



# Joint Ways and Means Transportation and Economic Development Subcommittee

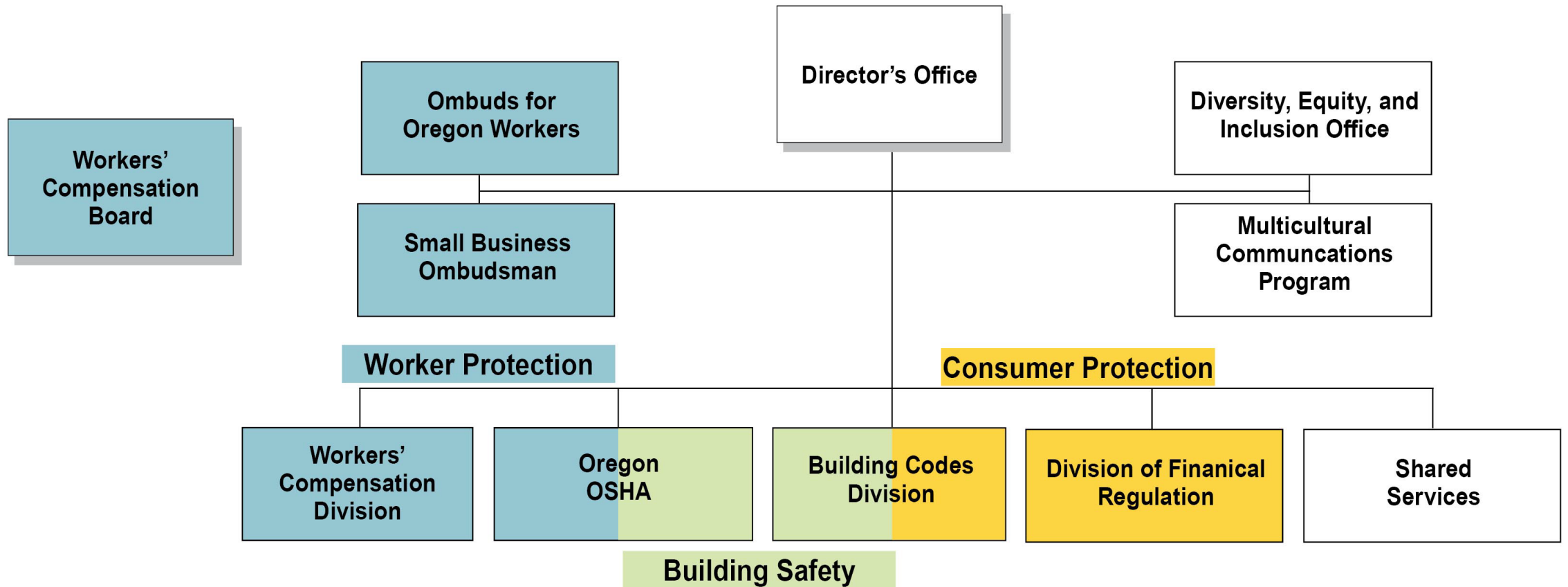
Department of Consumer and Business Services

House Bill 5010

March 28-29, 2023



# DCBS organizational chart



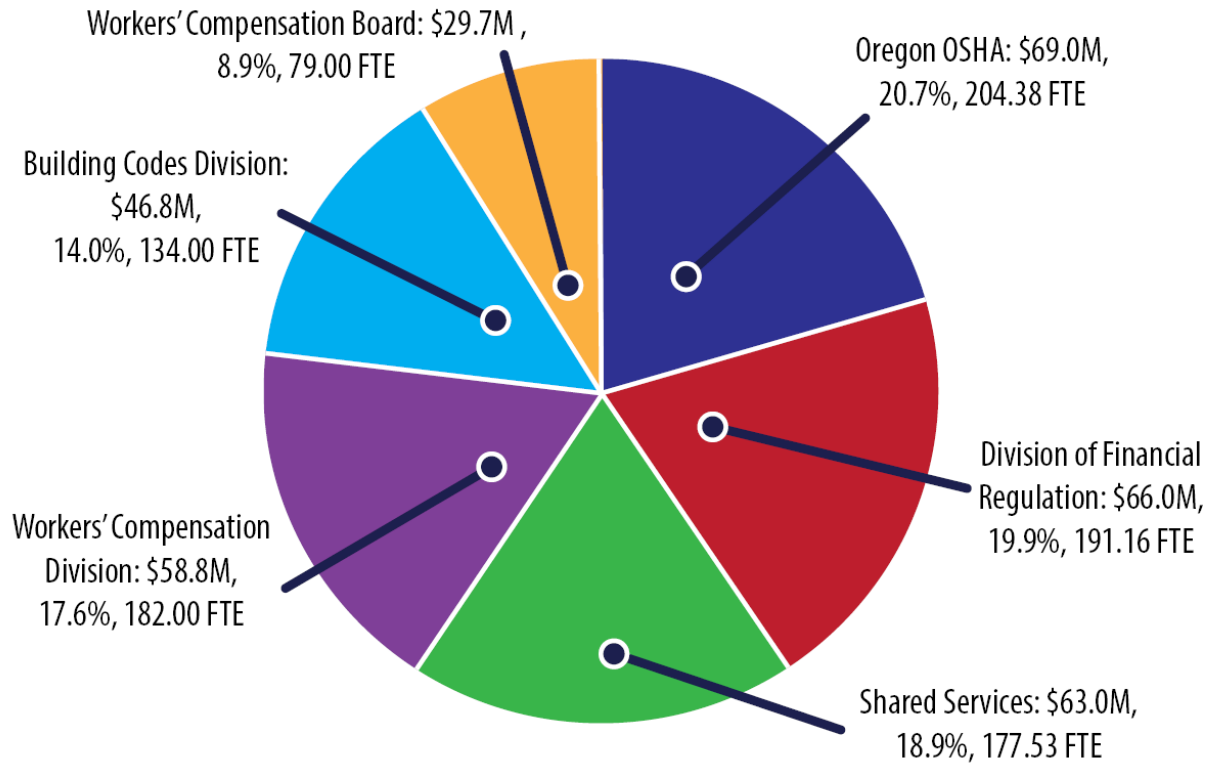
Mission: *To protect and serve Oregon's consumers and workers while supporting a positive business climate.*

# Community engagement

- Strategies
  - Inform and empower
  - Consult and involve
- Community Engagement Plan
  - Open houses
- Racial Equity Impact Statements
  - DFR Consumer Education and Outreach
  - Oregon OSHA Outreach

# DCBS expenditures, transfers out

## Operational Expenditures: \$333.3 million

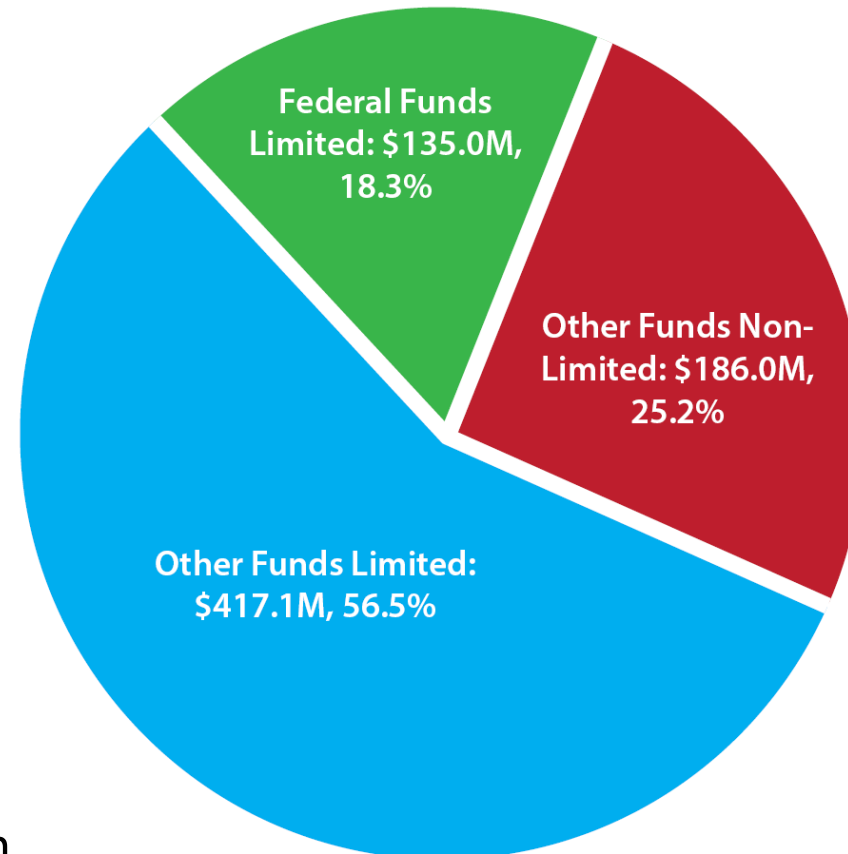


## Transfers out from DCBS

Destination of transfer	Amount (in millions)
General Fund	\$167.7M
Counties	\$0.5M
Office of the State Fire Marshal	\$37.7M
Oregon Health Authority	\$584.3M
Land Conservation and Development	\$2.2M
Bureau of Labor and Industries	\$1.7M
<b>Total</b>	<b>\$794.1M</b>

# DCBS fund type: 2023-25 biennium

Total budget by fund type: \$738.1 million



Note: Total budget Includes operational expenditures and \$404.8 million in pass-through

# Changes to the budget – past 6 years

- 2017-19 biennium
  - Prescription Drug Price Transparency Program
  - Oregon Reinsurance Program
- 2019-21 biennium
  - Quarantine Time Loss Program
  - Workers' Compensation Division Modernization Program
- 2021-23 biennium
  - Transfers of Oregon Health Insurance Marketplace, Senior Health Insurance Benefits Assistance (SHIBA) program
  - Workers' Compensation Division Modernization Program
  - Prescription Drug Affordability Board
  - Fire Hardening Grant Program

# Budget drivers, risks, environmental factors

- The economy
  - Revenues directly tied to changes in economy
  - Effect of certain industries on workload, such as construction industry
- Natural disasters, including wildfires and floods
- Program modernization, including workers' compensation
- Agency strategic plan
  - Customer service
  - Employee development, support, recruitment, and retention

# Administrative efficiencies

- Initiated post-pandemic office space assessment
- Transition to more efficient telecommunications
- Shared hearings facilities for use by other agencies, and lease agreements with public entities and community partners
- Collaboration with other partners
- Liquidated and delinquent debt



# 10% reduction

## DCBS approach:

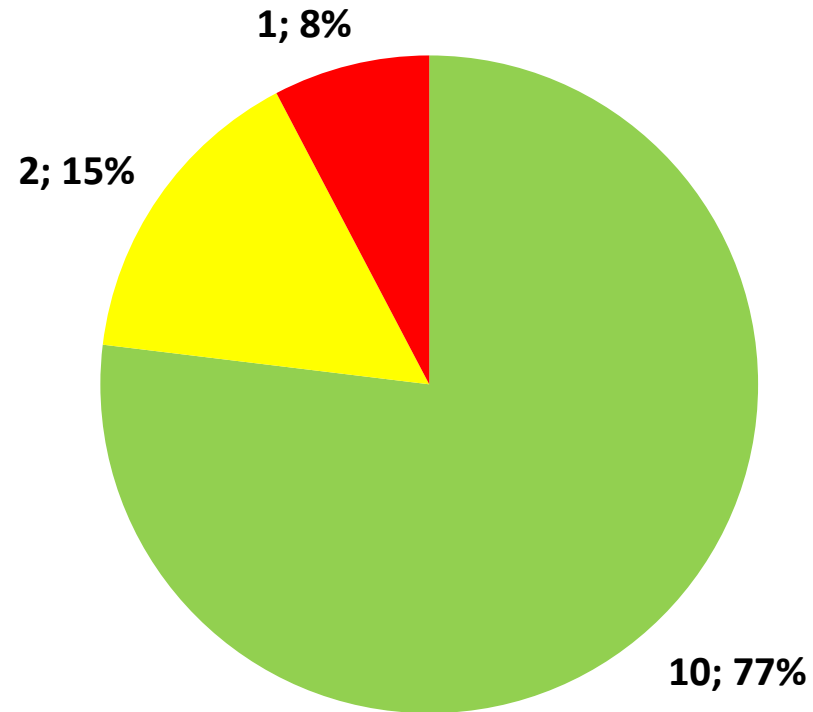
- Prioritize DCBS programs by program impact
- Estimate cost of programs
- Set 5 percent and 10 percent cut levels

# Governor's budget reduction

- DAS analyst adjustments
  - State government service charge
  - Statewide attorney general adjustments
- Revenue transfer adjustments

# Key performance measures

## Performance Summary

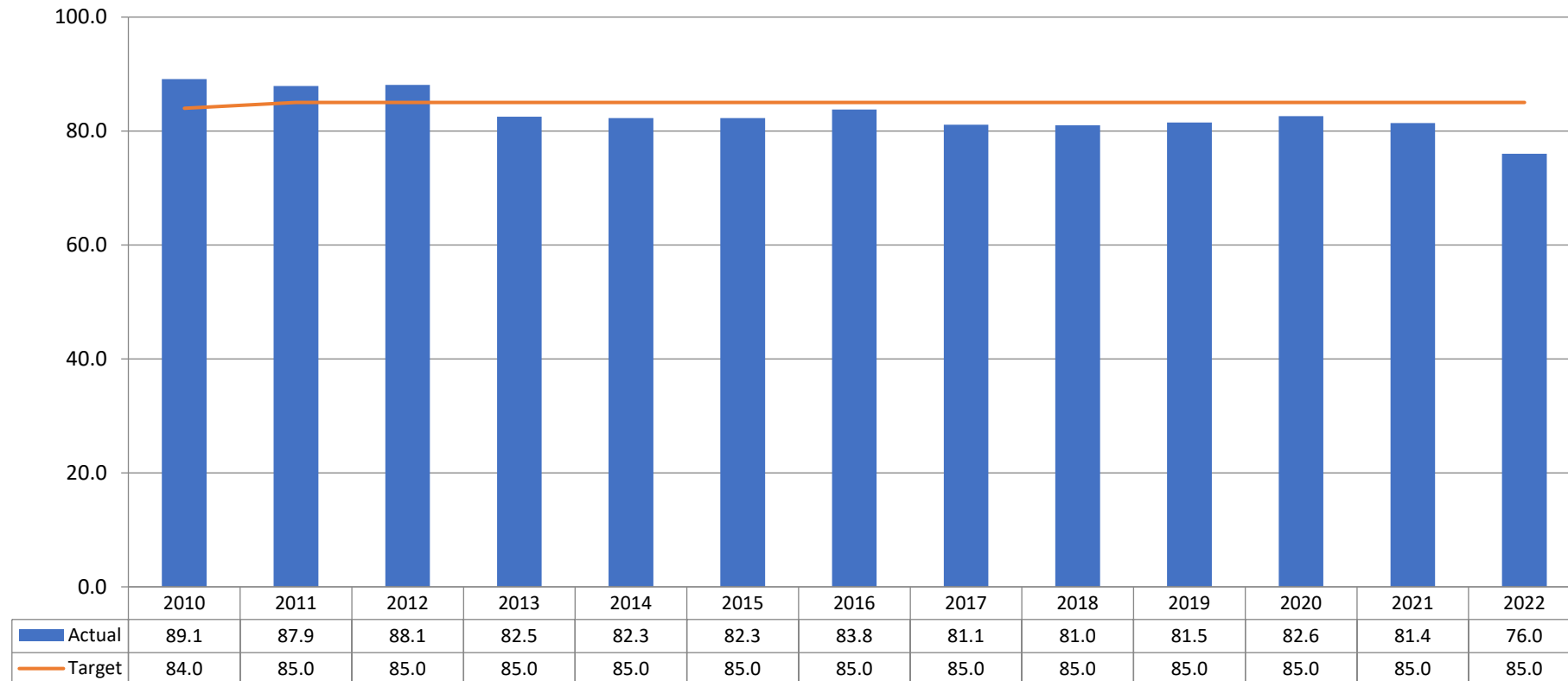


■ Green (within 5% of target) ■ Yellow (6% to 15% below target) ■ Red (More than 15% below target)

# Key performance measures

## KPM #9 – Workers’ compensation insurer performance

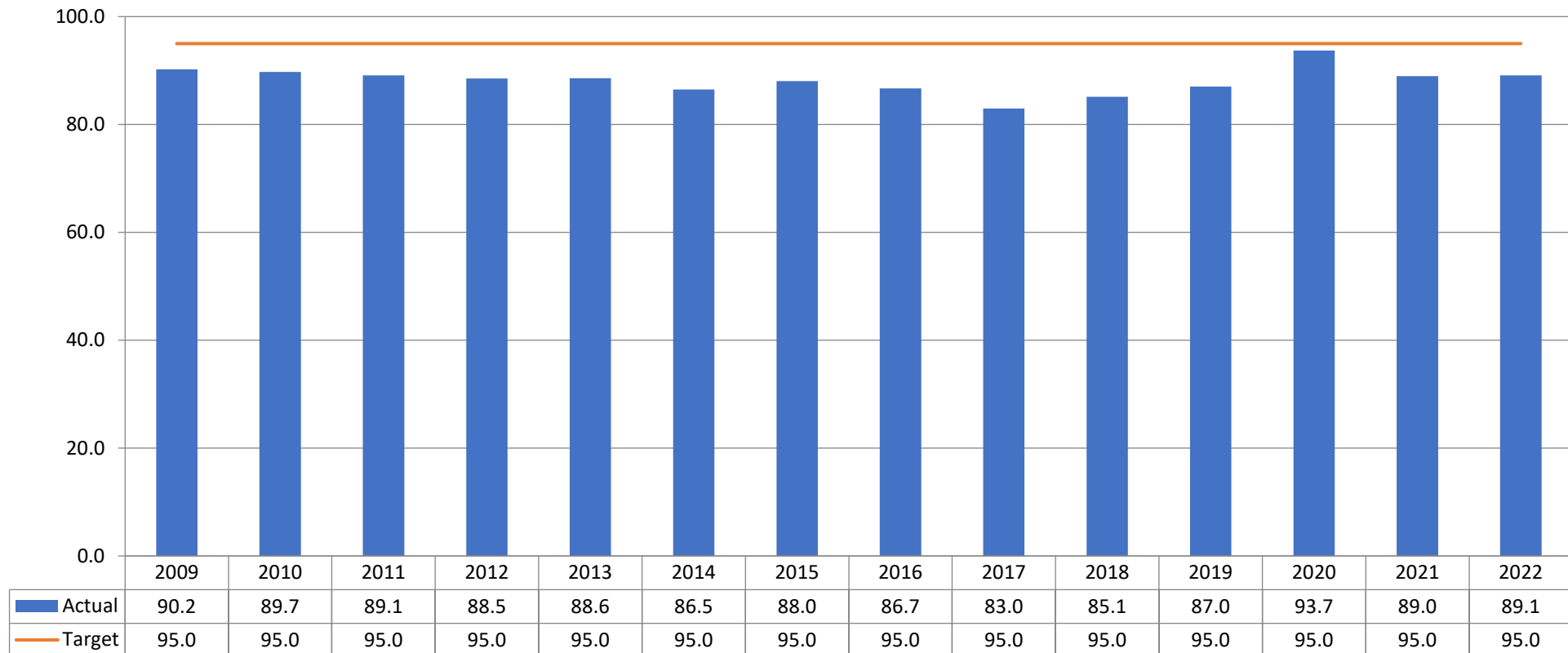
KPM #9 - Percent of WC insurers meeting standards for benefit delivery and reporting



# Key performance measures

## KPM #12 – On-time work

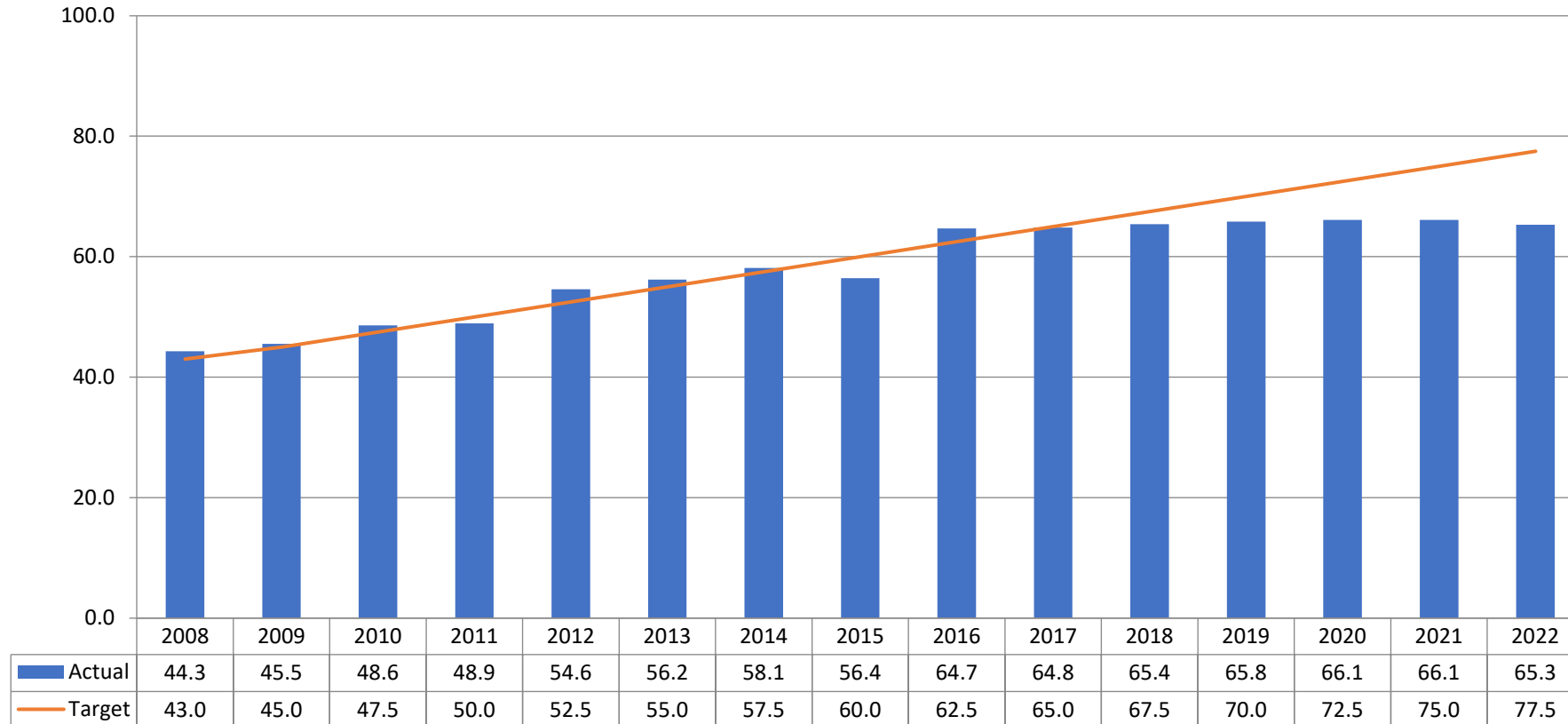
KPM #12 - Percent of timelines for key department activities that are met



# Key performance measures

## KPM #13 – E-transactions for customers

KPM #13 - Percent of customer transactions completed electronically

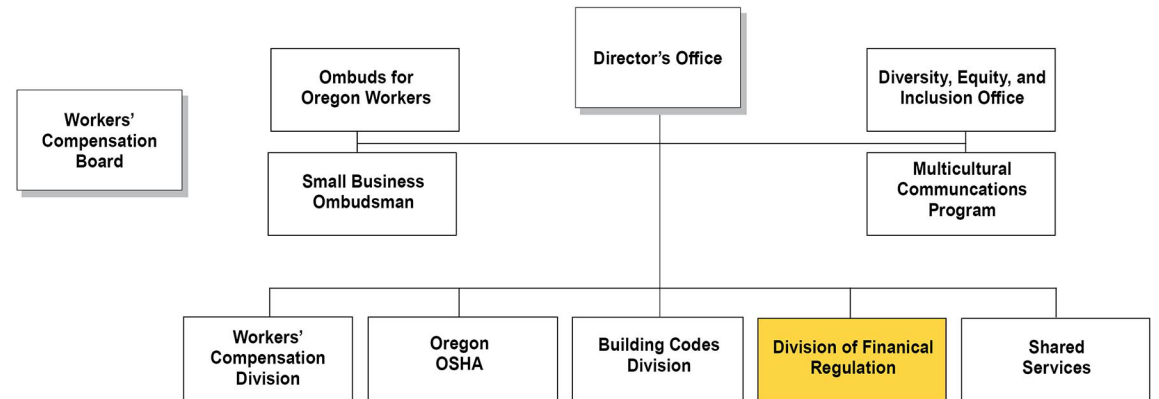


**Consumer protection and safety**

**Division of Financial Regulation**

# Division of Financial Regulation

Protecting Oregonians' access to fair products and services through education, regulation, and consumer assistance





# Division of Financial Regulation

## **The Division of Financial Regulation ensures that:**

- Insurance companies, banks, and credit unions are financially sound
- Consumers are treated fairly
- Insurance agents, investment advisors, and other licensed professionals are held to high standards
- Transparency occurs to the greatest extent possible within the pharmaceutical drug ecosystem

# Division of Financial Regulation

## Responding to the community

- \$8.6 million recovered in compliance actions for consumers in 2022
- 13,835 phone calls and emails from consumers in 2022
- 101 outreach and education events on finance/insurance topics
- Financial education sponsorship program to better reach all communities
- Provided annual public hearing and report on prescription drug prices

# Division of Financial Regulation

## *Accomplishing the mission*

### **New programs**

- Prescription Drug Affordability Board
- Student loan servicer licensing
- Pharmacy sales representative licensing

### **Financial empowerment**

- New financial education community partner sponsorship program
- Hired student loan ombuds
- Wildfire response and preparedness

# Division of Financial Regulation

## *Accomplishing the mission*

### **Consumer protection**

- Executing insurer market conduct examinations around major law changes
- Significant recent activity to crack down on new forms of securities fraud
- Enhanced examinations of non-depository programs

### **General fund transfers**

- Anticipated transfers to General Fund (2023-25): \$167.7 million

# Division of Financial Regulation

Policy Option Package No. 102

Oregon Reinsurance Program

*\$221,920,000; Positions: 0 FTE: 0.00*

- Oregon Reinsurance Program was established in 2017 to stabilize rates and premiums for individual health benefit plans and provide greater financial certainty to health insurance consumers in Oregon
- Target individual market rate decrease of 6%

# Division of Financial Regulation

Policy Option Package No. 103

Information Systems Examiners

*\$262,175; Positions: 1; FTE: 0.88*

- DFR conducts IT examinations of regulated banks, credit unions, and insurance institutions
- Exams take up 4,760 hours of IT exam work per year
- Division currently has two dedicated IT examiners
- Request one more information systems specialist 7 to attract qualified staff members to perform IT exams under cycle required to maintain NAIC accreditation

# Division of Financial Regulation

Policy Option Package No. 104

Non-Depository Licensing

*\$410,036; Positions: 2; FTE: 1.76*

- DFR regulates a wide variety of non-depository (NDP) entities
- NDP licensing has increased by 75% since 2016
- Staffing levels do not align with growing industry numbers
- Request one financial examiner 1 and one financial examiner 2 to achieve and maintain desired processing times

# Division of Financial Regulation

Policy Option Package No. 105

Insurance Institutions Section

*\$252,607; Positions: 1; FTE: 0.88*

- Insurance Institutions Section analysts review annual and quarterly financial filings of Oregon insurers to ensure solvency
- This work must be subject to “in-depth and challenging review” by a “senior level analyst” per NAIC accreditation standards
- DFR has one senior level analyst – insufficient to complete the reviews as required
- Request one operations and policy analyst 3 to function as a second senior financial analyst



# Division of Financial Regulation

Policy Option Package No. 106

Prescription Drug Affordability Board

*\$2,970,125; Positions: 8; FTE: 8.00*

- Program established in 2021-23 biennium
- POP documents shift from General Fund revenue to Other Fund revenue to fund the program
- Funding is derived from fees assessed against manufacturers of prescription drug products sold in Oregon

# Division of Financial Regulation

Policy Option Package No. 107

Consumer Education Advocacy

*\$695,825; Positions: 3; FTE: 2.64*

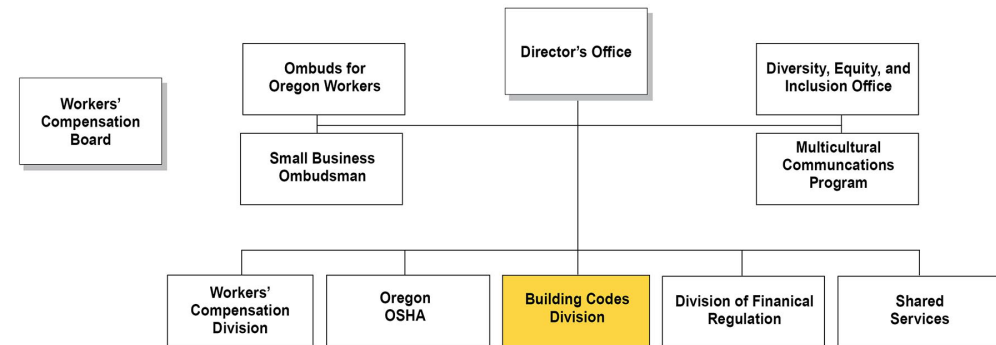
- Consumer Education and Advocacy team is the face of the division to Oregon consumers and provides information, education, and one-on-one assistance to the public
- Team answers inquiries and works directly with regulated entities to resolve complaints and issues
- Request one compliance and regulatory manager 2 and two program analyst 2 to address increasing workload and unsustainable manager-to-staff ratio (1:21)

**Consumer protection and safety**

**Building Codes Division**

# Building Codes Division

*Creating the foundation  
for safe, efficient,  
affordable buildings in  
Oregon*



# Building Codes Division

## The Building Codes Division:

- Adopts and enforces uniform building code for Oregon
- Resolves code disputes
- Provides local government assistance
- Licenses trades workers and trains and certifies inspectors
- Provides building department services where local entities do not

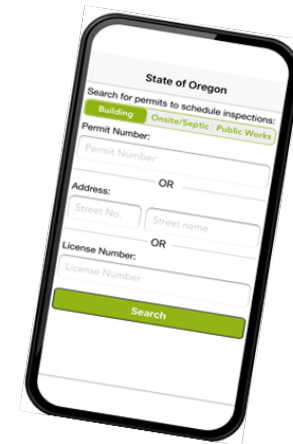
### Key division stats

- Number of building permits issued statewide FY 2022: 281,332
- Number of counties BCD provides full or partial inspection services: 8
- Number of customer contacts Policy and Technical Services responded to (2022): 10,631

# Building Codes Division

## *Accomplishing the mission*

- Adding cities and counties to ePermitting (80+ cities and counties currently use the full ePermitting option, with more in the queue for implementation)
- Continuing to expand mobile options, including enhancing the apps for inspectors and builders
  - The apps allow for live video inspections, photo uploads to inspections and direct messaging with inspectors



# Building Codes Division

## *Accomplishing the mission*

- Leverage our tools to support affordable housing and housing production
- Respond to needs of local governments and businesses for code interpretation, dispute resolution, and inspection services
- Work with partners in developing highly energy-efficient building codes
- Promote the adaptive reuse of buildings and downtown revitalization
- Expand training opportunities for building officials, inspectors, and plans examiners to grow a diverse talent pipeline and address the workforce shortage

# Worker protection system

Ombuds offices



# Ombuds offices – Small Business

Helping small business owners in the workers' compensation system

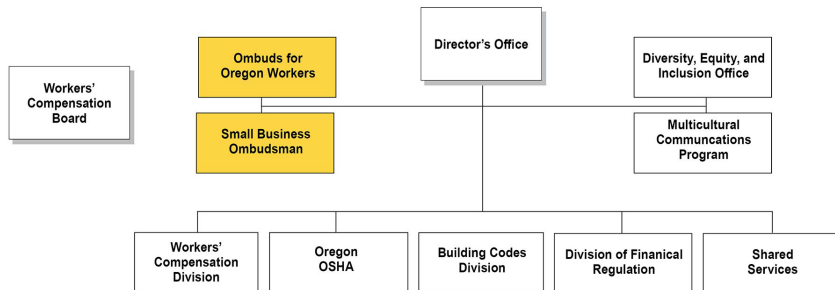
## Small Business Ombudsman (SBO)

### Answers questions about:

- Shopping for workers' compensation insurance
- Premiums/audits

### Key office stats

- Total contacts in 2022: 790
  - 40%: Buying workers' compensation insurance
  - 25%: Coverage requirements
- 24-hour response rate: 99%



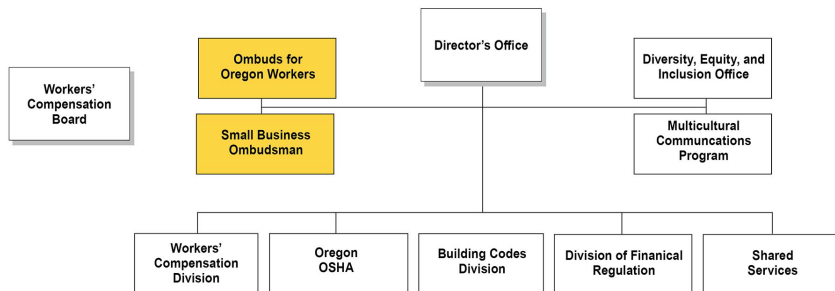
# Ombuds offices – Oregon Workers

Helping workers  
in the workers'  
compensation and  
workplace safety  
and health systems

## Ombuds for Oregon Workers (OOW)

### Answers questions about:

- Worker rights and responsibilities in workers' compensation, workplace safety and health
- Benefits
- Returning to work



## Key office stats

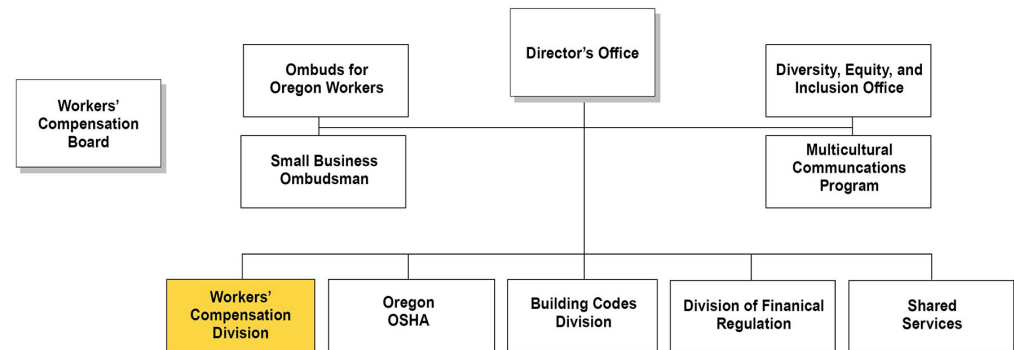
- Total contacts in 2022: 7,350
- Inquiries resolved within 2 days: 86%
- Inquiries from non-English speakers: 15%

**Worker protection system**

**Workers' Compensation Division**

# Workers' Compensation Division

To advance a leading workers' compensation system that represents integrity and fairness for Oregonians



# Workers' Compensation Division

## Key division stats

- Two primary customers
  - Subject employers (2021): 134,200
  - Subject workers (2021): 1,908,000
- Ranking of lowest workers' compensation costs in nation (2022): 10th

# Workers' Compensation Division

**The workers' compensation system is designed to provide:**

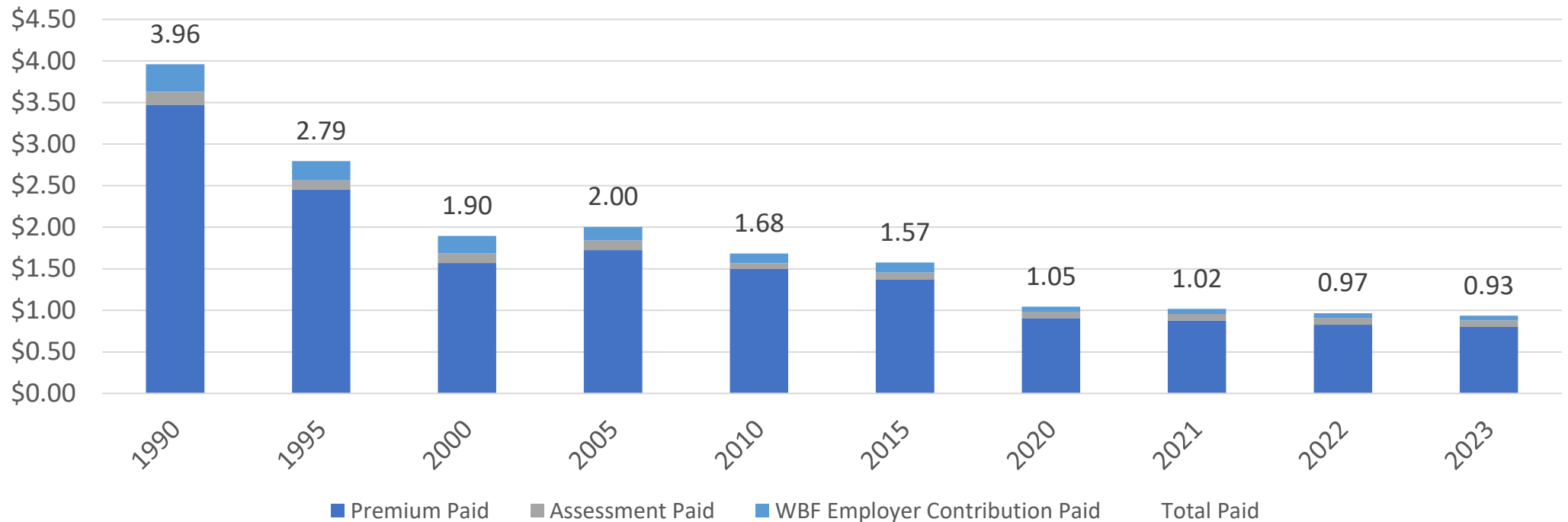
- Prompt and complete medical treatment
- Adequate and reasonable income benefits
- A fair and just administrative system
- Self-sufficiency for workers
- A sole and exclusive remedy

# Successful system

- ✓ Affordable for employers
- ✓ Good benefits and outcomes for workers

# Workers' compensation system employer costs

Oregon employer average workers' compensation costs per \$100 of payroll, including premium, assessment, and WBF contribution





# Worker benefits

- Worker benefits are strong
- Most worker benefits adjust with changes in Oregon's wages
- Stakeholder support to discuss incremental improvements in benefits
- Return-to-work programs help workers get back to work quickly and safely

# Return-to-work programs

- Programs funded by Workers' Benefit Fund
- Workers who use them have a higher post-injury employment rate and better wage recovery than those who don't
- In 2021, return-to-work programs helped more than 8,500 workers
- Employers benefit by retaining a valuable workforce and reducing claim costs

# Return-to-work programs

## Meet Rebekah Miller

The Preferred Worker Program helped her return to her job after a serious injury.



# Workers' Compensation Division

## *Accomplishing the mission*

- Initiate the first Modernization Program project to establish a core system
- Expand outreach to preferred workers and collaborate with employers on return-to-work programs, with a focus on underserved and underrepresented communities

# Workers' Compensation Division

## *Accomplishing the mission*

- Prioritize industry requests for training using a cross-divisional team dedicated to external education
- Continue implementing a business intelligence software and data system to support outcome-focused decision making
- Expand hybrid work opportunities to encourage diversity and talent when filling positions

# Workers' Compensation Division

Policy Option Package No. 101

Workers' Compensation Modernization

*\$6,576,981; Positions: 3; FTE: 2.50*

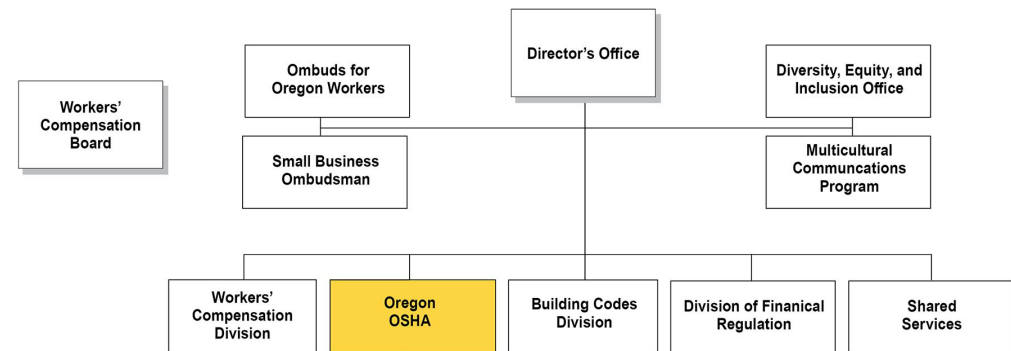
- Continue to improve business processes and technology to better serve customers
- Support the request for proposal to initiate core system project
  - IT professional contracted services
  - Quality assurance (iQMS) contracted services
- Make limited-duration project management and change management positions permanent; add a system tester in 2024

# Worker protection system

Oregon OSHA

# Oregon OSHA

**Improving  
workplace safety  
and health for all  
Oregon workers**





# Oregon OSHA

## The division:

- Inspects workplaces
- Helps employers identify and eliminate hazards
- Investigates workplace fatalities/accidents

### **Key division stats**

- Oregon OSHA serves:
  - Workers (2021): 1.9 million
  - Business and government establishments (2021): 171,383
- Ranking of highest inspection rate in the nation (2022): Sixth

# Oregon OSHA

## *Accomplishing the mission*

- Focus education, outreach, and enforcement on protecting particularly vulnerable and hard-to-reach worker populations including improving conditions in employer-provided housing



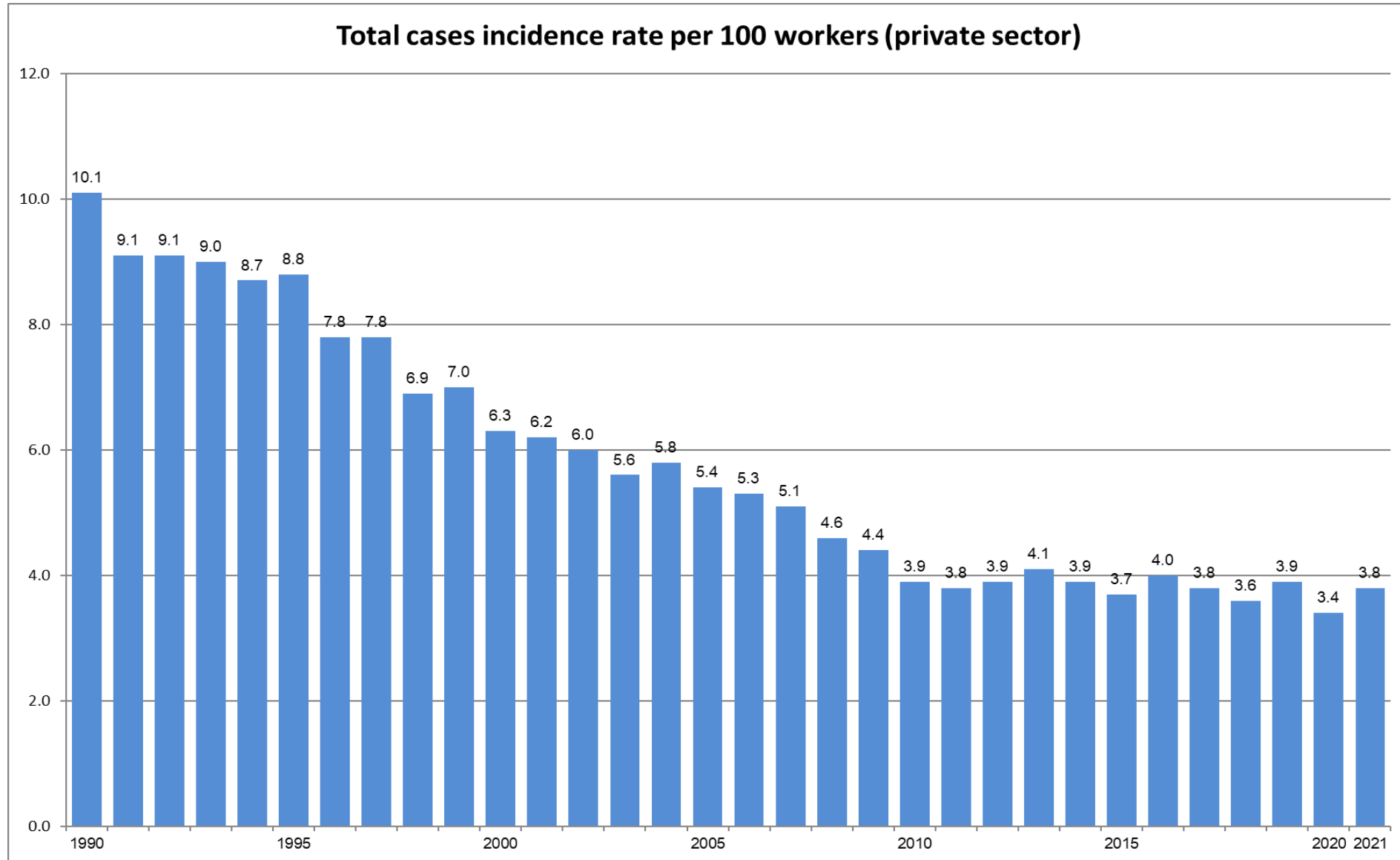
In November 2022, Oregon OSHA hosted its second Spanish-language workers' safety conference.

# Oregon OSHA

## *Accomplishing the mission*

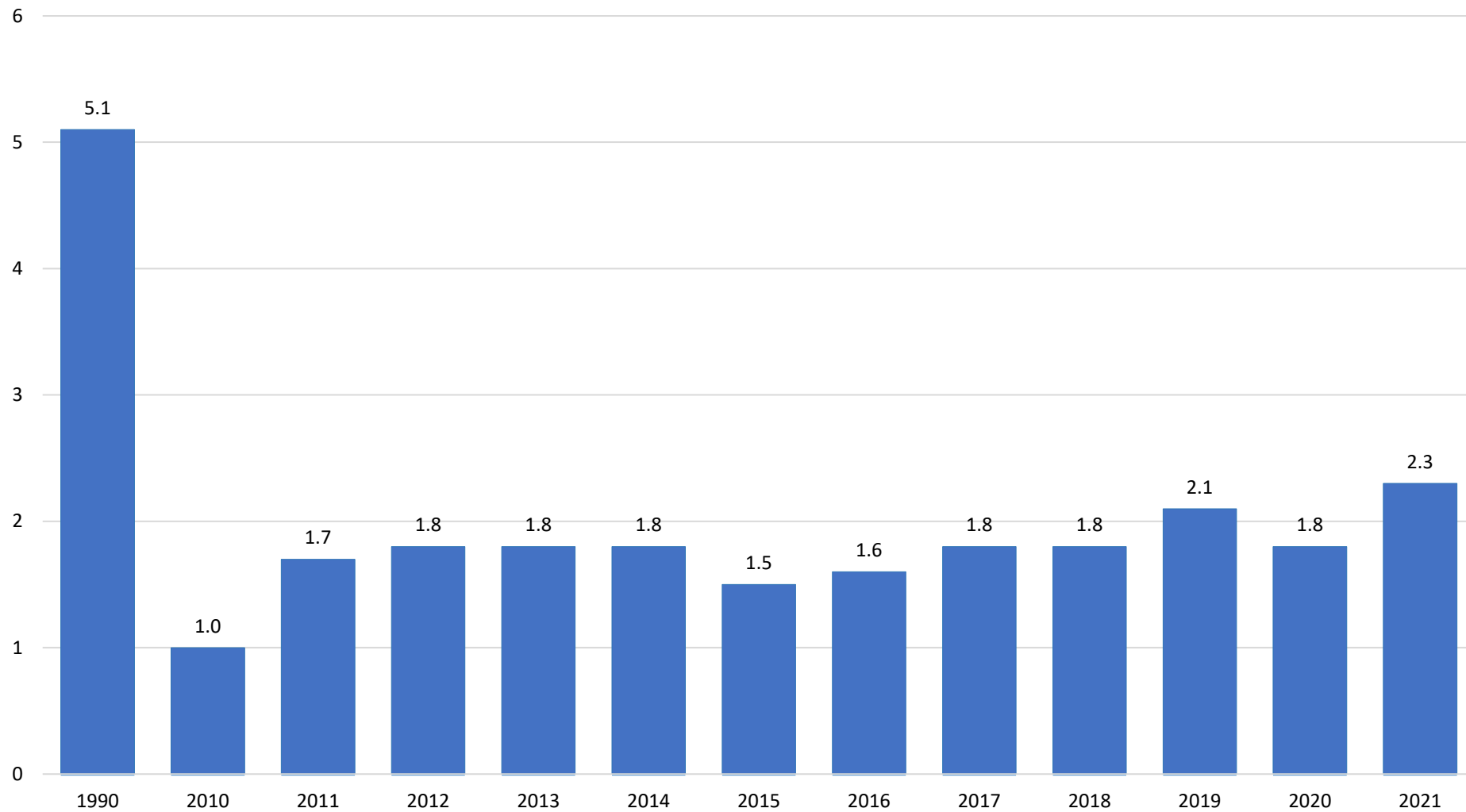
- Maintain strong workplace presence with on-site consultation services
- Continue to maintain one of the highest enforcement presences in the nation
- Target educational, collaborative, and enforcement efforts to high-hazard industries and occupations, and small employers
- Increase employer and employee access to safety and health training through improved use of technology

# Occupational injury and illness incidence rates



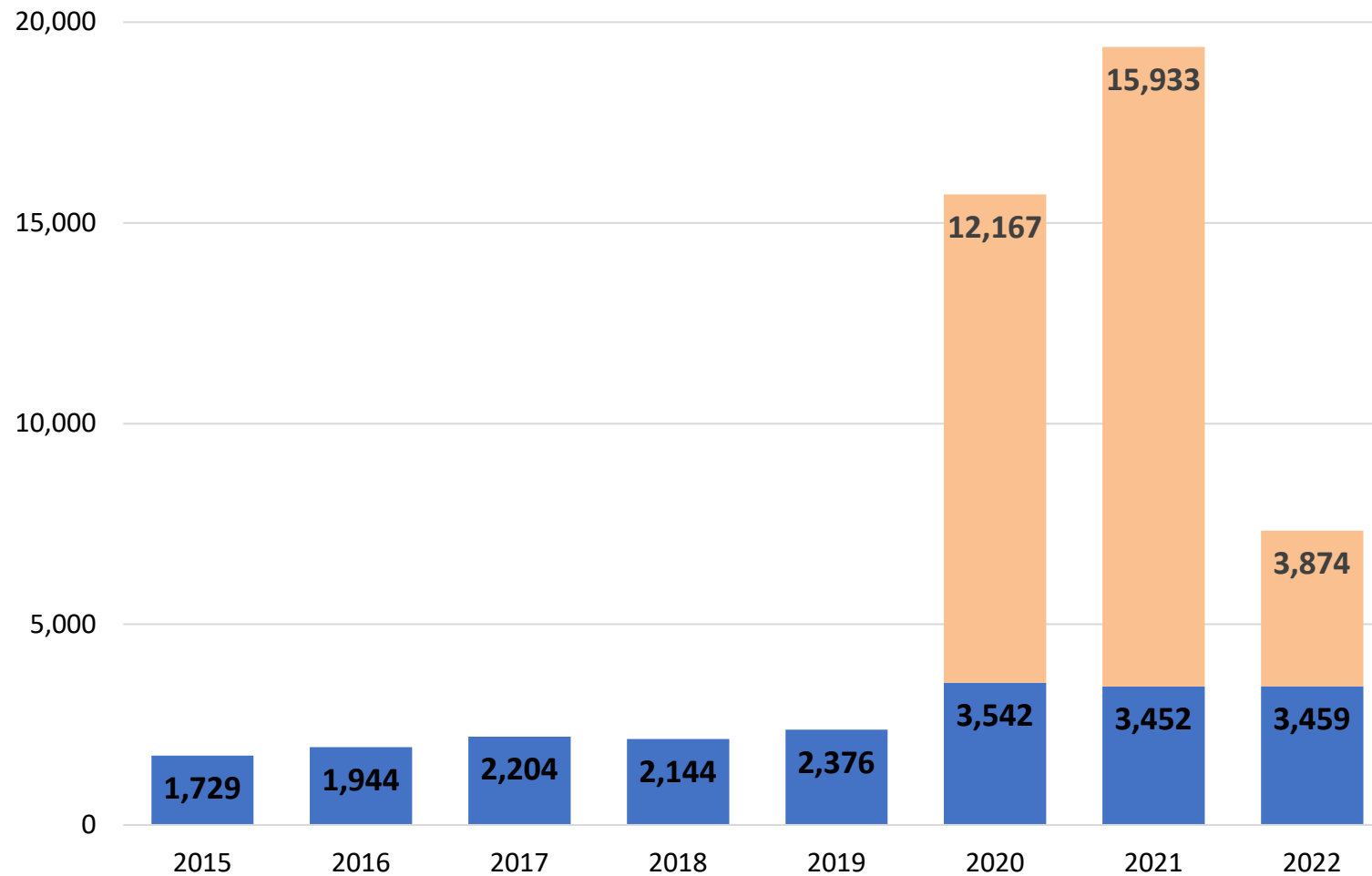
# Fatality rates

Compensable fatality rates per 100,000 workers, 1990, 2010-2021



# Impacts of complaints

Complaints received by Oregon OSHA by intake date (federal fiscal year), for **COVID** and **Non-COVID**



# Oregon OSHA

Policy Option Package No. 108

Community Engagement

*\$665,074; Positions: 1; FTE: 0.88*

- Establishes one permanent Community Engagement Coordinator
- Position engages with underserved communities, identifies barriers, and develops/implements improvement efforts
- Also adds resources for improved access to services (increases translated materials; expands bilingual staff)

# Oregon OSHA

Policy Option Package No. 118

Occupational Safety and Health Lab

*\$799,891; Positions: 0; FTE: 0.00*

- The North Valley Complex (NVC) is a new statewide investment in state laboratory infrastructure and resiliency
- Oregon OSHA's lab will relocate from its current space (Commission for the Blind) in Portland to the NVC lab in Wilsonville
- Package includes rent increases and moving costs



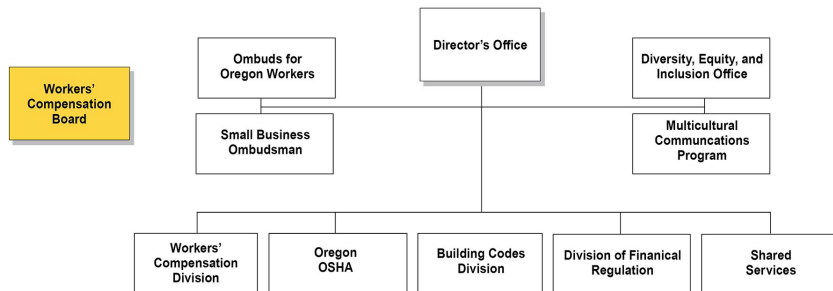
**Worker protection system**

**Workers' Compensation Board**

# Workers' Compensation Board

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

- Independent agency providing timely and impartial resolution in workers' compensation and Oregon OSHA disputes
- Resolve disputes through:
  - Hearings
  - Appeals
  - Mediations



## Key board stats

- Administrative law judge orders timely issued (2022): 98%
- Mediations settled (2022): 99%

# Shared Services policy option packages

# Shared Services

Policy Option Package No. 109

Agency-wide IT Service Desk

*\$489,368; Positions: 2; FTE: 2.00*

- Expand size of agency IT service and desktop support team from three to five specialists
- Improve equipment support and turnaround for deployment and incident response
- Provide on-site assistance during public hearings and other complex meetings

# Shared Services

Policy Option Package No. 110

Agency-wide IT Internal Security

*\$821,959; Positions: 4; FTE: 3.01*

- Expand IT staffing to enhance security protection of agency's network, endpoints, access controls, asset inventories, and confidential data
- Address findings identified by Secretary of State and adapt to ever-changing risks and requirements
- Allow the agency to further strengthen its security posture

# Shared Services

Policy Option Package No. 112

Agency-wide Financial Services

*\$333,501; Positions: 1; FTE: 1.00*

- Add budget manager to direct the day-to-day operations of budget team
- Provide ability to manage budget decisions affecting all agency programs in timely and seamless manner
- Create capacity for the chief financial officer to focus their expertise, support initiatives, and make major decisions related to budget, accounting, revenue management, and policy directives

# Shared Services

Policy Option Package No. 114

Workers' Compensation Board IT Support

*\$234,688; Positions: 1; FTE: 0.88*

- Help the team work through backlog of service requests (small system enhancements, bug and data fixes, data requests, etc.) in timelier manner
- Document legacy system business logic as changes are made to existing applications, nightly processing jobs, and companion business processes
- Respond to future modernization needs related to data, data cleansing, and migration

# Shared Services

Policy Option Package No. 115

Agency-wide Data Modernization

*\$439,538; Positions: 2; FTE: 1.76*

- Enable continued expansion of Power BI as tool to facilitate data-driven decision-making
- Support agency-wide initiatives that involve data reporting, data transparency, and automation of data upload methods
- Improve user satisfaction and productivity related to database administration and support



# Shared Services

Policy Option Package No. 116

Information Technology & Research Workload

*\$284,184; Positions: 1; FTE: 1.00*

- Establish team leads to support staff and allow for better staff contact with manager
- Provide career and growth opportunities for unit staff who might be interested in future management positions
- Ensure the ITSM platform (DCBS tracking tool) can be efficiently maintained and appropriately scaled to meet needs of agency programs

# Shared Services

Policy Option Package No. 117

Agency-wide IT Training

*\$214,783; Positions: 1; FTE: 0.88*

- Establish IT trainer to assess needs, establish requirements, determine solutions, and manage ongoing secure coding practices training
- Provide divisions help understanding M365 capabilities, use of features, and adaption to changes experienced in service
- Improve use of enterprise tools and ability to interconnect, communicate, and collaborate



Questions?