



Department of  
Consumer and  
Business Services

## Oregon's largest consumer and worker protection and business regulatory agency

Written Narrative  
Ways and Means Subcommittee on  
Transportation and Economic Development

Feb. 17, 2025

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# Department of Consumer and Business Services

The Department of Consumer and Business Services is Oregon's largest consumer and worker protection and business regulatory agency. We are a resource to workers, consumers, and businesses in areas involving:

- Financial services (insurance, investments, Oregon-chartered banks and credit unions, consumer finance companies, mortgage lenders, pawnbrokers, payday lenders)
- Building safety
- Workplace health and safety
- Workers' compensation
- Prescription drug pricing and affordability

## DCBS mission

To equitably protect and empower consumers and workers while maintaining a predictable yet innovative regulatory environment for the businesses we regulate.

## What we do

From investments and insurance to workplaces and injured workers to buildings and banking, we wear many different hats to protect and empower consumers and workers.

We regulate and oversee insurance and other financial services, including banks, credit unions, insurance companies, nondepository programs, and securities, to ensure Oregonians have equitable access to reliable and financially sound products and services.

We set state construction standards and license building trades workers and building code inspectors.

We oversee the worker protection system. We advance and improve workplace safety and health for all workers in Oregon. We ensure injured workers have access to an equitable workers' compensation system and help injured workers return to work. We also provide timely and impartial resolution of workers' compensation and workplace safety disputes.

## DCBS supports workers, consumers, and businesses

We support and maintain a predictable yet innovative regulatory environment while also protecting consumers and workers. These are not mutually exclusive. There is a strong symbiotic relationship between a safe and robust business environment and consumer and worker protection. Some examples include:

- Our workers' compensation system has some of the lowest rates in the U.S., which is great for employers, while providing robust benefits to workers injured on the job. Also, the Ombuds Office for Oregon Workers and the Small Business Ombudsman help workers and small businesses navigate the workers' compensation system. The Ombuds Office for Oregon Workers also helps workers with workplace health and safety issues.
- Oregon's Reinsurance Program allows for lower insurance rates for consumers and greater security for insurance companies.

- Oregon OSHA's consultation services help employers find ways to improve workplace safety, which can save businesses money, keep employees safe, and save lives.
- The Division of Financial Regulation's innovation hub and innovation liaison help insurance, finance, and technology companies bring innovative products, services, and tools to Oregonians.

## Engaging and empowering diverse communities in Oregon

Diversity, equity, and inclusion (DEI) are core values throughout DCBS. We are passionate about building and sustaining a diverse, inclusive, and engaging environment for all employees and Oregon communities. We believe that everyone – internal and external – enhances our diversity by exposing us to a broad range of ways to identify challenges and understand and engage with one another. In 2024, our DEI program was transformed into the Office of Equity, which supports all the DEI initiatives at DCBS, as well as the Multicultural Communications Program (MCP). This new office has allowed DCBS and all our divisions to be more intentional in our engagements and partnerships with communities across the state.

DCBS has been resolute to create an environment that is more inviting to everyone in Oregon, especially members of underrepresented and underserved communities. The DEI and MCP programs work together to cultivate an inclusive atmosphere and continue to collaborate with diverse communities.

DCBS is committed to providing people with equal access to its programs and services and fair and equal employment opportunities. We are dedicated to making our programs available to everyone in Oregon, which means finding different ways to connect and communicate with groups.

We collaborate with Oregon's culturally specific coalition of chambers and organizations.

Our Multicultural Communications Program provides information to non-English speaking communities through news releases and radio, TV, and newspaper advertisements and articles. To support our communities, we have ensured that we are meeting language access needs for consumers as a service for the community. In addition to having the Volunteer Resource Language Bank (VRLB) of employees who can meet consumers' language needs, we have also contracted with an external interpretation service.





Oregon OSHA hosted the state's fourth Spanish-language workers' safety conference in November 2024, which had an excellent turnout. Targeted toward workers, all the presentations at the conference were in Spanish and focused on helping workers understand their rights and know that there is recourse if their employer is not complying with workplace safety standards.

DCBS offers financial literacy resources and advocate for fair treatment and equity in banking, lending, and insurance practices.

We continue to collaborate with the Office of Cultural Change and the Governor's Racial Justice Council. We have a DEI Council and continue to strengthen DCBS' resources that provide learning and growth opportunities for our agency, which are bolstered by strong interpersonal relationships and honest communication.

DCBS values its positive relationships with the nine federally recognized Oregon tribes. Through continuous engagement with the Economic Development and Community Services Cluster and Senate Bill 770 Health and Human Services Cluster, DCBS provides information about its services and programs. Our divisions' tribal liaisons are committed to continuing to identify areas that could benefit or serve the tribes.

We also participate on the Governor's Commission on Senior Services and partner on issues involving underrepresented and underserved seniors.

In 2023, DCBS performed an internal audit on DEI programming to help identify and drive future initiatives for DEI. In performing the audit, we acknowledged that we always have room to grow and learn, and we strive to have collaborative relationships with each of our partners. The DEI audit led to the creation of our DEI Strategic Plan, which helped to identify areas where divisions and the agency can do better. Creating the plan is not where our work ends. We continue to strive to meet the plan's goals.



Our Community Engagement Plan is available at <https://www.oregon.gov/DCBS/community/Documents/DCBS-community-engagement-plan.pdf>

# Key performance measures and outcomes

## Performance summary

DCBS uses key performance measures to set goals and assess progress toward those goals. With the help of DCBS employees, stakeholders, and interested people, we developed 13 key performance measures that were adopted by the legislature. These measures help us gauge our progress in key areas toward meeting our mission and goals, as well as help us develop strategies for improvement.

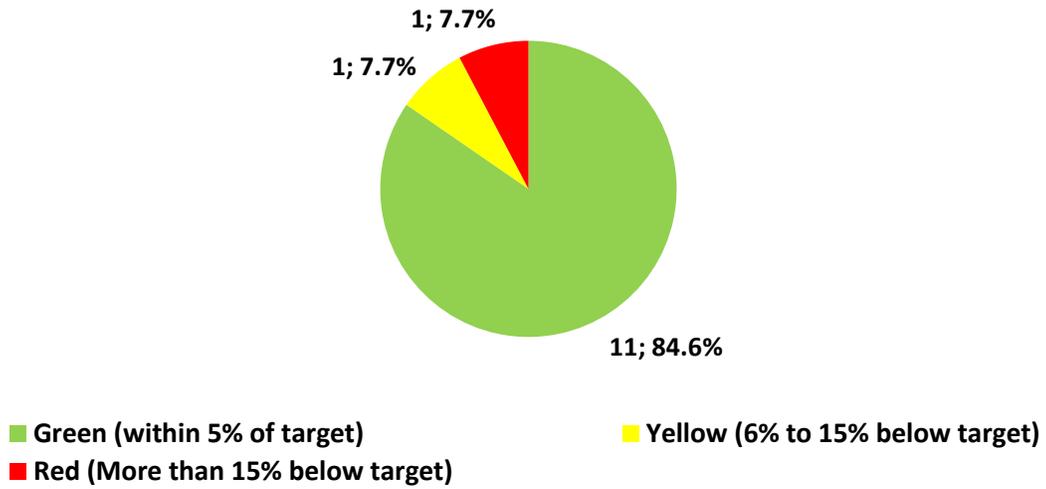
We have many internal measures of performance, but have identified these 13 measures as key measures because they represent significant activities we perform to accomplish our goals. The measures reflect the activities and operations of all divisions within DCBS. (Note: In a previous review of these measures, KPM No. 7 was removed and KPM No. 14 was added. It is more effective to remove a number and add a new one to keep consistent the record and number for existing measures.)

DCBS is currently looking at revisions to three of its key performance measures:

- KPM No. 10 (Percent of Workers' Compensation Board decisions affirmed on appeal to the judiciary)
  - A data entry issue was discovered for KPM No. 10 and has since been corrected; this did not result in a change in overall FY2024 performance. This measure is being looked at for revision and DCBS' research team will work with the Workers' Compensation Board on any potential changes for next fiscal year. At this time, the methodology for this measure remains unchanged.
- KPM No. 11 (Number of building permits sold that can be used by contractors in multiple jurisdictions for minor construction work)
  - DCBS is waiting for approval from the Department of Administrative Services and the Legislative Fiscal Office on a proposed change to KPM No. 11; the start date for the revised measure is still pending. This measure has been modified to better reflect the customer service performance of the Building Codes Division. DCBS is currently reporting on the original KPM measure and will start reporting on the new metric once the change is approved by the Legislative Fiscal Office.
- KPM No. 13 (Percent of customer transactions completed electronically)
  - DCBS is currently undertaking an agencywide project to gather data to measure the number of transactions, electronic and nonelectronic, that the agency completes. This data will then be used to provide an informed recommendation on revisions to the measure. Until then, the measure continues to report out using the current methodology while the current target remains unattainable.

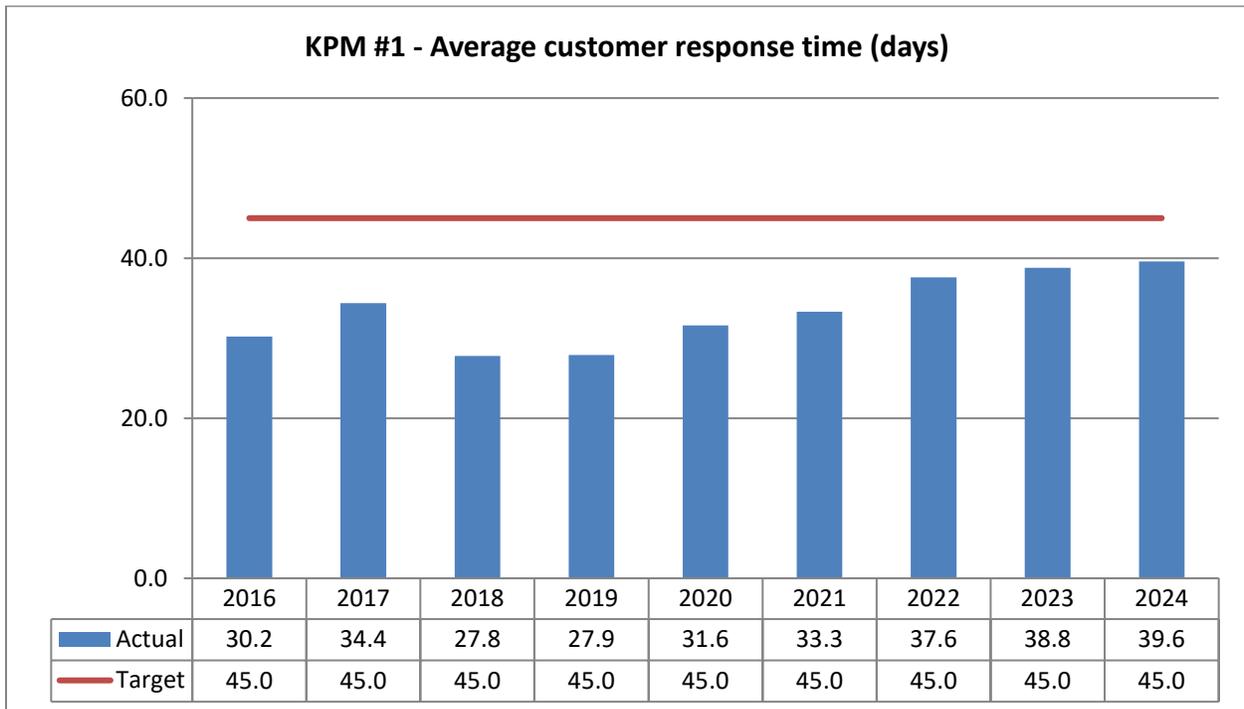
Most of the key performance measures for DCBS are within 5 percent of target. There is one that falls in the 6 percent to 15 percent of target range and one that falls into the 15 percent or greater range outside of the target.

## Performance Summary



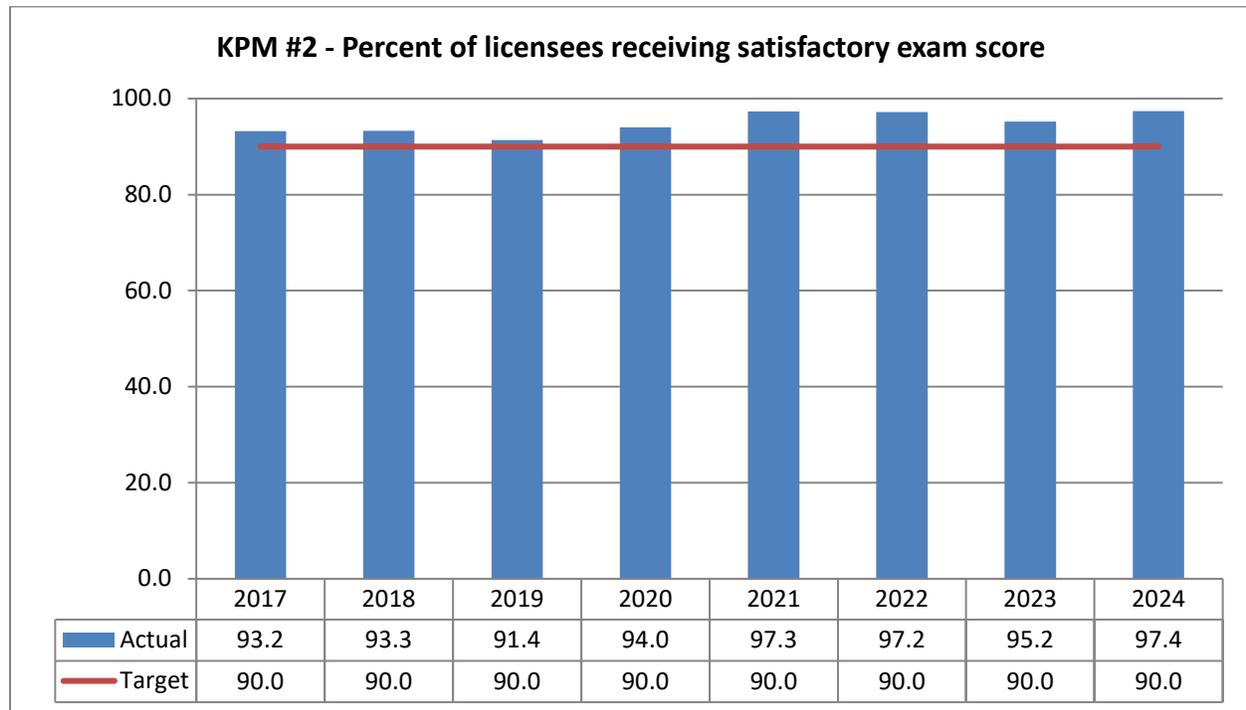
### Key performance measure 1 – Average customer response time (days)

This measure demonstrates the ability of the Division of Financial Regulation to communicate with external customers in a timely manner. The goal is a number less than the target.



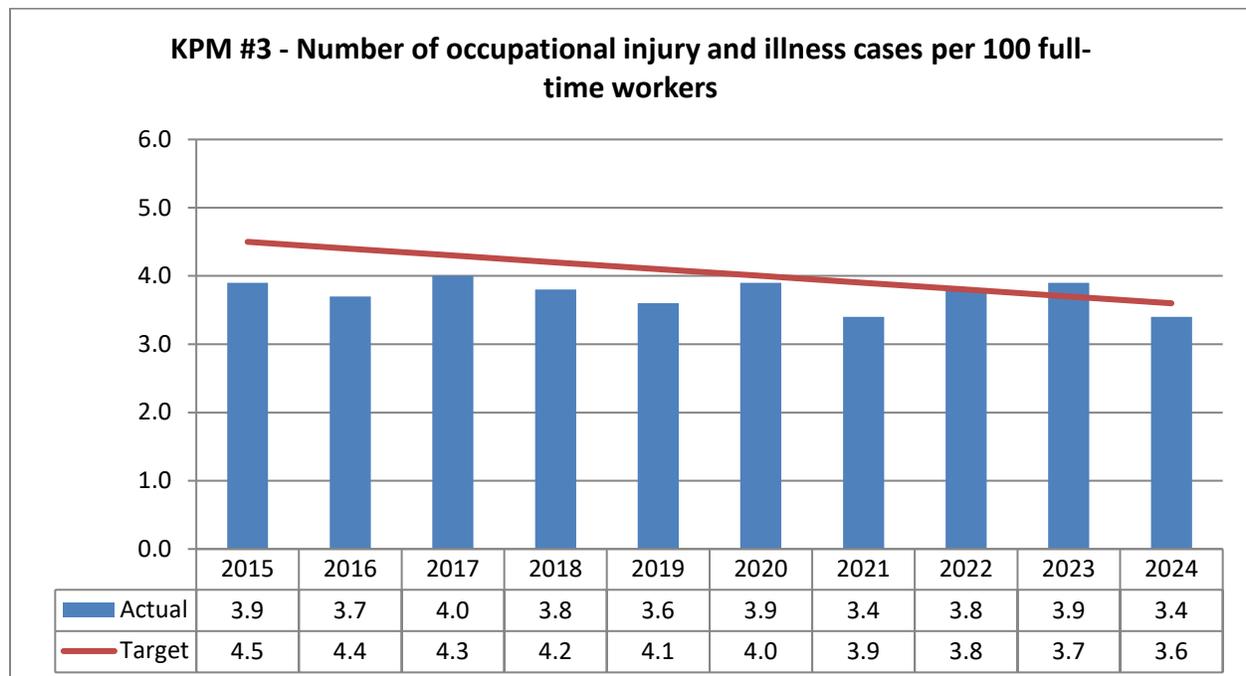
## Key performance measure 2 – Percent of licensees receiving satisfactory exam score

This measure gauges licensees receiving a satisfactory examination score from the Division of Financial Regulation. The goal is a number higher than the target.



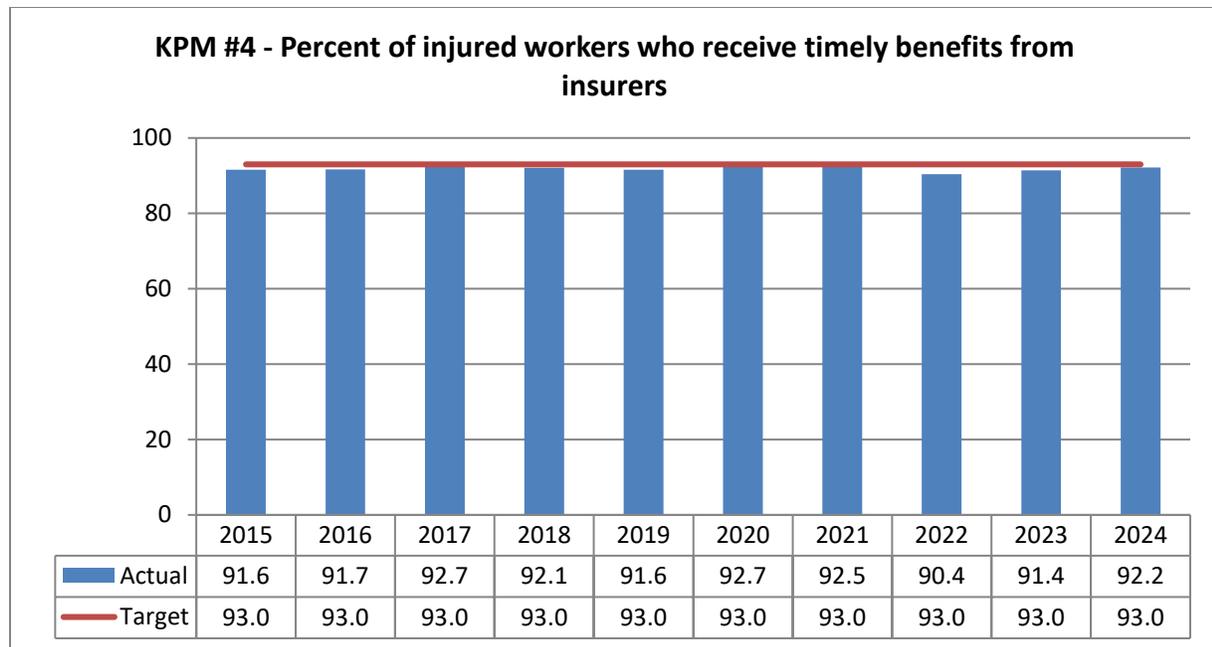
## Key performance measure 3 – Number of occupational injury and illness cases per 100 full-time workers

This measure gauges the number of injury and illness cases (that resulted in one or more days away from work) per 100 full-time workers. The goal is a number less than the target.



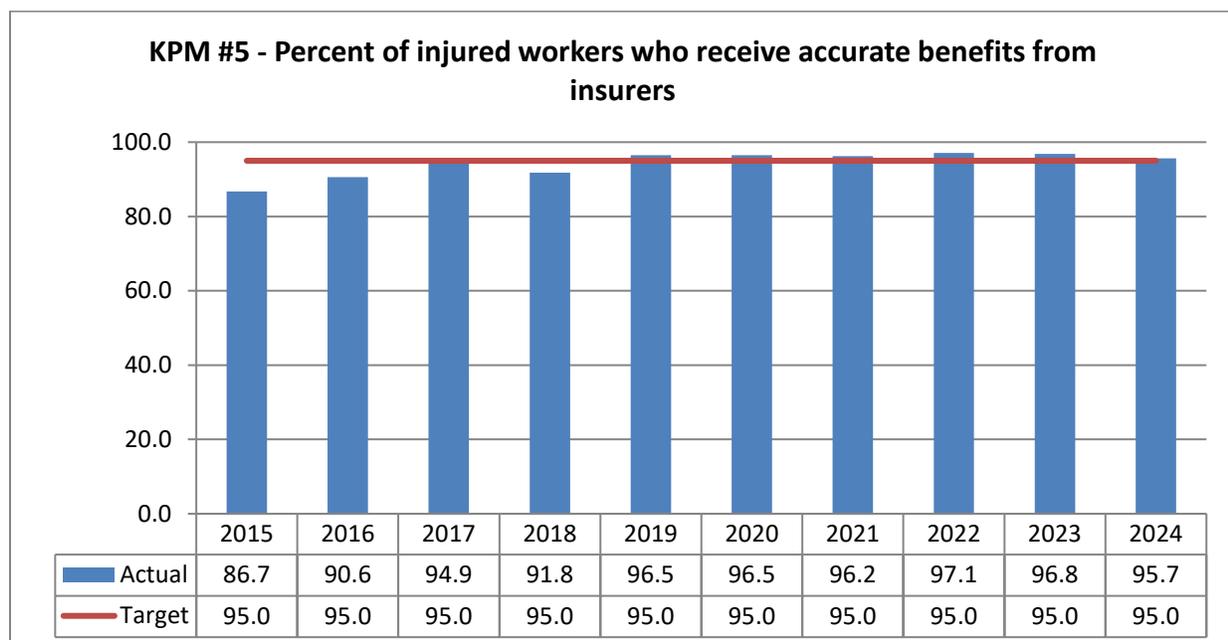
## Key performance measure 4 – Percent of injured workers who receive timely benefits from insurers

This measure tracks the timeliness of benefit payments by insurers to injured workers. The measurement includes timely payments of time loss, permanent disability, death benefits, and worker reimbursements. The goal is a number higher than the target.



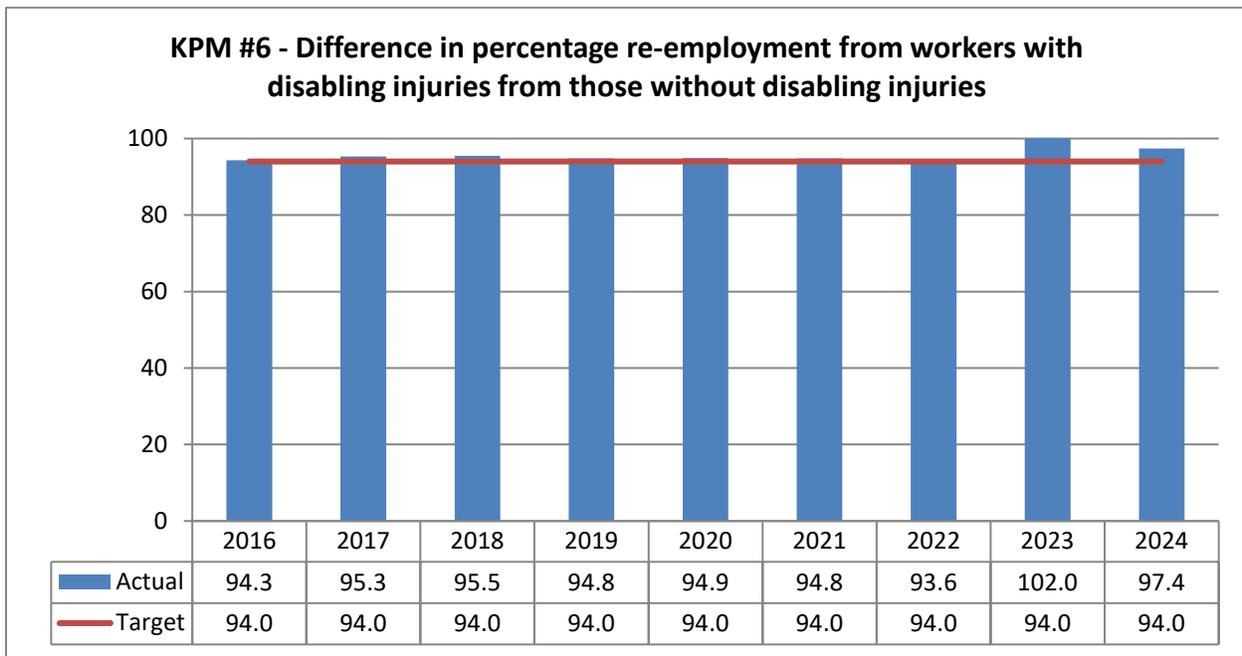
## Key performance measure 5 – Percent of injured workers who receive accurate benefits from insurers

This measure tracks the number of applicable accurate payments of benefits by insurers to injured workers. The measurement includes accurate payments of time loss, permanent disability, death benefits, and worker reimbursements. The goal is a number higher than the target.



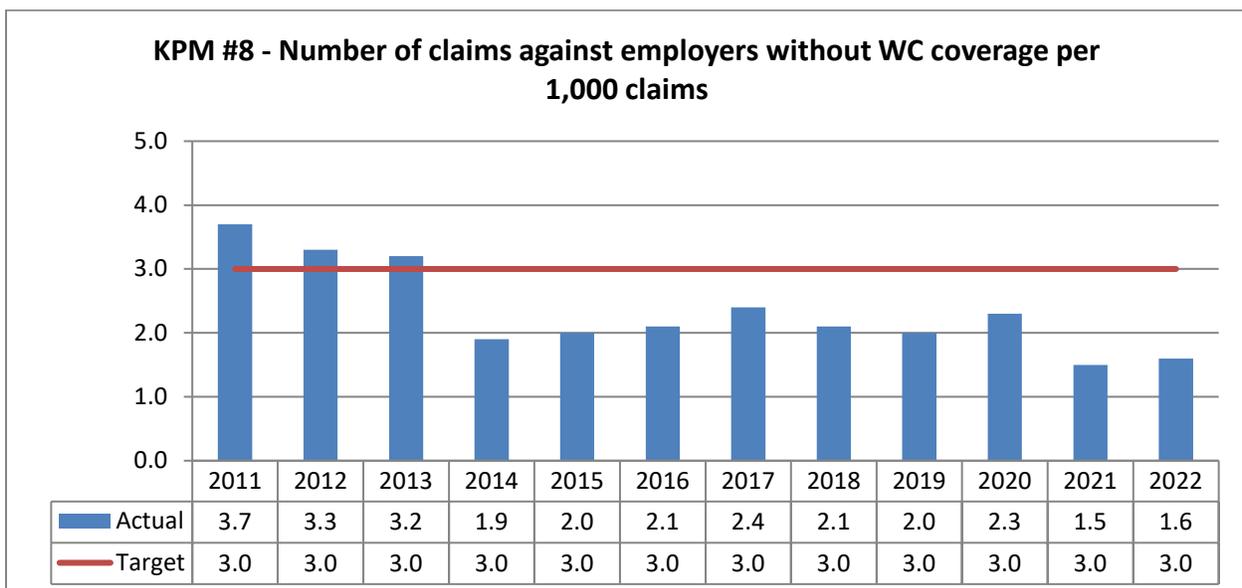
### Key performance measure 6 – Percent of re-employment from workers with disabling injuries from those without disabling injuries

This measure gauges injured worker re-employment by tracking the difference in percentage from workers with disabling injuries from those without disabling injuries. The goal is a number higher than the target.



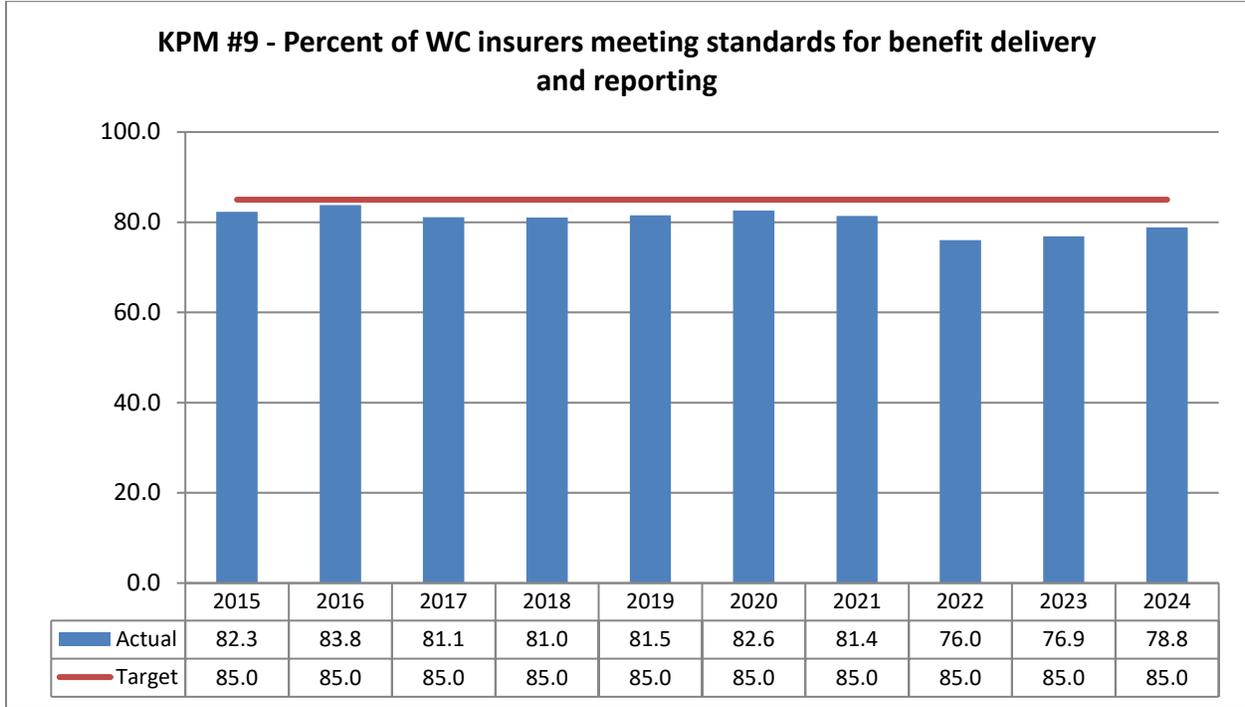
### Key performance measure 8 – Number of claims against employers without workers' compensation coverage per 1,000 claims

This measure gauges the results of Workers' Compensation Division regulation aimed at reducing employer noncompliance. The measure is a proxy measure that helps DCBS evaluate the proportion of employers who carry coverage. The goal is a number less than the target.



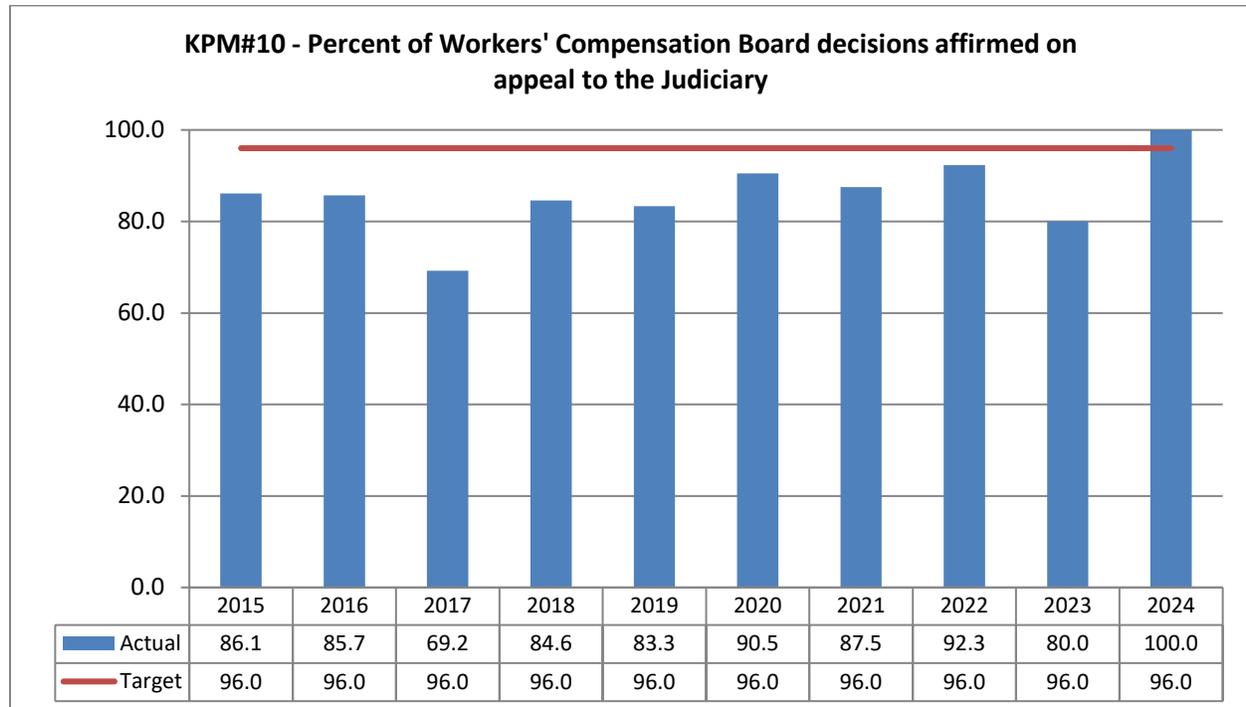
## Key performance measure 9 – Percent of workers’ compensation insurers meeting standards for benefit delivery and reporting

This measure gauges the percentage of regulated entities operating in compliance with the governing laws and regulations of Oregon. The goal is a number higher than the target.



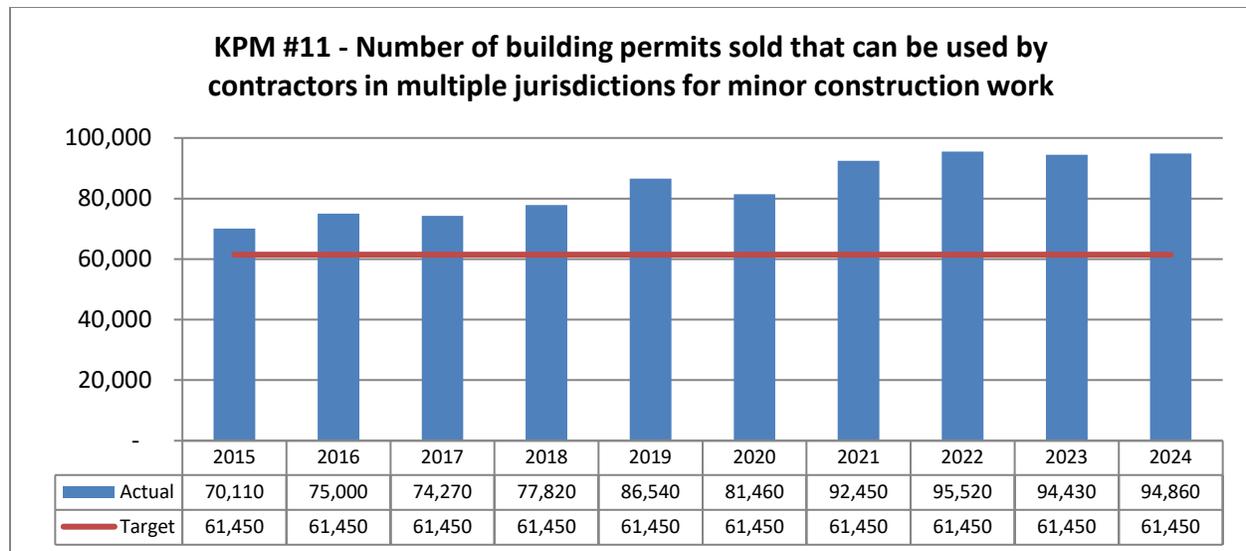
## Key performance measure 10 – Percent of Workers’ Compensation Board decisions affirmed on appeal to the judiciary

Depending on the number of board decisions that are appealed and then affirmed on appeal to the judiciary, a few overturned cases can significantly skew this measure. Unlike other measures where it may be possible to continually move toward higher levels of achievement, a certain amount of flux is to be expected because of the nature of the board and the judicial system. Appeals are built into this system to provide fair process and redress. The purpose of this KPM is to track the percentage of decisions made by the board that are affirmed on appeal by the judiciary and to monitor for significant discordance between the decisions of the board and the judiciary. The goal is a number higher than the target.



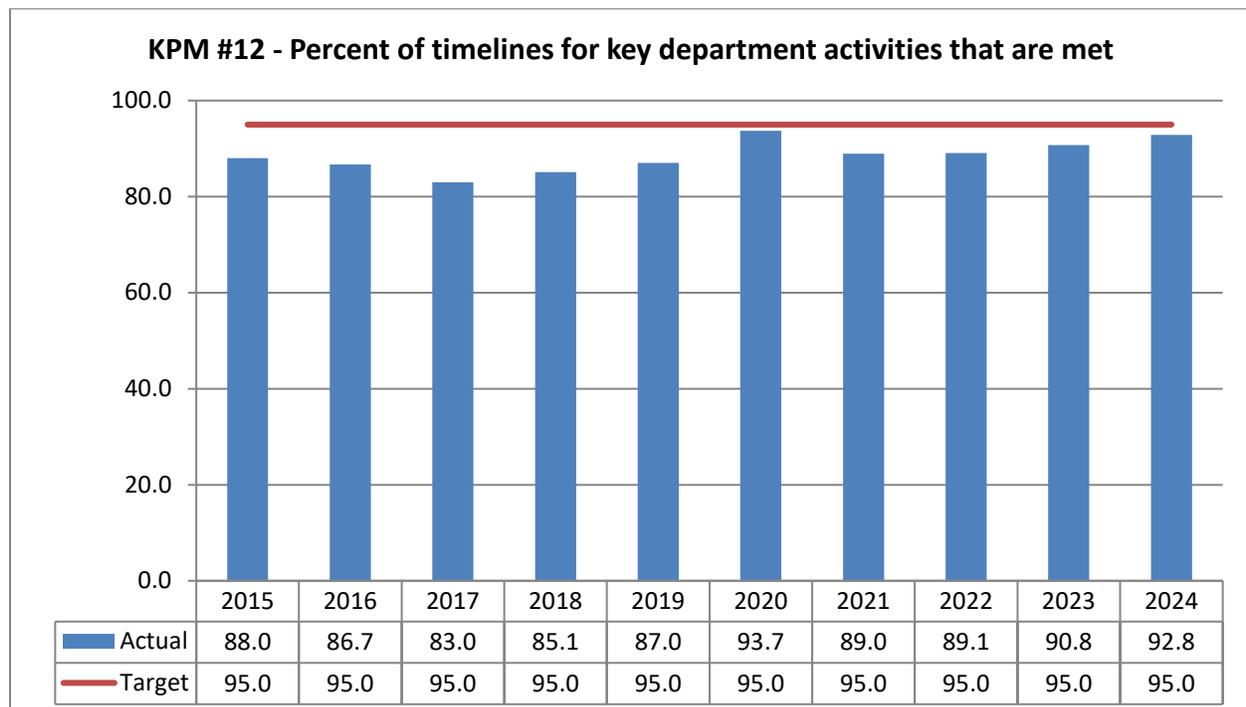
### Key performance measure 11 – Number of building permits sold that can be used by contractors in multiple jurisdictions for minor construction work

This measure demonstrates progress towards the Building Codes Division’s goal of providing contractors with a quicker, cheaper and more simple process for permit applications on minor construction activity that is consistent statewide. The goal is a number higher than the target.



### Key performance measure 12 – Percent of timelines for key department activities that are met

This measure demonstrates DCBS’ commitment to timely and efficient service to customers as reflected in responsiveness of staff as they carry out key department activities. The goal is a number higher than the target.



## Key performance measure 13 – Percent of customer transactions completed electronically

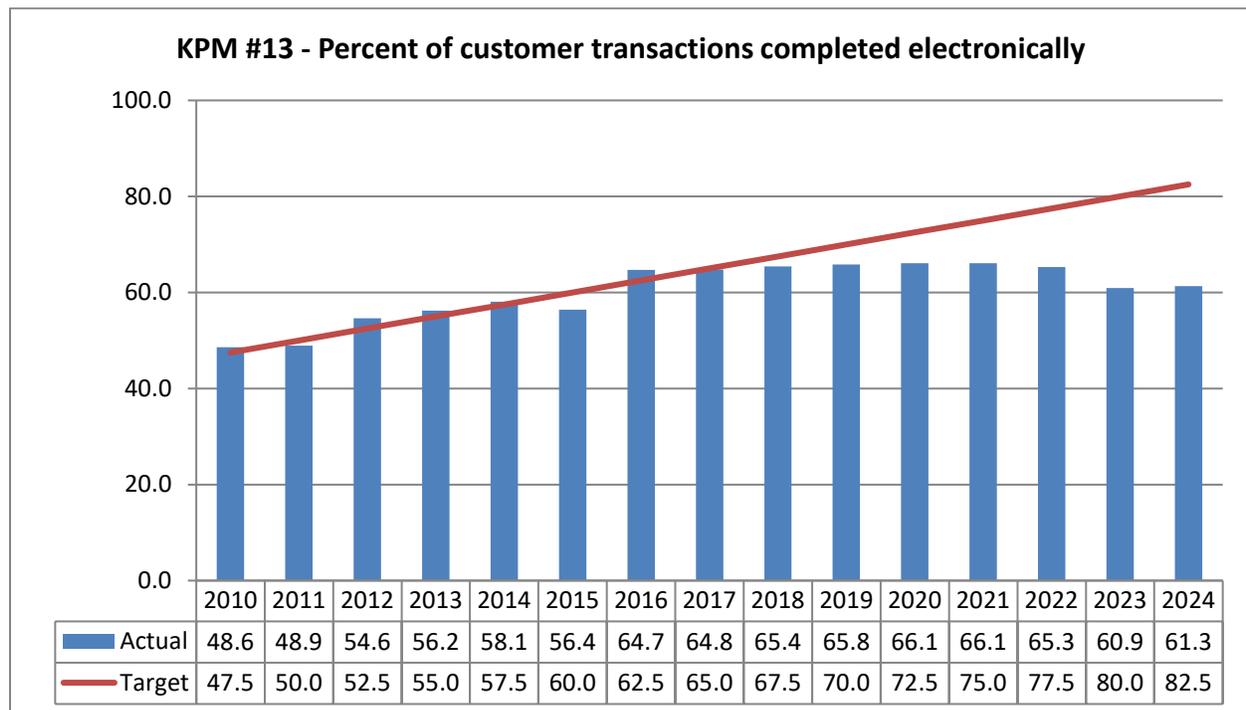
This is an unweighted average across all DCBS divisions. Some divisions are better positioned to accept electronic transactions, while others are not. The goal is a number higher than the target.

There are more than 100 data systems counted in this measure with more added each year. New systems that come online are likely to be oriented to accepting electronic transactions, but our many legacy systems cannot easily make the transition. The target goes up by 2.5 percentage points a year. With the legacy systems in place, this increase makes it increasingly difficult to achieve compliance with this measure’s target. Changes to these legacy systems require significant amounts of time and money and in some cases barriers to conversion are statute based.

The plateau in numbers is caused by these legacy systems, not new systems. When the measure was created, there was a different mentality about accepting electronic transactions. Now, all new systems are designed by default to accept them.

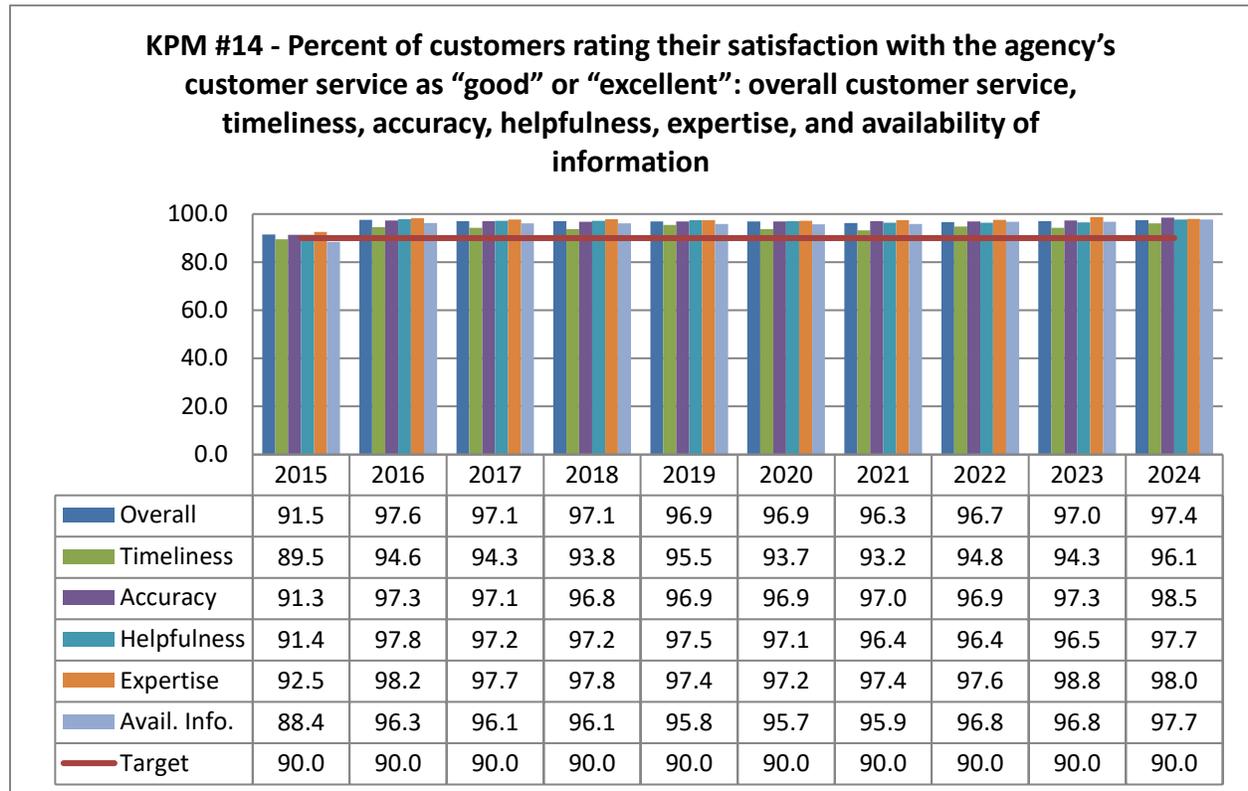
Legacy systems that rely heavily on physical transactions include:

- Premium assessment reporting in the Central Services Division
- Manufactured structures in the Building Codes Division
- Request for hearings at the Workers’ Compensation Board
- Workers’ compensation claims in the Workers’ Compensation Division



Key performance measure 14 – 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

This measure demonstrates the DCBS commitment to timely and efficient service to customers as reflected in responsiveness of staff as they carry out key department activities. The goal is a number higher than the target.



## DCBS leadership



**Andrew Stolfi, director and  
Oregon insurance commissioner**



**Sean O'Day  
deputy director**

## Consumer protection and safety



**TK Keen, administrator,  
Division of Financial  
Regulation**



**Alana Cox, administrator,  
Building Codes Division**

## Worker protection system



**Matt West, administrator,  
Workers' Compensation  
Division**



**Renée Stapleton,  
administrator,  
Oregon OSHA**



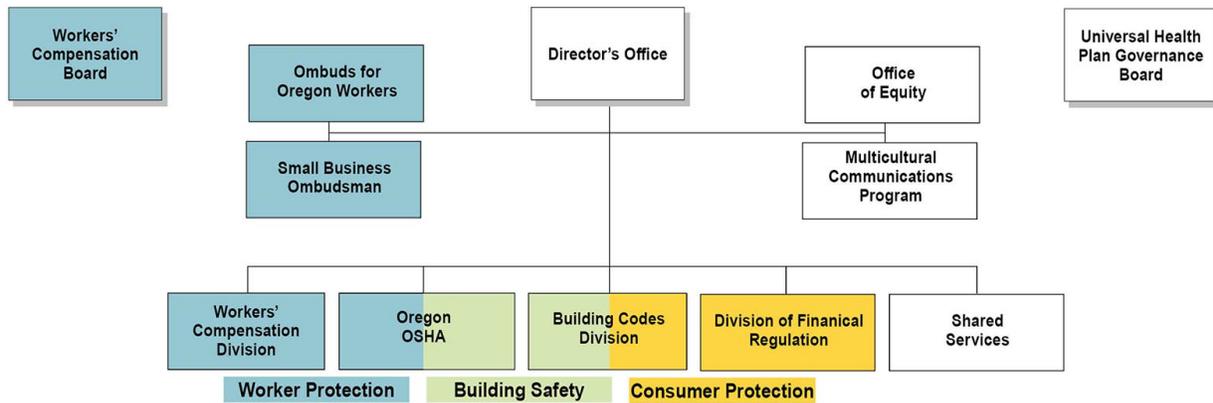
**Joy Dougherty, chairperson,  
Workers' Compensation  
Board**

# DCBS organization chart

Within DCBS, it is helpful to think of three areas of consumer and business protection.

- **Worker protection**, including the Workers' Compensation Division, Oregon OSHA, the Ombuds for Oregon Workers, the Small Business Ombudsman, and the Workers' Compensation Board.
- **Consumer protection**, including the Building Codes Division and the Division of Financial Regulation.
- **Building safety**, including the Building Codes Division and Oregon OSHA.

The organizational chart below details our divisions and their connection to the three work areas.



# What we do

## License, charter, and examine

DCBS provides licenses and charters, and conducts examinations in a number of different fields, including:

- Securities broker dealers, investment advisors, and insurance companies and agents
- Banks, trusts, credit unions, mortgage bankers, brokers and loan originators, mortgage loan servicers, and student loan servicers
- Payday lenders, consumer finance companies, pawnbrokers, and check cashing businesses
- Building trades workers and state and local building code inspectors
- Worker leasing companies
- Pharmacy benefit managers and pharmaceutical representatives
- Self-insured employers in workers' compensation

## Set and enforce standards

DCBS sets standards and enforces those standards that affect consumers and businesses in many fields, including:

- Securities, mortgage lending, and other consumer finance
- Workplace deaths/injuries, prevention, and insurance benefits
- Worksites for safety/health
- Insurance companies/agents
- Building construction standards
- Employer coverage and self-insurance in workers' compensation

## Educate and advocate

Providing information, education, and advocacy is how we actively work to keep Oregonians safe, to help them thrive and avoid harm. Examples include:

- Workplace safety workshops and virtual training opportunities
- Public education on building code, licensing, and permitting standards; inspector training
- Education for investors and homebuyers seeking mortgages
- Partnerships for preventing elder financial abuse, exploitation
- Small business workers' compensation and Oregon worker advocacy
- Education and outreach about various types of insurance and other financial services



# DCBS divisions

## Division of Financial Regulation

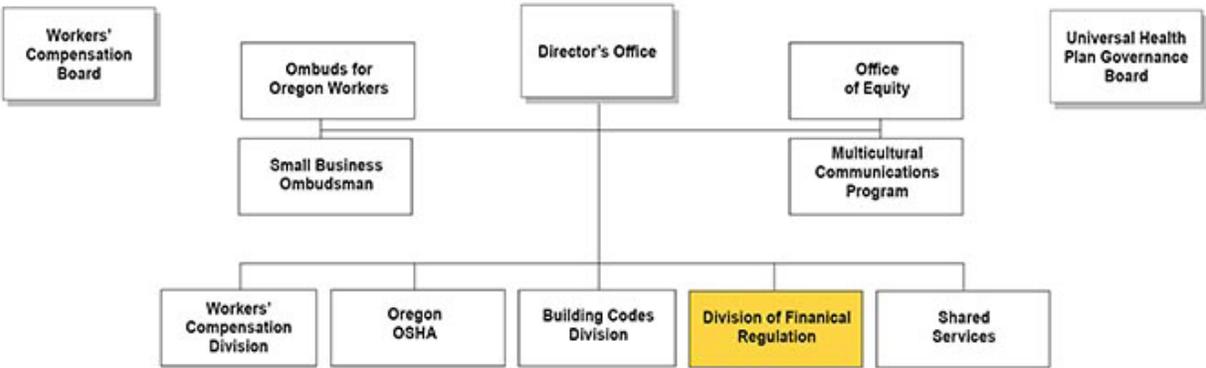
The Division of Financial Regulation (DFR) recovered more than \$9 million for consumers and received 17,836 phone calls and inquiries in 2024. The division anticipates \$223.9 million in transfers to the General Fund for 2025-27.

### The division ensures that:

- Insurance companies, banks, and credit unions are financially sound
- Oregonians are treated fairly as policyholders and beneficiaries
- All financial, insurance, and mortgage professionals are held to high standards
- Rates are reasonable in relation to the benefits provided by an insurance policy



### DCBS organization chart



## About the Division of Financial Regulation

The Division of Financial Regulation protects consumers by monitoring the financial soundness of institutions and insurance companies. We also provide statewide consumer education and assistance focusing on financial literacy, home ownership, disaster preparedness, and scam prevention.

These are areas that can affect the financial future of all Oregonians and these are also important issues of equity. There is a disparity in generational wealth, home ownership, adequate insurance coverage, and use of banking and saving products for underrepresented and underserved communities in Oregon. Our consumer education and assistance efforts acknowledge the need to address these disparities through conscientious and appropriate engagement with underserved and underrepresented communities. We also evaluate the processes used by those we regulate to look for ways to bring greater equity into banking, lending, investment, and insurance processes.

The division also works on regulatory streamlining to simplify licensing and examination processes in the state. Through the Oregon Reinsurance Program, the division has continued to help the health insurance industry keep individual health plan premium rates lower than if the program did not exist. Another way that we support Oregonians is by deterrence of financial abuse through strong enforcement efforts.

## Continuity and reach of sponsorship program

DFR continued its financial empowerment sponsorship program for organizations that engage in financial empowerment work. The sponsorship contracts are intended to help consumers in underserved and underrepresented communities gain increased awareness of DFR's services and resources and develop the capacity to make good decisions about insurance and financial services. For 2025, the five organizations receiving \$25,000 sponsorship awards are:

- **NeighborImpact**, which serves economically disadvantaged residents of Deschutes, Crook, and Jefferson counties and the Confederated Tribes of Warm Springs. Its mission is to support people and strengthen communities with the goal of helping people to become more independent and self-sufficient.
- **Nixyáawii Community Financial Services**, which serves the Confederated Tribes of the Umatilla Indian Reservation. Its mission is to improve the financial well-being of individuals and families in the Umatilla Indian Reservation community through loans and development services.
- **Financial Beginnings Oregon**, a statewide nonprofit that provides accessible and unbiased financial education programming to youth and adults in schools and community-based organizations. Its focus is on empowering people to take control of their financial futures.
- **FACT Oregon**, a statewide nonprofit that empowers Oregon families experiencing disability in their pursuit of a whole life by expanding awareness, growing community, and equipping families.
- **DevNW**, which provides practical, goal-oriented support to individuals, families, and communities in Lane, Linn, Benton, Lincoln, Marion, Polk, and Clackamas counties. DevNW offers a variety of services to help people on the road to financial well-being, including one-on-one financial counseling, educational tools, access to funds, and affordable housing options.

## Consumer education, recoveries, and enforcement actions

DFR's consumer advocacy team received more than 17,000 consumer phone calls and emails on insurance, banking, securities, mortgage, student loans, and a variety of other nondepository financial services and products. Consumer advocates helped consumers recover more than \$9 million in resolving disputes with their financial service provider. Notable Oregon consumer wins include:

- During the January 2024 ice storm, two seniors suffered extensive damage to their home caused by a burst water pipe that occurred while they were in the hospital being treated for hypothermia. They filed a claim with their insurer, which denied the coverage, stating the couple was responsible for maintaining heat or taking precautions such as draining the water system. DFR's consumer advocates got the company to reverse its decision, and the couple was paid more than \$19,000 for their claim.
- A person died within the two-year contestable period of their life insurance policy. The company denied the claim, stating that medical conditions were not disclosed on the application. After a review of the phone recordings of the application process, it was found that the agent had omitted pertinent medical questions during this process. The DFR advocate was able to convince the insurer to pay the death claim – \$304,697, including interest.
- A consumer filed a complaint after an auto insurer wrote a low initial estimate of \$1,123 using only photos. After receiving the complaint, DFR requested the insurer send an on-site estimator. The insurer complied, which resulted in a new estimate of \$7,491 that was consistent with the repair shop's estimate for the known damage.

For the second straight year, the Consumer Education and Engagement team held events in all 36 counties in Oregon, meeting with more than 6,000 people in 2024. The team helped wildfire victims with insurance claims, delivered financial education, raised awareness of financial fraud, and promoted the division's consumer advocacy services. Of the 269 events the team attended, 54 were focused on educating consumers on scams and fraud and 21 were related to identity theft. In partnership with the Oregon AARP and Department of Justice, the division also held three events focused on spotting scams and tools to protect against fraud. Another event, the HomePath Programs, was held in May 2024, in which the division provided information about how consumers can protect their finances through identity theft prevention.

In addition to these events, DFR hosted the Innovation Hub in October 2024. The theme for this event addressed the question “Can innovative technologies make green finance better?” It included two panel discussions: Artificial Intelligence and Green Finance, and Blockchain and Green Finance. The event also had a “fireside chat” with DFR and the Washington State Department of Financial Institutions on regulating the use of innovative technologies in green finance. This presentation informed consumers, licensees, and key stakeholders of policy issues about green finance.

## General Fund and Other Transfers

The retaliatory tax team is responsible for the collection of the following tax and assessment regimes: retaliatory tax, fire marshal, ocean marine, wet marine and transportation, risk retention group, surplus lines, and risk purchasing groups. These functions collectively represent an estimated biennial transfer to the General Fund of approximately \$198.1 million.

The division uses securities fees charged for the registration of offerings and licensing people and entities to fund the administration of securities law, meet legislatively authorized expenditures, and maintain a prudent fund balance. The division transfers the surplus of

securities revenue to the General Fund. For the 2025-27 biennium, the securities program estimates a \$25.8 million transfer to the General Fund.

## Policy option packages

### Oregon Reinsurance Program

#### Policy Option Package No. 112

##### **0 positions, 0.00 FTE, \$232,671,710 other funds and federal funds**

- The 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
- In 2022 and 2023, individual rate increases were reduced by 8.1 and 8.6 percentage points, respectively

### DFR Auto Rating Study

#### Policy Option Package No. 113

##### **0 positions, 0 FTE, \$500,000 other funds**

- Oregon law allows auto insurers to use rating factors that have a disproportionate negative effect on communities of color and low-income consumers
- This is a companion POP tied to House Bill 2562 that, if passed, would authorize DFR to procure a contract with a third party to conduct an independent, in-depth study of the effect of the use of socioeconomic factors in auto rating
- Findings will be presented to the Legislature and also valuable to determine if there is a need for future policy changes to address rating disparities

### DFR Contractual Exam Services

#### Policy Option Package No. 114

##### **0 positions, 0 FTE, \$3,000,000 other funds**

- DFR has increasingly been using contracted professional services to ensure the National Association of Insurance Commissioners accreditation requirements are met and maintained in our financial analysis and financial examination of insurers doing business in Oregon
- Contractual costs are borne by the examined insurer; however, the division procures and oversees these services and submits payment to the contractor when the examination is complete
- The use of contracted services has been necessary to mitigate the impact of staff turnover on our examination and financial analysis teams

### DFR Advocacy

#### Policy Option Package No. 115

##### **1 position, 0.88 FTE, \$243,916 other funds**

- The Consumer Advocacy team provides Oregon consumers with one-on-one help with inquiries and complaints
- The number of consumer complaints and inquiries continues to grow due to several new statutorily created programs assigned to DCBS and overall growth in existing regulatory industries
- Request one program analyst 2 to add to our advocacy team to handle complaints across division programs to ensure the handling of complaints and inquiries are timely

## **DFR Market Analysis**

### **Policy Option Package No. 116**

#### **1 position, 0.88 FTE, \$270,087 other funds**

- The Market Analysis Team identifies and resolves market conduct issues by analyzing data from financial reports, company filings, and requested company data
- This role is critical in the oversight of the insurance industry and insurer behavior
- DFR requests an additional insurance examiner (market analyst) to continue to effectively monitor insurance industry trends and analyze the effects those trends will have on consumers

## **DFR Credit Unions**

### **Policy Option Package No. 117**

#### **1 position, 0.88 FTE, \$196,363 other funds**

- The banking and credit union programs administer and enforce the state's banking and credit union statutes and rules
- The teams lack an administrative support position, so administrative functions are handled by our financial examiners or program manager
- The addition of an administrative specialist 2 will provide more efficiency and continuity for administrative functions and allow examiners to focus on essential functions

## **DFR Enforcement**

### **Policy Option Package No. 118**

#### **1 position, 0.88 FTE, \$236,290 other funds**

- The Enforcement Team investigates alleged violations of laws or rules and develops and implements enforcement and remediation strategies to correct and/or prevent consumer harm
- There is a need for a position to support the team by conducting legal research and gathering and evaluating information to be used to further investigations and enforcement actions
- DFR requests a paralegal position to increase efficiency and support a more centralized process for improved tracking of cases, deadlines, and workflows

## **DFR Settlement Funds**

### **Policy Option Package No. 119**

#### **0 positions, 0 FTE, \$375,000 other funds**

- DFR receives revenue from regulatory settlement agreements (RSA) earmarked for consumer education and outreach
- RSAs are multi-state agreements and each state named in the agreement receives funds based on the impact to consumers in their state
- DFR has been expending these funds within their authorized limitation each biennium; however, absorbing these costs going forward will likely be problematic as costs increase and our ability to absorb costs within our existing limitation will minimize.

## Serving consumers

A breakdown (2022 to 2024) of the services provided by the Division of Financial Regulation.

Calendar year	Consumer complaints resolved	Amount of recovered benefits	Phone calls and inquiries	Investigations	Enforcement actions
<b>2022</b>	4,289	\$9,108,938	13,857	237	100
<b>2023</b>	4,885	\$12,450,872	16,333	141	96
<b>2024</b>	5,413	\$9,059,721	17,836	146	82

As part of serving Oregonians, DFR's Enforcement and Investigations team conducts administrative, civil, and criminal investigations involving several types of financial transactions, such as securities, insurance, mortgage lending, nondepository programs, and consumer finance. The enforcement team protects Oregonians from scams and the dishonest acts of financial professionals and businesses. In 2024, this team ordered more than \$6.7 million in civil penalties.

## Charters, licensees, and registrants

An overview of the charters, licenses, and registrations, and exams issued by the Division of Financial Regulation in 2024.

	Total as of 12/31/24	Complaints CY 2024	Exams CY 2024
Insurance companies (41 domestic)	1,577	3,357	7
Insurance producers (salespersons)	192,069		N/A
Banks and trusts	15	48	10
Credit unions	20	139	15
Mortgage lenders	1,187	267	92
Loan originators	15,410		N/A
Mortgage servicers	215		7
Securities investment advisors / broker dealers	3,939	58	42
Securities sales representatives	204,028		
Student loan servicers	32	75	11
Other programs (including payday/title, pawnbrokers, collection agencies)	5,008	225	195

# Building Codes Division

## About the Building Codes Division

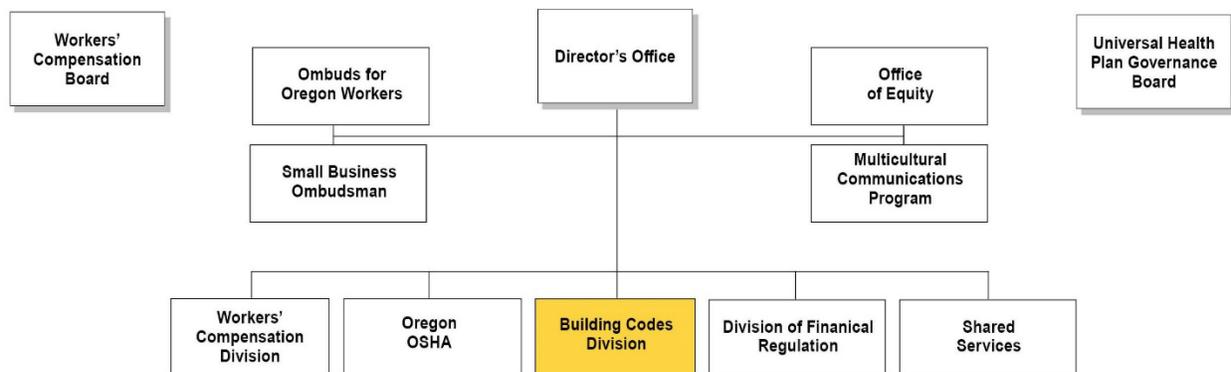
The Building Codes Division (BCD) adopts and enforces uniform building codes for Oregon, and resolves code disputes.

BCD provides local government assistance, licensure for building trades workers and businesses, as well as training and certifying inspectors.

For local entities that do not have a building department, BCD provides those services.

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

## DCBS organization chart



## Who we serve

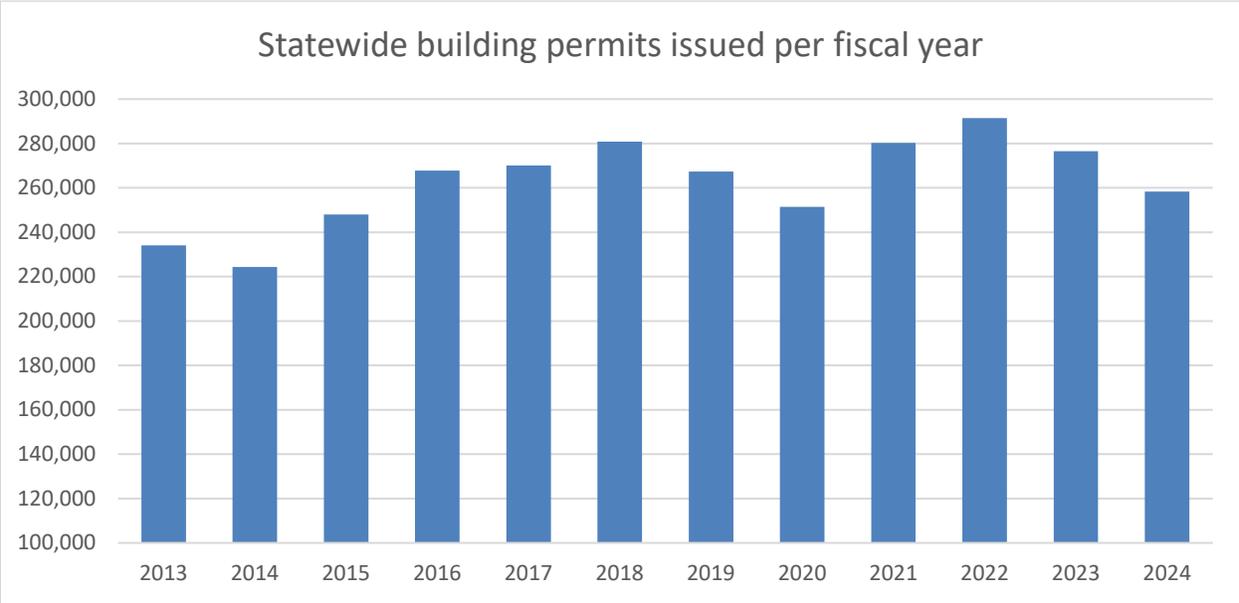
- 127 local building departments, including 86 where BCD provides full ePermitting services
- Eight counties where BCD provides full or partial inspection services
- 38,788 licensed individuals (plumbing, electrical, boiler, and elevator) and 2,331 certified building officials, plans examiners, and building inspectors
- Seven governor-appointed, Senate-confirmed advisory boards, consisting of 54 board members representing diverse communities and interest areas across the state

### Government partnerships

The division partners with local governments on local code administration and enforcement. It also collaborates with several state agencies, including work on energy efficiency initiatives with the Oregon Department of Energy, licensing and enforcement coordination with the Construction Contractors Board, and coordination on fire life safety issues with the Office of the State Fire Marshal:

- City and county building departments
  - Local code administration, seats on multiple boards
  - Administration of the fire hardening grant program for wildfire survivors
  - ePermitting program
- Oregon Department of Energy
  - Energy code adoption, Executive Order 17-20 and 20-04 implementation, seat on Construction Industry Energy Board
- Construction Contractors Board
  - Joint enforcement efforts, contractor licensing
- Office of the State Fire Marshal
  - Fire code and building code coordination, fire official representation on Building Codes Structures Board
- Tribal governments
  - Provide courtesy inspections and consultation to Oregon tribes when requested

### Statewide building permits issued per fiscal year



Source: Local government surcharge reports as reported to the state by local jurisdictions.

## Using innovation, technology, and flexibility to serve Increasing housing production

The division works with local governments, stakeholders, and its seven advisory boards to create a consistent and enforceable statewide code, supported by statewide tools such as ePermitting, code clarifications, and dispute resolution. By ensuring code consistency, the construction industry is better positioned to accurately bid on projects and timely complete them once construction begins, supporting our goal of increasing housing supply to address the affordable housing crisis. The division is partnering with the Department of Land Conservation and Development to create the Housing Accountability and Production Office, which will be a one-stop shop to help customers navigate the development process, identify and remove barriers to housing production, and ensure statewide consistency on housing laws.

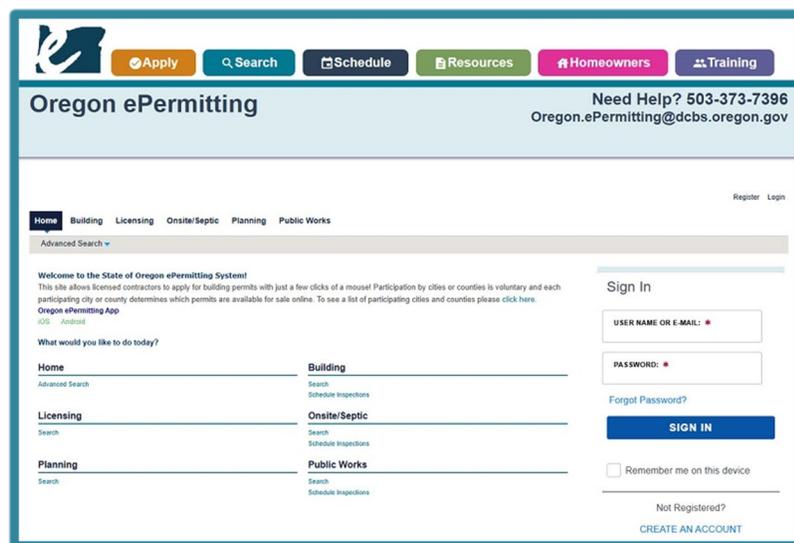
## Supporting adaptive reuse of buildings

The division supports the adaptive reuse of buildings in which existing building stock is modified to be used for a different purpose than its original construction. Adaptive reuse is also one of the most effective tools to reduce embodied carbon in the built environment. This tool can help revitalize downtowns and respond to the changing needs of a community. It allows for creativity on the part of the designer and requires flexibility on the part of the building official, as these projects are each unique. The Building Codes Division has a dedicated staff member to help with adaptive reuse projects to partner with municipalities in improving their communities.

## ePermitting program

The Building Codes Division has continued to expand the ePermitting program. Oregon ePermitting now supports 86 cities and counties using ePermitting to provide a full range of online building services, including permit applications, electronic construction document review, online payments, and inspection scheduling. Oregon ePermitting also provides assistance to the more than 50,000 registered

users that use the ePermitting site to apply for permits, pay for permits, upload documents, and schedule inspections. In conjunction with local governments and contractors, ePermitting regularly rolls out system enhancements to improve system features and processes.



The screenshot shows the Oregon ePermitting website. At the top, there is a navigation bar with buttons for 'Apply', 'Search', 'Schedule', 'Resources', 'Homeowners', and 'Training'. Below this is the header 'Oregon ePermitting' with a contact number 'Need Help? 503-373-7396' and email 'Oregon.ePermitting@dcbs.oregon.gov'. A secondary navigation bar includes 'Home', 'Building', 'Licensing', 'Onsite/Septic', 'Planning', and 'Public Works'. The main content area features a 'Welcome to the State of Oregon ePermitting System' message, a 'Sign In' form with fields for 'USER NAME OR E-MAIL' and 'PASSWORD', and a 'CREATE AN ACCOUNT' link. There are also links for 'Advanced Search' and 'Forgot Password?'. The 'Sign In' form includes a 'Remember me on this device' checkbox and a 'SIGN IN' button.



### Virtual inspections

The Building Codes Division created two ePermitting mobile apps for inspectors, contractors, and homeowners. The apps allow inspectors to direct message the contractors with status updates about inspections, request photo uploads and perform live video inspections. In addition, the contractors and homeowners can schedule inspections, search for information, and message inspectors. Recently, the Building Codes Division used this technology to expand the mechanical minor label program statewide, allowing contractors to use photos and videos in lieu of inspection for minor mechanical construction work.

### Preparing for emergencies

The division has adapted to a rapidly changing construction landscape during times of natural disasters by finding innovative solutions. This includes taking steps to mitigate risk ahead of disasters, including home hardening in high wildfire hazard areas, and accounting for the varied risk of seismic events, wind, and snow with codes that address the different hazards across the state. The division launched the Oregon Design Criteria Hub, an interactive map that can create a report of all the code requirements for a specific address or latitude and longitude, to create efficiency for design professionals, plans examiners, and the public.

### Supporting the workforce of the future

The division has collaborated with partners to expand training opportunities for building officials, inspectors, and plans examiners, growing a diverse talent pipeline to address the workforce shortage and support value-added plan review and inspection services. In addition, the division launched the Building Evaluation Support Agreement (BESA), a multilateral mutual aid agreement that any jurisdiction with a building inspection program can sign on to. Participating jurisdictions can then share building official and building inspection services with one another as needed. Having this agreement in place ahead of time saves time and money for the jurisdictions by avoiding the cost of negotiating individual intergovernmental agreements, but also allows for faster and easier sharing of resources in times of emergencies.



## Policy option packages

### **BCD Revenue Shortfall Addback**

#### **Policy Option Package No. 123**

##### **1 position, 1.00 FTE, \$343,046 other funds and federal funds**

- Personal services growth related to cost-of-living, annual merit, and other bargaining agreement commitments continue to outpace federal grant revenues
- Limitation fund shift from federal funds to other funds to address federal revenue shortfall

### **BCD Learning Management System Technology**

#### **Policy Option Package No. 501**

##### **0 positions, 0.00 FTE, \$287,000 other funds**

- Procure a learning management system that will allow larger training classes and create efficiency in our Inspector Training Program
- Part of strategy to address workforce shortage to cross-certify existing inspectors and bring more inspectors and plans examiners into the workforce

### **BCD Permitting & Billing Technology**

#### **Policy Option Package No. 502**

##### **0 positions, 0.00 FTE, \$850,000 other funds**

- Address technology challenges in permitting, inspection, and plan review services for building, elevator, and boiler and pressure vessel permits
- New software contract to support ePermitting
- Billing software system to support elevators and boiler and pressure vessels

### **BCD State Plan Examiners**

#### **Policy Option Package No. 503**

##### **4 positions, 3.52 FTE, \$1,089,903 other funds**

- Grow the number of state plans examiners to meet anticipated increased demand due to:
  - Prefabricated construction growth
  - Housing production growth
  - Mutual aid for local government
  - Master plans (plans approved by the state for use in multiple jurisdictions) growth

## Ombuds offices

Both the Small Business Ombudsman and the Ombuds Office for Oregon Workers are part of the Director's Office at the Department of Consumer and Business Services.

The Small Business Ombudsman for Workers' Compensation serves as an independent advocate for small businesses, entrepreneurs, and the professional advisers who serve them.

The Ombuds Office for Oregon Workers serves as an independent advocate for workers by helping them understand their rights, benefits, protections, and responsibilities within the workers' compensation system and workplace safety and health laws and rules.



**Helping workers  
(workers' compensation  
and workplace safety  
and health) and small  
business owners  
(workers' compensation)**

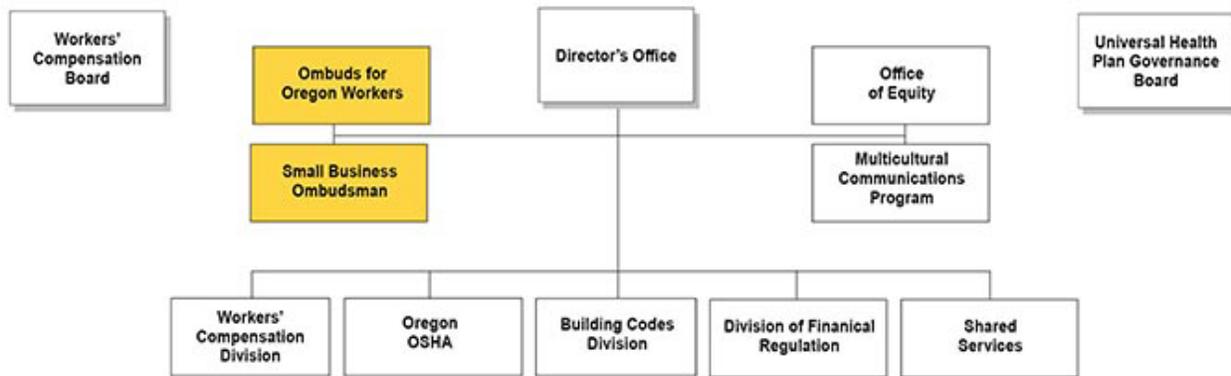
### Small Business Ombudsman

The Small Business Ombudsman answers questions about shopping for workers' compensation insurance, explains workers' compensation coverage requirements, and helps businesses with premiums and audits, as well as conducts outreach to businesses and their professional advisers to educate them on their rights and responsibilities. The Small Business Ombudsman had 796 contacts with businesses in 2024, with 37 percent of those calls related to buying workers' compensation insurance, 24 percent related to coverage requirements, and 19 percent related to dispute resolution. The Small Business Ombudsman has a 99 percent on-time response rate based on calls returned within 24 hours.

### Ombuds for Oregon Workers

The Ombuds Office for Oregon Workers answers questions about worker rights and responsibilities in workers' compensation and workplace safety and health, benefits, and returning to work. In 2024, the Ombuds Office for Oregon Workers responded to 7,053 inquiries. The monthly average for the Ombuds Office for Oregon Workers is 587 inquiries and 964 contacts to resolve inquiries. The office is able to resolve 86 percent of inquiries within two days; of those, 97 percent are resolved within one day and 77 percent are resolved the same day. The Ombuds Office for Oregon Workers includes team members who speak Spanish. On average, 16 percent of inquiries each month are from non-English speakers; of those, 97 percent are from Spanish speakers.

## DCBS organizational chart



## Policy option packages

### Ombuds Worker Outreach

#### Policy Option Package No. 103

#### 1 position, 0.88 FTE, \$208,175 other funds

- Facilitate increased awareness of worker safety and health with a focused on underserved communities
- Coordinate and prepare for outreach events
- Assist with presenting at events
- Coordinate purchases and inventory of promotional items

# 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, and a sole and exclusive remedy.

The Workers' Compensation Division has two primary customers: subject employers and subject workers. In 2023, the division supported 136,700 subject employers and 2,024,000 subject workers.

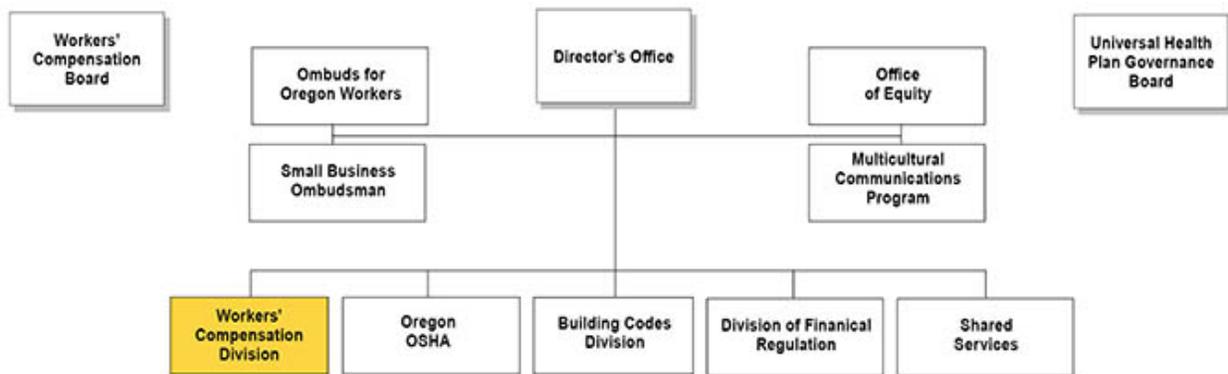
The division also works with insurers, self-insured employers, service companies, medical providers, vocational providers, and attorneys.

To better serve Oregonians, the division has made progress toward modernizing its information systems and continued implementing electronic records management to allow more electronic transmission of information where possible.

The division has also expanded outreach to preferred workers, collaborated with employers on return-to-work programs for injured workers, and developed plans for engaging with underrepresented and underserved communities.



## DCBS organization chart



## System success

The workers' compensation system has existed since 1914. Though changes have been made since then, the system today still reflects the original agreement between management and labor to maintain a no-fault system for workplace injuries.

Today's system has affordability for employers and good benefits and outcomes for workers. The Oregon model has been so successful that it has been studied and emulated by other states.

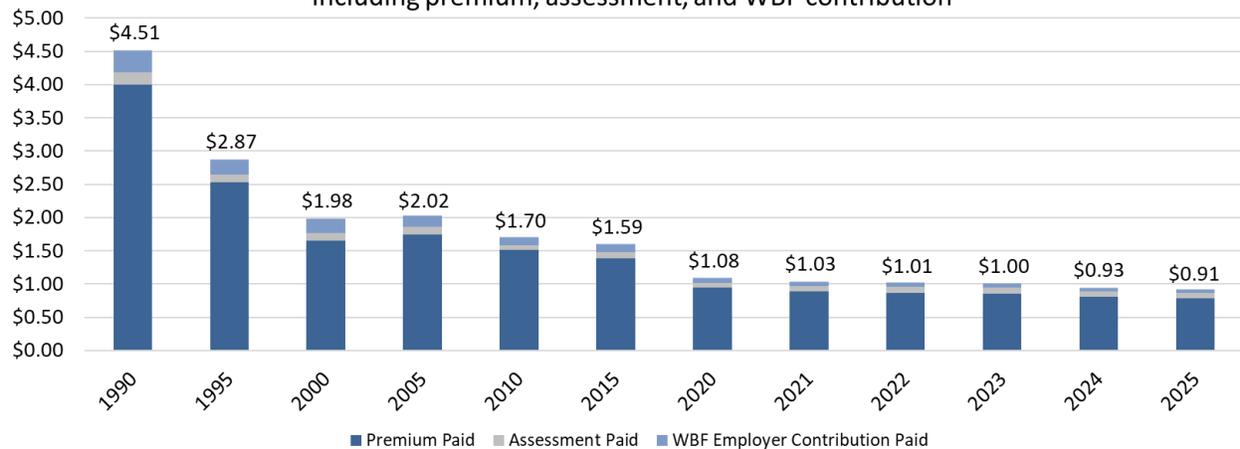
## Workers' compensation system – nationwide rate ranking

Efforts to achieve system balance have been made over the past few decades. Comparing Oregon's rate rankings from 1986 to now, Oregon employers went from having the sixth highest cost nationwide in 1986 to the 10th lowest cost in 2022, the most recent year with data.



## Workers' compensation system employer costs

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



Workers' compensation costs for employers include a base pure premium, insurer administrative costs and profit, premium assessment, and Workers' Benefit Fund assessment. Individual employers may have different costs based on their choice of insurer and their individual experience rating.

The chart shows average employer costs paid per \$100 of payroll including premium and assessments.

## Worker benefits

Oregon's workers' compensation benefits are strong and most worker benefits adjust with changes in Oregon's wages. There is stakeholder support for discussing incremental improvements in benefits. Also, return-to-work programs help workers get back to work quickly and safely.

## Return-to-work programs

Oregon's return-to-work programs provide resources to help workers who have been injured on the job, including assistive devices and training to return to their job post-injury or find a path to a new career.

Workers who use these programs have a higher post-injury employment rate and better wage recovery than those who do not use the programs.

In 2023, return-to-work programs helped more than 7,300 workers. Employers benefit by retaining a valuable workforce and reducing claim costs.



The Preferred Worker Program purchased Bruce Adams a pull-out toolbox for the bed of his work truck.

## Management-Labor Advisory Committee

Created in the early 1990s as part of state workers' compensation system reforms, the Management-Labor Advisory Committee (MLAC) is an effective forum for employees and employers to explore and resolve issues.

The committee shares a commitment to a common set of values, including balance and fairness, adequacy of benefits, affordability, efficiency, stability, and flexibility.

## Workers' Compensation Information System (WCIS)

The WCD Modernization Program made significant progress on the Workers' Compensation Information System (WCIS) modernization project. During the past year, the team worked with division subject matter experts to document and validate our processes. This resulted in 141 future state process models. These models form the basis of our business requirements, or the functions that we need a new system to perform to support the work of the division.

The Modernization team also released a request for information (RFI) to vendors. The RFI resulted in four vendor demonstrations. The demonstrations helped WCD understand the possibilities and limitations of the technology it will be able to use for WCIS. The next step will be to publish a request for proposal (RFP) to vendors. The RFP is scheduled for the first quarter of 2025. The RFP will give vendors a chance to bid on the project and produce a more complete plan proposal.

## Policy option package

### Workers' Compensation Modernization

#### Policy Option Package No. 102

#### **3 positions, 2.64 FTE, \$13,527,684 other funds**

- Continue to improve business processes and technology to better serve customers
- Support the request for proposal to initiate core system foundation project
  - IT professional contracted services
  - Quality assurance (iQMS) contracted services
- Add a modernization program assistant, a system and software training, and public service representative

# Oregon Occupational Safety and Health Division

## About Oregon OSHA

Oregon OSHA inspect workplaces, helps employers identify and eliminate hazards, and investigates workplace fatalities and accidents.

## Focus areas

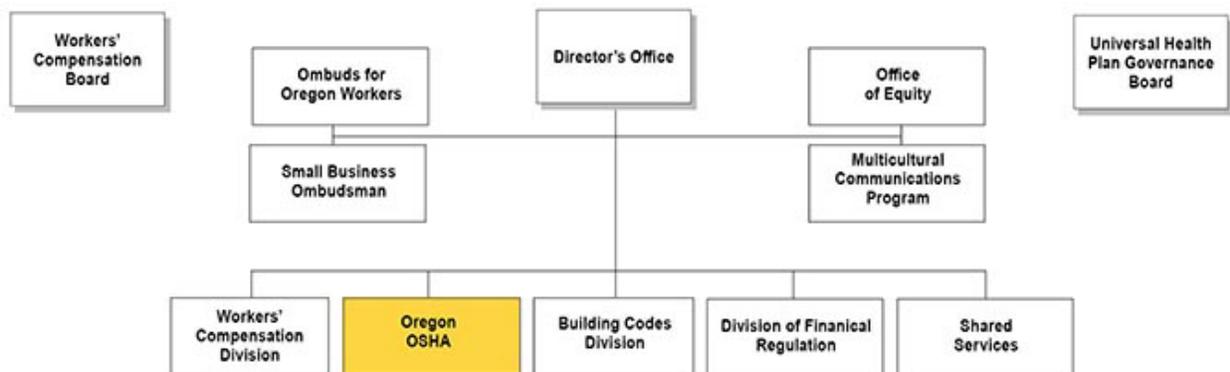
Oregon OSHA's enforcement program investigates accidents and fatalities, addresses complaints, and focuses on high-hazard industries and occupations while balancing regularly scheduled inspections with several emphasis programs to address key occupational risks and industries across the state. Oregon OSHA consistently achieves one of the highest employer inspection penetration rates in the country and continues to make occupational safety and health easier to understand by providing on-site technical assistance, multilingual publications, and engaging outreach materials.



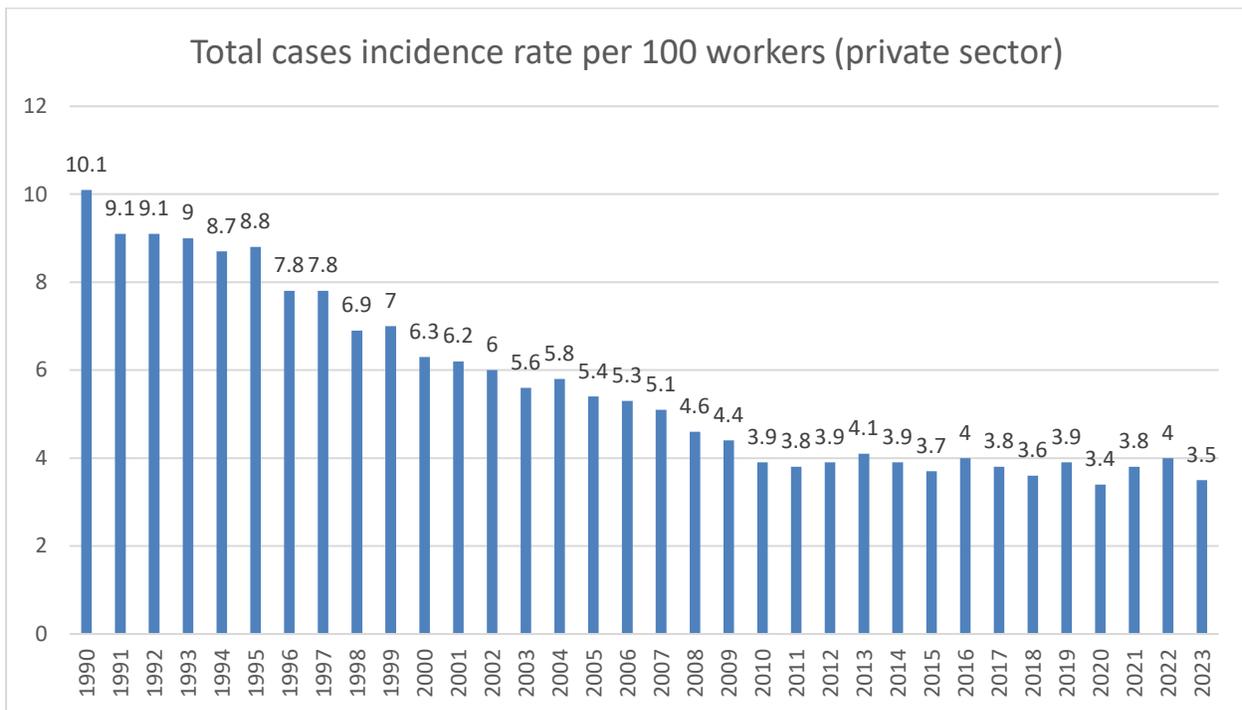
The division focuses on education for small employers and directs its outreach activities towards vulnerable, underserved, and hard-to-reach workers. Oregon OSHA uses a variety of communication approaches to highlight and address significant workplace hazards, as well as share best practices or lessons learned. These approaches include social media posts, press releases, and free multilingual in-person and online trainings.

Oregon OSHA maintains stakeholder relationships through involvement in rulemaking, policy development, and ongoing advisory groups.

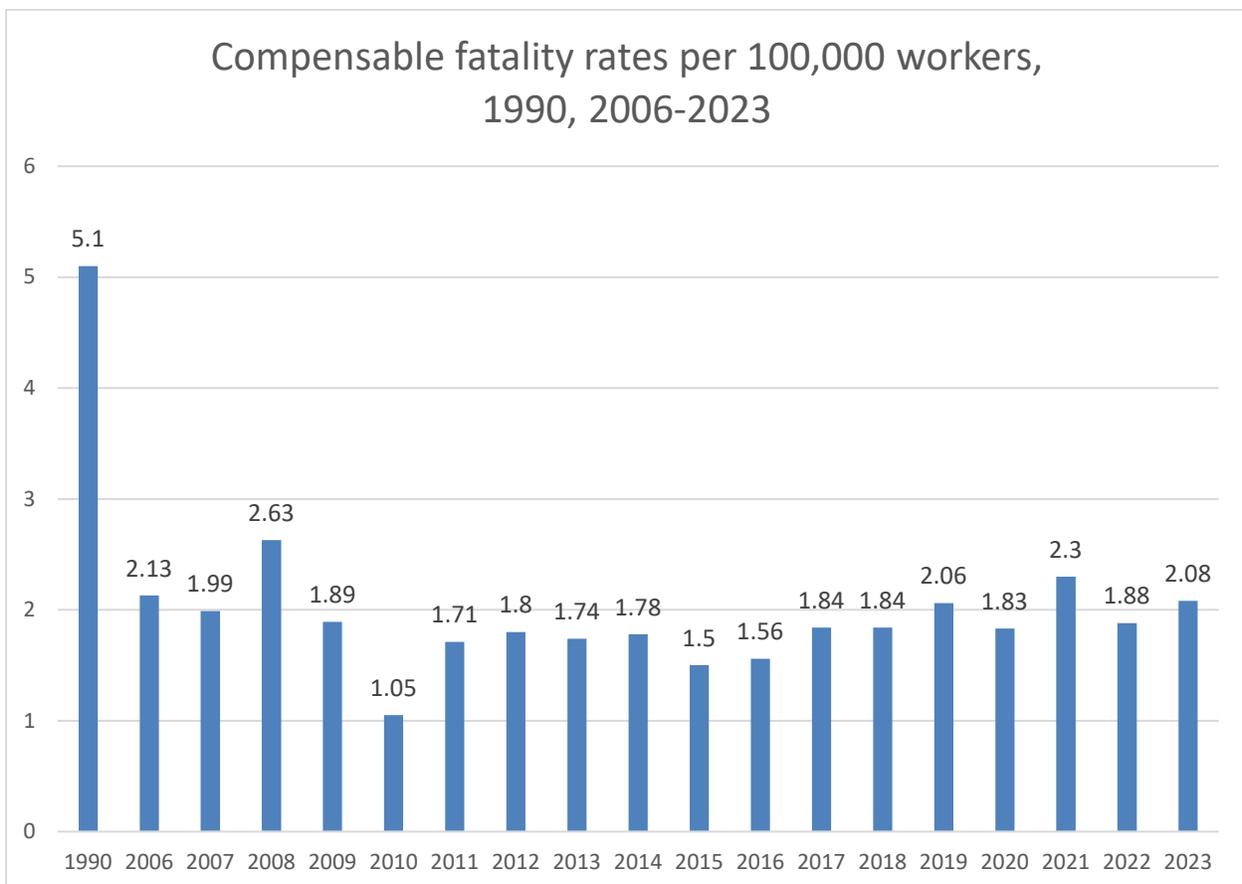
## DCBS organization chart



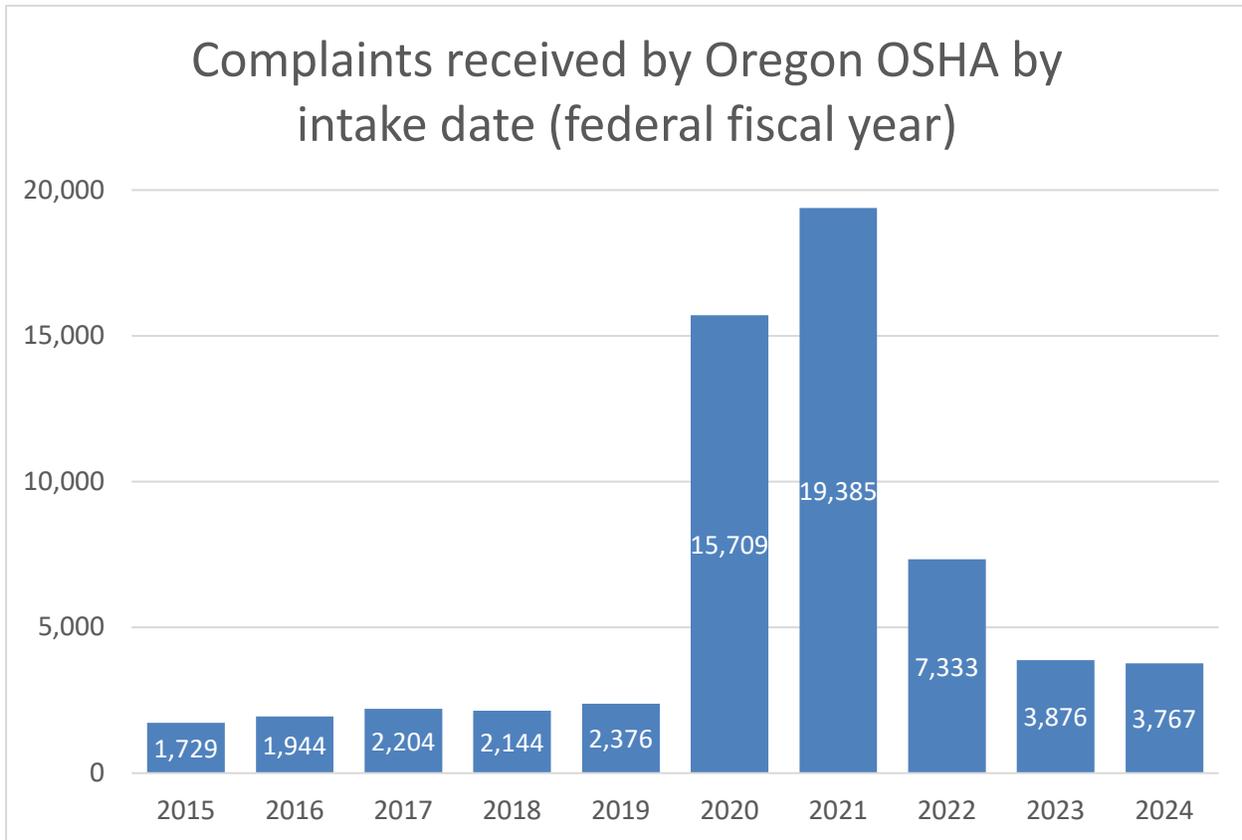
## Occupational injury and illness incidence rates



## Fatality rates



## Complaints



### Appealed case backlog and impact on customer service related to contested cases and associated Department of Justice costs

Oregon OSHA anticipates continued increases in delays and higher Department of Justice costs in 2025-27 biennium due to remaining contested COVID-19 cases still in process. There has also been an increase in contested cases as a result of SB 592 (2023), which adjusted the penalty structure and added a new type of violation.

### Policy option packages

#### Agricultural Labor Housing Compliance

##### Policy Option Package No. 104

##### 10 positions, 5.33 FTE, \$1,745,181 other funds

- Establishes seven seasonal ALH surveyors who evaluate agricultural labor housing conditions and work with employers on becoming compliant outside of enforcement activities
- Establishes three permanent positions:
  - Surveyor supervisor to hire and train seasonal surveyors
  - Administrative specialist to manage data and provide customer service for employers self-certifying their agricultural labor housing annually
  - Safety compliance officer to increase division's enforcement capacity
- Provides funding to develop or procure self-certification technology solution

## **OSHA Outreach**

### **Policy Option Package No. 105**

**4 positions, 3.64 FTE, \$1,021,386 other funds**

- Establishes four permanent positions aimed at improving overall customer service
- Permanent positions are:
  - Public records specialist to improve response times for public record requests
  - Supervisor to oversee public-facing administrative staff in six different offices across the state ensure consistent customer service and experience
  - Senior safety consultant to increase Oregon OSHA's capacity to provide free and voluntary consultative services to employers
  - Outreach manager to oversee all of Oregon OSHA's outreach efforts in a single dedicated section

## **OSHA OTIS/ORCA Support**

### **Policy Option Package No. 106**

**1 position, 0.88 FTE, \$245,165 other funds**

- Establishes one permanent analyst position to support Oregon OSHA's Oregon Technical Information System (OTIS) and Oregon Consultation Application (ORCA) systems and resolve issues with the mandatory data transfers to federal OSHA
- Position would also be responsible for analyzing potential modernization solutions for Oregon OSHA's aging systems

## **OSHA Revenue Shortfall Addback**

### **Policy Package No. 121**

**0 positions, 10.23 FTE, \$3,761,136 other funds**

- Oregon OSHA's federal grants do not historically increase to match cost-of-living increases, which results in federal fund shortfalls
- Federal fiscal year 2024 federal OSHA revenue shortfalls that resulted in reduced funding to all state plan states (including Oregon) caused Oregon OSHA to reduce its anticipated federal revenues for the 2025-27 biennium
- Package authorizes Other Fund limitation to maintain the current service level, despite anticipated federal fund shortfalls

# Workers' Compensation Board

## About the Workers' Compensation Board

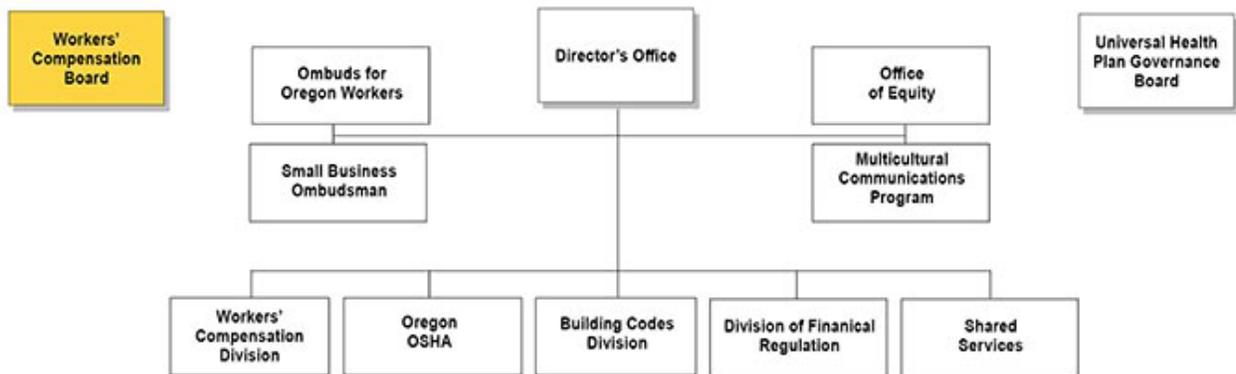
The Workers' Compensation Board (WCB) is an independent agency created by the Oregon Legislature to provide timely and impartial resolution of disputes arising under the Oregon workers' compensation law and the Oregon Safe Employment Act. WCB shares services with DCBS, including information technology, human resources, and fiscal support.

When a workers' compensation claim or Oregon OSHA citation is disputed in Oregon, it comes to WCB. Through a hearing, appeal, or mediation, we help to resolve these disputes.

WCB is committed to providing an impartial, accessible, and timely process for all parties.

**Provide timely and impartial resolution of disputes arising under Oregon workers' compensation law and the Oregon Safe Employment Act**

## DCBS organization chart



## How we support Oregonians

- Provide timely and impartial dispute resolution of cases arising under workers' compensation and safety laws
- Conduct hearings throughout Oregon to serve stakeholders in their home counties
- Ensure access to justice for all users of our forum
- Mediate complex disputes to achieve settlements without litigation
- Broaden electronic access to Workers' Compensation Board services by expanding services offered through electronic means and our website

## Administrative law judges and board members

WCB administrative law judges hold administrative hearings on workers' compensation and Oregon OSHA disputes and also provide mediation services. Administrative law judge decisions may be appealed to WCB's five-member board, which provides appellate review of administrative law judge decisions, approves claim disposition agreements, and exercises its own motion jurisdiction. Board decisions may be appealed to the Oregon Court of Appeals.

## Timely resolution of disputes

WCB emphasizes timely resolution of disputes. In 2024, WCB administrative law judges issued their decisions consistent with the statutory timeframe of 30 days from the date of record closure in 98 percent of all cases. Also, WCB's voluntary mediation program resulted in settlement 91 percent of the time.

For cases on appeal to the board, the board strives to issue decisions within 120 days. Of note, opinions that issue after 120 days are not included in the board's timeliness statistics until they are published. In 2024, 77 percent of the board's decisions were issued within 120 days. This reduced timeliness is due in part to changes in the composition of the board in 2023. In 2023, there was a several-month gap where the board did not have all five members confirmed by the Oregon Senate. In such circumstances, some decisions must be held until the board is complete. Thus, the 23 percent of cases reported late for 2024 included decisions that had been held from previous years.

## Access to justice for all Oregonians

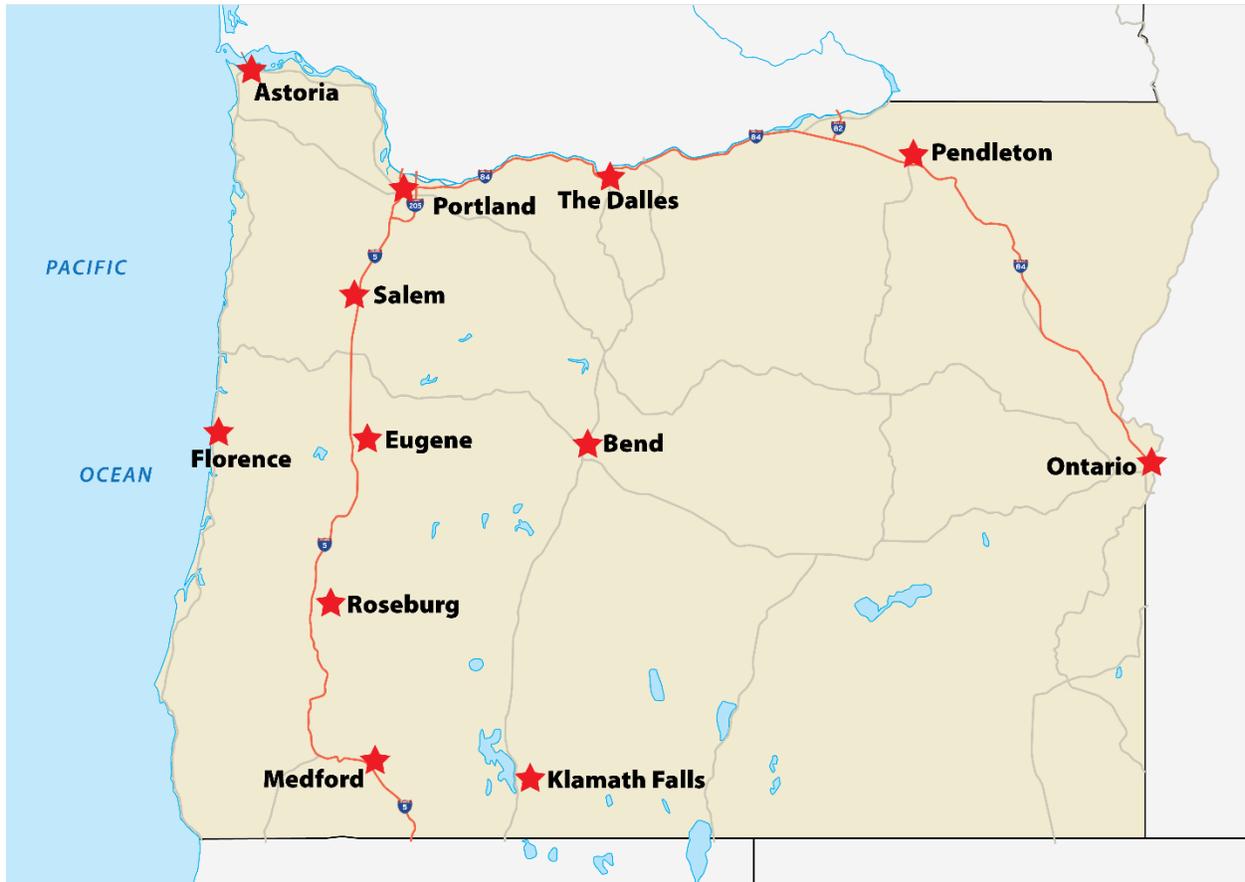
### **Interpreters provided at no cost for hearings and mediations**

WCB provides equitable access to justice by providing interpreters and disability accommodations at no cost to the parties. At a hearing or mediation, all parties need to understand their rights and responsibilities, and have a fair opportunity to participate in the presentation of their case.

WCB's interpreter program has more than 30 languages available, plus special dialects. Interpreter usage continues to increase, with more than 1,619 requests in 2024. Special accommodations are also provided to ensure complete access to WCB services. The administrative law judges, board members, and staff participate in ongoing training on diversity, equity, and inclusion.

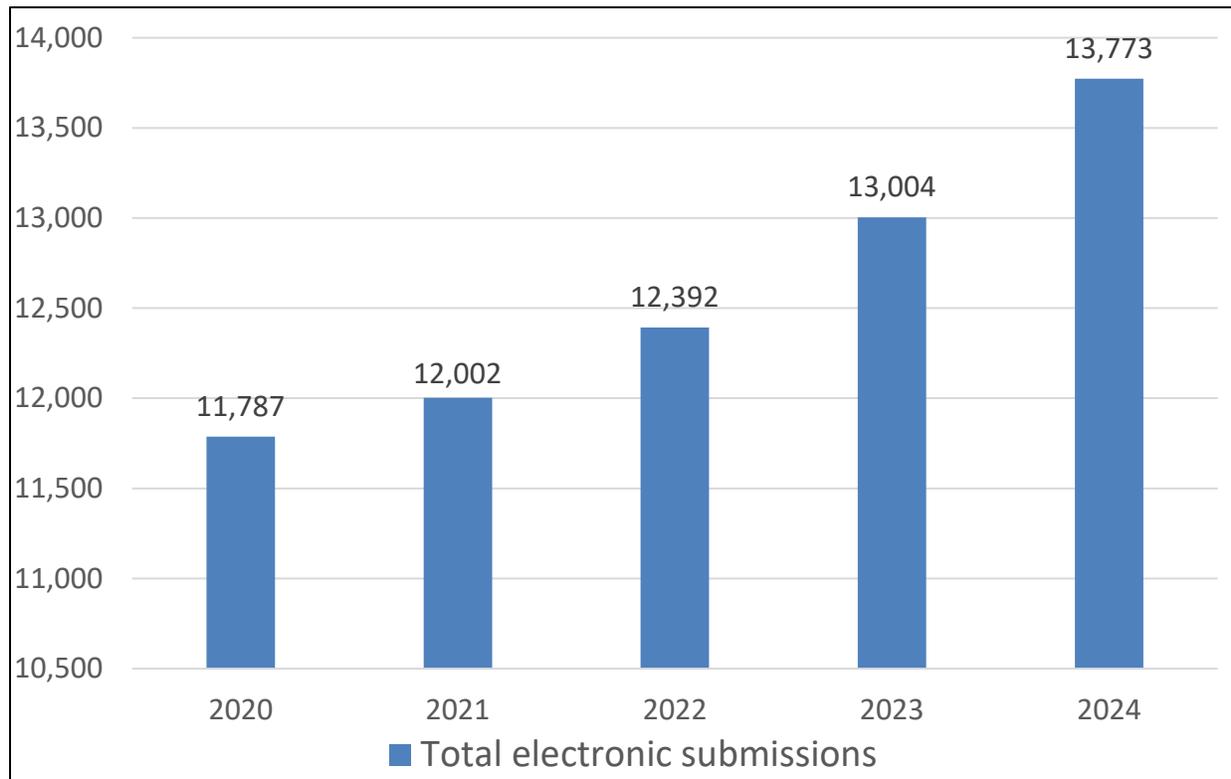
## Hearing locations

Another way WCB provides access for all Oregonians is by conducting in-person hearings and mediations at the location of the injured worker. WCB routinely holds hearings in Klamath Falls, Medford, Roseburg, Florence, Eugene, Bend, Ontario, Newport, Salem, Portland, Astoria, The Dalles, and Pendleton. Since 2020, WCB has been offering telephonic and videoconferencing as available options for mediations and hearings, subject to administrative law judge approval. Workers' compensation can be a complex subject, but WCB has worked to remove barriers to access justice for all parties, whether it be language, location, or accommodations.



## Workers' Compensation Board portal activity – 2020 to 2024

WCB's online web portal provides electronic access to some case information and allows for the electronic submission of certain litigation documents. Electronic submission through the portal increases every year, demonstrating the public's interest in the electronic submission of litigation documents. However, the portal currently serves only as a conduit for document submission and is not accessible to all parties. Because WCB lacks an electronic case management system, all documents submitted through the portal are printed and placed in paper files.



## Policy option packages

### WCB Modernization

#### Policy Option Package No. 101

##### 0 positions, 0.00 FTE, \$2,500,000 other funds

- Create better access to justice so all parties have immediate electronic access to their case information
- Create system consistent with state's direction to provide better customer service by creating more direct access to state services for underserved communities
- Reduce interagency processing time of litigation filings, including settlement documents
- Provide more accurate information for reporting case determinations, agency performance and efficiency
- Ensure effective and efficient communication with Oregon Court System

# Universal Health Plan Governance Board

## About the Universal Health Plan Governance Board

The Oregon Legislature created the Universal Health Plan Governance Board with Senate Bill (SB) 1089 in 2023. The board is charged with developing a comprehensive plan to finance and administer a universal health plan, which is due to the legislature no later than Sept. 15, 2026.

SB 1089 was a recommendation of the Joint Task Force on Universal Health Care, which was created by SB 770 in the 2019 legislative session.

The board consists of nine members, each serving a four-year term and who are appointed by the Oregon governor and confirmed by the Oregon Senate. Five members of the governance board must have expertise in health care delivery, finance operations, or public administration, and four members must be focused on public engagement.

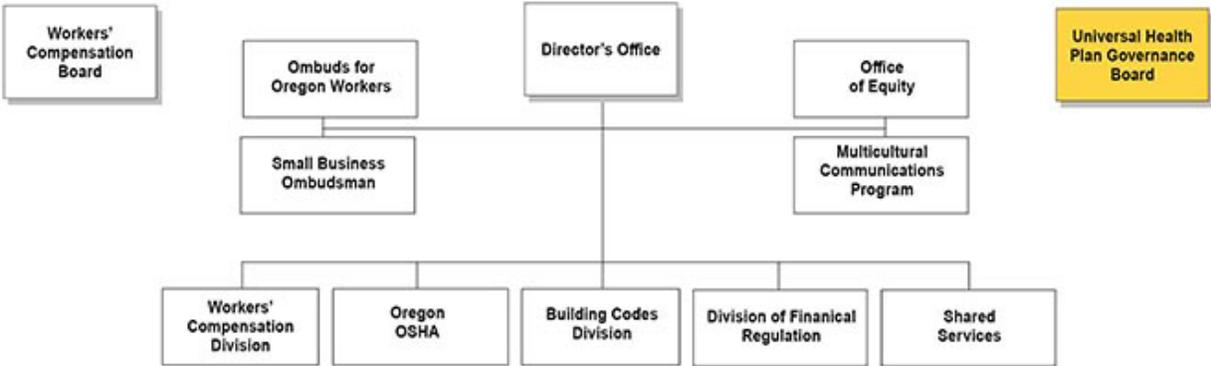
The board created four committees focused on the work: Finance and Revenue, Community Engagement and Communications, Plan Design and Expenditures, and Operations. The board has also brought on consultants to support the work.

The first status report on the universal health plan was submitted to the legislature in December 2024 with the next report due in December 2025.

The board is supported by three full-time staff at DCBS and two full-time limited-duration staff at the Oregon Health Authority.



## DCBS organization chart



# Agency financial overview

## Budget drivers, risks, environmental factors

Factors the agency takes into consideration when evaluating our budget drivers and risk include:

- **The economy** is a key factor that must be considered when evaluating budget drivers and risk. The department's revenues are directly tied to changes in the economy. For example, Workers' Benefit Fund revenues are based on hours worked, which decline with job losses. Although not a direct driver, measures such as new home sales can speak to the general health of the industry as housing construction and financing drive Building Codes Division and Division of Financial Regulation revenues by affecting license and permit revenues, as well as revenues for the mortgage lending, banking, and credit union programs. Another factor to consider is the effect of certain industries on workload, such as the construction industry.
- **Natural disasters**, including wildfires, winter storms, and floods, should also be taken into consideration. These types of events can carry unexpected expenses or a need to temporarily reassign staff to meet emerging needs.
- **Program modernization** is an important factor as well. DCBS IT systems are well-maintained and secured; they are housed at the state data center or in the cloud. They are also running on supported technology and up-to-date computing. However, data and software application designs are old and complicated. The existing system designs make them inflexible, so change is difficult. Modernization will focus on updated design architecture and increased cloud usage. The biggest risks are a large Oracle database and Actuate platform. The agency needs priority and dedicated resources to modernize these. There is also a specific Modernization Program for the Workers' Compensation Division.
- DCBS completed a refreshed **agency strategic plan** in 2024. The plan is inclusive with unified goals and objectives so that we can chart the path to the future with cohesiveness, enthusiasm, and renewed sense of purpose. From the beginning of this process, we believed it was important for the plan to reflect everyone we serve and interact with, as well as with the employees who work in the agency. The plan can be viewed at <https://www.oregon.gov/dcbs/about/Pages/strategic-planning.aspx>.

## Secretary of State audits

There have been three audits in the 2023-25 biennium. The audits, including the management response, are included in the appendix.

## Additional major changes within the past six years

### 2019-21 biennium

**COVID-19 response:** The effects of COVID-19 brought significant changes to DCBS in 2020 and 2021. We continued the agency's work, while transitioning the workforce to hybrid or full-time teleworking. The department held public meetings and hearings virtually and increased outreach about the effect of COVID-19 on workers' compensation, health, and other types of insurance.

The Emergency Board established the Quarantine Time Loss Program (also known as the COVID-19 Temporary Paid Leave Program) on July 14, 2020, to serve employees who have to quarantine or isolate, but don't have COVID-19-related sick leave or access to COVID-19-related paid time off. DCBS, in collaboration with the Department of Revenue, set up and ran the program, which accepted applications from Sept. 16, 2020, through June 30, 2021. The program paid nearly \$25 million to more than 25,000 Oregonians (in all 36 Oregon counties).

The Division of Financial Regulation issued emergency orders in response to COVID-19 to protect consumers who might not be able to pay insurance premiums due to lost income. The division also worked with health insurance companies to create telehealth agreements to provide expanded telehealth options at the same rate as in-person health care services. The Workers' Compensation Division also adjusted the medical fee rules to increase reimbursements for telehealth appointments.

The Division of Financial Regulation issued orders that provided temporary relief to financial service providers to allow their employees to work from home so they could meet the needs of consumers while maintaining social distance. Even before the pandemic, consumers' demands for more convenient access were already decreasing the importance of physical locations and face-to-face contact and ability to provide services through technology was increasing. The COVID-19 accommodations for social distancing accelerated consumers' demands for technological solutions to providing financial services. Financial service providers adapted to remote workforces and looked for long-term relief to rules requiring employees to work from specific physical locations. The division responded with permanent rules that allowed the industries to compete in a changing workplace environment.

The COVID-19 emergency orders provided short-term relief to Oregonians in the early stages of the pandemic. The emergency orders required health insurance, life and disability insurance, property/casualty, and long-term care insurance to provide at least a one-time grace period for consumers to pay past-due premiums, and required insurers to pay claims for losses that occur during the grace period and before terminating coverage. The orders also extended all deadlines for reporting claims and other communications and provided members with communication options that meet physical distancing standards.

Oregon OSHA adopted temporary rules in response to COVID-19 for all workplaces and employer-provided housing, that were later adopted using the traditional rule adoption process. During this time, Oregon OSHA has responded to unprecedented numbers of complaints: 28,100 COVID-19-related complaints and 6,994 non-COVID-19 complaints in 2020 and 2021. Oregon OSHA provided virtual consultations and resources to employers on best practices in response to COVID-19.

**Natural disaster response:** In response to wildfires, the Division of Financial Regulation issued emergency orders to protect consumers and reached a two-year rebuild agreement with insurers. Team members provided in-person outreach at wildfire evacuation sites to answer questions about the insurance claims process. DFR held virtual townhall meetings about the claims process, rebuilding process, insurance scams, and the importance of flood insurance after a wildfire.

The Building Codes Division and the Division of Financial Regulation partnered to create materials to help people access manufactured home ownership documents. The Building Codes Division also did focused licensing enforcement efforts to protect consumers and provided flexibility to local governments to address local conditions and workforce shortages.

To respond to the heat dome event that occurred in June 2021, Oregon OSHA adopted temporary rules on heat illness prevention that put protections in place for workers in all workplaces and employer-provided housing.

## 2021-23 biennium

**Transfers of OHIM and SHIBA:** Senate Bill 65 (2021) and House Bill 5006 brought changes to DCBS. The Oregon Health Insurance Marketplace (OHIM) moved from DCBS to the Oregon Health Authority on Feb. 1, 2022. The marketplace came to DCBS in 2015 from Cover Oregon following the passage of Senate Bill 1 (2015). The marketplace is the state-level counterpart to HealthCare.gov. Marketplace employees help people find health insurance coverage and connect them to free, local enrollment help.

In addition, SB 65 closed the Compact of Free Association (COFA) Premium Assistance Program, which was part of the marketplace. The COFA program provided free health insurance for low-income citizens of the Republic of Marshall Islands, the Federated States of Micronesia, and the Republic of Palau who entered Oregon under the compact.

HB 5006 (2021) moved the Senior Health Insurance Benefits Assistance (SHIBA) program, which was part of the marketplace, to the Aging and People with Disabilities (APD) program in the Oregon Department of Human Services. SHIBA is a statewide network of trained counselors who volunteer their time to educate and advocate for people of all ages with Medicare.

**Workers' Compensation Division Modernization Program:** Building on prior biennium work, the legislature expanded program staffing to support internal information technology resources (2.00 FTE) necessary to support program activities and the Enterprise Information Services Stage Gate approval process. At the September 2022 Emergency Board, the program was authorized to hire two limited-duration positions (project manager and change management analyst), along with contracted professional services, to begin the request for proposal process for the program's core system project.

**COVID-19 provisions:** Oregon OSHA rolled back COVID-19 provisions to align its rule with Oregon Health Authority decisions for all workplaces and employer-provided housing. Significant adjustments were also made to the requirements for exceptional risk workplaces (health care).

**Heat, wildfire smoke protections:** As mentioned above in the 2019-21 biennium, to respond to the heat dome that occurred in 2021, Oregon OSHA adopted temporary rules to provide heat illness prevention protections for workers exposed to a heat index of 80 degrees Fahrenheit and provisions for workers in employer-provided housing. The temporary rules were followed up with the permanent rulemaking process with an effective date of June 15, 2022. Also, in response to the wildfires of 2020, Oregon OSHA adopted temporary rules for wildfire smoke in the summer of 2021 with a permanent process completed in 2022. The rules became effective July 1, 2022.

**Prescription Drug Affordability Board:** Senate Bill 844 (2021) established the Prescription Drug Affordability Board (PDAB) within DCBS to evaluate the cost of prescription drugs and determine whether they present an affordability challenge to consumers and health systems in Oregon. PDAB's review will inform rulemaking criteria for evaluating drugs, including health inequities in diverse communities, the number of Oregon residents prescribed the drug, the price of the drug in Oregon, and other criteria required by law. The board has studied the entire prescription drug distribution and payment system in Oregon and the generic drug market and provided recommendations to the legislature.

**Pharmaceutical representatives:** Senate Bill 763 (2021) required pharmaceutical sales representatives to be licensed by DCBS effective Jan. 1, 2023, when certain requirements are met.

**Student loan servicing:** Senate Bill 485 (2021) requires companies to obtain a license from DCBS in order to service student loans in Oregon. The bill also established a student loan ombuds to help borrowers understand their rights and responsibilities under the terms of student loans, to review and attempt to resolve complaints, and provide education for borrowers on student loans and related programs.

**Fire Hardening Grant Program:** House Bill 5006 (2021) created the Fire Hardening Grant Program. The Building Codes Division partnered with counties to run the program, which helps people affected by the 2020 wildfires. The program provides money directly to home and business owners who complete qualifying fire hardening improvements on their home or business that was damaged or destroyed. The program was initially available to people in Clackamas, Douglas, Jackson, Klamath, Lane, Lincoln, Linn, and Marion counties.

## 2023-25 biennium

**Data broker registry:** HB 2052 (2023) requires a data broker to register with the Division of Financial Regulation before collecting, selling, or licensing brokered personal data within Oregon. A data broker must specify how consumers may opt out of the collection, selling, and licensing of their personal data. The division makes this information available on its website.

**Pharmacy benefit manager enhanced review:** HB 4149 (2024) changed the regulatory structure of pharmacy benefit managers (PBM) from registration to licensure, effective Jan. 1, 2025, which strengthens the division's foundation to regulate this area. The licensure requirement effectively extends to PBMs operating on behalf of commercial insurance, but does not cover PBMs serving Medicaid, Medicare Part D, or Employee Retirement Income Security Act (ERISA) health plans. The bill granted DFR more oversight tools for regulating PBMs, such as allowing access to books and records upon request. The bill expanded the scope of oversight to include coordinated care organizations offering Oregon Health Plan coverage and prohibits PBMs from retaliating against pharmacies that appeal low reimbursement, file complaints with DFR, engage in the legislative process, or otherwise challenge a PBM's business practices.

**Universal Health Plan Governance Board:** Senate Bill 1089 (2023) established the nine-member Universal Health Plan Governance Board within DCBS. The Universal Health Plan Governance Board is tasked with developing by Sept. 15, 2026, a comprehensive plan to finance and administer a universal health plan. This plan will identify statutory authority and the information technology infrastructure needed for plan operations. In addition, the plan will include a method to create an independent public corporation to administer the plan and a proposal to create a universal health plan trust fund in the Oregon State Treasury separate and distinct from the General Fund.

**Housing Accountability and Production Office:** Senate Bill 1537 (2023) enacted multiple policy changes and investments to make it easier to building housing in Oregon. The Building Codes Division is partnering with the Department of Land Conservation and Development to stand up the Housing Accountability and Production Office, which will work to remove barriers to housing production by providing customer service, resolving disputes between builders and local government, and coordinating state agency activities to support housing production. The office officially starts July 1, 2025.

**Fire Hardening Grant Program:** House Bill 4016 (2024) extends the Fire Hardening Grant Program described above in the 2021-23 biennium to the end of 2025. The bill also expanded the program to make any home or business damaged in a wildfire since 2020 eligible to participate. House Bill 5006 (2021) created the Fire Hardening Grant Program.

**Workers' Compensation Division Modernization Program:** Building on work from previous biennia, the legislature approved expanded program staffing, making permanent two previously limited-duration positions (change management analyst and project manager) and an IT tester position that started in September 2024 (2.5 FTE). The program executed an IT professional services contract in August 2023 to provide project management, business analysis, and systems analysis to support continued planning activities. The program completed a major effort in late 2023 through 2024 to conduct current state work sessions and then future state validations sessions with managers and subject matter experts in each program area of the division. The program had a successful request for information (RFI) in the summer of 2024. All this work has informed the program's required State Gate project artifacts, as well as its request for proposal, which is planned to release in spring 2025. The program completed a policy option package for the 2025-27 biennium to support implementation and implementation planning.

## Administrative efficiencies

DCBS works hard to find ways to contain or reduce costs without affecting our programs or services. There are a number of ways we have worked to create administrative efficiencies. This includes sharing hearing facilities for use by other agencies and lease agreements with public entities and community partners. The Workers' Compensation Board, Oregon OSHA, and the Building Codes Division share facilities.

Oregon OSHA conducted informal appeals processes using phone and video remote options, which improved convenience and reduced travel for employers and Oregon OSHA employees, as well as following office closures and safety protocols.

By statute, Workers' Compensation Board hearings are in the county where the worker resided when the injury occurred. For locations where hearings are frequent, we lease the facility. To reduce costs for those locations where hearings are less frequent, we use facilities agreements to partner with public entities, such as Umpqua Community College in Roseburg and the Oregon Institute of Technology in Klamath Falls, and also community organizations, such as Four Rivers Cultural Center in Ontario. Also, WCB has an interagency agreement with the Bureau of Labor and Industries (BOLI), enabling BOLI to use WCB's leased facilities within the I-5 corridor, and in its Bend and Pendleton locations. For hearings in The Dalles, WCB has an interagency agreement with the Department of Administrative Services/Department of Human Services.

In addition, WCD actively participates in the Interagency Compliance Network with sister agencies, including the Employment Department, Department of Revenue, Bureau of Labor and Industries, the Construction Contractors Board, and others, to collaborate and share resources for employer compliance strategies.

WCD's Modernization Program is focused on enhancing efficiencies to better serve customers. One way the division has done that is to offer more electronic communication options for its stakeholders by expanding its electronic portal.

The agency also assessed its office space usage using the Department of Administrative Services guidelines and space calculator. To accommodate the needs of a hybrid workforce, the agency is working with the Department of Administrative Services to reconfigure its use of space to consolidate efficiencies and workflow.

DCBS continues to improve its telecommunications efficiencies by removing redundant desk phones, upgrading conference rooms to promote and improve the hybrid meeting experience, and consolidating its cell phone contracts to working with just one provider. DCBS recently switched its internal emergency push-to-talk cellphones from AT&T to Verizon, which resulted in better overall performance and eliminated the need for multiple cell service providers. The agency is looking for an e-fax solution to replace its physical fax machines, which are inefficient and costly to use and maintain. An e-fax solution will help the agency better serve customers.

The Workers' Compensation Division and the Ombuds for Oregon Workers collaborated on virtual kiosk at the DCBS office in the Labor and Industries Building in Salem. Customers who come to the building can use a computer terminal to speak virtually with division or ombuds employees who may be working remotely.

DCBS is reviewing performance measures and processes to find redundancies and efficiencies as part of an ongoing performance management process to improve administrative efficiencies. As mentioned earlier, DCBS updated its strategic plan, which incorporated opportunities to find and embrace administrative efficiencies. One of these strategic initiatives includes developing a rotational schedule for process improvement review of internal operations. Another initiative will be to conduct a span of control/workload assessment on a rotational basis to determine whether the agency is doing the right work in the most efficient and effective manner with the correct number of staff to perform the duties and the correct number of managers. In addition, the agency will publish a modernization roadmap for all of DCBS. The department anticipates that this will lay the groundwork to transform business processes for more efficiency and effectiveness and implement modern technology to better serve Oregonians.

## 2025-27 Governor's Recommended Budget

### 2023-25 expenditure summary

A high-level summary of DCBS' budget is shown in the table below. DCBS' 2025-27 Governor's Recommended Budget remains relatively unchanged from the 2023-25 legislatively approved budget, with a modest increase for inflation and cost-of-living adjustments at rates approved by the Department of Administrative Services.

2023-25 Legislatively Approved Budget	783,981,421
2025-27 Current Service Level	569,662,529
<b>Percentage Change from 23-25 LAB to 25-27 CSL</b>	<b>-27.3%</b>
Pkg. 070 Revenue Shortfall	(4,107,192)
2025-27 Modified CSL	565,555,337
<b>Percentage Change from 23-25 LAB to 25-27 Modified CSL</b>	<b>-0.7%</b>
Program - Policy Option Packages Operational	31,773,060
Program - Policy Option Packages Pass-Through Payments	232,551,710
Analyst Adjustments - Policy Option Packages*	(1,929,289)
<b>Total Budget</b>	<b>\$ 827,950,818</b>
<b>Percentage Change from 23-25 LAB to 25-27 GRB</b>	<b>5.6%</b>

\*Analyst Adjustments exclude one-time transfer to BOLI of \$15,000,000

## Policy option packages

The 2025-27 Governor's Recommended Budget includes 26 policy option packages for DCBS:

### **Workers' Compensation Board Modernization**

#### **Policy Option Package No. 101**

**0 positions, 0.00 FTE, \$2,500,000 other funds**

- Create better access to justice so all parties have immediate electronic access to their case information
- Create system consistent with state's direction to provide better customer service by creating more direct access to state services for underserved communities
- Reduce interagency processing time of litigation filings, including settlement documents
- Provide more accurate information for reporting case determinations, agency performance and efficiency
- Ensure effective and efficient communication with Oregon Court System

### **Workers' Compensation Division Modernization**

#### **Policy Option Package No. 102**

**3 positions, 2.64 FTE, \$13,527,684 other funds**

- Continue to improve business processes and technology to better serve customers
- Support the request for proposal to initiate core system foundation project
  - IT professional contracted services
  - Quality assurance (iQMS) contracted services
- Add a modernization program assistant, a system and software trainer, and public service representative

### **Ombuds Worker Outreach**

#### **Policy Option Package No. 103**

**1 position, 0.88 FTE, \$208,175 other funds**

- Facilitate increased awareness of worker safety and health with a focused on underserved communities
- Coordinate and prepare for outreach events
- Assist with presenting at events
- Coordinate purchases and inventory of promotional items

### **OSHA Agricultural Labor Housing Compliance**

#### **Policy Option Package No. 104**

**10 positions, 5.33 FTE, \$1,745,181 other funds**

- Establishes seven seasonal ALH surveyors who evaluate agricultural labor housing conditions and work with employers on becoming compliant outside of enforcement activities
- Establishes three permanent positions:
  - Surveyor supervisor to hire and train seasonal surveyors
  - Administrative specialist to manage data and provide customer service for employers self-certifying their agricultural labor housing annually
  - Safety compliance officer to increase division's enforcement capacity
- Provides funding to develop or procure self-certification technology solution

## **OSHA Outreach**

### **Policy Option Package No. 105**

#### **4 positions, 3.64 FTE, \$1,021,386 other funds**

- Establishes four permanent positions aimed at improving overall customer service
- Permanent positions include:
  - Public records specialist to improve response times for public record requests
  - Supervisor to oversee public facing admin staff in six different offices across the state ensure consistent customer service and experience
  - Senior safety consultant to increase Oregon OSHA's capacity to provide free, voluntary, consultative services to employers
  - Outreach manager to oversee all of Oregon OSHA's outreach efforts in a single dedicated section

## **OSHA OTIS/ORCA Outreach**

### **Policy Option Package No. 106**

#### **1 position, 0.88 FTE, \$245,165 other funds**

- Establishes one permanent analyst position to support Oregon OSHA's Oregon Technical Information System (OTIS) and Oregon Consultation Application (ORCA) systems and resolve issues with the mandatory data transfers to federal OSHA
- Position would also be responsible for analyzing potential modernization solutions for Oregon OSHA's aging systems

## **Financial Services Workday Support**

### **Policy Option Package No. 107**

#### **1 position, 1.00 FTE, \$201,274 other funds**

- Establishes one permanent position management specialist to reconcile and correct cost code discrepancies in Workday
- Builds a streamlined process and point of contact for agencywide programs

## **Financial Services Assessments Support**

### **Policy Option Package No. 108**

#### **1 position, 0.88 FTE, \$210,524 other funds**

- Provides more support for the DCBS Assessments Unit
- Addresses increased workloads created by the increasing number of new programs and Oregon employers
- Creates capacity in the program to address ongoing workload and meeting demands

## **Financial Services Accounting Support**

### **Policy Option Package No. 109**

#### **1 position, 0.88 FTE, \$239,830 other funds**

- Provides more support for the DCBS Accounting Services team
- Addresses increased workloads created by the increasing number of new programs and accounting transactions
- Creates capacity in the program to address ongoing workload and meeting demands

## **Employee Services Agency Classification Review**

### **Policy Option Package No. 110**

#### **1 position, 0.88 FTE, \$245,119 other funds**

- Establishes a human resources analyst 2 to assist in class and compensation work
- Address ongoing workload needs due to increased agency needs and existing interagency agreements
- Creates capacity in the program to address ongoing workload and meeting demands

## **Director's Office Legislative & Strategic Planning Coordinator**

### **Policy Option Package No. 111**

**1 position, 1.00 FTE, \$321,903 other funds**

- Establishes a legislative and strategic planning coordinator
- Provides internal and external support on proposed and ongoing public policy initiatives and legislation, special projects, and the department's strategic plan
- Reduces turnaround times on legislative requests and reviews during legislative session and the interim period

## **Oregon Reinsurance Program**

### **Policy Option Package No. 112**

**0 positions, 0.00 FTE, \$232,671,710 other funds and federal funds**

- The 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
- In 2022 and 2023, individual rate increases were reduced by 8.1 and 8.6 percentage points, respectively

## **DFR Auto Rating Study**

### **Policy Option Package No. 113**

**0 positions, 0.00 FTE, \$500,000 other funds**

- Oregon law allows auto insurers to use rating factors that have a disproportionate negative effect on communities of color and low-income consumers
- This is a companion POP tied to House Bill 2562 that, if passed, would authorize DFR to procure a contract with a third party to conduct an independent, in-depth study of the effect of the use of socioeconomic factors in auto rating
- Findings would be presented to the Legislature and will be valuable to determine if there is a need for future policy changes to address rating disparities

## **DFR Contractual Exam Services**

### **Policy Option Package No. 114**

**0 positions, 0.00 FTE, \$3,000,000 other funds**

- DFR has increasingly been using contracted professional services to ensure the National Association of Insurance Commissioners accreditation requirements are met and maintained in our financial analysis and financial examination of insurers doing business in Oregon
- Contractual costs are borne by the examined insurer; however, the division procures and oversees these services and submits payment to the contractor when the examination is complete
- The use of contracted services has been necessary to mitigate the effect of staff turnover on our examination and financial analysis teams

## **DFR Advocacy**

### **Policy Option Package No. 115**

**1 position, 0.88 FTE, \$243,916 other funds**

- The Consumer Advocacy team provides Oregon consumers with one-on-one help with inquiries and complaints
- The number of consumer complaints and inquiries continues to grow due to several new statutorily created programs assigned to DCBS and overall growth in existing regulatory industries
- DFR requests one program analyst 2 to add to our advocacy team to handle complaints across division programs to ensure the handling of complaints and inquiries are timely

## **DFR Market Analysis**

### **Policy Option Package No. 116**

#### **1 position, 0.88 FTE, \$270,087 other funds**

- The Market Analysis Team identifies and resolves market conduct issues by analyzing data from financial reports, company filings, and requested company data
- This role is critical in the oversight of the insurance industry and insurer behavior
- DFR requests an additional insurance examiner (market analyst) to continue to effectively monitor insurance industry trends and analyze the effects those trends will have on consumers

## **DFR Credit Unions**

### **Policy Option Package No. 117**

#### **1 position, 0.88 FTE, \$196,363 other funds**

- The banking and credit union programs administer and enforce the state's banking and credit union statutes and rules
- The teams lack an administrative support position, so administrative functions are handled by our financial examiners or program manager
- The addition of an administrative specialist 2 will provide more efficiency and continuity for administrative functions and allow examiners to focus on essential functions

## **DFR Enforcement**

### **Policy Option Package No. 118**

#### **1 position, 0.88 FTE, \$236,290 other funds**

- The Enforcement Team investigates alleged violations of laws or rules and develops and implements enforcement and remediation strategies to correct and/or prevent consumer harm
- There is a need for a position to support the team by conducting legal research and gathering and evaluating information to be used to further investigations and enforcement actions
- DFR requests a paralegal position to increase efficiency and support a more centralized process for improved tracking of cases, deadlines, and workflows

## **DFR Settlement Funds**

### **Policy Option Package No. 119**

#### **0 positions, 0.00 FTE, \$375,000 other funds**

- DFR receives revenue from regulatory settlement agreements (RSA) earmarked for consumer education and outreach
- RSAs are multi-state agreements and each state named in the agreement receives funds based on the impact to consumers in their state
- DFR has been expending these funds within their authorized limitation each biennium; however, absorbing these costs going forward will likely be problematic as costs increase and our ability to absorb costs within our existing limitation will minimize

## **BCD Learning Management System Technology**

### **Policy Option Package No. 501**

#### **0 positions, 0.00 FTE, \$287,000 other funds**

- Procure a learning management system that will allow larger training classes and create efficiency in our Inspector Training Program
- Part of strategy to address workforce shortage to cross-certify existing inspectors and bring more inspectors and plans examiners into the workforce

### **BCD Permitting & Billing Technology**

#### **Policy Option Package No. 502**

**0 positions, 0.00 FTE, \$850,000 other funds**

- Address technology challenges in permitting, inspection, and plan review services for building, elevator, and boiler and pressure vessel permits
- New software contract to support ePermitting
- Billing software system to support elevators and boiler and pressure vessels

### **BCD State Plan Examiners**

#### **Policy Option Package No. 503**

**4 positions, 3.52 FTE, \$1,089,903 other funds**

- Grow the number of state plans examiners to meet anticipated increased demand due to:
  - Prefabricated construction growth
  - Housing production growth
  - Mutual aid for local government
  - Master plans (plans approved by the state for use in multiple jurisdictions) growth

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### **Technical Adjustment - Reclasses**

#### **Policy Option Package No. 120**

**0 positions, 0.00 FTE, \$17,039 other funds**

- Reclassifies positions to properly align with the responsibilities and needs of the agency.
- Increases limitation to fund the reclassification of multiple positions throughout the agency

### **OSHA Revenue Shortfall Addback**

#### **Policy Option Package No. 121**

**0 positions, 10.23 FTE, \$3,761,136 other funds**

- Personal services growth related to cost-of-living, annual merit, and other bargaining agreement commitments continue to outpace federal grant revenues
- Limitation fund shift from federal funds to other funds to address federal revenue shortfall

### **IT&R Revenue Shortfall Addback**

#### **Policy Option Package No. 122**

**0 positions, 0.00 FTE, \$17,039 other funds**

- Personal services growth related to cost-of-living, annual merit, and other bargaining agreement commitments continue to outpace federal grant revenues
- Limitation fund shift from federal funds to other funds to address federal revenue shortfall

### **BCD Revenue Shortfall Addback**

#### **Policy Option Package No. 123**

**1 positions, 1.00 FTE, \$343,046 other funds and federal funds**

- Personal services growth related to cost-of-living, annual merit, and other bargaining agreement commitments continue to outpace federal grant revenues
- Limitation fund shift from federal funds to other funds to address federal revenue shortfall

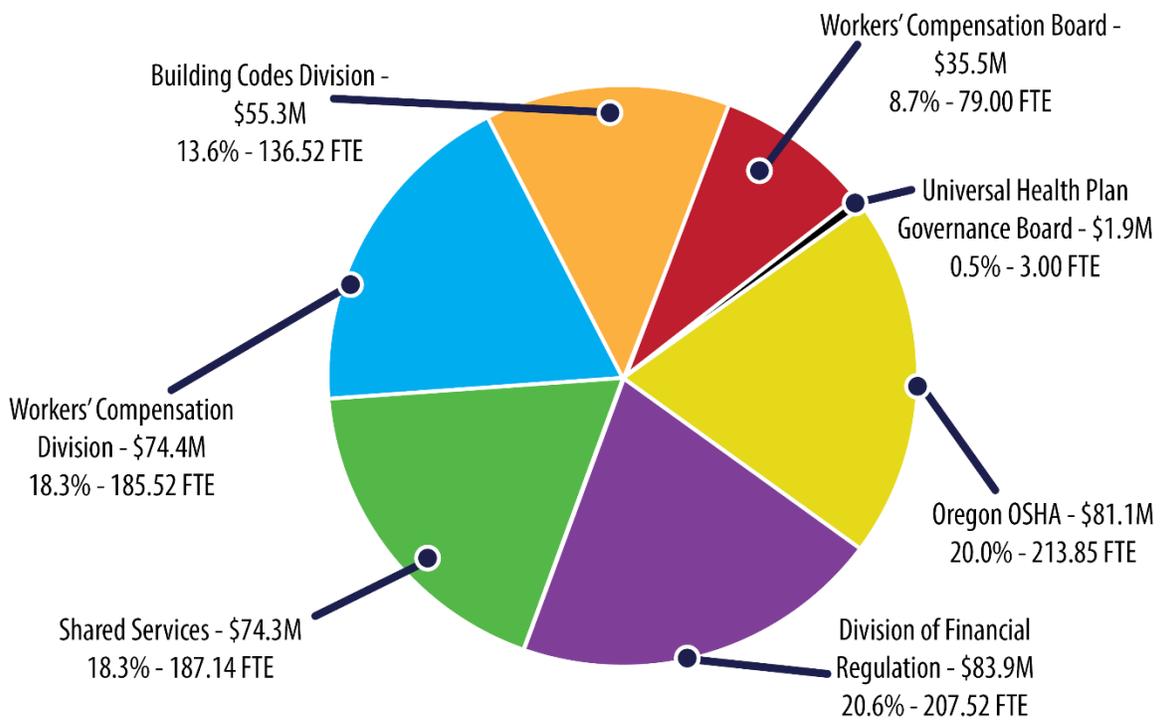
# Funding

The Department of Consumer and Business Services is funded by those we regulate. DBCS manages more than 30 dedicated funds and collects 485 dedicated fees, as well as assessments and charges. The department receives revenue from federal funds, as well. DCBS expects to collect approximately \$223.9 million for the General Fund for this coming biennium and to transfer about \$626.4 million to other state agencies or local programs.

## DCBS operational costs – 2025-27 Governor's Recommended Budget: \$406.4 million

The following chart details DCBS' operational costs by division, detailing the total full-time equivalent and the percentage of total operational costs.

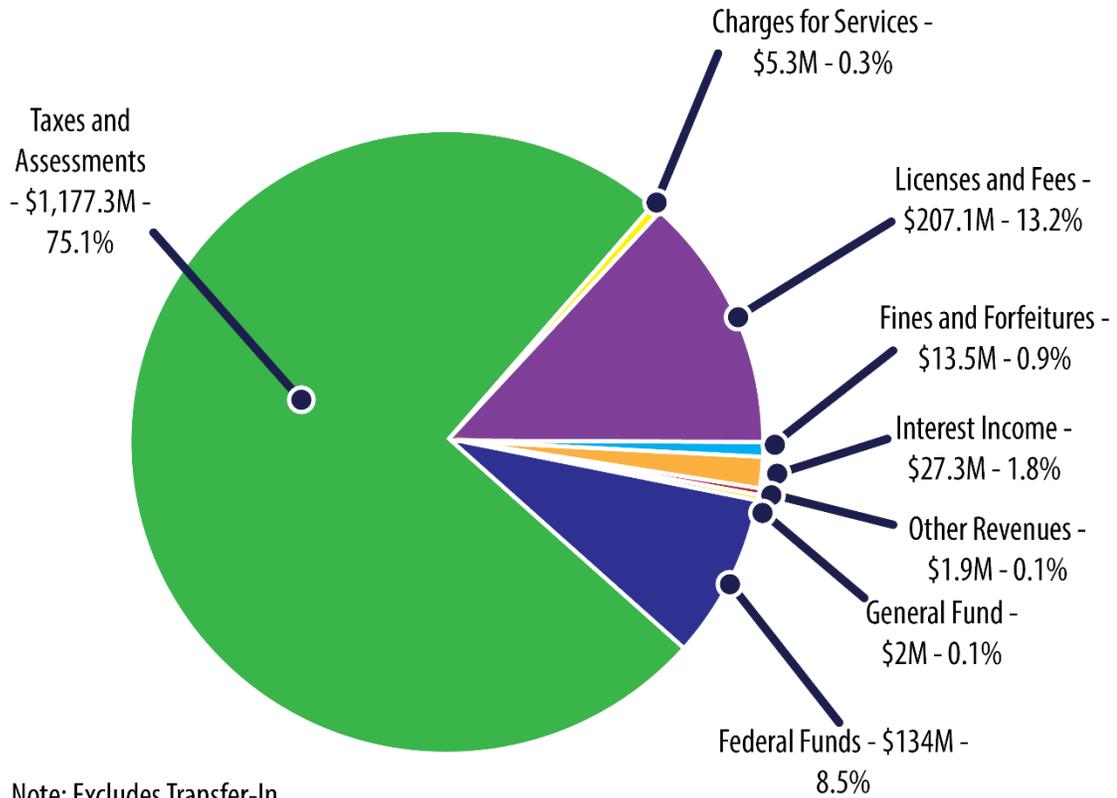
**DCBS Operational Costs: 2025-27 – Governor's Recommended Budget – \$406.4 million**



## DCBS revenue sources – 2025-27 Governor's Recommended Budget

DCBS is funded by those we regulate. DCBS anticipates collecting nearly \$1.6 billion through the following sources.

### DCBS Revenue Sources: 2025-27 – Governor's Recommended Budget – \$1.6 billion

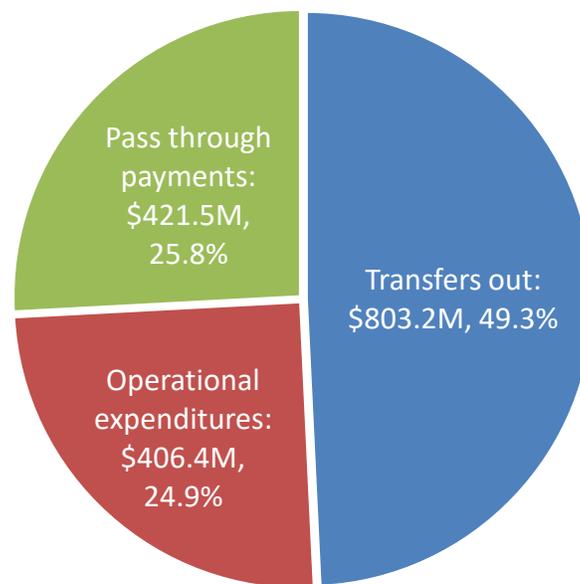


## DCBS Revenue Destination – 2025-27 Governor's Recommended Budget

DCBS anticipates using 24.9 percent of the nearly \$1.6 billion of 2025-27 revenue included in the Governor's Recommended Budget for operational expenditures. The remaining 75.1 percent of revenue is included under the other two main categories, pass through payments or transfers out:

- **Transfers out** – For example, revenue transfers required through statute such as the transfer to the General Fund or to other agencies per an interagency agreement.
- **Pass through payments** – For example, benefit payments, Oregon Reinsurance Program payments to insurers, and amounts to community partners.
- **Operational expenditures** – For example, revenue used within DCBS to fund personal services, and services and supplies.

### DCBS Revenue Destination: 2025-27 – Governor's Recommended Budget



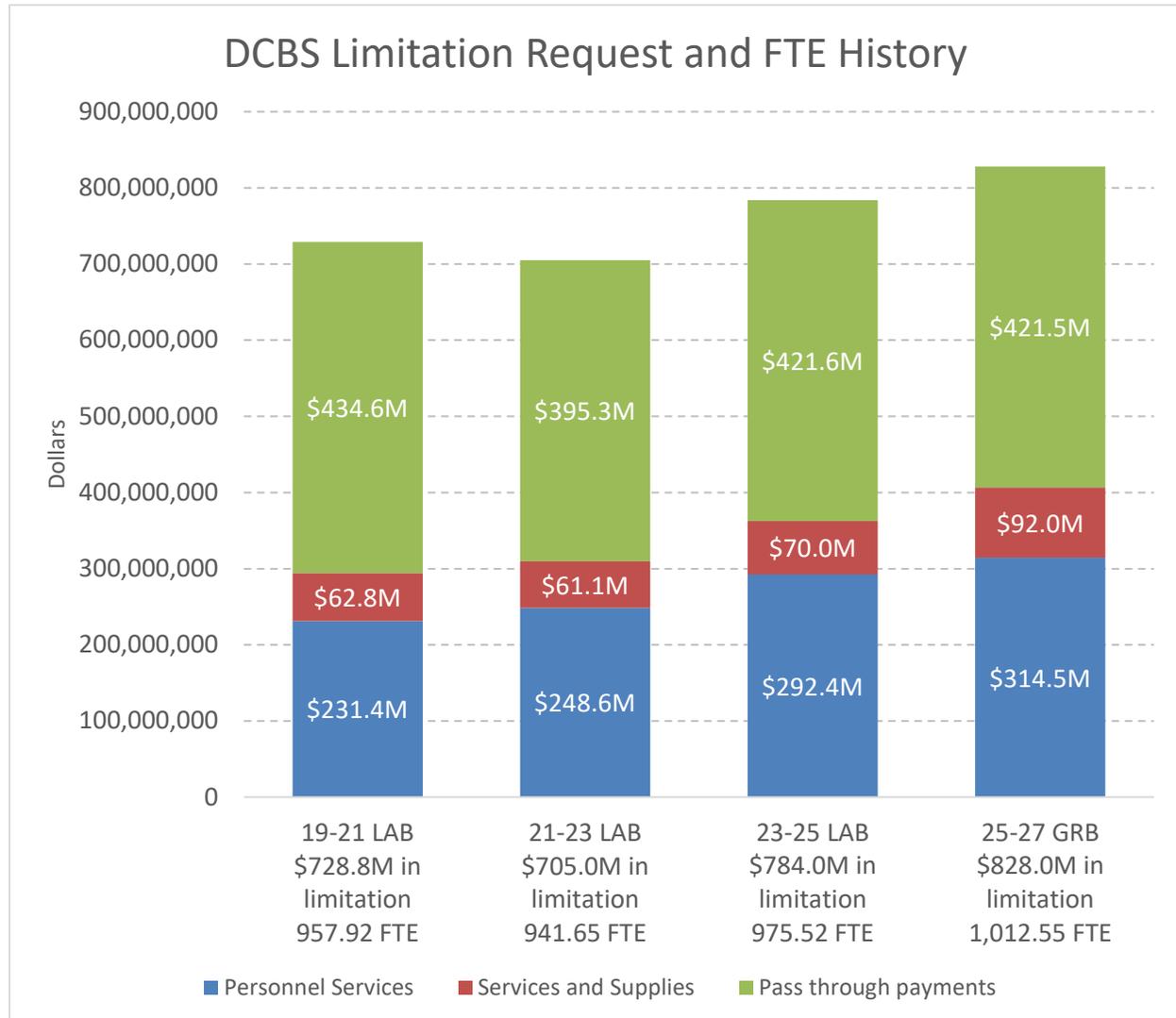
**2025-27 notable transfers out from DCBS**

<b>Destination of transfer</b>	<b>Amount (in millions)</b>
<b>General Fund</b>	<b>\$223.9M</b>
<b>Counties</b>	<b>\$0.6M</b>
<b>Office of the State Fire Marshal</b>	<b>\$43.2M</b>
<b>Oregon Health Authority</b>	<b>\$510.5M</b>
<b>Oregon Health &amp; Science University</b>	<b>\$7.7M</b>
<b>Bureau of Labor and Industries</b>	<b>\$16.7M</b>
<b>Total</b>	<b>\$802.6M</b>

## DCBS limitation request and FTE history

A history of DCBS' approved limitation and current request is detailed in the chart below.

The greatest area of growth in limitation is in the area of services and supplies. In the 2019-21 biennium, the Oregon Reinsurance Program and the Quarantine Time Loss Program were introduced as programs to DCBS. The slight decrease in 2021-23 Legislatively Approved Budget is related to the reduction of \$40 million in excess non-limited limitation within the Workers' Benefit Fund programs.



# Legislative update

## 2025 department-sponsored bills

**[SB 5511](#)** – During legislative sessions in odd-numbered years, the Governor’s Budget is presented to the Legislature. Each agency budget has a budget bill that gets voted on by the legislature. This bill establishes the department’s budget for the 2025-2027 biennium.

**[SB 822](#)** – Expands network adequacy requirements to health benefit plans offered to large employers and modifies requirements.

**[SB 824](#)** – Requires the Department of Consumer and Business Services to study federal laws and regulations affecting health insurance and evolving conditions in the insurance market that require periodic updates to state laws.

**[SB 829](#)** – Requires the Department of Consumer and Business Services to study affordable housing.

**[SB 831](#)** – Requires the person that has ultimate control over an insurer to file a group capital calculation with the chief insurance regulatory official of the state that the director of the Department of Consumer and Business Services determines is the lead state for the insurance holding company system of which the insurer is a part.

**[HB 2561](#)** – Declares that this state does not want the amendments set forth in section 521 of the Depository Institutions Deregulation and Monetary Control Act of 1980 to apply to consumer finance loans made in this state.

**[HB 2562](#)** – Requires the Department of Consumer and Business Services to collect a series of data related to the underwriting practices and criteria involved in issuing motor vehicle liability insurance policies in this state.

**[HB 2563](#)** – Requires an insurer to provide to an insured a clear and reasonable explanation of the reasons for any increase in the premium amount for a qualified policy upon renewal of the qualified policy.

**[HB 2564](#)** – Revises the insurance rate review process.

**[HB 2568](#)** – Establishes two new subaccounts in the Consumer and Business Services Fund: the Consumer Financial Education Account and the Consumer Insurance Education Account.

**[HB 2570](#)** – Requires the director of the Department of Consumer and Business Services to keep confidential and not disclose to the public any personally identifiable information of employees who provided information for or participated in investigations or inspections of places of employment.

**[HB 2800](#)** – Changes the term "worker leasing company" to "professional employer organization" in statute to reflect the use of PEOs by businesses to co-employ workers.

**[HB 2802](#)** – Requires an insurer to make a lump-sum payment of a permanent partial disability award if the worker waives reconsideration of the notice of closure or the award has become final by operation of law.

## Changes from Agency Request Budget to the Governor's Recommended Budget

The following adjustments were made during the Governor's Recommended Budget process:

- Analyst Adjustments – Package No. 090 (see details below)
  - Increased transfers out by \$15,000,000
    - A one-time revenue transfer of \$15 million from the Workers' Benefit Fund was added to support programs at the Bureau of Labor and Industries
- Statewide AG Adjustment – Package No. 092
  - Total reduction of \$513,267
- Statewide Adjustment DAS Charges – Package No. 093
  - Total reduction of \$1,412,245
- Technical Adjustment – Reclasses – Policy option package no. 120
  - Funding modified to \$17,039

## Ten percent reduction requirements

As required by statute, DCBS has provided a list of reductions in 5 percent increments, which is included in the appendix. The DCBS approach to the reductions is to prioritize DCBS programs by program impact, estimate cost of programs, and then set two 5 percent reduction levels beginning from the bottom of the list for a total of 10 percent.

## Agency vacancies

DCBS Long-Term Vacancies					
Division	Position number	Position title	FTE	2025-27 Biennial PS Budget (Other Funds)	Vacancy Date
Workers' Compensation Board	2000.403	Executive Support Specialist	1.00	\$195,664	6/1/2023
	2100.028	WCB Administrative Law Judge	1.00	\$369,007	11/1/2023
	2100.233	WCB Budget & Policy Analyst	1.00	\$369,007	9/1/2022
	2100.667	WCB Administrative Law Judge	1.00	\$369,007	10/3/2022
	2200.487	WCB Legal Staff	1.00	\$287,834	11/1/2022
	2200.500	Office Specialist 2	1.00	\$164,961	8/1/2023
Workers' Compensation Division	8000.020	Workers' Compensation Administrator	1.00	\$419,413	12/31/2023
Oregon OSHA	5000.001	Occupational Safety and Health Outreach Program Coordinator	1.00	\$265,775	N/A

Information Technology & Research	7000.033	Systems Analyst	1.00	\$261,563	N/A
	7000.042	Information Systems Specialist 6	1.00	\$261,563	N/A
	7000.057	Information System Specialist 5	1.00	\$247,311	N/A
	7000.067	Information System Specialist 5	1.00	\$247,311	N/A
	7100.042	Systems Analyst	1.00	\$261,563	10/25/2022
Division of Financial Regulation	0003.655	Market Analyst	1.00	\$265,775	12/31/2023
<b>Total</b>			<b>14.00</b>	<b>\$3,985,754</b>	

# Appendix

Note: The DCBS 2025-27 Governor's Recommended Budget document is available at <https://www.oregon.gov/dcbs/about/Pages/budget-and-legislative-info.aspx>.

January 4, 2024

Andrew Stolfi, Director  
Department of Consumer Business Services  
350 Winter Street NE  
Salem, Oregon 97309

Dear Andrew Stolfi:

We have completed audit work of selected financial accounts at your department for the year ended June 30, 2023. This audit work was not a comprehensive financial audit of the department, but was performed as part of our annual audit of the State of Oregon's financial statements. We audited accounts that we determined to be material to the State of Oregon's financial statements.

## Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the State of Oregon as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, we considered the department's internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements of the State of Oregon, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. Accordingly, we do not express an opinion on the effectiveness of the department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses.

## Other Issue

During the course of our audit, we became aware of the following matter that is considered an opportunity for strengthening internal controls. This matter does not require a written response from management.

Department management is responsible for establishing internal controls to provide reasonable assurance regarding the reliability of financial reporting and ensuring the proper accounting and reporting of agency operations in accordance with Generally Accepted Accounting Principles and the Oregon Accounting Manual. During our audit we reviewed the department's estimate of Insurance Premium Tax refunds. The estimate appeared reasonable and identified \$68.5 million in payables to be recorded at year end. The agency posted \$40.1 million which represented the current portion of the payable; \$28.4 million was not recorded resulting in an understatement of the agency's liability.

We recommend department management establish internal controls and processes to ensure complete and reliable financial reporting.

The purpose of this letter is solely to describe the scope of our testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of the department's internal control. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the department's internal control. Accordingly, this letter is not suitable for any other purpose.

We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact Amy John, Audit Manager or Synthea Russell, Senior Auditor.

Sincerely,

*Office of the Secretary of State, Audits Division*

cc: Sean O'Day, Deputy Director  
Blake Johnson, Business Operations Administrator  
Lane Foulger, Chief Financial Officer  
Thomas Poon, Accounting Manager  
Michael Campbell, Internal Auditor  
Berri Leslie, Director, Department of Administrative Services  
Robert Hamilton, SARS Manager, Department of Administrative Services



**Oregon**  
Tina Kotek, Governor



Department of  
Consumer and  
Business Services

Jan. 12, 2024

Amy John, Audit Manager  
Secretary of State, Audit Division  
255 Capitol St. SE; Suite 500  
Salem, OR 97310

Dear Amy John,

This letter provides a written response to the Audits Division's final audit management letter for DCBS' fiscal year 2023.

**Other Issue:**

During the course of our audit, we became aware of the following matter that is considered an opportunity for strengthening internal controls. This matter does not require a written response from management.

Department management is responsible for establishing internal controls to provide reasonable assurance regarding the reliability of financial reporting and ensuring the proper accounting and reporting of agency operations in accordance with Generally Accepted Accounting Principles and the Oregon Accounting Manual. During our audit we reviewed the department's estimate of Insurance Premium Tax refunds. The estimate appeared reasonable and identified \$68.5 million in payables to be recorded at year end. The agency posted \$40.1 million which represented the current portion of the payable; \$28.4 million was not recorded resulting in an understatement of the agency's liability.

We recommend department management establish internal controls and processes to ensure complete and reliable financial reporting.

**DCBS Response:**

DCBS acknowledges this Other Issue and appreciates the work of the Secretary of State, Audits Division.

Although a written response is not required, management desires to provide context to this matter. The \$28.4 million in liabilities that was not recorded at year-end represented the amount of the agency's Insurance Premium Tax refund liability for fiscal years beyond 2024.

At year-end of fiscal year 2023, the agency estimated a total \$68.5 million in all future year Insurance Premium Tax refund liabilities. The estimate recorded in 2023 of future refunds to be paid only included the portion the agency expected to pay in fiscal year 2024, which was \$40.1 million and did not include the remaining estimated amount to be paid in fiscal years beyond 2024, which was \$28.4 million. This understatement did not result in loss of agency funds.

Going forward, DCBS will ensure it records the total estimated liabilities for all future years in its financial statements.

If you have any questions, please contact DCBS Accounting Services Manager Thomas Poon at [thomas.y.poon@dcbs.oregon.gov](mailto:thomas.y.poon@dcbs.oregon.gov).

Sincerely,



Lane Foulger, CFO, DCBS

Cc: Andrew Stolfi, Director  
Sean O'Day, Deputy Director  
Blake Johnson, Business Operations Administrator  
Michael Campbell, DCBS Internal Auditor



**Kip Memmott**  
Division Director

November 26, 2024

Andrew Stolfi, Director  
Department of Consumer Business Services  
350 Winter Street NE  
Salem, Oregon 97309

Dear Andrew Stolfi:

We have completed audit work of selected financial accounts at your department for the year ended June 30, 2024. This audit work was not a comprehensive financial audit of the department, but was performed as part of our annual audit of the State of Oregon's financial statements. We audited accounts that we determined to be material to the State of Oregon's financial statements.

## **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements of the State of Oregon as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, we considered the department's internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements of the State of Oregon, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. Accordingly, we do not express an opinion on the effectiveness of the department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

255 Capitol St NE, Ste 180  
Salem, Oregon 97310

## Significant Deficiency

### Strengthen review procedures

Criteria: Oregon Accounting Manual (OAM) Procedure 10.10.00.101; OAM Policy 15.35.00.101

The state's accounting manual requires management to establish, maintain, and improve agency internal controls to ensure that transactions are accurate and properly recorded in the state's accounting system.

During our audit we identified three accounts that were overstated. The Department of Consumer and Business Services (DCBS) review procedures were insufficient to identify the errors. Staff reviewing the transactions did not have an adequate understanding of the programs to be able to perform a detailed review and identify errors. Without improved detailed review and understanding of the programs and accounts there is potential for material reporting errors.

During testing in fiscal year 2024, we identified the following:

- Healthcare Provider Taxes was overstated by \$32.6 million. DCBS recorded a correcting entry without evaluating the impact on the year-end account balance.
- Inflows and outflows of Performance Deposits were overstated by \$45.1 million. At year end, DCBS records the monthly activity in the state's accounting system. DCBS review did not identify a formula error that led to one month being recorded incorrectly and significantly higher than expected.

**We recommend** department management improve the accounting department's program understanding and strengthen review procedures to ensure transactions are recorded correctly in the accounting records.

The above significant deficiency, along with your response for the finding, will be included in our Statewide Single Audit Report for the fiscal year ended June 30, 2024. Please prepare a response to the finding and include the following information as part of your corrective action plan:

1. Your agreement or disagreement with the finding. If you do not agree with the audit finding or believe corrective action is not required, include in your response an explanation and specific reasons for your position.
2. The corrective action planned.
3. The anticipated completion date.
4. The name(s) of the contact person(s) responsible for corrective action.

Please provide a response to Amy John, Audit Manager, by December 4, 2024 and provide Rob Hamilton, State Controller, a copy of your Corrective Action Plan.

The purpose of this letter is solely to describe the scope of our testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of the department's internal control. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the department's internal control. Accordingly, this letter is not suitable for any other purpose.

We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact Amy John, Audit Manager or Synthea Russell, Senior Auditor, at [amy.john@sos.oregon.gov](mailto:amy.john@sos.oregon.gov) or [synthea.russell@sos.oregon.gov](mailto:synthea.russell@sos.oregon.gov).

Sincerely,

*Office of the Secretary of State, Audits Division*

cc: Sean O'Day, Deputy Director  
Blake Johnson, Business Operations Administrator  
Lane Foulger, Chief Financial Officer  
Thomas Poon, Accounting Manager  
Michael Campbell, Internal Auditor  
Berri Leslie, Director, Department of Administrative Services  
Robert Hamilton, State Controller, Department of Administrative Services



**Oregon**

Tina Kotek, Governor



Department of  
Consumer and  
Business Services

Nov. 27, 2024

Amy John, Audit Manager  
Secretary of State, Audit Division  
255 Capitol St. SE, Suite 500  
Salem, OR 97310

Dear Amy John,

This letter provides a written response to the Audits Division's final audit management letter for DCBS' fiscal year 2024.

**Audit Finding:**

**Significant Deficiency**

Criteria: Oregon Accounting Manual (OAM) Procedure 10.10.00.101; OAM Policy 15.35.00.101

The state's accounting manual requires management to establish, maintain, and improve agency internal controls to ensure that transactions are accurate and properly recorded in the state's accounting system.

During our audit we identified three accounts that were overstated. The Department of Consumer and Business Services (DCBS) review procedures were insufficient to identify the errors. Staff reviewing the transactions did not have an adequate understanding of the programs to be able to perform a detailed review and identify errors. Without improved detailed review and understanding of the programs and accounts there is potential for material reporting errors. During testing in fiscal year 2024, we identified the following:

- Healthcare Provider Taxes was overstated by \$32.6 million. DCBS recorded a correcting entry without evaluating the impact on the year-end account balance.
- Inflows and outflows of Performance Deposits were overstated by \$45.1 million. At year end, DCBS records the monthly activity in the state's accounting system. DCBS review did not identify a formula error that led to one month being recorded incorrectly and significantly higher than expected.

We recommend department management improve the accounting department's program understanding and strengthen review procedures to ensure transactions are recorded correctly in the accounting records

## DCBS Response:

DCBS agrees with the audit finding and recommendation. We appreciate the work of the Secretary of State (SOS), Audits Division. Recording accounting transactions accurately and properly in the state's accounting system is a high priority for our agency.

The audit finding did not result in a loss of funds, make the program be underfunded, or cause DCBS to be at risk of being underfunded.

When DCBS recorded revenue for FY24, DCBS did not consider the impact of an FY23 revenue adjustment on the FY24 year-end account balance. More specifically, five quarters of revenue were recorded in FY23, which normally would have been 4 quarters, this created the need for an additional adjustment when completing the FY24 revenue recording. This additional FY24 adjustment was not done by DCBS. *This* resulted in the Healthcare Provider Taxes being overstated for FY24. In addition, Performance Deposits were overstated as a result of the accounting documentation creator and reviewer missing a formula error in the Excel spreadsheet used to record the monthly inflows and outflows of Performance Deposits.

During FY24, the agency had some personnel changes on the Accounting team in key positions. The Accounting unit has a new Accounting manager and senior accountant. They are learning their new roles and working to continue the existing high standard of establishing, maintaining, and improving agency internal controls.

DCBS will complete the following in relation to the audit recommendations:

1. DCBS will revise the ACFR year-end checklist and closing plan to review the previous year's transactions and any potential impact on the current year's reporting. DCBS will add documentation to the Healthcare Provider Taxes ACFR spreadsheet to ensure there are four quarters of revenue recorded. In addition, DCBS will add documentation on Performance Deposits spreadsheet to ensure the formulas are accurate during creation and review of the documentation. The Accounting manager will oversee this work, and it will be completed by June 2025.
2. DCBS will improve and provide additional training to the Accounting staff on effectively creating and reviewing accounting transactions to ensure accurate and proper recording. In addition, the Accounting manager will meet with transaction reviewers to ensure they fully understand the transactions they are assigned to review. The Accounting manager will oversee this work, and the work will be completed by June 2025.
3. DCBS Accounting staff will meet with the Division of Financial Regulation (DFR) staff responsible for Performance Deposits and Healthcare Provider Taxes to learn more and seek to improve the work done in accounting for these programs. The Accounting manager will oversee this work, and the work will be completed by June 2025.



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If you have any questions, please contact DCBS Accounting Services Manager Thomas Poon at [thomas.y.poon@dcbs.oregon.gov](mailto:thomas.y.poon@dcbs.oregon.gov).

Sincerely,



Lane Foulger, CFO, DCBS

Cc: Andrew Stolfi, Director  
Sean O'Day, Deputy Director  
Blake Johnson, Business Operations Administrator  
Michael Campbell, DCBS Internal Auditor



LaVonne Griffin-Valade Secretary of State  
Cheryl Myers Deputy Secretary of State, Tribal Liaison  
Kip Memmott Audits Director

March 20, 2024

Andrew Stolfi, Director  
Department of Consumer and Business Services  
350 Winter Street NE  
Salem, OR 97309

Dear Director Stolfi:

We have completed audit work of a selected federal program at the Department of Consumer and Business Services (department) for the year ended June 30, 2023.

Assistance Listing Number	Program Name	Audit Amount
93.423	1332 State Innovation Waivers	\$ 60,262,446

For the year ended June 30, 2023, we performed procedures to determine whether the department substantially complied with the compliance requirements referred to in Appendix A relevant to the federal program under audit. Based on the audit procedures performed, we did not identify any reportable findings.

This audit work was not a comprehensive audit of your federal program. We performed this federal compliance audit as part of our annual Statewide Single Audit, a very specific and discrete set of tests to determine compliance with federal funding requirements, and does not conclude on general efficiency, effectiveness, or state-specific compliance. The Office of Management and Budget (OMB) Compliance Supplement identifies internal control and compliance requirements for federal programs. Auditors review and test internal controls over compliance for all federal programs selected for audit and perform specific audit procedures only for those compliance requirements that could have a direct and material effect on the federal program under audit.

We are required to be independent of the department and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. Our audit does not provide a legal determination of the department's compliance with the compliance requirements referred to in Appendix A.

## Responsibilities of Management for Compliance

Department management is responsible for compliance with the requirements referred to in Appendix A, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the federal program referred to above.

## Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to in Appendix A occurred, whether due to fraud or error, and express an opinion on the department's compliance based on our audit work. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirement referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the department's compliance with the federal program.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the department's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the department's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of department's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over*

*compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this communication is solely for the information and use of management and others within the organization to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact Tracey Gates at [tracey.gates@sos.oregon.gov](mailto:tracey.gates@sos.oregon.gov) or Amy John [amy.john@sos.oregon.gov](mailto:amy.john@sos.oregon.gov).

Sincerely,

*Office of the Secretary of State, Audits Division*

cc: Sean O'Day, Deputy Director  
Kirsten Anderson, Deputy Administrator, DFR  
Blake Johnson, Business Operations Manager  
Lane Foulger, Chief Financial Officer  
Michael Campbell, Chief Internal Auditor  
Joel Payton, ORP Manager  
Berri Leslie, Director and Chief Operating Officer, Department of Administrative Services  
Rob Hamilton, SARS Manager, Department of Administrative Services

Compliance Requirement	General Summary of Audit Procedures Performed
Activities Allowed or Unallowed	Determined whether federal awards were expended only for allowable activities.
Allowable Costs/Cost Principles	Determined whether charges to federal awards were for allowable costs and that indirect costs were appropriately allocated.
Cash Management	Confirmed program costs were paid for before federal reimbursement was requested, or federal cash drawn in advance was for an immediate need, and applicable interest was reported/remitted.
Procurement and Suspension and Debarment	Determined whether procurements were made in compliance with state procurement requirements and verified that contractors were not suspended, debarred, or otherwise excluded from receiving federal funds.
Reporting	Verified the department submitted financial and performance reports to the federal government in accordance with the grant agreement and that those financial reports were supported by the accounting records.

# Memo

**To:** DAS Office of Cultural Change & Racial Justice Council (RJC)  
**From:** Department of Consumer and Business Services  
**Date:** July 31, 2024  
**Subject:** Division of Financial Regulation Racial Equity Impact Statement (REIS) Follow-Up

## Program Overview

The goal of the Statewide Outreach Sponsorship Program is to collaborate with trusted community partners in delivering financial education to consumers in underserved communities. The program helps empower consumers to make decisions about insurance and other financial services that are best for them and raise awareness of free services and resources offered by the division. The intent of the program is for consumers to understand DFR's services of insurance and financial education, consumer advocacy, and insurance market regulation.

DFR provides content, advice, relevant publications, and technical information to enhance the insurance and financial services curriculum as it pertains to the insurance and financial services DFR regulates.

## 2023-25 Funding

### **What funding was made available as part of the 2023-25 LAB?**

The program described was paid for out of settlement funds; no money was identified for this program in the 2023-2025 budget.

## Program Performance

### **What progress was made towards reaching racial equity goals?**

Through our 2023 sponsored partner work, we have built trust and expanded awareness of DFR services and resources to underserved communities in urban and rural areas. The intended racial equity goal for this program was to provide financial educational equity by choosing five qualifying organizations that already engaged in financial empowerment work in underserved communities and were willing to collaborate with DFR. The willingness was measured by how these organizations incorporated DFR employee subject matter knowledge, services, and agency resources to empower their communities to gain educational opportunities and access to

resources our agency provides to increase awareness for these consumers to make sound decisions about insurance and financial services.

Results from the 2023 annual narrative report from the program awardees reflected an increase of DFR awareness. Across five organizations, the sponsorship program provided educational courses and learning opportunities to nearly 1,000 consumers and training to 60 organizational staff. Topics of the educational opportunities included economic empowerment, mortgage and homebuyer workshops, student loan and loan forgiveness seminars, and anti-fraud and anti-scam training, among other topics. As the program matures, the agency anticipates greater participation in the sponsorship-related programming.

### **What were the challenges the program encountered during implementation?**

The challenges encountered were the following:

- The setup of the original contracts could have contained additional business rigor, such as requiring deliverables before first payment and staff-specific training put forward by the awardee to ensure consistent messaging and approach.
- Awardee outcomes did not go as planned as awardees sometimes saw low participation in programs from their target communities and unforeseen staffing issues.

The program has worked to overcome these issues by putting in place additional contractual requirements, setting up more frequent meetings with awardees, and sharing the experience of the first year with perspective awardees to ensure a solid fit for a the 2024-25 year. As this is a new process, we expect to be in a cycle of continuous improvement for some time as we work to identify the practices and policies that allow us to reach historically underserved communities.

## **Agency Outcomes**

### **What outcomes did the agency anticipate and what were the actual outcomes of the program?**

The expected and actual outcomes were as follows:

- The division expected increased partner awareness of DFR as a trusted source of information on insurance and the financial services we regulate. The outcome reflects an increase in awareness and trust in DFR at all five partner organizations.
- The division expected increased consumer awareness of DFR as a trusted source of information on insurance and the financial services we regulate. Partner programs created increased awareness of DFR with consumers they reached. However, the partners reached fewer consumers than anticipated due to partner staffing issues and newness of the program.
- The division expected partners to educate their participants on insurance and the financial services regulated by DFR, on DFR's role, and DFR materials. DFR materials and messaging was shared, but it was more limited than expected due to some of the venues selected.
- The division expected promotion of DFR and the division's exposure to consumers via classes, social media, tabling at events, serving on panels, or other events.

Partner program events had less participation than expected, limiting the impact of the promotional work.

As noted, the division is working closely with partners this year to maintain gains in consumer education and awareness in our historically underserved communities, and to overcome some of the challenges cited above.

### **How did you measure the impact?**

The impact was measured in the following ways:

- Partners submitted a narrative report at end of the year responding to questions about their awareness and trust in DFR, and their willingness to refer their clients to DFR consumer advocates when appropriate.
- Partners conducted pre- and post-surveys after each class that had DFR content in the curriculum. Data included class topics and student demographics. Survey results were submitted quarterly by the partner to DFR.
- Partners reported on the purpose of the event, the number of events and people reached when DFR employees participated in a partner's event. Partners provided demographics of those reached.
- Partners reported on the number of classes, by topic, and number of participants reached with insurance and financial services and DFR info each year. Data included participant demographics. Partners submitted numbers quarterly to DFR.

### **What is the impact of this program on our communities?**

The sponsorship program fostered new connections with the five organizations that partnered with DFR. As a result of these programs, more than 1,000 consumers were informed about DFR and 238 consumers received education to support well-informed decisions about insurance and financial services through one-on-one meetings or classes. Survey results of the participants reflect an increase in awareness of DFR, as well as insurance and financial service topics.

The numbers reached falls short of expectations set out during the solicitation process. While the solicitation process did not set specific requirements on consumer engagement quantities, program partners anticipated more community engagement than was experienced.

### **Share what you learned.**

There is still more work to do and considerations to be made in finding the right programming that allows the division to reach its racial equity goals. Although the program had an outstanding equity reach, our awardees had difficulties with staffing, organization, and identifying events that would be a good fit to share DFR's financial empowerment message. We continue to work with our 2024-25 partners to improve the program experience.

## **Impact on Racial Equity**

### **How does the program increase or decrease racial equity?**

The program increased racial equity by providing financial resources and staff support to organizations who have been historically overlooked and subject to system racism.

### **Does the program have potential unintended racial equity consequences?**

To date, we have not discovered any potential unintended racial equity consequences.

### **What benefits may result from the program?**

Benefits include the following:

- Greater consumer knowledge of finance and insurance products
- Geographic engagement increase from diverse partner awardees
- Tribal organization engagement increase
- Increase in DFR awareness by organizations and community participants

## **Community Engagement**

### **How did you engage communities during the process?**

The division engaged communities in the following ways:

- Community partners were engaged at the planning phase.
- Organizations were also engaged during Sponsorship Program info session webinars and program promotion.
- Awardees were asked for feedback to improve the process.

### **What was the frequency of engagement?**

DFR hosted two information session webinars to provide information and answer questions about the program, application process, criteria, and timelines. DFR also solicited questions from the community on the DFR website, social media posts, and during our community presentations and engagement events. Awardees and the division were in communication to help support process improvement and implementation.

### **Did conversations lead to program or process changes?**

Awardee communication and outcomes guided changes for the 2024 Sponsorship Program.

## **Additional Details**

### **How do we use these results to continually reevaluate and improve our efforts?**

2023 was a learning year for our Sponsorship Program. We have welcomed the feedback from our current sponsored partners and our team's experiences to clarify and enhance our solicitation for the 2024 RFP process. We clarified roles, expectations, tracking and reporting, deadlines, payments and measurements for program success to inform our public information session, selection, contracting, and administration of the program. Also, DFR enhanced the rigor of the request for proposals itself to require greater points of feedback and descriptors of work to be done as part of the program.

### **Is the agency planning to continue the program?**

The division has awarded sponsorships to four organizations in 2024 – Community Connection of Northeast Oregon Inc.; Financial Beginnings Oregon; FACT Oregon; and Warm Springs Community Action Team. Also, we anticipate contracting for program

services for at least 2025. Offerors may apply each year, even if previously awarded a contract. Future funding will be based on availability of funds and program impact.

# Memo

**To:** DAS Office of Cultural Change & Racial Justice Council (RJC)  
**From:** Department of Consumer and Business Services  
**Date:** July 31, 2024  
**Subject:** Oregon OSHA Racial Equity Impact Statement (REIS) Follow-Up

## Program Overview

Oregon OSHA's racial equity program is primarily focused on efforts related to the enforcement activities, but it does encompass participation and engagement across the division. This program is dedicated to enhancing its inspection activities and consultations in areas and industries with historically high injury and illness rates where underserved or underrepresented workers may be represented. However, this program encompasses all of Oregon OSHA's work.

## 2023-25 Funding

### **What funding was made available as part of the 2023-25 LAB?**

There was permanent funding for this program in the 2023-25 LAB as a policy option package for a community engagement coordinator (operations and policy analyst 3). This position remains vacant due to a classification delay.

## Program Performance

### **What progress was made towards reaching racial equity goals?**

In line with the division's mission and strategic goals, the enforcement program continues efforts to reduce serious workplace injuries, illnesses, and deaths among vulnerable workers through community-informed enforcement policies and efforts to dismantle systemic barriers that contribute to occupational safety and health inequities. Oregon OSHA continued to expand the services for people with Spanish language preference throughout the state, with a focus towards the outward-facing programs that need this support. When recruiting for customer-facing positions, Spanish language preference was given. Overall, the enforcement program conducted 2,687 inspections of workplaces in 2023, including construction emphasis inspections, field sanitation, labor housing, and pesticide emphasis inspections.

The consultation program conducted 2,321 consultations with Oregon workplaces in 2023. Oregon OSHA created 12 new or substantially revised publications and six

training videos in Spanish in 2023. Additionally, there were 57 live Spanish training sessions with 5,599 Spanish-speaking attendees. The video lending and streaming library also makes hundreds of training videos available for free to workers in Spanish, Russian, and other languages. All programs seek opportunities to engage with underserved and underrepresented workers and community partners through specific engagement during enforcement and consultation activities, targeted outreach, listening sessions, and training and education. Sixty-six engagement activities have been conducted by bilingual employees to provide access to services and provide safety and health education and resources. In addition, Oregon OSHA has implemented a new process for workers to request a letter of interest from Oregon OSHA to submit to the U.S Department of Homeland Security to request prosecutorial discretion while a worksite is under Oregon OSHA enforcement action.

**What were the challenges the program encountered during implementation?**

Delays in the classification approval of the community engagement coordinator has resulted in the position remaining vacant. Therefore, progress has been achieved through existing resources and staffing.

## Agency Outcomes

**What outcomes did the agency anticipate and what were the actual outcomes of the program?**

The most equitable community outcome is to eliminate hazards in workplaces most likely to cause serious injury, illness, or death and giving underserved and underrepresented workers a voice in how enforcement policy and resources are directed toward this result. The actual outcome of increased awareness to Oregon OSHA services is challenging to estimate; however, the complaint volume continues at a healthy rate and the items alleged are often accurate when a compliance officer arrives on site. Oregon OSHA consultation continues to have an increase in services for those people who have never before requested a consultation. Lastly, Oregon OSHA participated in Spanish radio interviews about services available, worker rights, and promoting the Spanish Worker Safety Conference (Salud y Seguridad Occupational y sus Derechos en el Trabajo).

**How did you measure the impact?**

Oregon OSHA's current metrics for evaluation are actively seeking input and feedback from our community partners through standing committees and other advisory groups. Oregon OSHA will also look for opportunities to develop partnerships as part of its strategic plan through federal OSHA, which includes accountability measures that are evaluated quarterly.

**What is the impact of this program on our communities?**

While Oregon OSHA's jurisdiction is limited to places of employment, its safety and health resources have an impact on families and communities, including those that do not fall under its jurisdiction, by providing valuable information that can be transferred outside of the working environment.

### **Share what you learned.**

Through the growth of this program, Oregon OSHA has learned that it needs to tailor its communication style and available resources to the community needs. This requires an understanding of the community needs to ensure that they are provided with information that they can use to increase understanding of worker rights and how to access Oregon OSHA services.

## **Impact on Racial Equity**

### **How does the program increase or decrease racial equity?**

This program has the potential to increase racial equity by directing more community-informed enforcement policies toward those industries and workplaces where vulnerable workers are employed, regardless of race, ethnicity, culture, socio-economic status, or immigration status.

### **Does the program have potential unintended racial equity consequences?**

As of yet, there have been no potential unintended racial equity consequences identified.

### **What benefits may result from the program?**

Oregon OSHA communicates the results of the various metrics through its partnerships groups, and often discusses strategies for continuous improvement. The division works with the agency's Multicultural Communications Program manager, whose program's mission is to promote and enhance the delivery of DCBS services to Oregon's multicultural communities. Oregon OSHA recognizes that even with the successes, this is an area for improvement.

## **Community Engagement**

### **How did you engage communities during the process?**

As part of Oregon OSHA's Community Engagement Plan, there are focused efforts into working with worker and employer advocacy groups during the building of the budget and influencing policy decisions. When the community engagement coordinator's classification is approved, the vacancy will be filled immediately and this work can grow to have a deeper impact on the community. Additionally, the Ombuds Office for Oregon Workers continues to provide support to workers to help understand employee rights afforded under the Oregon Safety Employment Act (OSEA).

### **What was the frequency of engagement?**

Oregon OSHA frequently engages with vulnerable communities and culturally diverse workers, including those with no or limited English proficiency through its various programs. Over the past two years (2022 and 2023), Oregon OSHA participated in 66 community engagement and outreach activities. These included speaking engagements, training sessions, and informational meetings. More than 8,200 limited English language speakers attended Oregon OSHA training sessions in 2022-23. The second and third annual Spanish Language Conferences for workers were held in the same time period each year, but in different regions of Oregon, with all offerings and

informational booths offered entirely in Spanish. Also, Oregon OSHA has partnered with Lamar Advertising to provide electronic billboard advertising throughout Oregon. This advertising message will change monthly. The messaging is intentional and focused to provide opportunities to workers in the community to learn about the services Oregon OSHA has to offer and employee rights at work.

**Did conversations lead to program or process changes?**

Oregon OSHA solicits feedback through compliance officer surveys, consultation surveys, appeal surveys, worker listening sessions, rulemaking advisory committees, advocacy work groups, and conference evaluations. Oregon OSHA continues to find ways to improve our current services to include simplifying the complaint webpage and ensuring that the information contained is clearly understood by its users. We plan to do more work to evaluate the effectiveness of these proposed changes with those unfamiliar with the process to ensure clarity is achieved.

## Additional Details

**How do we use these results to continually reevaluate and improve our efforts?**

Oregon OSHA communicates the results of the various metrics through our partnerships groups, and often discuss strategies for continuous improvement.

**Is the agency planning to continue the program?**

While there is a focus on enforcement activities, all Oregon OSHA services are critical to ensuring all people working in Oregon can access its services. Oregon OSHA is committed to continuing and expanding the program through existing processes and community outreach engagements.

Department of Consumer and Business Services  
Agency: 44000

10% Reduction Options (ORS 291.216)

Activity or Program <small>(WHICH PROGRAM OR ACTIVITY WILL NOT BE UNDERTAKEN)</small>	Describe Reduction <small>(DESCRIBE THE EFFECTS OF THIS REDUCTION. IDENTIFY REVENUE SOURCE FOR OF, FF. INCLUDE POSITIONS AND FTE FOR 2025-27 AND 2027-29)</small>	Amount and Fund Type									Rank and Justification
		GF	LF	OF	NL-OF	FF	NL-FF	Total Funds	Pos.	FTE	<small>(RANK THE ACTIVITIES OR PROGRAMS NOT UNDERTAKEN IN ORDER OF LOWEST COST FOR BENEFIT OBTAINED)</small>
1. Universal Health Plan Governance Board	This would result in a reduction to Services and Supplies. We anticipate that the board would have the ability to continue efforts in creating a comprehensive plan to finance and administer a Universal Health Plan by September 15, 2026. The plan includes a system in which employers contribute to the cost of Oregon's health care system while retaining the flexibility to offer benefits, including a self-funded health plan, to employees.	\$ 190,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 190,417	-	-	1
2. Shared Services	5% Shared Services	\$ -	\$ -	\$ 3,461,726	\$ -	\$ -	\$ -	\$ 3,461,726	-	-	2
3. Workers' Compensation - 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.	\$ -	\$ -	\$ 1,691,452	\$ -	\$ -	\$ -	\$ 1,691,452	5	5.00	3
4. 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.	\$ -	\$ -	\$ 661,891	\$ -	\$ -	\$ -	\$ 661,891	2	2.00	4
5. BCD Training and Outreach	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 9 positions.	\$ -	\$ -	\$ 4,230,445	\$ -	\$ -	\$ -	\$ 4,230,445	10	10.00	5

Department of Consumer and Business Services  
Agency: 44000

10% Reduction Options (ORS 291.216)

Activity or Program <small>(WHICH PROGRAM OR ACTIVITY WILL NOT BE UNDERTAKEN)</small>	Describe Reduction <small>(DESCRIBE THE EFFECTS OF THIS REDUCTION. IDENTIFY REVENUE SOURCE FOR OF, FF. INCLUDE POSITIONS AND FTE FOR 2025-27 AND 2027-29)</small>	Amount and Fund Type									Rank and Justification <small>(RANK THE ACTIVITIES OR PROGRAMS NOT UNDERTAKEN IN ORDER OF LOWEST COST FOR BENEFIT OBTAINED)</small>
		GF	LF	OF	NL-OF	FF	NL-FF	Total Funds	Pos.	FTE	
6. Shared Services	5% Shared Services	\$ -	\$ -	\$ 3,461,726	\$ -	\$ -	\$ -	\$ 3,461,726	-	-	6
7. 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.	\$ -	\$ -	\$ 5,540,965	\$ -	\$ -	\$ -	\$ 5,540,965	17	16.56	7
8. Workers' Benefit Fund - Reemployment Assistance	Fewer injured workers will be able to return to work and those who do will have less opportunity for full wage recovery. Employers' claims costs will increase for wage replacement benefits because fewer workers will be able to return to work quickly.	\$ -	\$ -	\$ 5,074,357				\$ 5,074,357	15	15.15	8
9. Workers' Compensation Division - Dispute Resolution - Part 1	Administrative dispute resolution processes will not be available to workers and other parties, leading to increased litigation and costs to the system. There may be and delays in workers receiving benefits and medical treatment to which they are entitled.	\$ -	\$ -	\$ 2,456,391	\$ -	\$ -	\$ -	\$ 2,456,391	-	-	9
10. Workers' Compensation Division - Dispute Resolution - Part 2	Administrative dispute resolution processes will not be available to workers and other parties, leading to increased litigation and costs to the system. There may be and delays in workers receiving benefits and medical treatment to which they are entitled.	\$ -	\$ -	\$ 14,633,110	\$ -	\$ -		\$ 14,633,110	50	51.00	10
11. BCD Statewide Services - Part 1	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.	\$ -	\$ -	\$ 12,162,530	\$ -	\$ 340,075	\$ -	\$ 12,502,605	31	31.00	11
12. BCD Site-Built Construction Inspections (Field Services) - 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.	\$ -	\$ -	\$ 1,347,412	\$ -	\$ -	\$ -	\$ 1,347,412	-	-	12
<b>Total</b>		\$ 190,417	\$ -	\$ 54,722,005	\$ -	\$ 340,075	\$ -	\$ 55,252,497	130	130.71	



# PROPOSED SUPERVISORY SPAN OF CONTROL REPORT

In accordance with the requirements of ORS 291.227, Department of Consumer and Business Services (DCBS) presents this report to the Joint Ways and Means Committee regarding the agency's Proposed Maximum Supervisory Ratio for the 2025-2027 biennium.

## Supervisory ratio for the last quarter of 2023-2025 biennium

The agency's actual supervisory ratio as of June 30, 2024, is 1:10.

### The agency's actual supervisory ratio is calculated using the following:

$$\underline{\quad 93 \quad} = \underline{\quad 84 \quad} + \underline{\quad 9 \quad} - (\underline{\quad 1 \quad})$$

(Total supervisors) (Employees in a supervisory role) (Vacancies that if filled would perform a supervisory role) (Agency's head)

$$\underline{\quad 940 \quad} = \underline{\quad 864 \quad} + \underline{\quad 76 \quad}$$

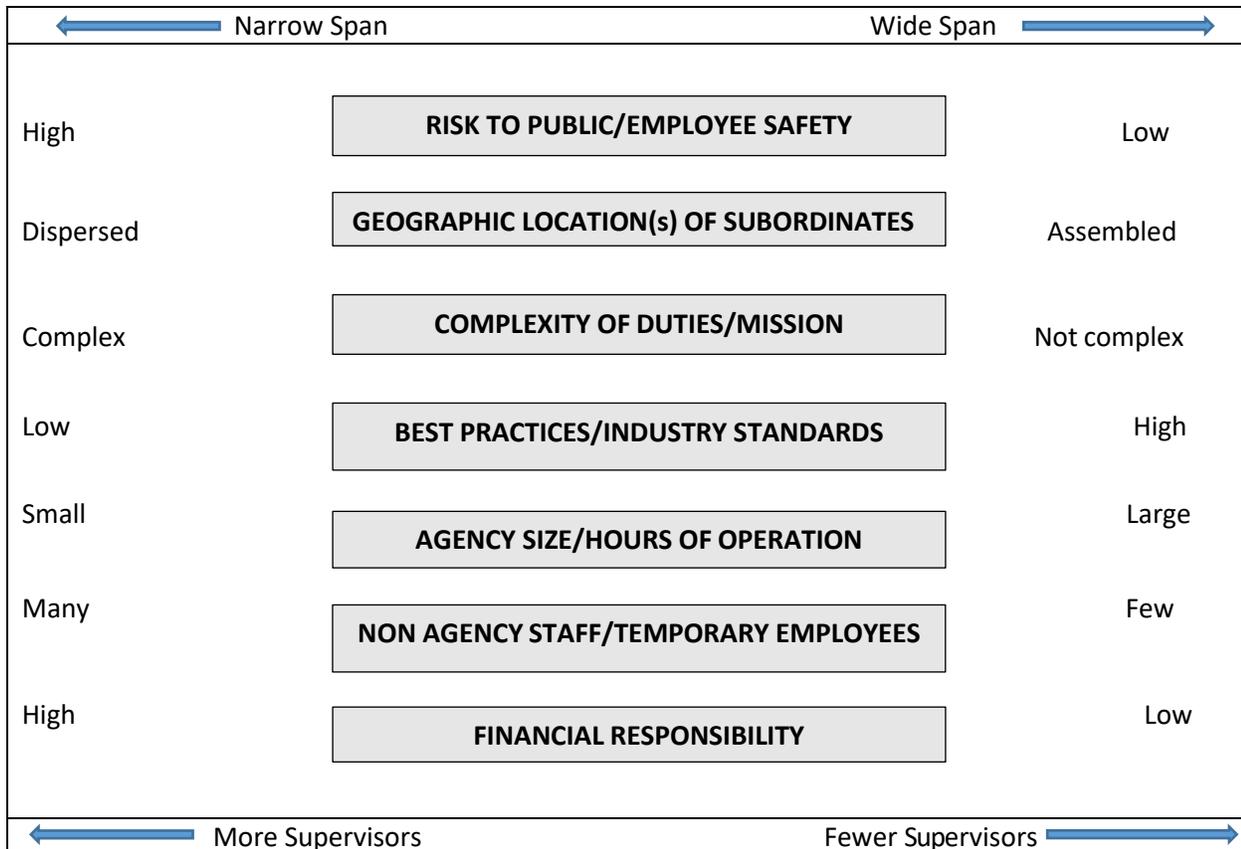
(Total nonsupervisors) (Employees in a nonsupervisory role) (Vacancies that if filled would perform a nonsupervisory role)

The agency has a current actual supervisory ratio of:

$$\underline{\quad 1:10 \quad} = \underline{\quad 940 \quad} / \underline{\quad 93 \quad}$$

(Actual span of control) (Total nonsupervisors) (Total supervisors)

When determining an agency's maximum supervisory ratio, all agencies will begin of a baseline supervisory ratio of 1:11, and based upon some or all of the following factors, may adjust the ratio up or down to fit the needs of the agency.



### Ratio Adjustment Factors

Is safety of the public or of state employees a factor to be considered in determining the agency maximum supervisory ratio?  
Yes

As DCBS is an agency that regulates employee safety, building safety, financial and insurance protection, and workers' compensation rights, ensuring that we have the staff members and leadership to regulate these areas for the public is imperative. To meet our mission, we require managers who also personally engage in highly specialized regulatory services (i.e., financial regulation, occupational safety and health enforcement, building code enforcement, and workers' compensation claim resolution) that directly engage with the public. This requirement means they are not full-time managers, consequently a lower span of control is needed for effective supervision of their teams, which are also engaging in highly specialized regulatory activities.

Is geographical location of the agency's employees a factor to be considered in determining the agency's maximum supervisory ratio? Yes

All of our divisions have field offices throughout Oregon. A smaller employee-to-manager ratio will ensure that the field offices have managerial oversight and that employees feel supported to complete their duties. A smaller manager-to-employee ratio will also allow managers to have more meaningful performance accountability and feedback quarterly check-ins.

Is the complexity of the agency's duties a factor to be considered in determining the agency maximum supervisory ratio? Yes

We are a regulatory agency that needs to be flexible when complex rules change. A smaller employee-to-manager ratio would allow DCBS to be able to react quicker to changes. Managers can communicate more effectively to ensure their employees have the correct information in a timely manner.

Are there industry best practices and standards that should be a factor when determining the agency maximum supervisory ratio? Yes

Industry best practice, according to the Span of Control policy 30.000.20, is that a manager-to-employee ratio be 1:11. However, DCBS has 39 manager teams that are above the agency maximum supervisory ratio. We are requesting a lower manager-to-employee ratio to allow management staff the ability to effectively manage their teams. With ratios greater than 1:11, managers have a difficult time creating a positive team culture and building relationship with their direct reports. With the introduction of the performance accountability and feedback program, the focus has shifted within the enterprise to more meaningful conversations and meetings with employees. Managers that have a team ratio of more than 1:11, have a difficult time scheduling and creating meaningful check-ins with their employees.

Is size and hours of operation of the agency a factor to be considered in determining the agency maximum supervisory ratio?  
No

N/A

Are there unique personnel needs of the agency, including the agency's use of volunteers or seasonal or temporary employees, or exercise of supervisory authority by agency supervisory employees over personnel who are not agency employees a factor to be considered in determining the agency maximum supervisory ratio? No

N/A

Is the financial scope and responsibility of the agency a factor to be considered in determining the agency maximum supervisory ratio? Yes

DCBS encompasses four large programs that protect the public in the areas of worker protection, safety, health, financial and insurance fraud, and building safety. These areas touch every citizen in Oregon, and it is a responsibility that DCBS takes seriously. To ensure that we meet our commitment to the public, DCBS requires a lower manager-to-employee ratio. This will allow our programs to continue to run effectively and allow us to pivot quickly when changes need to be quickly enacted.

**Based upon the described factors above the agency proposes a Maximum Supervisory Ratio of 1: 9.**

**Unions Requiring Notification: SEIU, AFSCME**

Date unions notified 12/27/24

Submitted by: Samantha Powell

Date 12/13/2024

Signature Line Mary Pence

Date 12/13/2024

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Date 12/13/2024

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Date 12/13/2024

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Date \_\_\_\_\_

Program Prioritization for 2025-27

Agency Name: Department of Consumer and Business Services																					
2025-27 Biennium																					
Agency Number: 44000																					
Program 1																					
Program/Division Priorities for 2025-27 Biennium																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Reg. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request	
Agcy	Prgm/ Div																				
0	0	DCBS	Shared Services	Shared administrative functions				62,311,059	3,605,299			\$ 65,916,358	183	180.85	N	N				This reduction would reduce the capacity and timeliness shared services for the agency *ARB request to add 5 pos (4.64 FTE) to meet increased division support needs	
0	0	DCBS	Shared Services	BLS Grant						398,012		\$ 398,012	0	1.65	N	N				A reduction would result in the agency's inability to provide timely information to the Bureau of Labor Statistics on occupational injuries and illnesses and fatal occupational injuries *No significant proposed changes at ARB	
0	0	DCBS	WC NL	WC NL	3				1,460,451			\$ 1,460,451	0	0.00	N	N	S	ORS 656.614		Reduction in the workers' compensation non-limited funds will decrease the funds in the two reserve funds for the self-insured groups: self-insured adjustment reserve and self-insure employer group adjustment reserve. The potential of decreased in non-limited funds could lead to employees not having a workers' compensation claim paid timely. *No significant proposed changes at ARB	
0	0	DCBS	WBF	WBF	3				180,912,434			\$ 180,912,434	0	0.00	N	N	S	ORS 656.605		The Workers' Benefit Fund provides revenue for several programs that help injured workers and employers. The Workers' Benefit Fund (WBF) is required by statute to have a balance of at least twelve months projected expenditures. Any reduction in the WBF will affect injured workers and employers in Oregon. *No significant proposed changes at ARB	
1	1	DCBS	OR-OSHA	Oregon OSHA Enforcement	1, 3, 11, 13	10		43,850,003		11,925,508		\$ 55,775,511	137	136.00	N	N	S, FM	654.003(4), 654.003(6)	To be an occupational safety and health state plan, it must be "at least as effective" as federal OSHA.	Impact ability to administer Oregon Safe Employment Act (OSEA) via a comprehensive enforcement program that through inspections and accident/fatality investigations ensure occupational safety and health rules are carried out in workplaces. In addition, the state's ability to retain federal OSHA funding and state jurisdiction over worker health and safety would be impacted (State Plan). *ARB request to add 1 pos (0.88 FTE) to support OSHA's OTIS and ORCA systems. Additional request to add 10 pos (5.33 FTE) to validate the conditions of agricultural labor housing (impact to both OSHA program units).	
2	1	DCBS	WCD	Workers' Compensation Division - WC Coverage/Compliance Non-complying Employer	3			16,389,590				\$ 16,389,590	49	48.88	N	N	S	ORS 656.735		Lack of enforcement actions will create more uninsured employers and lead to unfair competitive advantages for complying Oregon employers and delays in provision of benefits to eligible workers. Complying employers may have to pay more assessments to ensure that injured workers of noncomplying employers receive benefits to which they are entitled. *ARB request to add 3 pos (3 FTE), 4 contractual IT positions costs for 25-27 for the WCD Modernization Program to continue the project (impact to multiple WCD program units).	
3	1	DCBS	BCD	Building Codes Division (BCD) Statewide Policy Development				10,576,113				\$ 10,576,113	26	26.00	Y	N	S	ORS 455		This reduction would result in the elimination of Oregon's predictable regulatory environment for businesses, as well as the equal consumer protection provided by Oregon's statewide building code. This would affect the Governor's Housing, Accountability and Production Office goals. It would eliminate the division's dispute resolution efforts that field approximately 1,000 calls per month from contractors and local governments with issues or questions about application of the code. The programs/activities have a statutory requirement under ORS 455. This reduction option eliminates 26 positions. *No significant proposed changes at ARB	
4	1	DCBS	DFR	Financial Institutions (Examination and analysis of Banks & Trusts, Credit Unions, and Insurance Institutions, provide policy support*, administer the Oregon Reinsurance Program, includes retaliatory tax)	OP5.A, OP5.C	3		22,823,649				\$ 22,823,649	65	55.40	Y	N	S	ORS 706, 715, 744, 795, 731, 707, 733, 768A, 716, 723, 731, 722, 733, 750, Or Laws 2018, ch 538		The division would not be capable of meeting its statutory requirements for periodic examinations of insurance companies, banks, trust companies and credit unions. Our ability to provide guidance to companies would be limited. *ARB request: POP 112 extends the 2% assessment on insurers that funds the Oregon Reinsurance Program through 2032 to match the federal waiver that runs through 2027 and allows for another 5 year waiver request. This goes with LC 001. POP 114 merely extends our limitation to allow us to continue to contract with firms to assist in completing required analysis and examinations of insurers necessary to maintain accreditation and effectively regulate the insurers. Insurers are billed for the cost of the examination so that work is reimbursed to DFR, however, analysis work is paid through insurer assessment. POP 117 would add one FTE Administrative Specialist 2 to provide administrative support to both the banking and credit union programs that currently have no administrative support. This would provide efficiencies in examination and management tasks by allow that staff to focus on management and examination functions while the AS2 handles administrative support duties.	

Program Prioritization for 2025-27

Agency Name: Department of Consumer and Business Services																					
2025-27 Biennium																					
Agency Number: 44000																					
Program 1																					
Program/Division Priorities for 2025-27 Biennium																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Reg. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request	
Agcy	Prgm/ Div																				
5	DCBS	WCD	Workers' Compensation Division - Benefits		3			12,540,078				\$ 12,540,078	38	37.41	N		S	ORS 656.262		Workers may not receive timely and accurate benefits to which they are entitled. *ARB request to add 3 Pos (2.64 FTE), 4 contractual IT positions costs for 25-27 for the WCD Modernization Program to continue the project (impact to multiple WCD program units).	
6	DCBS	OR-OSHA	Oregon OSHA Voluntary Services	1, 3, 11, 13	6			18,792,859		5,110,932		\$ 23,903,791	68	68.00	N	N	S, FM	654.003(1), 654.003(2)	To be an occupational safety and health state plan, it must be "at least as effective" as federal OSHA. *ARB request to add 4 pos (3.64 FTE) to improve outreach to deliver consistent and improved services. Additional request to add to pos (5.33 FTE) to validate the conditions of agricultural labor housing (impact to both OSHA program units). Impact ability to provide consultative services, voluntary programs (SHARP,VPP), outreach, technical assistance, conferences, and training to help employers identify hazards and work practices that could lead to injuries or illness and provide recommendations for correcting hazards and improving programs.		
7	DCBS	WCB	Workers' Compensation Board					33,058,408				\$ 33,058,408	79	79.00	N	N	S	ORS 654, ORS 656, ORS 147		Elimination of positions/office closures would cause delays in case processing at both the Hearings Division and Board Review levels, i.e., increased hearing sets among ALJs, reduced availability for mediations, challenges with timely issuance of ALJ and Board Review orders, and difficulty meeting statutory requirements, which would cause a reduction in services to users of our forum and result in delayed access to wage replacement and medical care. If eliminated, statutes would have to be changed significantly to allow circuit courts to resolve workers' compensation disputes. *ARB request to increase Professional Services limitation in 25-27 to assist in modernization efforts.	
8	DCBS	WCD	Ombudsman for Injured Workers	N/A	3			1,974,521				\$ 1,974,521	6	6.00	Y	N	S	ORS 656.709		Workers, particularly unrepresented workers, may not be aware of/or receive benefits to which they are entitled. *ARB request to add 1 Pos (0.88 FTE) for 25-27 to increase outreach to Oregon workers with a focus on underserved communities	
9	DCBS	DFR	<b>Product Regulation</b> (Review and approval of insurer rates and policies, provide actuarial analysis, monitor insurer market conduct, conduct targeted exams and market intelligence analyses, provide policy support*, PBM regulation, Drug Price Transparency Program, Prescription Drug Accountability Board)	OM11.A, OM11.B	3			25,359,610				\$ 25,359,610	58	60.82	Y	N	S	ORS 59, 645, 646A, 650, 731, 742, 743(A), 737, 743		The division would not be able to meet time and quality requirements in reviewing insurance policy documents for compliance with statutes. We would not be able to meet our obligations in setting health insurance rates for the individual and small group markets. *ARB request to increase other fund limitation to allow the division to procure a contract with a 3rd party to conduct an independent, in-depth study of the effect of the use of socioeconomic factors in auto rating, a concept that is proposed in LC 008. *ARB request to add additional Insurance Examiner to conduct targeted examinations to offset the increase in growth of new product offering and the increased complexity in regulations and regulatory requirements to allow us to effectively monitor the insurance industry.	
10	DCBS	DFR	<b>Licensing/Registration and Non-depository Programs</b> (Licenses/Registers regulated individuals and entities, provides policy support*, regulates non-depository financial products and funeral consumer protection trust, includes insurance licensing)	OP4.A, OP4.D	3			13,525,125	694,911			\$ 14,220,036	30	32.40	N	N	S	ORS 86A, 97, 445, 446A, 550, 589, 697, 705, 717, 725, 725A, 726, 731, 732, 733, 734, 735, 737, 742, 743, 744, 746, 748		This office will not be able to issue licensing to insurance agents, mortgage loan officer and companies and many others in a timely manner, including meeting statutory obligations on timing. The office also would not be able to register other businesses such as money transmitters, check cashers, consumer loan companies and other timely. It would limit consumers' options and prevent businesses and individuals from entering Oregon markets, restricting competition. We would not be able to conduct examinations of licensed and/or registered entities to determine compliance with state and federal laws. This would like increase non-compliance exposing consumers' to companies and products that present a higher risk for financial injury. *No significant proposed changes at ARB	
11	DCBS	DFR	<b>Securities Regulation</b> (License securities professionals and ensure securities registrations are fair, just and equitable, provide policy support*)	OP4.A, OP4.D	3			4,226,602				\$ 4,226,602	9	9.90	N	N	S	ORS 59, 645, 650, 705, 300-705-350		We will not be able to issue licenses and/or registrations for broker-dealers, registered investment advisors, and salespersons. We will not be able to conduct reviews of securities offerings to determine if they are appropriate for offering to Oregon consumers. It would limit consumers' options and prevent businesses and individuals from entering Oregon markets, restricting competition. We would not be able to conduct examinations of licensed and/or registered entities to determine compliance with state and federal laws. This would like increase non-compliance exposing consumers' investments to higher risk. *No significant proposed changes at ARB	

Program Prioritization for 2025-27

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2025-27 Biennium																					
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Program 1																					
Program/Division Priorities for 2025-27 Biennium																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Reg. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL, included in Agency Request	
Agcy	Prgm/ Div																				
12	4	DCBS	DFR	Consumer Advocacy and Education (Complaint Resolution and Outreach for all DFR programs)	OP6.B, OP6.C, OM7.A	3		10,989,164				\$ 10,989,164	25	27.12	Y	N	S	ORS 59, 86A, 97, 446, 646A, 650, 689, 697, 705, 708A, 717, 725, 725A, 726, 731, 735, 738, 734, 735, 737, 742, 743, 744, 746, 748		We would not be able to meet our statutory responsibilities to provide assistance to Oregonian that have problems with a regulated entity. This would include not being able to provide educational information to help seniors identify financial scams.  *ARB request to add one full time FTE Program Analyst 2 to address increasing workload of our advocacy staff due to additional programs DFR has taken on since 2019 and the increase in complaints and complexity of advocates' workloads. POP 119 would increase the other fund limitation to allow DFR to use revenue obtained from regulatory settlement agreements to support outreach efforts without having to absorb the costs within the existing authorized limitation.	
13	5	DCBS	DFR	Enforcement and Investigations (Investigate violations and initiate administrative, civil, and criminal actions against those who violate the laws we enforce, provide policy support*)	OP6.C, OP6.D	3		7,607,883				\$ 7,607,883	17	18.36	Y	N	S	ORS 59, 86A, 97, 446, 646A, 650, 689, 697, 705, 708A, 717, 725, 725A, 726, 731, 735, 738, 734, 735, 737, 742, 743, 744, 746, 748		This office will not be able to issue licensing to insurance agents, mortgage loan officer and companies and many others in a timely manner. The office also would not be able to register other businesses such as money transmitters, check cashers, consumer loan companies and other timely.  *ARB request to add a 0.88 FTE Paralegal to research statutes and administrative rules, draft legal documents and review and prepare evidence to increase efficiency and allow other staff to focus on more complex cases.	
14	2	DCBS	BCD	BCD Licensing & Enforcement				7,403,279				\$ 7,403,279	19	19.00		N	S	ORS 455, 479, 480, 693		This reduction would result in the elimination BCD's license and enforcement programs for electricians, plumbers, boiler and pressure vessel installers, as well as building code inspectors. License issuance and enforcement responsibilities, if retained as requirements, would revert to the appropriate advisory boards which would need to be provided with administrative capabilities and staff to carry out the issuance of licenses and enforcement functions. The programs/activities have a statutory requirement under ORS 455, 479, 480 and 693. This reduction option eliminates 19 positions.  *No significant proposed changes at ARB	
15	3	DCBS	BCD	BCD ePermitting				6,345,668				\$ 6,345,668	16	16.00	Y	N	S	ORS 455,095, 455-097		This reduction would result in the elimination of the statewide electronic permitting system administered by BCD that serves 82 communities expected to expand to 90 next year, with approximately 205,000 transactions initiated for contractors and construction businesses throughout the state in 2022. The electronic system would be decommissioned, leaving the served communities to develop their own electronic system, contract for the service, or revert to non-electronic. The programs/activities have a statutory requirement under ORS 455,095 and 455-097. This reduction option eliminates 16 positions.  *ARB request to increase limitation for increased renewal costs of Permitting & Billing systems	
16	5	DCBS	BCD	BCD Site-Built Construction Inspections (Field Services) - Part 2				10,815,118				\$ 10,815,118	31	31.00		N	S	ORS 447, 455, 460, 479, 480		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, and Pendleton. 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 31 positions.  *ARB request to add 4 Pos (3.52 FTE) for 25-27 to increase the number of state plans examiners to meet anticipated increases in demand	
16	5	DCBS	BCD	BCD Site-Built Construction Inspections (Field Services) - Part 1				1,347,412				\$ 1,347,412	0	0.00		N	S	ORS 447, 455, 460, 479, 480		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, and Pendleton. 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 31 positions.  *ARB request to add 4 Pos (3.52 FTE) for 25-27 to increase the number of state plans examiners to meet anticipated increases in demand	
17	7	DCBS	BCD	BCD Statewide Services				12,162,530		340,073		\$ 12,502,603	31	31.00	Y	N	S	ORS 446, 447, 455, 460, 479, 480, 593		This reduction would result in elimination of the regulatory oversight of elevators and amusement rides; boilers and pressure vessels; manufactured home ownership and structures; and structural/mechanical and plumbing inspections. The programs/activities have a statutory requirement under ORS 446, 447, 455, 460, 479, 480, and 593. This reduction option eliminates 31 positions.  *ARB request to increase limitation for increased renewal costs of Permitting & Billing systems	

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Agcy	Prgm/ Div																				
18	4	DCBS	WCD	Workers' Compensation Division - Dispute Resolution - Part 2	3			14,633,110				\$ 14,633,110	50	51.00	N		S	ORS 656.260, 656.268		Administrative dispute resolution processes will not be available to workers and other parties, leading to increased litigation and costs to the system. There may be and delays in workers receiving benefits and medical treatment to which they are entitled.  *ARB request to add 3 Pos (2.64 FTE) 4 contractual Pos., IT professional services, and IQMS costs for 25-27 for the WCD Modernization Program to continue the project (impact to multiple WCD program units).	
18	4	DCBS	WCD	Workers' Compensation Division - Dispute Resolution - Part 1	3			2,456,391				\$ 2,456,391	0	0.00	N		S	ORS 656.260, 656.268		Administrative dispute resolution processes will not be available to workers and other parties, leading to increased litigation and costs to the system. There may be and delays in workers receiving benefits and medical treatment to which they are entitled.  *ARB request to add 3 Pos (2.64 FTE) 4 contractual Pos., IT professional services, and IQMS costs for 25-27 for the WCD Modernization Program to continue the project (impact to multiple WCD program units).	
19	5	DCBS	WCD	Workers' Benefit Fund- Reemployment Assistance	3			5,074,357				\$ 5,074,357	15	15.15	N		S	ORS 656.622		Fewer injured workers will be able to return to work and those who do will have less opportunity for full wage recovery. Employers' claims costs will increase for wage replacement benefits because fewer workers will be able to return to work quickly.  *ARB request to add 3 Pos (2.64 FTE), 4 contractual IT positions costs for 25-27 for the WCD Modernization Program to continue the project (impact to multiple WCD program units).	
20	6	DCBS	WCD	Workers' Benefit Fund - Retroactive and Other Benefits	3			5,540,965				\$ 5,540,965	17	16.56	N		S	ORS 656.605		There will be reduced accountability for the expenditure of public funds and increased potential for fraudulent and inaccurate payments.  *ARB request to add 3 Pos (2.64 FTE), 4 contractual IT positions costs for 25-27 for the WCD Modernization Program to continue the project (impact to multiple WCD program units).	
21	2	DCBS	Shared Services	5% Shared Services				3,461,726				\$ 3,461,726	0	0.00	N		N			This reduction would reduce the capacity and timeliness shared services for the agency  *ARB request to add 5 pos (4.64 FTE) to meet increased division support needs	
22	4	DCBS	BCD	BCD Training and Outreach				4,230,445				\$ 4,230,445	10	10.00	Y		N	S	ORS 446.447, 455.460, 479.486, 493	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, 479.486, and 493. This reduction option eliminates 10 positions.  *ARB request to increase limitation for the purchase of an all-in-one academic learning management system	

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Agcy	Prgm/ Div																				
23	7	DCBS	WCD	Small Business Ombudsman	N/A	3		661,891				\$ 661,891	2	2.00	N	N	S	ORS 656.709		More employers may become noncomplying because they will have no advocate to assist them with obtaining required coverage. Employees who have disputes with their insurer about premiums or coverage will not have a resource to answer questions, or advocate on their behalf *No significant proposed changes at ARB	
24	8	DCBS	WCD	Workers' Compensation - Performance Management Team		3		1,691,452				\$ 1,691,452	5	5.00	N	N	S	ORS 656.726		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. *No significant proposed changes at ARB	
25	1	DCBS	Shared Services	5% Shared Services				3,461,726				\$ 3,461,726	0	0.00	N	N				This reduction would reduce the capacity and timeliness shared services for the agency *ARB request to add 5 pos (4.64 FTE) to meet increased division support needs	
26	1	DCBS	UHPGB	Universal Health Plan Governance Board		10	1,904,174					\$ 1,904,174	3	3.00	N	N	S	ORS 751.002		This reduction would result in the elimination of the Universal Health Plan Governance Board which is a nine-member board appointed by the governor and confirmed by the Senate. The board is responsible for creating a comprehensive plan to finance and administer a Universal Health Plan by September 15, 2026. The plan includes a system in which employers contribute to the cost of Oregon's health care system while retaining the flexibility to offer benefits, including a self-funded health plan, to employees. *No significant proposed changes at ARB	
							1,904,174	-	368,310,734	186,673,096	17,774,527	-	\$ 569,662,530	989	987.50						

5% OF CSL 28,483,127  
10% OF CSL 56,966,254

**7. Primary Purpose Program/Activity Exists**

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

**19. Legal Requirement Code**

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBBS

Document criteria used to prioritize activities:

**Agency Name (Acronym)**

2025-27 Biennium

**Contact Person (Name & Phone #):**

**Updated Other Funds Ending Balances for the 2023-25 and 2025-27 Biennia**

(a)	(b)	(c)	(d)	(e)	(f)		(g)		(h)	(i)	(j)
Other Fund Type	Program Area (SCR)	Treasury Fund #/Name	Category/Description	Constitutional and/or statutory reference	2023-25 Ending Balance		2025-27 Ending Balance		In CSL	Revised	Comments
					In LAB	Revised	In CSL	Revised			
Nonlimited	44000-005-00-00-00000	0450 / Workers' Compensation NL Accounts	Other -- Injured Worker Benefit Payments	Workers' Compensation NL Accounts; ORS 656.614	4,025,823	4,219,451	3,220,274	4,453,763			23-25 estimated EFB is within 5% of CSL. 25-27 deviation: earned assessable premium is expected to be higher than anticipated and expenditures are expected to be lower.
Nonlimited	44000-006-00-00-00000	0696 / Workers' Benefit Fund	Other -- Injured Worker/Employer Benefit Payments	Workers' Benefit Fund; ORS 656.506	124,622,048	123,721,393	108,420,918	89,352,514			23-25 estimated EFB is within 5% of CSL. 25-27 deviation: A \$15 million transfer from WBF to BOLI is now anticipated in FY 2026.
Limited	44000-011-00-00-00000	0450 / CBS Fund	Operational	Workers' Compensation System	83,857,466	153,937,830	109,534,406	141,233,965			23-25 deviation: The beginning balance here is the same as from the 21-23 BI; should be ~\$126 million instead of ~\$81 million; the resulting variance with an updated balance is due to unincurred WCD modernization costs 25-27 deviation: Both the loss cost multiplier (loss costs are admin costs associated with processing WC claims; the LCM adjusts the premium costs to factor in the admin costs) and the pure premium rate forecasts increased after budget development at ARB. These are direct indicators for projected tax revenue that have resulted in a higher projected tax revenue total. Additionally, the revised balance does not include ~\$30 million in WCD modernization costs that have not yet been approved, but were expected in the development of the 25-27 ARB
Nonlimited	44000-018-00-00-00000	1039 / PreNeeds Funeral Trust	Trust Fund -- Restitution to Consumers	PreNeeds Funeral Trust; ORS 97.945	844,059	1,678,874	1,134,741	1,855,013			The 23-25 and 25-27 deviations are both driven by planned restitutions being greater than actual restitutions.
Limited	44000-017-00-00-00000	0450 / CBS Fund	Operational	Central Services	0	0	0	0			The Central Services Division does not maintain a budgeted ending fund balance. DCBS policy FIN-01 controls the determination of reserve amounts and needed cash flows.
Limited	44000-018-00-00-00000	0450 / CBS Fund	Operational	Division of Financial Regulation	253,151,422	250,732,304	465,413,735	366,521,187			23-25 estimated EFB is within 5% of CSL. 25-27 deviation: -21%; CSL ending fund balance includes a phase out of the Reinsurance Program; the limitation is then requested in a POP at ARB which will reduce the fund balance to ~\$348 million (a deviation of 5.3% from the revised EFB)
Limited	44000-019-00-00-00000	0450 / CBS Fund	Operational	Building Codes Division	42,739,485	56,622,509	33,733,727	43,466,032			23-25 deviation: Revenues continued to come in higher than expected during the biennium and expenditures were lower than anticipated. 25-27 deviation: Revenues continue to come in higher than expected.