

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
- Disadvantaged business contracting

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 it regulates.

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 it serves, with excellent service to its customers.

In pursuing these goals, DCBS programs contribute to progress on a comprehensive list of departmental performance measures, described later in this document.

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Our strategies

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

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

Program delivery

Workers' Compensation Division

ORS 656; OAR 436

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

- Ensuring that employers maintain workers' compensation insurance coverage.
- Ensuring that injured workers receive timely benefits and quality medical care.
- Facilitating injured workers' early return-to-work through incentive programs to employers.
- Resolving medical, vocational, disability, and other disputes.
- Providing consultation and technical assistance to workers, employers, insurers, claims examiners, attorneys, medical providers, and others.
- Administering the Workers' Benefit Fund programs.

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

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Oregon Occupational Safety and Health Division (Oregon OSHA)

ORS 654, 656; OAR 437

Advances workplace safety and health, reduces workplace injuries and illnesses, and reduces the cost of workers' compensation insurance by:

- Inspecting worksites for safety and health violations.
- Investigating workplace fatalities, major accidents, and safety and health complaints.
- Providing training and consultation services.
- Developing occupational safety and health rules.

Funding Source: Workers' compensation premium assessment, fines and penalties, 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.
- Providing building code and rule interpretation.
- Assisting local government building departments and facilitating dispute resolution.
- Enforcing license, code, and permit requirements.
- Certifying inspectors and licensing trade professionals.
- Facilitating economic development efforts around the state.
- Conducting inspections where local entities do not.

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

Insurance Division

ORS 731-735, 737, 743, 744; OAR 836

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

- Licensing insurance companies, producers (agents), adjusters, and consultants.
- Reviewing insurance products and premium rates and monitoring insurer solvency.
- Monitoring insurers and producers to enforce insurance laws and issuing penalties for violations as appropriate.
- Helping resolve consumer complaints, advocating reforms to address common consumer problems, and educating the public about insurance issues.
- Educating the insurance industry about new legislation.

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

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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 (e.g. banks, credit unions, consumer finance companies, pawnbrokers, mortgage lenders, and money transmitters).
- Regulating the sale of securities in Oregon, reviewing securities offerings, and licensing those who sell them and those who advise about or manage securities.
- Protecting consumers, ensuring industry compliance with financial service laws, and promoting confidence in the financial system by investigating complaints and alleged violations.
- Providing education and other resources so that consumers can recognize and avoid fraud and inappropriate products and services.

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

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 and protects those with chronic illnesses 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.

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Funding Source: Assessments on health insurance companies, premium payments, reimbursements from Office of Private Health Partnerships, and investment income.

Senior Health Insurance Benefits Assistance

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

Ensures Oregon Medicare beneficiaries have accurate and objective information and understand their rights and options by:

- Providing a network of volunteers to answer questions and provide counseling to Medicare beneficiaries and their families.
- Conducting education and outreach to the public about Medicare and other health insurance options.

Funding Source: Federal funds expended as Other Funds.

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 public and private contracting opportunities by:

- Administering certification programs that document the status of such businesses.
- Maintaining online directories of such businesses for public jurisdictions, prime contractors, and private industries.
- Conducting public-education activities pertaining to certification programs.
- Acting as a resource and referral service for information on certified firms needed by state agencies, small businesses, women, and ethnic groups.

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.
- Referring injured workers to other sources of assistance.
- Reporting and making recommendations to the Governor, director, and other concerned parties 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 business employers, insurers, trade groups, and agents needing workers' compensation information and assistance by:

- Counseling employers on available choices in the workers' compensation insurance market and on their appeal rights and other options.
- Mediating solutions between employers and insurance companies on classification, audit, coverage, and premium disputes.
- Educating new and existing businesses on the fundamentals of workers' compensation coverage, pricing, and claims processing through outreach activities such as seminars, forums, and business fairs.
- Referring individuals to other sources of assistance when appropriate.
- Providing information to policymakers about initiatives, legislative concepts, and administrative rule revisions that may affect small businesses.

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 burden businesses as little as possible as they protect 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.

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 and achieving consistency in policy direction, program strategies, and operational management.
- 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, and coordinating service delivery to Oregonians with limited English proficiency.
- Collecting, storing, processing, analyzing, and reporting information.
- Providing internal audit services.

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- Providing computer services and systems development.
- 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, 2005-2007

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

- Since 1990, workers' compensation premium rates declined for 12 straight years, followed by four years of flat rates. These premium reductions have saved Oregon employers a record \$12.8 billion since 1990. Oregon employers will again see the workers' compensation premium rate reduce in 2007, when the "pure premium rate" will decrease 2.1 percent.
- Injured workers have more rights in the independent medical examination process with the ability to contest the examination location, bring in an observer during the examination, and file complaints. The Workers' Compensation Division developed training and certified more than 400 independent medical exam providers in ethical and practice standards, and established procedures to investigate and address violations.
- An expansion to the statewide License Directory, the most comprehensive online directory of state licenses and permits in the nation, means users can now locate local and federal government licenses.
- Customers can more efficiently conduct business with DCBS through electronic means — saving time and money. For example, the Building Codes Division's licensees can apply for and renew licenses online. Since this service started in March 2005, approximately 34 percent of customers have chosen this electronic method to renew their licenses. Also during this same period, the number of DCBS licenses available online has grown from 29 to 72. The Insurance Division received nearly 31 percent of insurance product filings electronically — almost double the amount from a year ago — and it conducts financial and market examinations electronically.
- With Oregon OSHA's assistance, 20 more Oregon employers have committed to making their workplaces safer for employees by joining Oregon OSHA's Safety and Health Achievement Recognition Program (SHARP) and Voluntary Protection Program (VPP). The addition brings the total number of employers in the programs to 120. These two programs help employers develop and operate an effective safety and health program that ultimately lets them become self-sufficient in creating and maintaining safer workplaces.
- Oregonians with mental health needs have more access to services and the right to an independent review if they believe their insurer is not treating mental health conditions

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the same as physical health conditions as a result of mental health parity rules adopted by the Insurance Division to implement 2005 legislation.

- Contractors in Eugene, Springfield, Lane County, Medford, and Cannon Beach can now apply and pay for over-the-counter permits online as the Building Code Division's e-permitting portal has expanded beyond the Portland tri-county area. Salem, Marion County, Redmond, Corvallis, Newberg, Woodburn, and Yamhill County are just a few of the jurisdictions that are in the process of joining.
- Injured workers from 13 Oregon cities were able to meet face-to-face with a representative from the Ombudsman for Injured Workers office during its Mobile Office Tour that traveled to Eastern, Southern, and Central Oregon and the north coast. Workers were able to discuss specific details of their claims and get on-the-spot answers regarding their benefits, rights, and responsibilities.
- Consumers looking for low-cost payday loan alternatives can use a toll-free number and a Web site to easily seek a participating Oregon credit union that provides these products. From August to December 2006, more than 1,600 consumers, from 11 Oregon counties, called the toll-free number seeking payday loan alternative information. During the same period, the Web site received more than 2,000 hits.
- To close potential gaps left by the new payday lending legislation, the Division of Finance and Corporate Securities developed new rules that more accurately define the type of lending business that can be carried out under a "conventional" consumer finance license. The rules will protect consumers from high-cost loans.
- Contractors are seeing more consistency in building codes and enforcement. Building inspectors are now required to cite the specific code sections when issuing violations, and the Building Codes Division has worked with its advisory boards to create a uniform code interpretation and appeal process, and consistent license application procedures.
- Oregon policyholders will receive more than \$800,000 as part of a multi-state settlement with Zurich American Insurance Company in which the Insurance Division participated. The settlement resolves allegations that Zurich and its subsidiaries engaged in anti-competitive practices.
- Oregon employers and workers will pay less in workers' compensation fees in 2007. Both the workers' compensation premium assessment and the Workers' Benefit Fund assessment rates will decline in 2007. DCBS has been able to keep these rates low by administrative cost savings and improved collections. For example, in the past year the department collected \$5 million in claim costs and penalties from employers that failed to provide required workers' compensation coverage — a 90 percent increase from the previous year.

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- Insurance agents can now complete their required prelicense training online at schools approved by the Insurance Division, reducing expense and eliminating travel time. Agents also can find links to approved online training schools on the division's Web site.
- Oregonians are better protected against financial fraud as a result of the Division of Finance and Corporate Securities' increased focus on criminal prosecutions. In 2005 and 2006, the division participated in more than 30 criminal prosecutions, which are a significant deterrent of white-collar crime.
- Injured workers receive quicker access to medical care through expedited dispute resolution processes that have reduced by 34 percent the median number of days to resolve medical disputes. A pilot project designed to resolve medical fee disputes resulted in reducing the average time for dispute resolution from 64 days to less than three days.
- Employers now have additional training modules to educate their Spanish-speaking workers on safety issues through Oregon OSHA's PESO bilingual English-Spanish program.
- Health insurance companies are saving time and money as a result of new administrative rules adopted by the Insurance Division that allow them to use the same policy forms in Oregon that they use in other states.
- All statewide building codes were updated to reflect current technology and improved safety, and to bring Oregon consistent with other states and national standards.
- Workers in Oregon continue to be safer on the job. The statewide rate of workplace injuries and illnesses declined from 5.8 cases per 100 workers in 2004 to 5.4 cases per 100 workers in 2005 — a 7 percent decrease — continuing a trend since the late 1980s. The 2005 rate for the most serious injuries (disabling claims) also declined 7 percent.
- Oregon Medical Insurance Pool (OMIP) enrollees can attend classes, at no cost, in preventive maintenance and self-management of their chronic illnesses. OMIP cooperated with the Oregon Health Division to add this benefit for its enrollees.
- Oregon emerging small businesses and businesses owned by minorities and women, certified by the Office of Minority, Women, and Emerging Small Business (OMWESB), have easier access to state contracting opportunities through the integration of the OMWESB database into the Oregon Procurement Information Network (ORPIN) database.
- Because of revised administrative rules developed by the Division of Finance and Corporate Securities, mortgage lenders have a better understanding of the division's expectations, and consumers are better protected in the loan application and approval process. These rules define diligent supervision of loan originators by mortgage brokers and provide stricter education requirements for loan originators.

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- Improvements to the Workers' Compensation Division's return-to-work programs are helping injured workers become self-sufficient more easily. Injured workers seeking employment are able to more quickly resolve disputes with their insurer over vocational matters, such as eligibility for direct employment plans. The average time for resolution has dropped from 67 days to 30 days. And employers can get their injured workers back to work earlier with increased return-to-work financial assistance through the Preferred Worker Program.
- Oregonians and policymakers have more information about health insurance regulation and the financial performance of health insurers due to a first-of-its-kind report published by the Insurance Division in 2007. The report offers seven recommendations to improve the affordability and availability of commercial health insurance in Oregon.
- State agencies received assistance from the Office of Regulatory Streamlining on an additional 113 streamlining projects as well as numerous customer service improvement efforts. Since the regulatory streamlining initiative began in 2003, 37 agencies have completed 179 projects, with 164 under way or in development.
- Consumers can now access a searchable database on the Insurance Division's Web site that provides information about health insurers, including the number of members enrolled in their health plans, claim costs, administrative costs, and net income.
- Stakeholders and consumers continue to find DCBS' free e-mail notification service efficient and helpful. Currently more than 11,000 users subscribe to this service — a record high. Subscribers receive automatic e-mails from the department informing them that the topic they are following is updated on the DCBS Web site.
- More than 27,000 Oregon Medicare beneficiaries received free counseling services through the Senior Health Insurance Benefits Assistance (SHIBA) program during Medicare's Part D - Prescription Drug Coverage Open Enrollment. SHIBA and its sponsor network mobilized more than 300 volunteers and helped more than 8,700 beneficiaries enroll in the drug plan.

Anticipated results, 2007-2009

DCBS expects to use the resources requested for the department for the 2007-2009 biennium to achieve the following results:

Workers' Compensation Division (WCD)

- Identify patterns in claims administration errors and use the results to target education and outreach to insurers, third-party administrators, employers, and stakeholders.
- Improve quality medical care for injured workers in collaboration with medical providers, insurers, and advisory committees by:

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- Helping physicians better understand the needs of injured workers and the workers' compensation system with more training and better learning materials.
- Making medical information more accessible to injured workers.
- Identifying and promoting best practices in medical treatment and pharmacy management for injured workers.
- Analyze the workers' compensation return-to-work incentive programs to increase successful return-to-work outcomes for employers with disabled workers.
- Work with stakeholders and legislators to eliminate the guaranty contract, which is an extra step insurers have to take when an employer buys workers' compensation insurance, in order to reduce system costs.
- Implement recommendations to make the assigned risk pool more self-sufficient while keeping it affordable for small businesses.

Oregon Occupational Safety and Health Division (Oregon OSHA)

- Improve employer access to and understanding of safety and health codes by providing more direct Web access, writing rules more clearly, and using common industry terminology.
- Improve safety and health self-sufficiency in small businesses throughout Oregon by offering and more effectively marketing focused consultation, training, and education services.
- Identify the causes of workplace fatalities and develop strategies to prevent them. For example, Oregon OSHA will work with Oregon employers and their employees to reduce workplace fatalities due to motor vehicle accidents – currently the largest single fatal workplace injury event in the United States and in Oregon.
- Reduce the continued high rate of injuries within the health care industry through expanded partnerships, awareness, and ergonomic consultation services.

Building Codes Division

- **Enhance consumer and community protection**
 - Explore, with the division's seven advisory boards, a way to expedite enforcement cases, and implement new enforcement tools such as progressive sanctions and the use of license suspension for egregious violations.
 - Adopt changes to the building code to prevent moisture damage as recommended by the Construction Claims Task Force.
- **Streamline regulations and regulatory processes**
 - Make code adoption processes and training consistent across all specialty code program areas, align Oregon codes with national model codes, and further reduce Oregon amendments.
 - Create more streamlined permitting processes such as minor label permits to encourage contractors to comply with building regulations and to help ensure quality construction for consumers.

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- **Improve customer service**
 - Begin implementing a comprehensive electronic permitting program that can be used in local jurisdictions throughout the state to apply for and purchase permits, review building plans, and schedule inspections. Initially connect 20 jurisdictions by June 30, 2009.
 - Use regional liaisons to provide dispute resolution for businesses and local government, improve code consistency, and support economic development through the Economic Revitalization Team.

Insurance Division

- Continue to achieve broader transparency about health care costs:
 - Collect data from insurers about hospital costs for select procedures and publish data showing average costs for all insurers by procedure and hospital to make hospital costs more transparent and to assist Oregon consumers with their health care choices.
 - Implement statutory changes resulting from legislation proposed during the 2007 session to make consumers' out-of-pocket health care costs more transparent. The proposed legislation requires insurers to provide their members with estimated out-of-pocket costs for selected health care procedures.
- Assist in the implementation of the Governor's Healthy Kids Plan and other efforts to broaden access to affordable and available health insurance for all Oregonians.
- Partner with the Department of Human Services to allow Oregonians to participate in a federal program that rewards consumers who purchase long-term care insurance and reduces the need for Medicaid to cover their nursing home costs.

Division of Finance and Corporate Securities

- Improve consumer protection in the mortgage lending industry by increasing the number of risk-based examinations, reviewing misleading advertising, and enforcing updated continuing education and diligent supervision requirements. The changes should reduce the number of problems experienced by consumers.
- Work with financial institutions to promote lower cost alternatives for consumers who are low income, have no traditional financial institution relationship, or have had problems with managing checking accounts.
- Implement statutory changes resulting from legislation proposed during the 2007 session to cap fees on check cashing, regulate Internet payday lenders, and protect against identity theft.
- Reduce the number of unlicensed pawnbrokers by contacting businesses suspected of conducting illegal pawnbroker activities to ensure they are in compliance with legal requirements. The goal is to deter illegal conduct and ensure consumers are protected and treated fairly.
- Develop strategies for a potential downturn in the mortgage lending market, including review of loan products during exams and expanded education for consumers with nontraditional loans.

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Workers' Compensation Board

- Maintain the Board Review Division's status of no backlog of cases on appeal.
- Automate the data and docket scheduling system to make it more accurate and efficient.
- Continue to provide mediation services and resolve Oregon OSHA disputes in a timely and efficient manner.

Oregon Medical Insurance Pool

- Enhance case management and disease-management programs through the third-party administrator (TPA) to better control quality of care and manage medical-service utilization and costs for seriously ill enrollees.
- Develop and implement new strategies with the TPA to help manage prescription drug use and costs.
- Expand the capabilities of the claims database management system to enhance ongoing analysis of:
 - Demographic and disease characteristics
 - Utilization and expenditure trends
 - Premium levels
 - Enrollee satisfaction
 - Health policy issues such as health coverage, access, and financingSuch analyses will help OMIP identify opportunities to better control utilization and costs.
- Enhance the promotion and availability of classes that educate enrollees in preventive maintenance and self-management of their chronic illnesses.

Senior Health Insurance Benefits Assistance Program

- Increase locally based counseling services by adding SHIBA sponsors in four additional rural Oregon counties and along the central Oregon coast.
- Outreach to pharmacies to ensure they are aware of services SHIBA can provide to their clients.
- Focus outreach efforts to counties that have the highest concentration of limited income beneficiaries, the largest estimated population of disabled persons under 65, the poorest median income, and/or the highest percentage of persons over 65 per capita.

Office of Minority, Women, and Emerging Small Business

- Provide timely and accurate certification decisions, and provide technical certification assistance to applicants.
- Work with the Governor's advocate, the Regional Consortium of Historically Underutilized Businesses, and the Department of Administrative Services to increase contracting opportunities for disadvantaged firms.
- Expand outreach efforts to remote areas of Oregon to promote access to business opportunities.
- Continue to coordinate services with the Governor's Advocate for Minority, Women & Emerging Small Business, the Economic & Community Development Department, and

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the Department of Transportation Office of Civil Rights to ensure minority, women, and emerging businesses are receiving information about programs that can help them.

Ombudsman for Injured Workers

- Conduct outreach to injured workers and stakeholders to increase awareness of the services the ombudsman's office provides.
- Ensure that workers who need help have access to the ombudsman's services regardless of language, disability, or other potential barriers.
- Provide information to policymakers about initiatives, legislative concepts, and administrative rule revisions that may affect workers' benefits, rights, and responsibilities.

Small Business Ombudsman

- Continue to build awareness of the services of the Small Business Ombudsman by working with Small Business Development Centers, trade groups, small-business fairs, and other agencies and employer groups that engage small businesses.
- Provide excellent service to small businesses by maintaining a 24-hour response time on all inquiries and by advocating for fair treatment for employers on workers' compensation matters.
- Make recommendations to improve the workers' compensation system on behalf of employers.

Office of Regulatory Streamlining

- Facilitate simplification and improved timeliness of the permit process for large industrial, commercial, and residential projects that affect sensitive lands.
- Identify and work with other jurisdictions to implement projects that improve how state and local development regulations relate to each other and to builders and owners. Examples include standardizing land-use compliance statements and pre-application development conferences.
- Explore tested models that have improved government regulatory processes to determine if one or parts of a model can be successfully applied in Oregon.
- Provide enhanced customer service assessment and support of customer service improvement projects to state agencies, beginning with an effort focused on natural resource regulatory agencies.

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Cost control 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. Some examples include:

- 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.
- Program evaluation is a regular part of the department's management 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.

Interagency coordination

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

- 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 Construction Claims Task Force, a collaboration among CCB, the Insurance Division, and the Building Codes Division. The task force addressed the increasing number of construction claims and the difficulty contractors are encountering in securing liability insurance.
- The Office of Regulatory Streamlining worked with the departments of State Lands, Environmental Quality, Fish & Wildlife, and several other agencies to develop a new, streamlined system for approval of removal/fill permits. DCBS' role was to convene these agencies, organize the project, stimulate creative thinking among agencies, gather stakeholders, and push agencies to pursue aggressive strategies. The result of this work is a proposed pilot system for larger projects that provides early information to applicants on how to comply with the law, resolves interagency conflicts and differences, and combines relevant permits where possible. Authorization for this pilot is up for consideration before the 2007 Legislature.
- The Workers' Compensation Assessments Section is responsible for the financial reporting and collection of the Workers' Benefit Fund (WBF) assessment through a program administered cooperatively by the Oregon Department of Revenue, Employment Department, and DCBS that enables employers to report and pay the following State of

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Oregon payroll taxes and assessments using a single reporting form and writing a single check: income tax withholding to the Department of Revenue; unemployment insurance tax to Employment Department; Tri-met and Lane transit district taxes; and Workers' Benefit Fund assessment to DCBS.

- The Division of Finance and Corporate Securities works with the Department of Justice by sharing consumer complaints and referrals, and collaborating on cases of mutual interest. DFCS also coordinates regulation of pre-need funeral services and endowment care with the Mortuary and Cemetery Board. This type of information sharing benefits all agencies involved and their stakeholders.
- The Building Codes Division is working with local jurisdictions to offer electronic permitting to contractors. The project started as a pilot in the Portland area and has expanded to include three jurisdictions in Lane County, and the cities of Medford and Cannon Beach. Several other jurisdictions throughout the state are in the process of joining the e-permitting Web site.
- The Workers' Compensation Division has been actively participating in the Interagency Steering Committee — which includes the Construction Contractors Board, Landscape Contractors Board, Employment Department, Bureau of Labor and Industries, Department of Revenue, and DCBS — implementing new laws for independent contractors (SB 323 from 2005 session). The committee has been working with stakeholders and has developed new rules applicable to all five agencies to ensure consistent application of the laws and better education for businesses and workers. So far the committee has developed a statewide Web site, an educational brochure, greater education and outreach programs, as well as the new administrative rules. A next step for the committee will be to develop a more comprehensive inter-agency enforcement plan.
- The Office of Regulatory Streamlining works with the Department of Justice and the Secretary of State to plan and deliver comprehensive rulemaking training for state agencies. Revamped to draw a wider audience, this training now has significant portions dealing with the use of advisory committees in rule development, how to develop better fiscal impact statements for rules, and how to maintain standards while minimizing the economic impact of rules. During the 2005-07 biennium to date, this training has been delivered to more than 300 agency staff members. The office reviews all proposed agency rules with a potential impact on business, and has noted a reduction in rules proposals with inadequate fiscal impact statements or related concerns.
- The Building Codes Division and Workers' Compensation Division work with other state agencies in periodic enforcement sweeps to ensure compliance with regulations. Partnering with the Construction Contractors Board, the Department of Revenue, and the Employment Department, the divisions conduct checks at construction sites to ensure compliance with laws such as licensing and employment documentation.

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Agency-wide initiatives

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

E-government

DCBS continues to be a strong advocate for e-government, both at the state enterprise level and within DCBS. Enterprise-level projects include partnering with many state and local governmental agencies to produce a statewide license directory, offer license applications and renewals online, and offer construction permits online. Department-level projects include online insurance agent and agency licensing; Web wizards that provide businesses and customers with relevant insurance regulations; electronic claims data interchanges with workers' compensation insurers; e-mail request forms for Workers' Compensation Board reviews and hearings; online document management and imaging; and Oregon OSHA compliance officer surveys online. With these projects, the department can be more efficient, and processes will be less cumbersome, more timely, and more accessible for businesses and citizens.

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 has prioritized functions and developed plans 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. The department will continue to test and improve its plans. In addition, the department is working closely with the Department of Administrative Services' Office of Enterprise Business Continuity Planning to develop enterprise tools and plans for use by all agencies.

Customer service

DCBS adopted an agencywide 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 customers; facilitating compliance through information and training; and providing solutions wherever possible. DCBS customers should expect easy access to the department by phone, e-mail, letter, Internet, or in person. The department's responsiveness should be timely and helpful. To help evaluate success and develop improved strategies, the department conducts customer-service surveys about how it interacts with its customers.

Workforce development and succession planning

DCBS recognizes the importance of developing both managers and employees to be successful in their current positions and to be better prepared for leadership opportunities within the agency and in state government. DCBS offers multiple training and development opportunities. One key

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opportunity is through the agency's three succession-planning tracks: executive-level track, mid-level management track, and budget management track. Each track identifies critical skills and knowledge required by leaders in each area and provides experiential and training opportunities to participants. Participation in the DCBS succession-planning process provides participants with a better understanding of state executive and management issues and a deeper reservoir of skills to improve their own performance and that of their current work units. Participants are more prepared and will be more competitive with internal and external candidates for future leadership positions within the department and state government.

DCBS also is working to build a diverse workforce, recruiting employees who reflect, understand, and value the diverse population of Oregon. The agency works with the Recruitment Outreach Advisory Council and has increased the percentage of people of color in its workforce from 7.3 percent in 2004 to 9 percent in 2006.

Information security

DCBS is taking additional steps to protect personal, sensitive, or confidential information that is collected in the course of doing business. This information resides on computer systems and hard-copy documents. To protect data in its computer systems, DCBS has enhanced system security, stopped collecting unnecessary data, restricted access to data if it is not needed to perform a job function, and avoided displaying data on computer screens unless necessary. To protect hard-copy files that contain sensitive information, DCBS is developing enhanced security measures and will be working with the Department of Administrative Services on other ways to increase security. DCBS has proposed legislation on identity theft to protect Oregonians on a broader basis.

Regulatory streamlining

In addition to housing the Office of Regulatory Streamlining, DCBS has a number of initiatives that support regulatory streamlining by simplifying and speeding up processes for regulated persons, businesses, and the general public.

Examples:

- DFCS will continue to implement risk-based examinations of financial institutions and nondepository licensees, which take less time, reduce the disruption of an institution's operations, and produce a more accurate profile of its soundness.
- BCD will continue to simplify the licensing application, renewal, and testing requirements so that they are more uniform and coordinated across license types.
- Oregon OSHA has proposed legislation that would make it easier for small businesses to comply with safety committee requirements.
- The Insurance Division is working on streamlining the review of certain insurance policy forms that have been approved by other states to make it easier for insurers to get their products approved for use in Oregon. The division has proposed legislation and is coordinating with other states.
- Divisions will continue to grow online licensing. To date, more than 11,500 renewals, about 35 percent of all renewals, have been made online.

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Environmental Factors

The Economy

Oregon's economy will continue to grow in the next three years as it benefits from robust national and international economies. In fact, Oregon's economic growth is expected to outpace the nation through 2009.

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 growth periods are often characterized by increased workers' compensation claims rates as new workers are brought on the job and production pressures increase. DCBS' Occupational Safety and Health Division (Oregon OSHA) is focusing its educational outreach areas on fast-growing industries, such as health care and construction, to ensure the number of injuries and illnesses continues to decline as the economy rebounds.

Construction Growth

The construction industry has been driving much of Oregon's economic growth. Construction employment has constituted 16.8 percent of all job gains in Oregon since mid-2003, the largest of any employment sector. The growth in the industry is expected to cool down, as the housing market slows. Nonetheless, the growth in construction has had a significant impact on many DCBS programs.

The Building Codes Division is streamlining its licensing and permitting processes so that contractors can get new projects approved rapidly. For example, it is working to develop the nation's first statewide online permitting program that would allow businesses and individuals to conduct building department activities online, morning, noon, and night, with any city or county in the state.

At the same time, the department must ensure that new buildings are safe for consumers. The Building Codes Division and Insurance Division worked with the Construction Claims Task Force to develop recommendations to reduce construction defects while ensuring protection of consumers and affordable insurance for contractors.

Oregon OSHA will continue to focus much of its enforcement, consultation, and educational resources on reducing risks in construction.

The Division of Finance and Corporate Securities is expanding its regulation of the mortgage lending industry, which has grown along with the housing market. At the same time, the division is developing strategies for a potential downturn in the mortgage lending market, including review of loan products during exams and expanded education for consumers with nontraditional loans.

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Population Growth/In-migration

Oregon's population reached 3.6 million in 2005, an increase of 90,000, or 2.5 percent, since 2003 and nearly 6 percent from 2000. Population is projected to increase by 101,100 during the 2007-09 biennium, reaching more than 3.8 million by 2009.

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 using innovative technology to increase efficiencies, expanding public access to information, and reducing response time in handling information requests.

In-migration of new business from other countries and neighboring states will continue, although at a slower pace. Oregon OSHA is working to inform these individuals and businesses of their responsibilities in meeting and understanding Oregon's safety and health requirements. 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. In fact, 70 percent of the projected population increase during the 2007-09 biennium will come from net migration. 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 multilingual staff members and make its public information accessible to non-English speakers. To enhance communication and coordinate outreach efforts, DCBS has an active Multicultural Communications Program.

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-boomer 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 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, and DCBS supports the Senior Health Insurance Benefits Assistance, or SHIBA, program in which volunteers provide health insurance information to seniors.

The growing elderly population also will affect the insurance market. The Insurance Division is working on ways to expand the availability and affordability of long-term care insurance by participating in a multi-agency task force and introducing legislation.

As the population ages, the nature of occupational injuries and illness changes. Oregon OSHA enforcement and consultation programs are taking this change into account focusing 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 — about 617,000 or 17 percent — have no health insurance. Technology, hospitalization, and drug prices are some of the drivers of the increasing costs.

DCBS' Insurance Division, Workers' Compensation Division, and Oregon Medical Insurance Pool are working to control both the increasing cost of health care and the number of uninsured Oregonians.

The Insurance Division has several initiatives related to improving the transparency of health care costs. The idea is if consumers know the costs of health care services, they will make more informed decisions. In early 2007, the division published a report focusing on the role of commercial health insurance in Oregon, intended to assist in the broad discussions already under way that are aimed at improving health care access and affordability.

The Workers' Compensation Division is working on a medical quality initiative aimed at improving injured worker access to quality medical care while finding ways to control costs.

The Oregon Medical Insurance Pool can provide medical coverage for some individuals whose employers have dropped coverage or who have health risks that preclude them from obtaining coverage in the individual market.

The Insurance Division is providing support and research for the Governor's Healthy Kids Plan and other efforts to broaden access to affordable and available health insurance for all Oregonians.

Regulation of the Financial Industry

Major issues such as rapid growth of payday and title lending, new methods to defraud consumers and investors, mortgage lending practices, and other changes affect the way national and state regulators oversee the financial industry. The Insurance Division and Division of Finance and 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.

Identity theft

Identity theft is the fraudulent use of an individual's name and identifying data by someone else to obtain credit, merchandise, or services. This is a growing problem internationally and in Oregon. DCBS, in the course of doing business, collects personal identifying information on licensees and injured workers. The agency has an obligation to protect this information and, when it no longer needs the information, to dispose of it appropriately. The department is taking

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steps to protect personal identifying information it collects and has developed a legislative proposal to protect Oregonians from identity theft on a broader basis.

Performance measures

The performance measures for DCBS are described in the Executive Summary Appendix, Tab A.