

AGENCY OVERVIEW

Mission

The Department of Consumer & Business Services' mission is to protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.

What we do

DCBS is Oregon's largest business regulatory agency. The department administers state laws and rules to protect consumers and workers in the areas of:

- Workers' compensation
- Occupational safety and health
- Financial services and institutions
- Insurance
- Building codes
- Targeted contracting opportunities for small businesses

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

Our goals

DCBS has three fundamental goals to advance the department's mission:

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

In pursuing these goals, DCBS programs contribute to progress on a comprehensive list of departmental performance measures, described later in this document, as well as two specific Oregon Benchmarks:

- Benchmark #9: Oregon's national rank in the cost of doing business.
- Benchmark #54: Percentage of Oregonians without health insurance.

At the same time, DCBS programs help achieve Governor Kulongoski's "Oregon Principles" of public safety, health, economic development, and government efficiency and accountability.

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Our strategies

DCBS divisions apply the following strategies to achieve the department's mission and goals:

- Seek input from stakeholders and the public to identify areas of greatest concern to consumers, workers, and the businesses we regulate.
- Focus our efforts on improving outcomes for consumers and workers, not simply on improving processes.
- Structure our regulatory programs to impose the minimum burden on regulated businesses consistent with achieving the desired outcomes.
- Promote choices and access for Oregon consumers and businesses by supporting the success of industries in the economic sectors we regulate.
- Use a variety of approaches (regulation, enforcement, education, consultation, direct service delivery, etc.) in the most appropriate combinations to achieve our results.
- Use technology and other tools to make it as easy as possible for others to exchange information and do business with us.
- Work with customers to solve problems and make every contact a positive experience.
- Measure results achieved by our programs and approaches and re-evaluate the programs and approaches to find further improvements.
- Continually improve our cost-effectiveness and ensure that our services provide value to consumers, workers, and businesses.
- Evaluate, develop, and maintain appropriate levels of human, organizational, financial, and other resources necessary to carry out our responsibilities.

Program delivery

Workers' Compensation Division

ORS 656; OAR 436

Protects injured workers' benefits and rights within the workers' compensation system by:

- Investigating to ensure that employers maintain workers' compensation coverage.
- Ensuring that workers receive accurate and timely benefits through education, audit, consultation, and investigation.
- Ensuring that injured workers receive quality medical care by certifying and monitoring managed care organizations and their contracts, responding to inquiries, and developing medical fee schedules.
- Facilitating early return-to-work for injured workers by offering incentive programs to employers.
- Resolving medical, vocational, disability, and other disputes through alternative dispute resolution.
- Providing consultation and technical assistance to workers, employers, insurers, claims examiners, attorneys, medical providers, and others.
- Reimbursing insurers for expenditures eligible for reimbursement from the Workers Benefit Fund.

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

Oregon Occupational Safety and Health Division (Oregon OSHA)

ORS 654, 656, 658; OAR 437

Advances and improves workplace safety and health for all Oregon workers, helps reduce the incidence of workplace injuries and illnesses, and reduces the cost of workers' compensation insurance by:

- Inspecting worksites for safety and health violations, focusing on high-hazard industries and places of employment where workers are more likely to be injured or exposed to health hazards.
- Investigating workplace fatalities and major accidents and responding to safety and health complaints.
- Providing non-regulatory services including consultation, training, and technical services for employers and employees, and voluntary safety and health recognition programs for employers who have become self-sufficient in effectively managing safety and health within their organizations.
- Addressing workplace safety and health hazards through promulgation of appropriate occupational safety and health regulations.

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

Building Codes Division

ORS 446, 447, 455, 460, 479, 480, 670, 693; OAR 918

Ensures safe building construction while supporting a positive business climate by:

- Adopting and administering uniform statewide building codes.
- Certifying inspectors and licensing trade professionals.
- Providing building code and rule interpretation.
- Providing oversight of local government building departments and dispute resolution.
- Taking appropriate enforcement action in response to license, code, and permit violations.
- Conducting inspections where local government or other entities do not provide this service.

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

Insurance Division

ORS 731-752, OAR 836

Ensures the financial soundness of insurers and promotes the availability and affordability of insurance and the fair treatment of consumers by:

- Licensing insurance companies and monitoring their solvency

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- Reviewing insurance products and premium rates for compliance
- Licensing insurance producers and consultants
- Resolving consumer complaints
- Investigating and penalizing companies and producers for violations of insurance law
- Monitoring the marketplace conduct of insurers and producers
- Educating the public about insurance issues
- Advocating reforms that protect the insurance-buying public

Funding Source: Insurance assessments, fees and charges for service, workers' compensation premium assessments, federal funds spent as other funds, and investment income.

Division of Finance and Corporate Securities

ORS 59, 645, 650, 705, 706, 722, 723, 725, 726; OAR 441

Encourages a wide range of financial services, products and information for Oregonians, provided in a safe, sound, equitable, and fraud-free manner by:

- Supervising state-chartered or state-licensed financial institutions and financial service providers, including banks, credit unions, consumer finance companies, pawnbrokers, mortgage lenders, and money transmitters.
- Regulating the issuance of securities offerings and licensing of individuals and entities and salespersons who sell securities so that investors are afforded basic consumer protections and have access to a wide range of financial products and services with confidence about the level of regulatory oversight.
- Supporting a business climate where innovative financial products and services are available to the public, while ensuring that they are delivered in a safe and sound manner.
- Administering and enforcing applicable laws and regulations with an emphasis on fair, professional, and objective treatment for both consumers and businesses.
- Promoting investor and consumer education so that the public can recognize and avoid fraud or products and services inappropriate to their financial goals and needs.

Funding Source: Assessments, license fees and charges for service, fines, and investment income.

Workers' Compensation Board

ORS 656; OAR 438

Provides timely and impartial resolution of disputes arising under the Workers' Compensation Law and the Oregon Safe Employment Act by:

- Producing timely and legally supportable decisions.
- Conducting an efficient, effective, and expeditious review of appealed cases.
- Processing cases to the Court of Appeals in a timely manner.
- Promulgating and adopting administrative rules.
- Providing timely scheduling of hearing requests.
- Providing mediation services to parties requesting an alternative to the hearing process.
- Sharing administrative services with DCBS, which eliminates duplication at WCB.

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

Oregon Medical Insurance Pool

ORS 735.600 - 735.650; OAR 443

Reduces the state's overall uninsured rate by providing health insurance options to people who would otherwise be without coverage, and protects enrollees by providing coverage for their expensive chronic diseases. OMIP does this by:

- Providing health insurance for Oregonians who have been turned down for individual health insurance because of health conditions.
- Providing health benefit portability coverage to Oregonians who exhaust employer-provided COBRA benefits and have no other portability options and to individuals who move out of their current portability carrier's service area.

Funding Source: Assessments on health insurance companies, premium payments, reimbursements from Insurance Pool Governing Board, and investment income.

Office of Minority, Women, and Emerging Small Business

ORS 200.005 - 200.200; OAR 445

Ensures that minorities, women and emerging small businesses have access to targeted contracting opportunities in both the public and private sectors by:

- Administering certification programs designed to document the status of minority-owned, women-owned and emerging small businesses for targeted public and private contracting opportunities.
- Maintaining online directories of certified firms for use by public jurisdictions, prime contractors, and private industries when soliciting firms for participation in targeted projects with contracting goals.
- Maximizing the opportunity for disadvantaged-, minority-, women-owned firms, and emerging small businesses to participate in targeted contracting opportunities in the state.

Funding Source: Assessments to state agencies and transfers from the Oregon Department of Transportation.

Ombudsman for Injured Workers

ORS 656.709

Advocates for injured workers in their dealings with the workers' compensation system by:

- Providing workers with information and training about rights and benefits
- Investigating and acting to resolve complaints
- Reporting and making recommendations about how injured workers may be better served

Funding Source: Workers' compensation premium assessments and investment income.

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Small Business Ombudsman

ORS 656.709

Operates as a resource center for small employers, insurers, trade groups and agents needing workers compensation information and assistance. The primary goal is to ensure that small employers are provided all the information and support necessary to navigate the different facets of the Oregon workers compensation system by:

- Providing information through educational seminars, workshops, presentations, and individual counseling to employers, business groups and trade associations.
- Intervening in, investigating and resolving disputes between employers and agents, insurers, rating organizations and other regulatory agencies.
- Advising other agencies and the DCBS director to ensure small employers are not unfairly burdened by workers compensation regulations or costs.

Funding Source: Workers' compensation premium assessments and investment income.

Office of Regulatory Streamlining

Executive Order 03-01

Works to simplify state business regulations and improve Oregon's business climate by:

- Serving as a state-government-wide clearinghouse for best practices, specific projects, multi-agency projects, and business sector initiatives.
- Collecting and reporting ongoing statewide customer service efforts.
- Partnering with state and local agencies to ensure that regulatory processes are as minimally burdensome as possible, consistent with achieving desired protections for Oregonians.
- Conducting outreach activities with the goal of informing business and other stakeholders and developing partnerships that will advance the state's streamlining efforts.

Funding Source: Assessments to various state agencies.

Central Support (Shared) Services

ORS 705; OAR 440

Provides effective direction, leadership, and resources to support the department's programs and stakeholders and maximize cost efficiencies by:

- Providing leadership and general supervision of all program areas.
- Achieving consistency in policy direction, program strategies, and operational management.
- Leading DCBS' efforts as a key agency in the governor's regulatory streamlining initiative.
- Providing recruitment, labor relations and contract administration, staff development, affirmative action, workplace safety and early return to work programs.
- Providing public information, publication, Web site, and graphic design services.
- Collecting, storing, processing, analyzing, and reporting information.

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- Providing internal audit services.
- Coordinating service delivery to Oregonians with limited English proficiency.
- Providing computer services, systems development, and research and analysis.
- Administering centralized accounting, budgeting, collections, contracting, facilities and property management, payroll, purchasing, and mail services.

Funding Source: Charges to DCBS divisions and federal funds spent as other funds.

Accomplishments, 2003-2005

DCBS accomplishments during the current biennium will be described more fully in the discussion of each division or office. Examples include:

- Implemented the “My License” online license application and renewal system for five license types. The department will extend that to over 80 license types by the end of 2005. DCBS has obtained enterprise-wide authority to expand this service, and will pursue that effort as a multi-agency initiative to improve licensing procedures throughout state government.
- DCBS implemented the nation’s most comprehensive online directory of state licenses and permits. The state-government-wide directory allows businesses, professionals, and citizens to obtain licensing requirements, fee information, application information, and agency contacts. In many cases, users can also search for and check the status of current license holders.
- The Insurance Division provided relief for consumers in over 75 percent of confirmed complaints. Overall, division consumer advocates also responded to 31,972 inquiries and closed 6,820 complaints.
- More than 8,000 Oregonians received restitution totaling over \$8 million as part of a multi-state \$484 million consent judgment with Household International, Inc., for mortgage-lending violations.
- Thousands of Oregon consumers received information to help them avoid fraud and make sound decisions as a result of public education and direct community outreach by the DCBS Insurance, Finance & Corporate Securities, and Building Codes divisions.
- Oregonians’ risks from payday lending, an expensive and fast-growing form of consumer finance, have been reduced as a result of administrative rule changes and actions by the DCBS Division of Finance & Corporate Securities. The division has also successfully urged credit unions around the state to offer low-cost alternatives to payday and title lending.
- Oregon workers are safer on the job. Workplace injury and illness incidence rates have declined since 1988 by 50 percent and workers’ compensation fatality claim rates by 63 percent, repeatedly marking record lows. The 2003 total cases incidence rate of 5.6 is a 6.7 percent decrease from the 6.0 rate recorded in 2002.

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- Employers have saved money due to low workers' compensation premium rates. There was no average change in workers' compensation premium rates for 2003, 2004, or 2005 and average decreases occurred every year from 1991 to 2002. The cumulative decrease translates to a 57.4 percent reduction in pure premium rates and \$10.1 billion in direct savings for Oregon employers. Oregon's national rank in workers' compensation costs improved from sixth highest in 1986 to 35th highest in 2002 and then improved further, to 42nd highest in 2004. At the same time, the department reduced the workers' compensation premium assessment, which funds DCBS programs, in both 2004 and 2005.
- Increased use of mediation at the Workers' Compensation Board as an alternative to the hearings/review process plus implementation of administrative dispute resolution has benefited employers and workers, saving time and expense.
- The Workers' Compensation Division has reduced claim-error letters to insurers by 37 percent.
- Employers and workers will save time and effort with a shorter form on which to report an injury claim. It's now a one-page form with one page of instructions. (Form 801)
- Financial institutions' regulatory burden will be minimized by the Division of Finance & Corporate Securities' transition from transaction-based to risk-based examinations of chartered institutions and licensed entities. This provides a more accurate picture of soundness and compliance with laws and regulations while using limited division staff resources more effectively.
- Plumbing contractors will find it easier to determine permit costs using a simplified fee structure. The new system replaced complex fee calculations that counted rooms, fixtures, feet of pipe, service hookups, etc. The new fee schedule is revenue neutral.
- Contractors now have access to rapid-approval processes for essential building projects. The Building Codes Division has also promoted alternate inspection/plan review programs.
- A new statewide code-interpretation process for use in all local and state building agencies will improve consistency and simplify the system for builders and tradespeople.
- Minority, women-owned, and emerging small businesses will face simplified certification procedures, resulting in a savings for these businesses of an estimated 13,500 sheets of paper and \$18,000 (affidavits, postage, registered mail, etc.) for the biennium.
- Oregon construction contractors may find it easier to secure liability insurance through a market assistance plan for contractors. The MAP was developed to help those hit hardest by problems in the liability insurance marketplace, including residential builders, framers, siders, roofers, and window and door installers.
- More than 70 percent of nonresident insurance licensing applications are processed electronically and nearly 17 percent of product filings are received electronically. The Insurance Division also offers electronic options to consumers, who now file 38 percent

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of complaints against insurance companies electronically. The division conducts most market and all financial examinations electronically.

Anticipated results, 2005-2007

Specific results targeted with the resources requested for the department for the 2005-2007 biennium include:

Workers' Compensation Division (WCD)

- Improve customer service and streamline processes
 - ✓ Participate in the development of a Central Business Registry to enable employers to comply with workers' compensation coverage requirements.
 - ✓ Evaluate forms and reporting processes and ensure they are written at an acceptable reading level.
 - ✓ Progress toward electronic reporting of claims instead of the current paper-based process.
- Lead a medical quality initiative to slow the rate of medical cost inflation by developing treatment guidelines for injured workers, training and certification for medical providers, and a feasibility analysis for moving medical billing and reporting into an electronic environment.

Oregon Occupational Safety and Health Division (Oregon OSHA)

- Identify the types of injuries with the highest frequency and use Oregon OSHA's training, consultation and enforcement activities to educate employers to identify and correct the hazards most likely to cause these injuries.
- Heighten awareness of no cost/low cost opportunities to improve the safety of Oregon workers through focused OR-OSHA initiatives "Safe Jobs, Smart Business" and "Safety Break for Oregon."
- Use the division's new core manual to help employers comply with OR-OSHA regulations by easily accessing requirements that apply to their industry.
- Aggressively market the Voluntary Protection Program (VPP) and the Safety and Health Recognition Program (SHARP), which improve employers' and employees' ability to make workplaces safer.

Building Codes Division

- Streamline regulations and regulatory processes
 - ✓ Focus regulatory practices on life-safety issues and assisting customers in meeting Oregon's building requirements.
 - ✓ Implement a regional e-pay permitting system that will allow contractors in the Portland Tri-County area to apply and pay for all permits online.
 - ✓ Continue to develop alternatives for contractor and homeowner permitting.
 - ✓ Continue to focus on fewer changes to construction codes.
 - ✓ Increase permits transferable from one jurisdiction to another.
 - ✓ Continue simplifying and consolidating permit fees.

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- Improve services
 - ✓ Expand e-pay in state and local jurisdictions.
 - ✓ Collect more customer feedback and modify programs accordingly.
 - ✓ Make the most of resources through expanded coordination with stakeholders.
 - ✓ Fully implement the interactive licensing system.
 - ✓ Offer web-based continuing education training.
- Enhance statewide consistency
 - ✓ Expand training and education outreach for inspectors and contractors.
 - ✓ Develop statewide standards for local government operations.
 - ✓ Continue to study the implementation of a statewide e-pay permitting system.
 - ✓ Fully implement statewide code interpretation process and develop accountability mechanisms to ensure that all inspectors follow interpretations.

Insurance Division

- Refine market oversight programs to better target resources and use enforcement tools when appropriate to ensure compliance with insurance laws. This includes interstate collaboration to address common consumer problems and ensure efficient use of resources.
- Ensure companies remain solvent and have the financial resources to pay future claims and enhance effectiveness in financial regulation by focusing on a risk based approach.
- Expand the availability and affordability of insurance by developing market assistance plans and other targeted solutions for troubled insurance markets, such as medical malpractice and contractor liability.
- Emphasize quality customer service and access by increasing the division's use of technology and achieving uniformity with other states where consistent with consumer protection.
- Obtain relief for the consumer in a high number of complaint cases while continuing to resolve those complaints efficiently.
- Expand electronic rate and form filing, use checklists for product standards, provide regulatory approval to product filings in a timely manner, and work with other states to create uniform rate and form filing procedures and requirements.
- Expand electronic producer licensing and collaborate with other states to promote more uniformity in producer licensing.
- Continue to automate multi-state financial and market-conduct examination reports, tax returns, financial statements, and fund transfers.
- Review division programs in an effort to create more efficiency by streamlining processes and eliminating outdated regulatory practices.

Division of Finance and Corporate Securities

- Ensure the soundness of state-chartered banks, credit unions and trust companies in partnership with the primary federal regulators for these industries.
- Web-based licensing, registration, reporting, and payments will make division interactions with regulated entities and individuals quicker, easier, and less expensive.

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- Increase compliance with licensing statutes by means of prompt investigation of reported violations and prompt enforcement action where warranted.
- Continue to help Oregonians avoid becoming victims of investment scams and predatory lending practices and address investor and homebuyer questions and concerns through consumer education and information activities.
- Further refine the use of risk-focused supervision processes so that Oregonians can remain confident that state-chartered and licensed institutions are operating at desired levels of acceptability and soundness.
- Additional streamlining of regulatory licensing, registration and examination processes will leverage available technology, enhance customer service, develop more consistent and equitable fee structures, minimize regulatory burdens, and use staff resources more efficiently.

Workers' Compensation Board

- The Board Review Division will maintain its status of no backlog of cases on appeal.
- Oregon OSHA disputes will be resolved in a timely, efficient manner.
- Complete the conversion to a digital recording environment for recording hearings, which is more efficient, reliable, and economical.
- The Board review process will be refined to minimize the time between request for Board review and issuance of Board order without sacrificing quality decisions.
- Programming of the automated data and docket scheduling system will be improved.

Oregon Medical Insurance Pool

- Develop data to evaluate the long-term impact of the third party administrator's Healthy Heart and Diabetes disease management programs.
- Develop new targeted and aggressive case management or disease management programs based on data that profile the OMIP population according to primary diseases and co-morbidities.
- Develop new policies or strategies to manage drug expenditures and utilization without compromising the health outcomes of OMIP clients, based on ongoing analysis of the impact of prescription drugs on claims and costs.
- Work with the insurance industry to explore alternatives to managing the growth of the assessment that insurers pay to cover the OMIP expenditures that enrollee premiums do not cover.
- Develop expanded ongoing reviews and data reports to assure that the performance of the TPA meets expectations in its contract with OMIP.
- Enhance the in-house electronic data set and capabilities with enhanced automated reporting, expanded analyses, and sophisticated data management to better evaluate trends in medical costs, utilization, administrative costs, premiums, enrollee satisfaction, reasons for termination, new enrollee understanding of their benefits, reasons for appeals, case management care, policy exception requests, phone call logs, and comparisons to commercial benefit plans.

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- Improve member communication and customer service. Continue the public meetings that began in 2000. Examine the customer satisfaction surveys to determine how to improve customer service, program management, or TPA management.

Office of Minority, Women, and Emerging Small Business

- Provide timely and accurate certification decisions and provide technical certification assistance to applicants.
- Partner with the governor's small-business and minority-, women-, and emerging-small-business advocate to expand the availability of the directory of certified firms to promote broader use by private businesses.
- Expand outreach efforts to remote areas of Oregon to promote access to business opportunities.

Ombudsman for Injured Workers

- Provide information and make recommendations to MLAC with respect to workers' compensation issues, from the perspective of injured workers.
- Outreach to injured workers and stakeholders with an emphasis on making the Ombudsman more visible and accessible to Oregon's ethnically diverse communities and those with disabilities.
- Increase collaboration with other agency divisions, other agencies, and the private sector to increase the Ombudsman's effectiveness in injured worker advocacy.

Small Business Ombudsman

- Outreach to stakeholders to facilitate small business access to the Ombudsman.
- Partner with various state agencies to ensure the services of the office are maximized.

Office of Regulatory Streamlining

- Help implement statewide and DCBS-specific regulatory streamlining projects, to include providing customers with easy and efficient access to information, services and on-line transactions (e-government) such as the Central Business Registry, the "My License" online licensing system, and expansion of the license directory to cities and counties.
- Begin a pilot project on coordinated licensing for small retailers, such as convenience stores, that are currently licensed by multiple state agencies with differing processes and requirements.

Central Support (Shared) Services

- Improve the reliability and cost effectiveness of the infrastructure supporting DCBS programs, including participation in enterprise initiatives such as the Computing and Networking Infrastructure Consolidation (CNIC) project.
- Improve collection of revenues and owed funds.
- Coordinate the management and maintenance of an effective business continuation plan to ensure necessary service to customers under any conditions.

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- Continue a succession planning process to ensure key positions can remain filled with qualified individuals.
- Continue implementation of an effective and accurate customer feedback tool.
- Continually evaluate products and materials in use by the department for effectiveness, sustainability, and cost efficiency.
- Provide information and analysis for program evaluation and policy decision making.
- Maintain progress on Affirmative Action and diversity goals.

Cost control, administration and interagency coordination

Cost control

Because the agency relies primarily on Other Funds, DCBS programs have a very direct revenue connection to their stakeholders: The stakeholders pay specific fees and assessments to support specific department services.

- Constant interaction and the use of advisory groups for input and feedback allows DCBS to maintain an appropriate balance between the need to pay for regulatory and service programs and the need to avoid undue burdens on businesses, licensed professionals or tradespeople, and workers.
- The specialized nature of the department's Other Funds revenue sources makes it relatively easy to evaluate service levels and costs for specific programs, balancing the need to maintain an effective regulatory and service framework with the need to minimize fees and assessments.

At DCBS, this kind of evaluation has resulted in program cuts in recent years to reduce costs in the Building Codes Division, the Workers' Compensation Division, and the Occupational Safety and Health Division (OR-OSHA). In the case of WCD, staff reductions resulted from reduced caseloads, which in turn were the outgrowth of workers' compensation system reforms. In OR-OSHA, the division prioritized services and cut staff so that DCBS could hold down the cost to employers of the workers' compensation premium assessment, which is paid as a percentage of their workers' compensation insurance costs. The Building Codes Division has made cuts this year to rebalance program needs and resources.

Program evaluation is a regular part of the department's budget-building process, with the goal of ensuring that only programs that deliver value to Oregonians are funded, and that they are funded at an appropriate level.

Administration

DCBS' present configuration is the result of agency mergers, program changes, and workload increases that have led to increased size and complexity over the years. The department has maintained its central support or shared services at a constant level relative to agency growth.

A complete discussion of administrative costs for DCBS shared services and individual program divisions is offered later in this document, as part of the explanation of our shared services.

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However, specific examples of actions taken to reduce administrative costs during the 2003-2005 biennium include:

- Where possible, work functions that formerly required travel to a remote site are carried out instead from the office (e.g., pawnbroker paper exams in lieu of an onsite exam).
- Subscriptions and memberships in professional organizations are limited.
- Office supply and equipment purchases are limited to an approved list of supplies; ordering is consolidated within divisions.
- Phone lines in conference rooms were modified to allow outgoing calls only, thus saving line fees for those phones.
- Copier lease practices were modified by extending lease length and right-sizing copiers, saving an estimated \$138,000 per biennium.
- Maintenance agreements were canceled where not cost-effective.
- Deferred purchasing new personal computers.
- Discontinued most use of color printing.
- Most new employees are hired only at the first or second step of the salary range.
- Promotions are limited to a one-step salary increase.
- No salary increase is given for lateral transfers.
- Positions are held vacant for an average of longer than 30 days.
- Out-of-state travel is limited to situations where it is client-related, necessary for program continuation, or required by federal grants.
- The number of employees attending necessary out-of-state conferences is strictly limited.

Interagency coordination

DCBS coordinates regularly with other public agencies and organizations to avoid duplication, minimize costs, and improve consistency. Examples include the following.

- The Office of Regulatory Streamlining works with dozens of state agencies as well as stakeholders to identify and pursue opportunities to simplify business regulation state-government-wide. The office has helped coordinate hundreds of individual projects, saving businesses and agencies time, money, paperwork, and frustration.
- Three DCBS divisions – Building Codes, Insurance, and Workers' Compensation – work with the Construction Contractors Board to ensure that overlapping regulatory efforts are coordinated effectively. A recent example is the collaboration between CCB and the Insurance Division to help address the difficulty contractors are encountering in securing liability insurance.
- The Division of Finance & Corporate Securities coordinates regulation of pre-need funeral services and endowment care with the Mortuary and Cemetery Board, because providers regulated from a financial service standpoint by the DFCS program are often also regulated from the standpoint of their core services by the mortuary board. Thus, both agencies and their stakeholders benefit from coordinated information sharing.

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- The Building Codes Division, at the legislature’s direction, established a Tri-County Service Center to coordinate building code and permitting services with the 27 local jurisdictions that provide those services in Multnomah, Washington and Clackamas counties. The center facilitates uniform code application, inspection and permitting procedures and fees throughout the region so that builders and tradesmen operating across jurisdictions can count on consistent requirements and services. Innovations piloted by the Tri-County Center are now being expanded to other local jurisdictions as well.
- DCBS participates and plays a leadership role on numerous interagency committees with the Department of Administrative Services, with the goal of improving the state’s enterprise-wide approach in efforts. These include the CNIC project to consolidate state data centers, the central business registry, the enterprise business continuation plan, and the “My License” online licensing project.

Agency management initiatives

DCBS uses a continuous strategic planning process to develop, implement, monitor, and update department-wide initiatives that support effective operations and achievement of agency goals, intermediate and high level outcomes, and pertinent Oregon Benchmarks. Current initiatives include:

E-government

DCBS is implementing a wide range of e-government projects, including online titling of manufactured structures and dealer licensing; online filing and payment for mortgage loan originator licensing, insurance agent licensing, and building codes permitting; electronic data interchange with workers’ compensation insurers for claims information; a Web wizard to provide businesses with relevant workplace safety and health information; an online request form for Workers Compensation Board Hearings Division appeals; and a statewide multi-agency database of licenses and permits allowing online lookups of licensing requirements with downloadable application forms. With these projects, the department can be more efficient and processes will be less cumbersome, more timely, and more accessible for businesses.

Business continuation

DCBS has developed contingency plans to enable the agency to respond and carry out its responsibilities to the citizens of Oregon in the event of a local or regional disaster or other event that disrupts department operations. The department’s functions have been prioritized and plans developed to ensure those functions are back in service in a timely and cost-effective manner. Examples of critical agency functions that Oregonians would need in the event of a disaster include Oregon OSHA workplace-fatality investigations, Building Codes Division structural inspection services, insurance consumer-advocacy services, support for workers’ compensation claims processing, and more.

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Program review

DCBS has developed a program review model for use in determining whether individual programs continue to be appropriate and necessary and delivered in the most effective and cost-efficient manner. The department has started, completed, or is planning reviews that range from entire statutory programs to specific regulatory requirements that may be streamlined or eliminated. Review and resultant streamlining must be achieved as the agency continues achieving its mission of protecting consumers and workers. Examples of reviews include evaluations of pawnbroker regulation; consumer finance regulation, including payday lending; the workers' compensation premium-assessment process; vocational assistance programs in the workers' compensation system; the Oregon-OSHA alternative-dispute-resolution process and Occupational Health Laboratory; the building codes recreational vehicle program; our departmental training and safety programs; and our research services.

Customer service

DCBS adopted an agency-wide customer-service initiative that guides the department in defining and setting customer-service standards. Expectations include providing prompt, complete, accurate, and easy-to-understand information; listening to our customers; facilitating compliance through information and training; and providing solutions wherever possible. Our customers should expect easy access to us by phone, e-mail, letter, Internet, or in person. Our responsiveness should be timely and helpful. We are conducting function-specific training for division employees to further these goals. To help us evaluate our success, we are conducting customer-service surveys about how we interact with our customers.

Succession planning

This initiative recognizes the importance of developing employees so that they can be competitors for positions of leadership within the agency and in state government. Three "tracks" were developed: budget, mid-level management, and executive-level management. Each track identifies critical skills and knowledge required by leaders in those areas. Regardless of employees' future placement, participation in any of the tracks should give them a better understanding of state management issues and a deeper reservoir of skills to improve their own performance and that of their administrative units as well as make them competitive with internal and external candidates for leadership positions.

Regulatory streamlining

In addition to its role as the coordinator of the statewide regulatory streamlining initiative, DCBS has a number of related initiatives within its own operations that support regulatory streamlining by simplifying and speeding up the conduct of business with regulated persons, businesses, and the general public.

Examples:

- Risk-based examinations of financial institutions take less time, reduce the disruption of an institution's operations, and produce a more accurate profile of its soundness.
- Oregon OSHA is condensing its standards into an easy-to-read manual of core rules that affect all employers.

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- The Building Codes Division is streamlining licensing, certification, and registration issuance and renewal processes.
- The Building Codes Division is working to reduce the number of state-specific changes to code, which it is based on national code.
- The Workers' Compensation Division conducted a comprehensive review of the workers' compensation claim-reporting system; the review identified a number of complicated reporting burdens on workers, employers and insurers that yielded unnecessary information. This led to changes that reduced the frequency and number of required claims reports from insurance companies; reduced a five-page report injured workers and their employers must complete to a two-page report; ended requiring entire forms to be filed when only specific information is needed; and eliminated extensive reports that were sent to insurers and that required processing by them, yet did not provide useful information.

Customer service, process improvement and e-government, all mentioned earlier, have direct ties to regulatory streamlining.

Environmental Factors

The Economy

Oregon's economy is beginning to recover from the recent recession, but is not yet robust. The state is expected to follow the nation through recovery, although unemployment and economic uncertainty in many industries remain high. DCBS programs serve businesses and their employees in every economic sector, and thus the department must remain sensitive to economic fragility as it projects service levels and works to limit fees and other regulatory burdens. At the same time, the department must meet its statutory duties and preserve its capacity to function effectively and efficiently in an environment of increased demand for consumer services and regulatory action.

Historically, economic recovery periods are often characterized by increased workers' compensation claims rates as new workers are brought on the job and production pressures increase. DCBS has initiated a new "Safe Jobs, Smart Business" campaign to help businesses make certain that improved economic performance does not coincide with increased injury and illness rates. The campaign's goal is to use partnerships with industry associations, labor unions, and other organizations to share resources and help employers build safety into their business plans, so that claims rates and thus workers' compensation costs remain low.

The Building Codes Division also plays an integral role in the state's business recruitment and expansion efforts by facilitating development projects and removing barriers to rapid construction.

Population Growth/In-migration

Oregon's population reached upward of 3.5 million in 2003, an increase of 120,000 or 3.5 percent since 2000. Although it slowed during the recession, population growth continued even

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during that period. Population is expected to reach 3.7 million in 2007, adding 37,000 to 43,000 residents annually.

Although rates are not expected to return to the rapid increases of the early and middle 1990s, continued population growth will nonetheless slowly increase customer demand for products and services regulated by the department and in turn increase the level of consumer inquiries and complaints that those products and services generate. The department strives to meet this demand through innovative use of technology to increase efficiencies, expand public access to information and reduce response time in handling information requests.

In-migration of new business from other countries and neighboring states will continue, although at a slower pace. OR-OSHA is working to inform these individuals and businesses of their responsibilities in meeting and understanding Oregon's safety and health requirements. The Safe Jobs, Smart Business initiative mentioned earlier specifically focuses on conditions related to economic growth. The Small Business Ombudsman is available to assist with workers' compensation questions. The Office of Regulatory Streamlining promotes and facilitates efforts to simplify and ease business compliance with state regulatory requirements. All agency programs have implemented streamlining activities.

Racial and ethnic diversity in Oregon has increased tremendously in recent years. This will continue to have an impact on the businesses and other constituencies served by DCBS. In-migration of ethnically diverse people into Oregon requires the department to increase the number of its multilingual staff members and make its public information accessible to non-English speakers. To enhance communication and coordinate outreach efforts both internally and externally, DCBS has active Multicultural Communications and Affirmative Action programs.

Aging of the Population

The population of older wage earners (aged 45-64) has been growing and will continue to grow at a faster pace than Oregon's overall population as a result of the Baby Boom effect. The elderly population (65+) accounts for 13 percent of the total population. As the baby-boomer generation ages, the demand for retirement funds will increase. This will require more investor and consumer education due to the increased vulnerability of senior citizens to investment and Medicare fraud. The Division of Finance and Corporate Securities is continuing an education program targeting older citizens and others investing for their retirement. The Insurance Division supports a program of volunteers to provide health insurance information to seniors, and recently adopted rules requiring insurance producers to consider the suitability of life insurance policies for the consumers they sell them to. The Insurance Division is also developing new rules relating to long term care insurance.

As the population ages, the nature of occupational injuries and illness changes. OR-OSHA enforcement and consultation programs take this change into account and focus on cumulative trauma injuries and ergonomics in the workplace.

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Health-Care Issues

The cost of health care continues to outpace the overall rate of inflation, and many Oregonians still have no health insurance. As health-care costs continue to increase, some employers will drop coverage for their workers. Some of these individuals have health risks that preclude them from obtaining coverage in the individual market, making them candidates for the Oregon Medical Insurance Pool. The Insurance Division and the Oregon Medical Insurance Pool will continue to work for insurance reform to improve the availability and affordability of health care services and insurance. This will include continued monitoring of the success of the state's reimbursement program for medical malpractice insurance and active involvement in public discussion of any further measures needed to address medical malpractice market problems.

Changing Workplaces and Industries

The department must be able to continue to respond to changes in regulated industries and activities as more complex and sophisticated business practices and new technology evolve.

Regulation of the Financial Industry

Major issues such as rapid growth of payday and title lending, new scams aimed at defrauding consumers, and other changes continue to affect the way national and state regulators oversee the financial services industry. The divisions of Insurance and Finance & Corporate Securities continue to deal with these issues and play a key role in bringing Oregon's regulatory system into conformance with federal and interstate practices and standards while ensuring fair treatment of consumers of financial products.

Rapidly Changing Information Technologies

The world of electronic information processing, transfer, and retrieval continues to evolve at an ever-increasing pace. This provides opportunity for industry and consumers, as well as for fraud and abuse. DCBS must remain current with these changes to protect consumers, to interact effectively with industry and other department customers, and to remain efficient in its own operations.

Criteria for 2005-07 budget development

The DCBS budget request is based on the following criteria.

- Implement legislative mandates to protect consumers and workers while supporting a positive business climate.
- Support Oregon Benchmarks and Governor Kulongoski's "Oregon Principles" to facilitate progress on immediate and continuing public needs and priorities.
- Provide programs and services that offer confirmed value to stakeholders while minimizing financial costs.
- Support department goals and initiatives to improve service and achieve core program purposes.
- Increase public access to information through electronic data interchange and electronic commerce.

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- Upgrade information systems to allow efficient service delivery and data management.
- Balance needs of management and labor to provide equitable, economically sustainable regulatory systems and services.
- Maintain prudent fund balances to ensure stable service levels and costs.

Performance measures

The performance measures for DCBS are described below in the “Links to Oregon Benchmarks.”