing Impact: The Department of Consumer and Business Services, Oregon OSHA, requests authority to establish the following positions:

BUDGET NARRATIVE

- 3 – Occupational Safety Specialist 3, salary range 29
- 1 – Industrial Hygienist 3, salary range 29
- 1 – Industrial Hygienist 4, salary range 31

Quantifying Results: Maintain ongoing current service level.

Revenue Source: The Department of Consumer and Business Services will use existing revenue sources, specifically the Premium Assessment Operating Account, which is the main other fund revenue source for Oregon OSHA.

Oregon OSHA Budget:

Agency Request: \$58,439,100 – Pos.: 205 FTE: 203.50

Governor’s Recommended Budget: \$58,050,127 – Pos.: 205 FTE: 203.50

BUDGET NARRATIVE

Revenue

2017-19 Beginning Balance	\$ 1,029,627
Revenues	
General Fund Appropriation	-
Workers' Compensation Insurance Taxes	54,723,518
Other Employer-Employee Taxes	-
Insurance Taxes	-
Business License & Fees	-
Charges for Services	-
Fines & Forfeitures	3,267,012
Interest Income	66,001
Other Revenues	-
Federal Revenue	12,551,325
<i>Subtotal Revenues</i>	\$ 70,607,856
Transfers	
Transfers In - Intrafund	-
Transfers Out - Intrafund	(12,686,383)
Transfers Out - General Fund	-
Transfers Out - Counties	-
Transfers Out - Governor	-
Transfers Out - BOLI	(512,000)
<i>Subtotal Transfers</i>	\$ (13,198,383)
Available Funds	58,439,100
2017-19 Budgeted Expenditures	58,050,127
2017-19 Ending Balance	\$ 388,973

BUDGET NARRATIVE

Oregon OSHA

Governor's Recommended Budget

2017-19 Legislatively Approved Budget	Operational	Pass Through Expenditures	Total	FTE
Total 2017-19 LAB	\$ 15,623,400	\$ 2,874,039	\$ 18,497,439	22.00

2019-21 Governor's Recommended Budget	Operational	Pass Through Expenditures	Total	FTE
Base Budget	\$15,675,813	\$2,874,039	\$18,549,852	22.00
<i>Essential Packages</i>				
Pkg. 010 Non-PICS Personal Services Vacancy Factor	\$89,500	\$0	\$89,500	-
Pkg. 021 Phase-In	\$0	\$0	\$0	-
Pkg. 022 Phase-Out Program & One-time Costs	(\$119,812)	(\$1,027,039)	(\$1,146,851)	-
Pkg. 031 Standard Inflation	\$455,580	\$70,186	\$525,766	-
Pkg. 032 Above Standard Inflation	\$6,873	\$0	\$6,873	-
Pkg. 060 Technical Adjustments	\$49,546	\$0	\$49,546	-
<i>Subtotal, Essential Packages</i>	<i>\$481,687</i>	<i>(\$956,853)</i>	<i>(\$475,166)</i>	-
<i>Subtotal, Current Service Level</i>	<i>\$16,157,500</i>	<i>\$1,917,186</i>	<i>\$18,074,686</i>	<i>22.00</i>
Pkg. 070 Revenue Shortfalls	(\$495,279)	(\$140,780)	(\$636,059)	-
<i>Modified Current Service Level</i>	<i>\$15,662,221</i>	<i>\$1,776,406</i>	<i>\$17,438,627</i>	<i>22.00</i>
<i>Policy Packages</i>				
Pkg. 090 Analysis Adjustments	(\$1,000,000)	\$0	(\$1,000,000)	-
Pkg. 091 Statewide Adjustment DAS Changes	(\$32,504)	\$0	(\$32,504)	-
Pkg. 092 Statewide AG Adjustment	\$0	\$0	\$0	-
Pkg. 103 Covering COFA Families	\$174,902	\$1,470,282	\$1,645,184	-
2019-21 Total Governor's Recommended Budget	\$14,804,619	\$3,246,688	\$18,051,307	22.00

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Consumer and Business Svcs, Dept of
Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor**

**Cross Reference Name: OR - OSHA
Cross Reference Number: 44000-011-15-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
All Other Differential	-	-	6,203	-	-	-	6,203
Public Employees' Retire Cont	-	-	1,053	-	-	-	1,053
Pension Obligation Bond	-	-	30,254	7,869	-	-	38,123
Social Security Taxes	-	-	475	-	-	-	475
Mass Transit Tax	-	-	11,973	-	-	-	11,973
Vacancy Savings	-	-	597,782	140,305	-	-	738,087
Total Personal Services	-	-	\$647,740	\$148,174	-	-	\$795,914
Total Expenditures							
Total Expenditures	-	-	647,740	148,174	-	-	795,914
Total Expenditures	-	-	\$647,740	\$148,174	-	-	\$795,914
Ending Balance							
Ending Balance	-	-	(647,740)	(148,174)	-	-	(795,914)
Total Ending Balance	-	-	(\$647,740)	(\$148,174)	-	-	(\$795,914)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Consumer and Business Svcs, Dept of
Pkg: 031 - Standard Inflation**

**Cross Reference Name: OR - OSHA
Cross Reference Number: 44000-011-15-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Instate Travel	-	-	34,805	1,116	-	-	35,921
Out of State Travel	-	-	1,576	745	-	-	2,321
Employee Training	-	-	18,069	71	-	-	18,140
Office Expenses	-	-	24,114	228	-	-	24,342
Telecommunications	-	-	31,726	40	-	-	31,766
State Gov. Service Charges	-	-	421,774	-	-	-	421,774
Data Processing	-	-	45,604	-	-	-	45,604
Publicity and Publications	-	-	3,069	-	-	-	3,069
Professional Services	-	-	6,739	-	-	-	6,739
IT Professional Services	-	-	749	-	-	-	749
Attorney General	-	-	267,837	-	-	-	267,837
Employee Recruitment and Develop	-	-	666	-	-	-	666
Dues and Subscriptions	-	-	2,109	-	-	-	2,109
Facilities Rental and Taxes	-	-	100,571	-	-	-	100,571
Fuels and Utilities	-	-	654	-	-	-	654
Facilities Maintenance	-	-	1,439	-	-	-	1,439
Agency Program Related S and S	-	-	5,193	-	-	-	5,193
Other Services and Supplies	-	-	6,619	-	-	-	6,619
Expendable Prop 250 - 5000	-	-	2,209	-	-	-	2,209
IT Expendable Property	-	-	12,800	-	-	-	12,800
Total Services & Supplies	-	-	\$988,322	\$2,200	-	-	\$990,522

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 031 - Standard Inflation

Cross Reference Name: OR - OSHA
Cross Reference Number: 44000-011-15-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Capital Outlay							
Technical Equipment	-	-	5,590	-	-	-	5,590
Total Capital Outlay	-	-	\$5,590	-	-	-	\$5,590
Special Payments							
Other Special Payments	-	-	20,942	-	-	-	20,942
Total Special Payments	-	-	\$20,942	-	-	-	\$20,942
Total Expenditures							
Total Expenditures	-	-	1,014,854	2,200	-	-	1,017,054
Total Expenditures	-	-	\$1,014,854	\$2,200	-	-	\$1,017,054
Ending Balance							
Ending Balance	-	-	(1,014,854)	(2,200)	-	-	(1,017,054)
Total Ending Balance	-	-	(\$1,014,854)	(\$2,200)	-	-	(\$1,017,054)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 032 - Above Standard Inflation

Cross Reference Name: OR - OSHA
Cross Reference Number: 44000-011-15-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Facilities Rental and Taxes	-	-	66,165	-	-	-	66,165
Total Services & Supplies	-	-	\$66,165	-	-	-	\$66,165
Total Expenditures							
Total Expenditures	-	-	66,165	-	-	-	66,165
Total Expenditures	-	-	\$66,165	-	-	-	\$66,165
Ending Balance							
Ending Balance	-	-	(66,165)	-	-	-	(66,165)
Total Ending Balance	-	-	(\$66,165)	-	-	-	(\$66,165)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 060 - Technical Adjustments

Cross Reference Name: OR - OSHA
Cross Reference Number: 44000-011-15-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Instate Travel	-	-	(100,000)	-	-	-	(100,000)
Office Expenses	-	-	(100,000)	-	-	-	(100,000)
Data Processing	-	-	(125,000)	-	-	-	(125,000)
Professional Services	-	-	200,000	-	-	-	200,000
Facilities Rental and Taxes	-	-	(245,825)	-	-	-	(245,825)
Total Services & Supplies	-	-	(\$370,825)	-	-	-	(\$370,825)
Total Expenditures							
Total Expenditures	-	-	(370,825)	-	-	-	(370,825)
Total Expenditures	-	-	(\$370,825)	-	-	-	(\$370,825)
Ending Balance							
Ending Balance	-	-	370,825	-	-	-	370,825
Total Ending Balance	-	-	\$370,825	-	-	-	\$370,825

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 070 - Revenue Shortfalls

Cross Reference Name: OR - OSHA
Cross Reference Number: 44000-011-15-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	(281,352)	(447,888)	-	-	(729,240)
Empl. Rel. Bd. Assessments	-	-	(123)	(182)	-	-	(305)
Public Employees' Retire Cont	-	-	(47,746)	(76,006)	-	-	(123,752)
Social Security Taxes	-	-	(21,523)	(34,263)	-	-	(55,786)
Worker's Comp. Assess. (WCD)	-	-	(117)	(173)	-	-	(290)
Flexible Benefits	-	-	(71,070)	(104,850)	-	-	(175,920)
Total Personal Services	-	-	(\$421,931)	(\$663,362)	-	-	(\$1,085,293)
Services & Supplies							
Instate Travel	-	-	-	(30,497)	-	-	(30,497)
Out of State Travel	-	-	-	(20,344)	-	-	(20,344)
Employee Training	-	-	-	(1,937)	-	-	(1,937)
Office Expenses	-	-	-	(6,240)	-	-	(6,240)
Telecommunications	-	-	-	(1,088)	-	-	(1,088)
Total Services & Supplies	-	-	-	(\$60,106)	-	-	(\$60,106)
Total Expenditures							
Total Expenditures	-	-	(421,931)	(723,468)	-	-	(1,145,399)
Total Expenditures	-	-	(\$421,931)	(\$723,468)	-	-	(\$1,145,399)
Ending Balance							
Ending Balance	-	-	421,931	723,468	-	-	1,145,399
Total Ending Balance	-	-	\$421,931	\$723,468	-	-	\$1,145,399

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 070 - Revenue Shortfalls

Cross Reference Name: OR - OSHA
Cross Reference Number: 44000-011-15-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Total Positions							
Total Positions							(5)
Total Positions	-	-	-	-	-	-	(5)
Total FTE							
Total FTE							(5.00)
Total FTE	-	-	-	-	-	-	(5.00)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Consumer and Business Svcs, Dept of
Pkg: 091 - Statewide Adjustment DAS Chgs**

**Cross Reference Name: OR - OSHA
Cross Reference Number: 44000-011-15-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Instate Travel	-	-	(34,123)	-	-	-	(34,123)
Office Expenses	-	-	(22,862)	-	-	-	(22,862)
Telecommunications	-	-	(4,884)	-	-	-	(4,884)
State Gov. Service Charges	-	-	(92,799)	-	-	-	(92,799)
Data Processing	-	-	(57,452)	-	-	-	(57,452)
Facilities Rental and Taxes	-	-	(81,105)	-	-	-	(81,105)
Other Services and Supplies	-	-	(684)	-	-	-	(684)
Total Services & Supplies	-	-	(\$293,909)	-	-	-	(\$293,909)
Total Expenditures							
Total Expenditures	-	-	(293,909)	-	-	-	(293,909)
Total Expenditures	-	-	(\$293,909)	-	-	-	(\$293,909)
Ending Balance							
Ending Balance	-	-	293,909	-	-	-	293,909
Total Ending Balance	-	-	\$293,909	-	-	-	\$293,909

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 092 - Statewide AG Adjustment

Cross Reference Name: OR - OSHA
Cross Reference Number: 44000-011-15-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Attorney General	-	-	(95,064)	-	-	-	(95,064)
Total Services & Supplies	-	-	(\$95,064)	-	-	-	(\$95,064)
Total Expenditures							
Total Expenditures	-	-	(95,064)	-	-	-	(95,064)
Total Expenditures	-	-	(\$95,064)	-	-	-	(\$95,064)
Ending Balance							
Ending Balance	-	-	95,064	-	-	-	95,064
Total Ending Balance	-	-	\$95,064	-	-	-	\$95,064

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Consumer and Business Svcs, Dept of
Pkg: 105 - OSHA Funding Alignment**

**Cross Reference Name: OR - OSHA
Cross Reference Number: 44000-011-15-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
Workers Comp Insurance Taxes	-	-	1,145,399	-	-	-	1,145,399
Total Revenues	-	-	\$1,145,399	-	-	-	\$1,145,399
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	729,240	-	-	-	729,240
Empl. Rel. Bd. Assessments	-	-	305	-	-	-	305
Public Employees' Retire Cont	-	-	123,752	-	-	-	123,752
Social Security Taxes	-	-	55,786	-	-	-	55,786
Worker's Comp. Assess. (WCD)	-	-	290	-	-	-	290
Flexible Benefits	-	-	175,920	-	-	-	175,920
Total Personal Services	-	-	\$1,085,293	-	-	-	\$1,085,293
Services & Supplies							
Instate Travel	-	-	30,497	-	-	-	30,497
Out of State Travel	-	-	20,344	-	-	-	20,344
Employee Training	-	-	1,937	-	-	-	1,937
Office Expenses	-	-	6,240	-	-	-	6,240
Telecommunications	-	-	1,088	-	-	-	1,088
Total Services & Supplies	-	-	\$60,106	-	-	-	\$60,106
Total Expenditures							
Total Expenditures	-	-	1,145,399	-	-	-	1,145,399
Total Expenditures	-	-	\$1,145,399	-	-	-	\$1,145,399

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Consumer and Business Svcs, Dept of
Pkg: 105 - OSHA Funding Alignment**

**Cross Reference Name: OR - OSHA
Cross Reference Number: 44000-011-15-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-
Total Positions							
Total Positions							5
Total Positions	-	-	-	-	-	-	5
Total FTE							
Total FTE							5.00
Total FTE	-	-	-	-	-	-	5.00

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Consumer and Business Svcs, Dept of
2019-21 Biennium

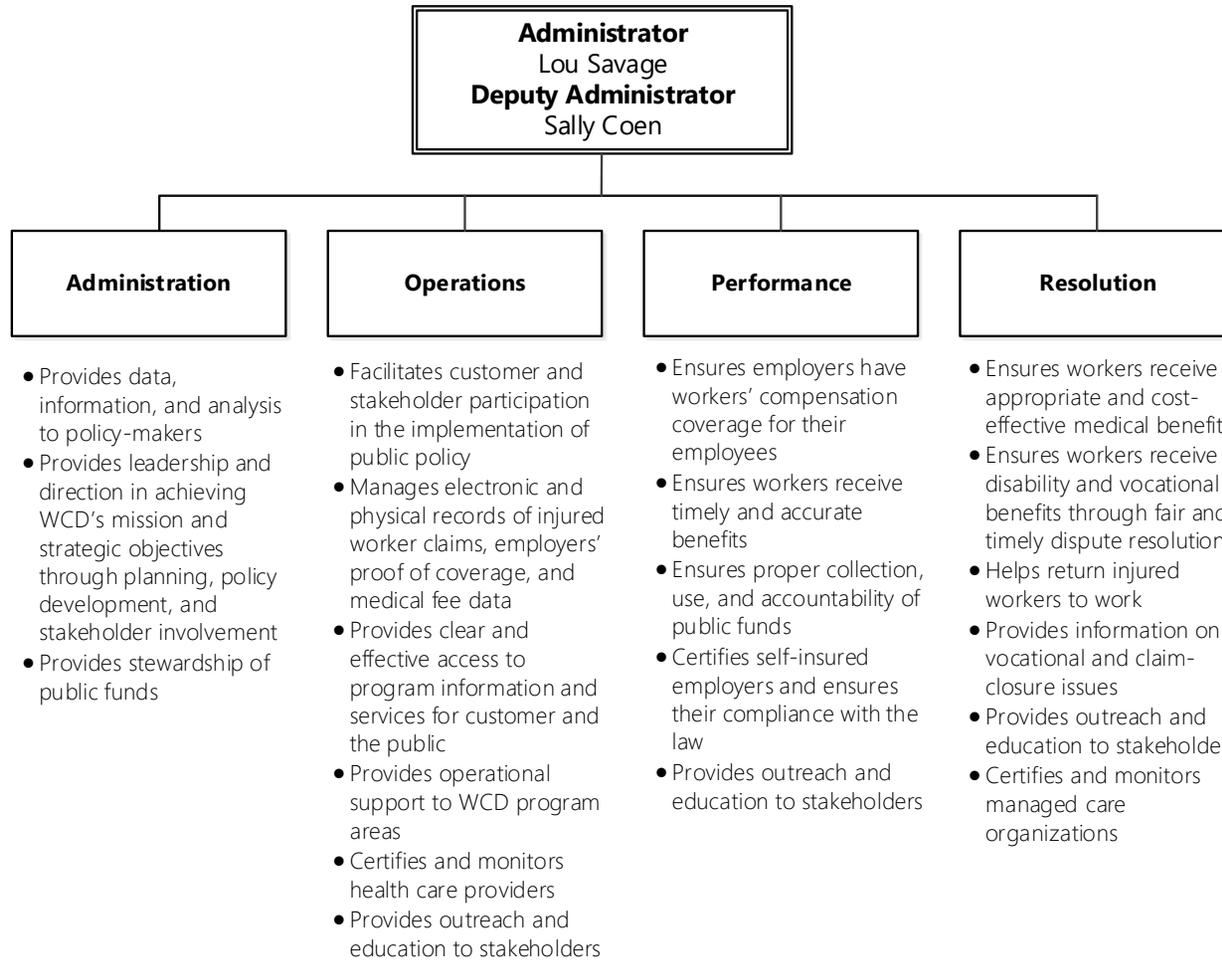
Agency Number: 44000
Cross Reference Number: 44000-011-15-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Workers Comp Insurance Taxes	44,652,636	48,540,308	49,367,067	54,723,518	54,723,518	-
Charges for Services	4,604	-	-	-	-	-
Admin and Service Charges	545	-	-	-	-	-
Fines and Forfeitures	3,084,679	3,207,012	3,207,012	3,267,012	3,267,012	-
Interest Income	102,383	34,035	34,035	66,001	66,001	-
Donations	300	-	-	-	-	-
Other Revenues	24,451	-	-	-	-	-
Transfer Out - Intrafund	(9,651,804)	(9,838,614)	(9,838,614)	(12,686,383)	(12,686,383)	-
Tsfr To Forestry, Dept of	(30,590)	-	-	-	-	-
Tsfr To Labor and Ind, Bureau	(455,000)	(500,000)	(500,000)	(512,000)	(512,000)	-
Total Other Funds	\$37,732,204	\$41,442,741	\$42,269,500	\$44,858,148	\$44,858,148	-
Federal Funds						
Federal Funds	12,457,308	12,990,316	13,338,776	12,551,325	12,551,325	-
Total Federal Funds	\$12,457,308	\$12,990,316	\$13,338,776	\$12,551,325	\$12,551,325	-

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
5000435	OAS	C5711	AP OCCUPATIONAL SFTY SPECIALIST	3	1-	1.00-	24.00-	09	7,246.00	17,390- 7,811-	156,514- 70,308-		173,904- 78,119-
5000477	OAS	C5707	AP INDUSTRIAL HYGIENIST	3	1-	1.00-	24.00-	05	5,993.00	14,383- 7,071-	129,449- 63,643-		143,832- 70,714-
5200079	OAS	C5711	AP OCCUPATIONAL SFTY SPECIALIST	3	1-	1.00-	24.00-	05	5,993.00	86,299- 42,429-	57,533- 28,285-		143,832- 70,714-
5200086	OAS	C5711	AP OCCUPATIONAL SFTY SPECIALIST	3	1-	1.00-	24.00-	03	5,442.00	79,671- 41,149-	50,937- 26,309-		130,608- 67,458-
5200112	OAS	C5708	AP INDUSTRIAL HYGIENIST	4	1-	1.00-	24.00-	02	5,711.00	83,609- 42,119-	53,455- 26,929-		137,064- 69,048-
TOTAL PICS SALARY										281,352-	447,888-		729,240-
TOTAL PICS OPE										140,579-	215,474-		356,053-
TOTAL PICS PERSONAL SERVICES =				5-	5.00-	120.00-				421,931-	663,362-		1,085,293-

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
5000435	OAS	C5711	AP OCCUPATIONAL SFTY SPECIALIST 3	1	1.00	24.00	09	7,246.00		173,904 78,119			173,904 78,119
5000477	OAS	C5707	AP INDUSTRIAL HYGIENIST 3	1	1.00	24.00	05	5,993.00		143,832 70,714			143,832 70,714
5200079	OAS	C5711	AP OCCUPATIONAL SFTY SPECIALIST 3	1	1.00	24.00	05	5,993.00		143,832 70,714			143,832 70,714
5200086	OAS	C5711	AP OCCUPATIONAL SFTY SPECIALIST 3	1	1.00	24.00	03	5,442.00		130,608 67,458			130,608 67,458
5200112	OAS	C5708	AP INDUSTRIAL HYGIENIST 4	1	1.00	24.00	02	5,711.00		137,064 69,048			137,064 69,048
TOTAL PICS SALARY										729,240			729,240
TOTAL PICS OPE										356,053			356,053
TOTAL PICS PERSONAL SERVICES =				5	5.00	120.00				1,085,293			1,085,293

BUDGET NARRATIVE



Workers' Compensation Division	
2017-19	2019-21
177 Positions	178 Positions
175.50 FTE	176.14 FTE
\$42,902,466	\$46,349,516

Enabling Legislation/Program Authorization

Oregon's workers' compensation system was created in 1913, went into effect in 1914, and major reforms were 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).

Program Overview

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. Employers must provide workers' compensation coverage to most workers, with exemptions specified in the law.

The Department of Consumer and Business Services oversees the workers' compensation system. Workers who are injured receive medical treatment to help them 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.

Program Description

Despite accident prevention and workplace safety measures, workers are sometimes injured on the job. When that happens, 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. The system operates administratively, eliminating the need for workers to sue employers and for employers to respond to and defend tort claims. Oregon employers may obtain coverage through private workers' compensation insurance carriers, through SAIF Corp., a public benefit corporation, or by becoming certified for self-insurance. Employers unable to obtain coverage in one of these three ways are guaranteed eligibility for coverage through the assigned risk plan.

The Workers' Compensation Division protects injured workers' benefits and rights in the workers' compensation system and supports a positive business climate by:

- Enforcing workers' compensation insurance coverage laws so that employers maintain coverage for their subject workers.
- Ensuring that injured workers receive timely and accurate benefits and quality medical care.
- Facilitating injured workers' early return-to-work through incentive programs to employers.
- Resolving medical, vocational, disability, and other disputes.
- Providing consultation, training, and technical assistance to workers, employers, insurers, claims examiners, attorneys, medical providers, and others.
- Administering the Workers' Benefit Fund programs.

The system affects all Oregon businesses that hire subject workers, and touches most members of the Oregon workforce. 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 of these two groups.

BUDGET NARRATIVE

Workers' Compensation Division

The workers' compensation system offers an economical alternative to the court system. By providing structured medical and income replacement benefits, the system ensures that workers injured at work will not become destitute and are financially restored. Workers do not have the burden of showing they are not at fault for their injury. Also, businesses can afford and predict their risk exposure to plan business strategies that better support strong marketplaces. The structured system protects employers from the potentially devastating effect of punitive damage awarded under the traditional tort system.

The system impacts any person that provides services within the system such as workers' compensation insurance companies, self-insured employers, medical providers, attorneys, vocational providers, worker leasing companies, and others.

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 conducting audits for timely and accurate claims processing by insurers, ensuring self-insured employers are financially able to pay their claim liabilities and other required payments, ensuring rating standards are set for permanent impairment, maintaining a medical fee schedule, and coordinating 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 Workers' Compensation Management-Labor Advisory Committee's policy review of the workers' compensation system to ensure stability, balance, adequate benefits, affordability, and efficiency.

Program Performance

- Oregon employers pay, on average, the seventh lowest workers' compensation premium rates in the nation. Rates have stayed low while the statutory benefits paid to or on behalf of workers have increased.
- The number of the most serious claims increased by about 17 percent from 2010 to 2017. Employment has grown by the same percentage during the same time period.
- Compensable work-related fatalities have declined in the past few decades.
- Most employers maintain proper coverage (see KPM #4400-8). However, an employer that does not maintain workers' compensation insurance can end up spending much more for on-the-job injuries. The average cost to an employer for a worker who is not covered by workers' compensation insurance is nearly twice the amount for a worker who is covered. Enforcing coverage requirements helps save the system money, which is ultimately passed on to consumers.

	2012	2013	2014	2015	2016	2017
Division FTE	172.5	172.5	173.5	175.5	175.5	175.5
National Premium Ranking	12th Lowest	12th Lowest	8th Lowest	8th Lowest	7th Lowest	7th Lowest
Premium Paid (in millions)	\$847.2	\$880.1	\$903.7	\$907.6	\$930.4	\$937.8
Annual Pure Premium Rate Changes	1.9%	1.7%	-7.6%	-5.3%	-5.3%	-6.6%
Total Employment (in millions)	1.66	1.70	1.75	1.80	1.86	1.90
Disabling Claims	18,643	18,633	19,724	19,568	20,455	20,989
Total Claims Benefits Paid (in millions)	\$578.04	\$583.04	\$582.82	\$560.67	\$561.30	\$620.95
Average Claim Costs when worker covered by insurance	\$22,000	\$22,500	\$20,900	\$20,600	\$19,800	\$20,900
Average Claim Costs when worker is not covered	\$41,900	\$35,100	\$53,300	\$28,500	\$49,800	\$33,400

Funding Streams

Workers' Compensation Division is funded by the following:

- **90 percent** is funded by an assessment paid by employers on the premiums they pay to their insurer for workers' compensation coverage.
- **10 percent** is 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 2017-19

None.

Program Narrative

2017-19 Accomplishments

1. Protecting Oregon workers

- Maintained a low rate of uninsured employers. For every 1,000 accepted disabling claims in 2017, about two were filed by workers of uninsured employers, indicating a high rate of compliance with coverage requirements.
- Completed the implementation of SB 1558 (2014), which strengthened the financial viability requirements for self-insured employers. New administrative rules were applied to individual self-insured employers on Jan. 1, 2017.
- Improved the process with Bureau of Labor and Industries (BOLI) to ensure worker complaints about inducement not to file a claim are transferred quickly to the division for resolution.

2. Improving benefits for injured workers

- Maintained a high rate of claims processing performance among most insurers. Taken as a whole, Oregon's injured workers receive timely benefits about 88 percent of the time, a high rate of compliance compared to other states.
- Implemented 2017 legislation improving benefits for permanently and totally disabled workers and fatality benefits for children of workers killed on the job.
- Maintained use of alternative dispute resolution in medical, permanent disability, and return-to-work disputes. Resolving these issues quickly without a formal hearing allows the injured worker to receive benefits faster and saves costs. For example, about 70 percent of all disputes on medical issues were resolved by alternative dispute resolution in 2017.
- Continued to work with the Employment Department's iMatch Skills program to match employers with preferred workers. In 2016-17, the division and Employment Department jointly conducted 23 workshops, reaching 177 workers. In 2016-17, there were 94 job listings in iMatch targeted at preferred workers.
- Supported the Medical Advisory Committee's review of medical technologies and other medical issues.
- Increased Preferred Worker Program benefits for most categories effective Jan. 1, 2017, and conducted enhanced workshops for workers.
- Expanded the eligibility criteria for a worker-requested medical examination (WRME) effective Jan. 1, 2018.

- Worked with stakeholders to review the independent medical examination rules about provider certification, ethics standards, and training requirements as recommended by the Workers' Compensation Management-Labor Advisory Committee (MLAC).

3. Controlling workers' compensation system costs

- Continued to be one of the lowest-cost states for workers' compensation. At the beginning of 2017, Oregon had the seventh lowest average rates compared to other states. The pure premium rate decreased an average 14 percent in 2018. The pure premium is the portion of the premium employers pay insurers to cover anticipated claims costs for job-related injuries and deaths.
- Kept medical costs spent by employers system-wide steady over recent years, despite increases in medical inflation and improvements in the medical fee schedule.
- Implemented HB 2335 (2017) to allow smaller medical arbiter panels in certain situations, reducing costs of examinations paid by insurers.

4. Streamlining regulations and processes

- Continued expansion of electronic communications to customers and stakeholders to help eliminate the need for printing and mailing documents.
- Updated administrative rules to ensure consistency throughout the rules.
- Revised the rules relating to the regulation of worker leasing companies (also known as professional employer organizations) for the first time since 2012, streamlining regulatory requirements while maintaining protections for injured workers.

- Continued to develop and refine a Web portal to facilitate the transmission of electronic documents by customers, including claim loss data from self-insured employers.
- Implemented HB 2336 (2017), which streamlined claims processing for defaulted and insolvent self-insured employers and the division's ability to recoup money that belong to the Workers' Benefit Fund.
- In conjunction with Oregon OSHA, the Ombudsman for Injured Workers, and the Small Business Ombudsman, implemented a worker protection initiative to align the missions and focus work on outcomes.
- Updated the division's training for medical providers, Training Guide to Performing Independent Medical Exams (IME), who want to be on the director's list of providers authorized to perform IMEs. In addition, a 15-question companion test was implemented to provide some assurance the provider read the guide, replacing a practice in which providers self-attested they read the training materials.
- Expand the use of a business intelligence software and data system to support outcome-focused decision making for three units.
- Analyzed and improved timeliness and accuracy of internal processes for receipt and acceptance of workers' compensation insurers claims reports.

5. Enhancing customer service

- Provided customers increased access to online training and training videos.
- Provided focused training for medical providers and their office staff.

- Continued to work with employer organizations, such as the Small Business Development Centers, and provide customized training to businesses; attended statewide job fairs; and conducted educational conferences for about 425 workers' compensation system customers and stakeholders.
- Implemented revised and streamlined vocational assistance and return-to-work rules, effective Jan. 1, 2017.
- Continued to work with stakeholders to develop and re-draft administrative rules to help readers find the applicable rules more easily and understand them. In this biennium, the division completed rewriting managed care organization rules.

2019-21 Expected Results

The Workers' Compensation Division plans to accomplish the following in the 2019-2021 biennium:

- Continue to expand outreach to preferred workers and collaborate with employers to further the goals of the return-to-work programs.
- Develop and implement an integrated cross-divisional team dedicated to external education and a coordinated outreach program for stakeholders and policymakers.
- Continue implementing electronic records management, including scanning and electronically storing paper documents.
- Review laws and rules to allow more electronic transmission of information to the division.
- Initiate planning for modernizing information systems, including the Claims Information System.
- Continue implementing a business intelligence software and data system to support outcome-focused decision making.
- Expand significantly the outreach to medical providers and their offices.

Revenue Sources

- Workers' compensation premium assessment
- Workers' Benefit Fund assessment
- Fines and penalties
- Investment revenue

Proposed Legislation

Civil penalty cap increase. One of the division's primary tools to motivate improved behavior is to issue civil penalties for violation of laws, rules, and orders of the director. In recent years, some insurers and self-insured employers have had declining performance relating to claim processing, proof-of-coverage reporting, and responsiveness to division inquiries. The current civil penalty is limited to \$2,000 per violation and \$10,000 per three-month period, or approximately \$40,000 per year. This concept will 1) separate the current civil penalties into three distinct areas with separate caps for each; 2) convert all three penalty caps to apply on a calendar year basis, instead of a three-month rolling period; and 3) increase the penalty cap and the per-violation amounts for insurers, self-insured employers, and service companies (service companies: for claim processing violations based on audits only) to a level reflecting approximate inflation since 1975.

Base Budget

Agency Request: \$44,811,859 – Pos.: 175 FTE: 173.50
Governor's Recommended Budget: \$44,811,859 – Pos.: 175 FTE: 173.50

The base budget request is the 2017-19 Legislatively Adopted Budget and administrative changes approved by the Department of Administrative Services through February 2018 and roll-up of salary costs.

Essential Packages

Essential Package No. 010 – Non-PICS Service Adjustment

Agency Request: \$1,021,836
Governor's Recommended Budget: \$1,021,836

Essential Package No. 021 – Program Adjustments

Agency Request: \$0
Governor's Recommended Budget: \$0

Essential Package No. 022 – Phased-out Programs and One-time Costs

Agency Request: \$0
Governor's Recommended Budget: \$0

Essential Package No. 031 – Cost Adjustment for Inflation and Price List Items

Agency Request: \$662,709
Governor's Recommended Budget: \$662,709

Essential Package No. 032 – Above Standard Inflation

Agency Request: \$34,782
Governor's Recommended Budget: \$34,782

Essential Package No. 040 – Mandated Caseload & Costs

Agency Request: \$0
Governor's Recommended Budget: \$0

Essential Package No. 050 – Fund Shifts/Revenue Reductions

Agency Request: \$0
Governor's Recommended Budget: \$0

Essential Package No. 060 – Technical Adjustments

Agency Request: \$(451,361)

Governor's Recommended Budget: \$(451,361)

Current Service Level (CSL) Budget

Agency Request: \$46,079,825 – Pos.: 175 FTE: 173.50

Governor's Recommended Budget: \$46,079,825 – Pos.: 175 FTE: 173.50

The division's CSL budget is the total of the base budget request plus essential packages. Approval of the CSL continues current operations through the 2019-21 biennium.

Package No. 070 – Revenue Shortfall

Agency Request: \$0

Governor's Recommended Budget: \$0

Modified Current Service Level (CSL) Budget

Agency Request: \$46,079,825 – Pos.: 175 FTE: 173.50

Governor's Recommended Budget: \$46,079,825 – Pos.: 175 FTE: 173.50

The division's modified CSL budget is the total of the CSL budget minus the revenue shortfall policy package 070. Approval of the modified CSL continues current operations through the 2019-21 biennium.

Policy Packages

Policy Package No. 090 – Analyst Adjustment

Governor's Recommended Budget: \$0

This package eliminates \$1.0 million Other Funds expenditure limitation in IT Professional Service in the Health Insurance Marketplace.

Policy Package No. 091 – Statewide Adjustment DAS Changes

Governor's Recommended Budget: \$(315,879)

This package represents changes to State Government Service Charges and DAS pricelist charges for services made for the Governor's Budget.

Policy Package No. 092 – Statewide AG Adjustment

Governor's Recommended Budget: \$(58,114)

This package reduces Attorney General rates by 5.95 percent to reflect changes from in the Governor's Budget.

Policy Package No. 106 – Workers' Compensation Information System Modernization

Agency Request: \$643,682 – Pos.: 3 FTE: 2.64

Governor's Recommended Budget: \$643,684 – Pos.: 3 FTE: 2.64

Purpose: Workers' compensation claim data is central to the department's regulatory functions. Claim information is used to track system performance and trends; monitor employer and insurer compliance; determine eligibility for department programs (Employer-at-Injury Program and Preferred Worker Program); and to schedule

Oregon OSHA inspections. To support these purposes, it is essential that the data is accurate and received in a timely manner.

The division has an archaic computer system to capture data about claims processed by insurers, self-insured employers, and service companies. Claim data is submitted to the division primarily on paper forms (some as document images) and then the division manually enters data into the Workers' Compensation Claims Information System. This database is more than 30 years old and is inefficient, extensively bandaged, and full of workarounds in order to make the system work for the current needs.

Oregon is one of 11 states that do not allow electronic claim reporting. Electronic Data Interchange (EDI) is computer-to-computer communication that allows data to be passed quickly, efficiently, and cost-effectively. Electronic reporting minimizes errors associated with a paper process and speeds up the transmission of information from insurers and self-insured employers to regulators. There is significant interest from both stakeholders and the division to move to electronic claim reporting, but the current system is so outmoded, it cannot accommodate this change.

Over the past year, the division has worked with the Office of the State Chief Information Officer (OSCIO) to determine readiness for electronic claim reporting. This analysis showed that the claim system is connected to a multitude of separate standalone programs. At least 11 different program areas in the division use or have separate systems that link to the claim system. Six different parts of DCBS also access data from or link to the claim system or related division systems: Oregon OSHA, Workers' Compensation Board, Ombudsman for Injured Workers, Small Business Ombudsman, Central Services Division (Research), and Central Services Division (Financial

Services). The Child Support Division of the Department of Justice also accesses claim data for regulatory purposes.

A broader look at the division's entire information system is more prudent than making a change to only one part. This is a significant effort affecting the entire division. The capacity to manage this type of endeavor does not currently exist in the division or at the agency level.

How Achieved: This policy option package requests a core project team that will initiate and manage the Workers' Compensation Modernization Program, which will consist of one or more "stage gate" information technology projects and support a long-term (five to 10 years) phased process of planning, budget approval, and project implementation. An investment in a small planning team will ensure accountability and long-term success of a sizable information system program and ensure achievable progress. The program and component projects are subject to OSCIO's project oversight process.

In the 2019-21 biennium, the project team will develop a complete Workers' Compensation Modernization Program strategic vision, develop the future state architecture and roadmap, complete program management planning and business case updates, and prepare the budget request for the first implementation phase of the modernization program to start in the 2021-23 biennium.

For our customers, this program will ease regulatory burdens of doing business in Oregon. Since Oregon does not allow electronic claim reporting, it causes difficulties, especially for, multi-state insurance companies. The new program will allow regulated entities to communicate by electronic means and submit required forms and documents electronically using modern and flexible technologies. The

BUDGET NARRATIVE

Workers' Compensation Division

program will allow the division to be more efficient, reduce processing time, and improve accuracy of information.

Staffing Impact: The Workers' Compensation Division requests authority to establish the following positions:

- 1 – Principal Executive Manager E, salary range 33X (permanent position starting 10/1/2019)
- 2 – Operations and Policy Analyst 3, salary range 30 (permanent position starting 10/1/2019)
- 1 – Information Systems Analyst 7, salary range 31 (limited duration 10/1/2019-6/30/2021)
- 1 – Information Systems Analyst 8, salary range 33 (limited duration 10/1/2019-6/30/2021)

2019-21 biennium expenses: \$1,042,593

2021-23 biennium expenses: \$668,682

Quantifying Results: The division will continually monitor workload and available revenue resources necessary to fund these positions. The division will also ensure the benchmarks for the OSCIO information technology investment oversight process are met.

In the long term, the modernization program is intended to eliminate redundancies and inefficiencies in business processes and reduce the amount of time spent on manual processes. This will allow the division to improve regulatory effectiveness and focus more directly on our mission.

Revenue Source: The Premium Assessment Operating Account will be used to fund the request. The Central Services Division's, Information Technology and Research Section economists have

estimated that this policy option package alone will not cause a change in the projected assessment rate.

Workers' Compensation Division Budget

Agency Request: \$46,723,509 – Pos.: 178 FTE: 176.14

Governor's Recommended Budget: \$46,349,516 Pos.: 178 FTE: 176.14

BUDGET NARRATIVE

Revenue

2019-21 Beginning Balance	\$ 50,588,624
Revenues	
General Fund Appropriation	-
Workers' Compensation Insurance Taxes	50,892,221
Other Employer-Employee Taxes	-
Insurance Taxes	-
Business License & Fees	424,350
Charges for Services	-
Fines & Forfeitures	-
Interest Income	3,378,714
Other Revenues	133,000
Federal Revenue	-
<i>Subtotal Revenues</i>	\$ 54,828,285
Transfers	
Transfers In - Intrafund	4,062,034
Transfers Out - Intrafund	(14,492,776)
Transfers Out - General Fund	-
Transfers Out - Counties	-
Transfers Out - Governor	-
Transfers Out - BOLI	-
<i>Subtotal Transfers</i>	\$ (10,430,742)
Available Funds	94,986,167
2019-21 Budgeted Expenditures	46,349,516
2019-21 Ending Balance	\$ 48,636,651

BUDGET NARRATIVE

Workers' Compensation Division

Governor's Recommended Budget

2017-19 Legislatively Approved Budget	Operational	Pass Through Expenditures	Total	FTE
Total 2017-19 LAB	\$ 40,432,024	\$ 3,462,034	\$ 43,894,058	175.5

2019-21 Governor's Recommended Budget	Operational	Pass Through Expenditures	Total	FTE
Base Budget	\$40,749,825	\$4,062,034	\$44,811,859	173.50
<i>Essential Packages</i>				
Pkg. 010 Non-PICS Personal Services Vacancy Factor	\$1,021,836	\$0	\$1,021,836	-
Pkg. 021 Phase-In	\$0	\$0	\$0	-
Pkg. 022 Phase-Out Program & One-time Costs	\$0	\$0	\$0	-
Pkg. 031 Standard Inflation	\$662,709	\$0	\$662,709	-
Pkg. 032 Above Standard Inflation	\$34,782	\$0	\$34,782	-
Pkg. 060 Technical Adjustments	(\$451,361)	\$0	(\$451,361)	-
<i>Subtotal, Essential Packages</i>	\$1,267,966	\$0	\$1,267,966	-
<i>Subtotal, Current Service Level</i>	\$42,017,791	\$4,062,034	\$46,079,825	173.50
Pkg. 070 Revenue Shortfalls	\$0	\$0	\$0	-
<i>Modified Current Service Level</i>	\$42,017,791	\$4,062,034	\$46,079,825	173.50
<i>Policy Packages</i>				
Pkg. 091 Statewide Adjustment DAS Changes	(\$315,879)	\$0	(\$315,879)	-
Pkg. 092 Statewide AG Adjustment	(\$58,114)	\$0	(\$58,114)	-
Pkg. 106 Workers Compensation Modernization Program	\$643,684	\$0	\$643,684	2.64
2019-21 Total Governor's Recommended Budget	\$42,287,482	\$4,062,034	\$46,349,516	176.14

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Consumer and Business Svcs, Dept of
Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor**

**Cross Reference Name: Workers' Comp Division
Cross Reference Number: 44000-011-13-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Transfers Out							
Transfer Out - Intrafund	-	-	-	-	-	-	-
Total Transfers Out	-	-	-	-	-	-	-
Personal Services							
Temporary Appointments	-	-	6,681	-	-	-	6,681
Overtime Payments	-	-	4,699	-	-	-	4,699
All Other Differential	-	-	560	-	-	-	560
Public Employees' Retire Cont	-	-	892	-	-	-	892
Pension Obligation Bond	-	-	25,260	-	-	-	25,260
Social Security Taxes	-	-	913	-	-	-	913
Mass Transit Tax	-	-	4,045	-	-	-	4,045
Vacancy Savings	-	-	1,031,176	-	-	-	1,031,176
Total Personal Services	-	-	\$1,074,226	-	-	-	\$1,074,226
Total Expenditures							
Total Expenditures	-	-	1,074,226	-	-	-	1,074,226
Total Expenditures	-	-	\$1,074,226	-	-	-	\$1,074,226
Ending Balance							
Ending Balance	-	-	(1,074,226)	-	-	-	(1,074,226)
Total Ending Balance	-	-	(\$1,074,226)	-	-	-	(\$1,074,226)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Consumer and Business Svcs, Dept of
Pkg: 031 - Standard Inflation**

**Cross Reference Name: Workers' Comp Division
Cross Reference Number: 44000-011-13-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Instate Travel	-	-	5,849	-	-	-	5,849
Out of State Travel	-	-	1,151	-	-	-	1,151
Employee Training	-	-	2,093	-	-	-	2,093
Office Expenses	-	-	28,013	-	-	-	28,013
Telecommunications	-	-	23,364	-	-	-	23,364
State Gov. Service Charges	-	-	342,955	-	-	-	342,955
Data Processing	-	-	29,816	-	-	-	29,816
Publicity and Publications	-	-	4,853	-	-	-	4,853
Professional Services	-	-	16,273	-	-	-	16,273
IT Professional Services	-	-	2,660	-	-	-	2,660
Attorney General	-	-	163,733	-	-	-	163,733
Employee Recruitment and Develop	-	-	122	-	-	-	122
Dues and Subscriptions	-	-	653	-	-	-	653
Facilities Rental and Taxes	-	-	56,186	-	-	-	56,186
Fuels and Utilities	-	-	4	-	-	-	4
Facilities Maintenance	-	-	57	-	-	-	57
Agency Program Related S and S	-	-	1	-	-	-	1
Intra-agency Charges	-	-	15	-	-	-	15
Other Services and Supplies	-	-	1,913	-	-	-	1,913
Expendable Prop 250 - 5000	-	-	591	-	-	-	591
IT Expendable Property	-	-	6,949	-	-	-	6,949
Total Services & Supplies	-	-	\$687,251	-	-	-	\$687,251

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 031 - Standard Inflation

Cross Reference Name: Workers' Comp Division
Cross Reference Number: 44000-011-13-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Capital Outlay							
Technical Equipment	-	-	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	687,251	-	-	-	687,251
Total Expenditures	-	-	\$687,251	-	-	-	\$687,251
Ending Balance							
Ending Balance	-	-	(687,251)	-	-	-	(687,251)
Total Ending Balance	-	-	(\$687,251)	-	-	-	(\$687,251)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 032 - Above Standard Inflation

Cross Reference Name: Workers' Comp Division
Cross Reference Number: 44000-011-13-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Facilities Rental and Taxes	-	-	36,965	-	-	-	36,965
Total Services & Supplies	-	-	\$36,965	-	-	-	\$36,965
Total Expenditures							
Total Expenditures	-	-	36,965	-	-	-	36,965
Total Expenditures	-	-	\$36,965	-	-	-	\$36,965
Ending Balance							
Ending Balance	-	-	(36,965)	-	-	-	(36,965)
Total Ending Balance	-	-	(\$36,965)	-	-	-	(\$36,965)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Consumer and Business Svcs, Dept of
Pkg: 060 - Technical Adjustments**

**Cross Reference Name: Workers' Comp Division
Cross Reference Number: 44000-011-13-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Telecommunications	-	-	(20,000)	-	-	-	(20,000)
Data Processing	-	-	(200,000)	-	-	-	(200,000)
Facilities Rental and Taxes	-	-	(292,122)	-	-	-	(292,122)
Total Services & Supplies	-	-	(\$512,122)	-	-	-	(\$512,122)
Total Expenditures							
Total Expenditures	-	-	(512,122)	-	-	-	(512,122)
Total Expenditures	-	-	(\$512,122)	-	-	-	(\$512,122)
Ending Balance							
Ending Balance	-	-	512,122	-	-	-	512,122
Total Ending Balance	-	-	\$512,122	-	-	-	\$512,122

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 091 - Statewide Adjustment DAS Chgs

Cross Reference Name: Workers' Comp Division
Cross Reference Number: 44000-011-13-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Instate Travel	-	-	(8,407)	-	-	-	(8,407)
Office Expenses	-	-	(36,687)	-	-	-	(36,687)
Telecommunications	-	-	(4,357)	-	-	-	(4,357)
State Gov. Service Charges	-	-	(82,779)	-	-	-	(82,779)
Data Processing	-	-	(51,248)	-	-	-	(51,248)
Facilities Rental and Taxes	-	-	(142,430)	-	-	-	(142,430)
Other Services and Supplies	-	-	(610)	-	-	-	(610)
Total Services & Supplies	-	-	(\$326,518)	-	-	-	(\$326,518)
Total Expenditures							
Total Expenditures	-	-	(326,518)	-	-	-	(326,518)
Total Expenditures	-	-	(\$326,518)	-	-	-	(\$326,518)
Ending Balance							
Ending Balance	-	-	326,518	-	-	-	326,518
Total Ending Balance	-	-	\$326,518	-	-	-	\$326,518

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 092 - Statewide AG Adjustment

Cross Reference Name: Workers' Comp Division
Cross Reference Number: 44000-011-13-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Attorney General	-	-	(58,114)	-	-	-	(58,114)
Total Services & Supplies	-	-	(\$58,114)	-	-	-	(\$58,114)
Total Expenditures							
Total Expenditures	-	-	(58,114)	-	-	-	(58,114)
Total Expenditures	-	-	(\$58,114)	-	-	-	(\$58,114)
Ending Balance							
Ending Balance	-	-	58,114	-	-	-	58,114
Total Ending Balance	-	-	\$58,114	-	-	-	\$58,114

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 106 - Workers' Compensation Modernization Program

Cross Reference Name: Workers' Comp Division
Cross Reference Number: 44000-011-13-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
Workers Comp Insurance Taxes	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	342,153	-	-	-	342,153
Empl. Rel. Bd. Assessments	-	-	159	-	-	-	159
Public Employees' Retire Cont	-	-	58,063	-	-	-	58,063
Social Security Taxes	-	-	26,175	-	-	-	26,175
Worker's Comp. Assess. (WCD)	-	-	153	-	-	-	153
Flexible Benefits	-	-	92,358	-	-	-	92,358
Total Personal Services	-	-	\$519,061	-	-	-	\$519,061
Services & Supplies							
Instate Travel	-	-	3,184	-	-	-	3,184
Out of State Travel	-	-	109	-	-	-	109
Employee Training	-	-	1,400	-	-	-	1,400
Office Expenses	-	-	12,485	-	-	-	12,485
Telecommunications	-	-	5,463	-	-	-	5,463
Data Processing	-	-	6,406	-	-	-	6,406
IT Professional Services	-	-	50,000	-	-	-	50,000
Dues and Subscriptions	-	-	495	-	-	-	495
Facilities Rental and Taxes	-	-	24,413	-	-	-	24,413
Expendable Prop 250 - 5000	-	-	13,500	-	-	-	13,500

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Consumer and Business Svcs, Dept of
Pkg: 106 - Workers' Compensation Modernization Program

Cross Reference Name: Workers' Comp Division
Cross Reference Number: 44000-011-13-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
IT Expendable Property	-	-	7,168	-	-	-	7,168
Total Services & Supplies	-	-	\$124,623	-	-	-	\$124,623
Total Expenditures							
Total Expenditures	-	-	643,684	-	-	-	643,684
Total Expenditures	-	-	\$643,684	-	-	-	\$643,684
Ending Balance							
Ending Balance	-	-	(643,684)	-	-	-	(643,684)
Total Ending Balance	-	-	(\$643,684)	-	-	-	(\$643,684)
Total Positions							
Total Positions							3
Total Positions	-	-	-	-	-	-	3
Total FTE							
Total FTE							2.64
Total FTE	-	-	-	-	-	-	2.64

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Consumer and Business Svcs, Dept of
2019-21 Biennium

Agency Number: 44000
Cross Reference Number: 44000-011-13-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Workers Comp Insurance Taxes	43,624,214	50,850,733	51,852,891	54,218,269	53,574,585	-
Business Lic and Fees	410,000	348,500	348,500	424,350	424,350	-
Charges for Services	2,323	-	-	-	-	-
Admin and Service Charges	186	-	-	-	-	-
Fines and Forfeitures	350	-	-	-	-	-
Interest Income	1,684,682	1,948,193	1,948,193	3,378,714	3,378,714	-
Other Revenues	86,601	129,000	129,000	133,000	133,000	-
Transfer Out - Intrafund	(9,782,060)	(11,599,249)	(11,599,249)	(14,991,489)	(14,991,489)	-
Tsfr To Forestry, Dept of	(28,875)	-	-	-	-	-
Total Other Funds	\$35,997,421	\$41,677,177	\$42,679,335	\$43,162,844	\$42,519,160	-
Nonlimited Other Funds						
Transfer In - Intrafund	3,726,164	3,758,306	3,758,306	4,062,034	4,062,034	-
Total Nonlimited Other Funds	\$3,726,164	\$3,758,306	\$3,758,306	\$4,062,034	\$4,062,034	-

12/20/18 REPORT NO.: PDPFISCAL
 REPORT: PACKAGE FISCAL IMPACT REPORT
 AGENCY:44000 DEPT OF CONSUMER/BSN SERVICES
 SUMMARY XREF:011-13-00 Workers' Comp Division

DEPT. OF ADMIN. SVCS. -- PPDB PICS SYSTEM

PAGE 1
 PROD FILE

2019-21

PICS SYSTEM: BUDGET PREPARATION

PACKAGE: 106 - Workers' Compensation Moderniz

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
3000033	MMS	X7008	AA PRINCIPAL EXECUTIVE/MANAGER E	1	.88	21.00	02	6,117.00		128,457 62,516			128,457 62,516
3000034	OAS	C0872	AA OPERATIONS & POLICY ANALYST 3	1	.88	21.00	02	5,088.00		106,848 57,196			106,848 57,196
3000035	OAS	C0872	AA OPERATIONS & POLICY ANALYST 3	1	.88	21.00	02	5,088.00		106,848 57,196			106,848 57,196
TOTAL PICS SALARY										342,153			342,153
TOTAL PICS OPE										176,908			176,908
TOTAL PICS PERSONAL SERVICES =				3	2.64	63.00				519,061			519,061

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