

2025-27 Budget Review

Department of Consumer and Business Services

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
General Fund	4,638,263	12,803,438	1,904,174	1,898,464
Other Funds	356,763,760	447,855,864	363,310,733	505,402,300
Other Funds (NL)	162,620,314	186,737,806	186,673,095	186,673,095
Federal Funds	126,498,930	136,584,313	17,774,527	133,976,959
Total Funds	650,521,267	783,981,421	569,662,529	827,950,818
Positions	953	989	989	1,021
FTE	945.18	975.52	987.50	1,012.55

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

The Department of Consumer and Business Services (DCBS) provides a broad range of consumer protection, health insurance access, and commercial regulatory services for the state. DCBS is organized into the following program areas plus central services and administration:

- Workers' Compensation System (WCS)** – Includes the Workers' Compensation Board, the Workers' Compensation Division, and the Oregon Occupational Safety and Health Administration (OR-OSHA). Approximately 47% of the agency's full-time equivalent (FTE) staff is housed in these three programs. WCS administers the Workers' Benefit Fund supporting payments to injured workers if their employer fails to provide coverage, benefit increases to permanently and totally disabled workers, benefits for the survivors of workers killed in workplace injuries, and funds return-to-work programs for injured workers. WCS additionally maintains reserve accounts to finance workers' compensation payments to employees when self-insured employers become insolvent and are unable to make the payments. Approximately 10% of workers are employed by self-insured employers. Expenditures from these reserve funds and the Workers' Benefit Fund are Other Funds Nonlimited.
- Division of Financial Regulation (DFR)** –The Division enforces the state's Insurance Code, including the review and approval of certain premium rates and licensing of insurance companies (including financial regulation), agents, adjusters, and consultants, and assists consumers in resolving complaints against agents and companies. Additionally, DFR regulates state-chartered financial institutions (banks, credit unions, consumer finance companies, mortgage lenders, pawnbrokers, check cashers) and the sale of securities in the state (including the licensing of individuals who sell, advise, or manage investment securities). The Division also

regulates prepaid funeral plans and maintains a reserve account to support consumers when these plans become insolvent or default on their obligations. Approximately 20.7% of the agency's FTE is housed in this Division.

- **Building Codes Division (BCD)** – Enforces the laws and develops codes related to the building of structures and dwellings, manufactured structures, RV parks and tourist facilities, plumbing, elevators, amusement rides, electrical safety, and boilers and pressure vessels. Approximately 13.5% of the agency's FTE is housed in the Buildings Codes Division.

BUDGET ENVIRONMENT

Workers' Compensation Modernization IT Project

In 2019, the Workers' Compensation Division created a Modernization Program to provide strategic leadership and oversight for process, system, and application improvements. This program took an agencywide look at business processes and systems to determine which projects will create the greatest value to agency stakeholders and customers and is funded through the Premium Assessment Operating Account.

The program received Stage Gate 1 endorsement from the Department of Administrative Services (DAS) Enterprise Information Services in December 2019. There are five workstreams planned for the project: Core System Implementation, Employer Business Module, Dispute Resolution Module, Enforcement and Providers Module, and Claims Electronic Data Interchange Implementation. Core System Implementation is the first workstream and received Stage Gate 1 endorsement in March 2023. The request for proposals process will begin February 2025, with the goal of system implementation beginning in 2026. The estimated cost for 2025-27 biennium is \$13.5 million Other Funds and three permanent positions (2.64 FTE). This includes \$504,267 Other Funds for personal services costs and \$12.9 million Other Funds for IT professional contracted services.

Stage Gate 2 certification for the main system foundation project is anticipated beginning early in the 2025-27 biennium. All five workstreams are anticipated to be complete in 2029.

Oregon OSHA Agriculture Labor Housing Compliance

Oregon OSHA currently evaluates agricultural labor housing conditions for all new camps when initially registering and under specific circumstances housing can be reevaluated either by enforcement or consultation. However, there are instances where labor housing conditions are not complying and further communication from the employer or validation process by Oregon OSHA is not occurring. To ensure appropriate housing conditions, the agency is currently seeking ways to improve its validation process through implementing annual employer self-certification and surveying of conditions. The agency anticipates needing three permanent positions (2.39 FTE) and seven temporary positions (2.94 FTE) to ensure compliance with Oregon OSHA regulations and to establish an annual self-certification process totaling \$1.7 million Other Funds.

Oregon OSHA Funding

As in previous budget cycles, Oregon OSHA is facing a revenue shortfall due to flat federal grant funding, but increasing personal services costs related to cost-of-living adjustments, merits, and other bargaining agreements. In past biennia, Oregon OSHA has requested these shortfalls be backfilled with Other Funds revenues and anticipates adjusting expenditure limitation to reflect available funding. Additional information on the agency's projected revenue shortfalls for the upcoming biennium are summarized below.

- **Oregon OSHA** - \$3.7 million reduction in Federal Funds and 10.23 FTE to recognize an anticipated revenue shortfall in Oregon OSHA's federal grant revenue during the 2025-27 biennium.
- **Building Codes Division** - \$342,731 reduction in Federal Funds and one position (1.00 FTE) to recognize an anticipated revenue shortfall in the Division's federal mobile home inspector revenue during the 2025-27 biennium.
- **Central Services Division** - \$17,039 reduction in Federal Funds to recognize an anticipated revenue shortfall in Central Services federal grant revenue for occupational injury reporting in the 2025-27 biennium.

DCBS is working through the administrative process to raise two fees within the Division of Financial Regulation during the 2023-25 biennium. The agency anticipates increasing the check cashers initial license fee and renewal fee from \$150 to \$300; fees were last raised in 2007, and the money transmitter renewal fee from \$500 to \$1,000; fee was last increased in 2000. Both fees will be effective March 1, 2025. Generated revenue will be used to fund program expenditures.

CURRENT SERVICE LEVEL

The current service level budget (CSL) of \$569.7 million for DCBS significantly decreases from the 2023-25 legislatively approved budget. The \$214.3 million, or 27.3% reduction, primarily results from phasing out the following programs that were funded on a one-time basis:

- **Oregon Reinsurance Program** - \$101.8 million Other Funds expenditure limitation and \$120.1 million Federal Funds expenditure limitation for administration and insurer payments. The expenditure limitations are re-established in policy option package 112 at the projected funding level for the 2025-27 biennium.
- **Prescribed Cultural Burns** - \$5 million General Fund related to SB 80 (2023) for claims from losses caused by prescribed cultural burns.
- **Fire Hardening Grants** - \$6.3 million General Fund related to this grant program formed as part of the Wildfire Recovery Initiative adopted in the 2021 session.

Additionally, CSL includes increases in statewide personal services growth and standard inflation for services and supplies expenditures.

GOVERNOR'S BUDGET SUMMARY

The 2025-27 Governor's budget is \$828 million total funds and 1,021 positions (1,012.55 FTE). The budget is \$258.3 million, or 45.3%, more than the current service level of \$569.7 million. The increase is due primarily to phase-in funding of \$232.7 million total funds for administration and insurer payments of the Oregon Reinsurance Program within DFR. The Governor's budget addresses the following revenue shortfalls:

- **Oregon OSHA** - \$3.7 million Other Funds and 10.23 FTE is restored, funded by the Workers' Compensation Premium Assessment.
- **Building Codes Division** - \$342,731 Other Funds and one position (1.00 FTE) is restored, funded by the Consumer and Business Services Fund.
- **Central Services Division** - \$17,039 Other Funds is restored, funded by internal charges on DCBS programs that fund central service functions.

The Governor's budget approved seven policy option packages totaling \$23 million Other Funds and 19 positions (23.60 FTE) for workers' compensation programs within the agency. Major investments include the following:

- **Workers' Compensation Modernization** - an increase of \$13.5 million Other Funds and three positions (2.64 FTE) to fund the Core Information System project in the 2025-27 biennium.
- **Workers' Compensation Board Modernization** - an increase of \$2.5 million Other Funds to modernize the Board's current process for handling cases from a manual process to an IT system.
- **OSHA Agriculture Labor Housing Compliance** - an increase of \$1.7 million Other Funds, three permanent positions (2.39 FTE), and seven temporary positions (2.94 FTE) to survey agricultural labor housing to ensure compliance with OR OSHA regulations and establish an annual self-certification process for owners.
- **OSHA Outreach** - an increase of \$1 million Other Funds and four positions (3.64 FTE) to improve outreach to deliver consistent and improved services. This includes a manager to supervisor the agricultural labor housing surveying team.

The Governor's budget approved eight policy option packages in DFR totaling \$117.4 million Other Funds, \$120 million Federal Funds and four positions (4.52 FTE). Major investments include the following:

- **Oregon Reinsurance Program** - \$112.6 million Other Funds and \$120.1 million Federal Funds for administration and insurer payments.
- **Auto Rating Study** - an increase of \$500,000 Other Funds to study the equity impact of auto insurers using socio-economic data to set insurance rates.
- **Contractual Exam Services** - \$3 million Other Funds to fund additional professional services contracts for examinations of regulated insurers.
- **Settlement Funds** - an increase of \$375,000 Other Funds to provide financial sponsorships to community-based organization hosting educational events to support community outreach.

The Governor's budget approved seven policy option packages in BCD totaling \$2.3 million Other Funds, \$234,210 Federal Funds and five positions (4.52 FTE). Major investments include the following:

- **State Plan Examiners** - an increase of \$1.1 million Other Funds and four positions (3.52 FTE) to address the increased workload of plan reviews and assisting local building departments.
- **Permitting and Billing Technology** - an increase of \$850,000 Other Funds to improve billing and permitting capabilities for elevators and boilers and the additional cost of renegotiating the contract for the ePermitting system.
- **Learning Management System Technology** - an increase of \$287,000 Other Funds to purchase an information system to manage the training and certification process for building officials and inspectors in Oregon.

Additional packages are requested in the Central Services Division totaling \$1.3 million Other Funds to provide adequate customer service, administrative support, and agency research.

The Governor's budget also includes a one-time \$15 million transfer from the Workers' Benefit Fund to the Bureau of Labor and Industries. This one-time transfer will fund 67 limited-duration positions (67.00 FTE) in the Commissioner's Office and Civil Rights Division to reduce backlogs, improve service delivery, address recruitment and retention challenges, and enhance operational efficiency.

KEY PERFORMANCE MEASURES

A copy of the Department of Consumer and Business Services Annual Performance Progress Report can be found on the LFO website: [KPM - View Report](#)

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