

CONSUMER AND BUSINESS SERVICES

PROGRAM AREA

BOARD OF ACCOUNTANCY

Analyst: To

Agency Totals

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|--------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 2,261,508 | 2,617,527 | 2,647,639 | 2,788,351 |
| Total Funds | \$2,261,508 | \$2,617,527 | \$2,647,639 | \$2,788,351 |
| Positions | 8 | 8 | 8 | 8 |
| FTE | 8.00 | 7.50 | 7.50 | 7.50 |

Overview

The Board of Accountancy is a seven-member citizen board that licenses and regulates approximately 9,000 public accountants, municipal auditors, and public accounting firms registered to practice in Oregon. The mission of the Board is to protect Oregon consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards and promulgated rules. The Board assures that individual Certified Public Accountants (CPAs) and Public Accountants (PAs), and their firms, demonstrate and maintain professional competency to serve the needs of their clients and other users of their services by ensuring qualifications for issuance and renewal of licenses, monitoring the continuing education of its licensees, and investigating complaints against licensees and firms. A staff of eight administers the Board's programs.

Revenue Sources and Relationships

The Board's Other Funds come primarily from business registration, licensing, and examination fees. Additionally, a small amount of revenue is gained through the sale of public information and assessment of civil penalties. Biennial licensing fees paid by CPAs, PAs, and registered firms constitutes 94% of the Board's funding. The Board licenses about 8,000 individuals and 1,000 accounting firms. Individual licensees pay their renewal every other year based on the last digit of their license. CPA firms pay their renewal in December of every odd numbered year. The Board projects \$4,626,908 of total available revenue for the 2019-21 biennium, which includes a beginning balance of \$1,903,493 Other Funds. At the end of the 2019-21 biennium, the Board is expected to have an ending balance of \$1,838,557 Other Funds, which represents about 15.8 months of operating expense. The Board receives most of its revenue during annual renewals in June, and thus needs a higher balance to cover cash flow needs. In addition, the ending balance serves as the savings bank for unanticipated contested case expenses.

Budget Environment

Examination applications and membership have stabilized, and the Board's operating costs are more predictable than they have been in the past. The Board expects the base of licensees to remain relatively consistent in the near future. The Board is challenged with regulating a changing profession and meeting the demand to provide more services to licensees, while ensuring more rigorous professional and ethical standards to protect the public without placing undue restrictions on licensees. Challenges for the Board reflect three major changes for the accounting profession: (1) evolving smart and digital technology; (2) continued globalization of reporting/disclosure standards; and (3) new state, federal, and international regulations. For example, recent changes in federal and state regulations have increased the Board's obligation to discipline based on the licensee's performance of public accounting services within a state, rather than restricting the Board's authority to only those holding a state license. As the accounting profession continues to use increasingly sophisticated technologies in order to respond to global trends such as mobility of skilled workers, outsourcing of services, data sharing and disclosure, and alternative reporting, the Board will need to keep pace with the expertise and technologies necessary to serve and regulate this rapidly changing professional environment.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$2,788,351 represents a \$170,824 increase (6.5%) from the 2017-19 legislatively approved budget and a \$140,712 increase (5.3%) from the 2019-21 current service level budget. The legislatively adopted budget includes \$182,502 to cover the anticipated increase in the Department of Justice Flat Rate Agreement.

BOARD OF CHIROPRACTIC EXAMINERS

Analyst: Morse-Miller

Agency Totals

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|--------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 1,672,562 | 2,027,840 | 2,224,331 | 2,260,448 |
| Total Funds | \$1,672,562 | \$2,027,840 | \$2,224,331 | \$2,260,448 |
| Positions | 6 | 6 | 6 | 6 |
| FTE | 5.10 | 5.10 | 5.10 | 5.10 |

Overview

The mission of the Board of Chiropractic Examiners is to serve the public, regulate the practice of chiropractic care, promote quality, and ensure competent ethical health care. The Board regulates Doctors of Chiropractic and Certified Chiropractic Assistants through examination, licensing, and disciplinary programs. The seven-member board is appointed by the Governor and composed of five chiropractic physicians and two public members.

Revenue Sources and Relationships

The Board of Chiropractic Examiners derives the vast majority (roughly 95%) of its revenue from the licensure of Chiropractic Doctors and Chiropractic Assistants. Civil penalties, recovery of legal costs, and miscellaneous fees account for the remainder. The agency's ending balance is equivalent to just under three months of operating reserves, and the agency is expected to seek a fee increase during the 2021-23 budget cycle.

Budget Environment

The Board of Chiropractic Examiners has a history of higher than average costs associated with legal and investigative work. Addressing complaints, including sexual misconduct and billing fraud, often require significant investigative resources and may result in weighty legal costs. The frequency of these complaints and the aggressiveness by which the Board pursues resolution, places continuing importance on Attorney General service charges as well as the Professional Services account, which provides funding for expert third-party witnesses that are called to testify during administrative hearings.

Legislatively Adopted Budget

The total funds legislatively adopted budget for the Board of Chiropractic Examiners is 10.3% higher than the 2017-19 legislatively approved budget. The budget includes two Policy Option Packages to reclassify the agency's Executive Director and to fund the implementation of database upgrades. Statewide adjustments for state government service charges, including Attorney General and Department of Administrative Services assessments, reduced expenditure limitation in the amount of \$40,563 Other Funds resulting in a total budget of \$2,260,448 for the Board of Chiropractic Examiners.

CONSTRUCTION CONTRACTORS BOARD

Analyst: Morse-Miller

Agency Totals

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|---------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 13,236,738 | 16,174,047 | 17,001,154 | 15,038,579 |
| Total Funds | \$13,236,738 | \$16,174,047 | \$17,001,154 | \$15,038,579 |
| Positions | 62 | 61 | 59 | 61 |
| FTE | 62.00 | 61.00 | 59.00 | 61.00 |

Overview

The Construction Contractors Board (CCB) provides consumer protection and regulates the profession of construction contracting by licensing construction-related businesses such as contractors, home inspectors, lead-based paint renovators, locksmiths, flaggers, energy efficiency and sustainable technology businesses, and home energy assessors. The CCB investigates complaints, provides dispute resolution services, imposes fines for violations of Oregon laws, including failure to carry workers' compensation coverage, and ensures that new contractors meet statutory pre-licensing educational and testing requirements. The nine-member board is appointed by the Governor and composed of representatives of different segments of the construction industry as well as the public and local government.

Revenue Sources and Relationships

CCB derives most of its revenues from contractor licensing fees (approximately 87%) and the remainder from miscellaneous fees and civil penalties. The agency retains only 20% of civil penalty collections; the remaining 80% of the funds are transferred to the General Fund. An estimated \$1.0 million will be transferred to the General Fund in 2019-21.

An increase in licensees over the past two biennia has increased licensing fee revenues; this increase in revenues, coupled with underspending of the agency budget, has led to an exceptionally high ending balance. In 2017, the agency implemented a temporary fee reduction for contractor licenses (from \$325 to \$250 for a two-year license) and discontinued fees related to continuing education. These revenue reduction measures have been extended into the 2019-21 biennium in an effort to bring the agency's ending balance down to a recommended six to nine months of operating reserves.

Budget Environment

CCB saw a sharp decrease in licensees starting around 2008 as a result of the recession. The agency had a high of around 47,000 licensees in 2008 and bottomed out at approximately 34,000 licensees in 2014. Over the past two biennia, licensee numbers have begun to rebound, and the agency anticipates that they will see close to 40,000 licensees during the 2019-21 biennium.

Since the 2013-15 biennium, CCB has sought a more cooperative working relationship with the Building Codes Division of the Department of Consumer and Business Services to streamline similar or overlapping workloads and develop efficiencies related to enforcement and information technology services. The two agencies planned a joint effort to rollout a single online licensing system for contractors, but this project is still in the early planning stages for CCB. CCB is directed to report on the status of the online licensing system, and other IT initiatives, to the Joint Committee on Ways and Means during the 2020 Regular Legislative Session.

Legislatively Adopted Budget

The total legislatively adopted budget for the Construction Contractors Board is a 7% reduction from the 2017-19 legislatively approved budget. The budget includes a \$2.2 million reduction in Other Funds expenditure limitation

for Services and Supplies, to better align the agency's budget with its historic spending pattern. One limited duration Operations and Policy Analyst 4 position (1.00 FTE) was added to the agency to assist with planning for an online licensing system and other technology initiatives. The agency's budget also includes a new Public Service Representative 4 position (1.00 FTE) to assist with additional workload created by an increase in licensees; and the reclassification of an Accounting Technician 3 position to a Fiscal Analyst 1. Statewide adjustments for state government service charges, including Attorney General and Department of Administrative Services assessments, reduced expenditure limitation in the amount of \$223,798 Other Funds, resulting in a total budget of \$15,038,579 for the agency.

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

Analyst: Stayner

Agency Totals

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|----------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| General Fund | 1,823,000 | - | - | 1,299,319 |
| Other Funds | 225,013,504 | 253,005,744 | 265,613,032 | 367,014,796 |
| Other Funds (NL) | 166,025,572 | 202,096,657 | 212,126,048 | 211,515,831 |
| Federal Funds | 13,695,903 | 16,803,370 | 16,823,218 | 100,670,278 |
| Total Funds | \$406,557,979 | \$471,905,771 | \$494,562,298 | \$680,500,224 |
| Positions | 952 | 969 | 960 | 963 |
| FTE | 936.36 | 959.53 | 955.79 | 957.92 |

Overview

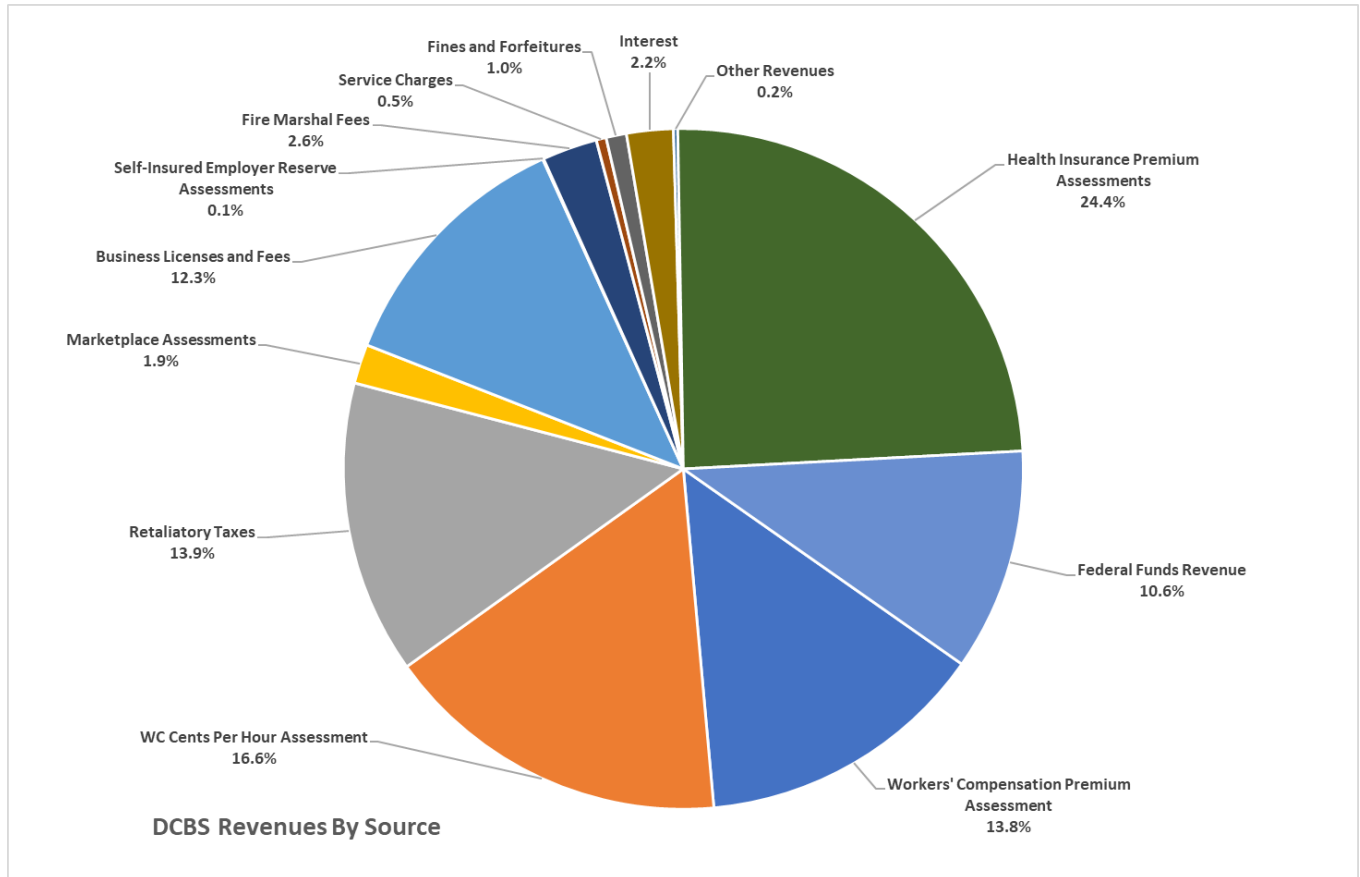
The Department of Consumer and Business Services (DCBS) provides a broad range of consumer protection, health insurance access, and commercial regulatory services for the state. DCBS is organized into the following program areas plus central services and administration:

- **Workers' Compensation System (WCS)** – Includes the Workers' Compensation Board, the Workers' Compensation Division, and the Oregon Occupational Safety and Health Administration (OR-OSHA). Approximately 49% of the agency's full-time equivalent (FTE) staff is housed in these three programs. WCS administers the Workers' Benefit Fund supporting payments to injured workers in the event that their employer failed to provide coverage, for benefit increases to permanently- and totally-disabled workers, for benefits for the survivors of workers killed in workplace injuries, and also funds return-to-work programs for injured workers. WCS additionally maintains reserve accounts to finance workers' compensation payments to employees when self-insured employers become insolvent and are unable to make the payments. Approximately 10% of workers are employed by self-insured employers. Expenditures from these reserve funds and the Workers' Benefit Fund are Other Funds Nonlimited.
- **Division of Financial Regulation (DFR)** –The Division enforces the state's Insurance Code, including the review and approval of certain premium rates and the licensing of insurance companies (including financial regulation), agents, adjusters, and consultants, and assists consumers in resolving complaints against agents and companies. Additionally, DFR regulates state-chartered financial institutions (banks, credit unions, consumer finance companies, mortgage lenders, pawnbrokers, check cashers) and the sale of securities in the state (including the licensing of individuals who sell, advise, or manage investment securities). The Division also regulates prepaid funeral plans and maintains a reserve account to support consumers when these plans become insolvent or default on their obligations. Approximately 18.2% of the agency's FTE is housed in this Division.
- **Building Codes Division** – Enforces the laws and develops codes related to the building of structures and dwellings, manufactured structures, RV parks and tourist facilities, plumbing, elevators, amusement rides, electrical safety, and boilers and pressure vessels. Approximately 14.1% of the agency's FTE is housed in the Buildings Codes Division.
- **Oregon Health Insurance Marketplace Division** – Operates the state-based health insurance exchange authorized by the federal Affordable Care Act. The program provides public access to qualified health plans, premium subsidies, and tax credits for individuals enrolling in plans through the HealthCare.gov web portal; provides education and outreach to the public on the availability and affordability of health plans offered through the exchange; and works with consumers and insurance industry professionals both directly and through the health policy advisory council to address health insurance market needs and concerns. The Senior Health Insurance Benefit Assistance (SHIBA) program that was housed in the Insurance Division prior to the consolidation of that division with the Financial and Corporate Securities Division, and the medical cost

assistance program for Compact of Free Association (COFA) islanders is also managed within the Oregon Health Insurance Marketplace Division.

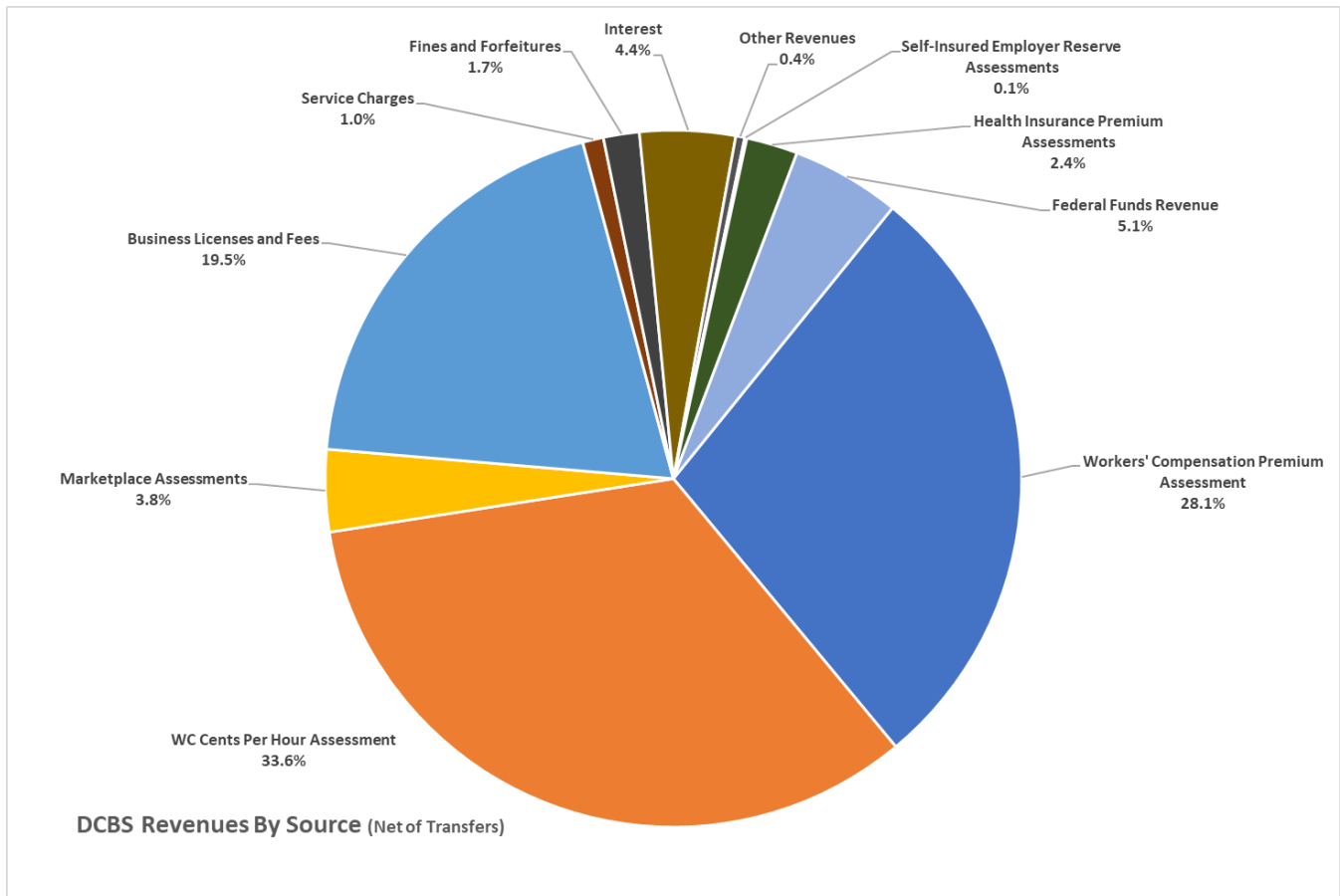
Revenue Sources and Relationships

The agency is primarily funded by Other Funds. Over 500 dedicated fees, assessments, and charges support the operation of DCBS. Revenues in the 2019-21 legislatively adopted budget are projected to total \$1.045 billion.



Approximately 16.8% of these revenues (\$175.78 million) will be transferred to the General Fund. During the 2019-21 biennium, the agency is forecasted to transfer \$145.7 million of retaliatory insurance tax revenue, \$27.3 million in excess securities dealer licensing and securities registration fees, and \$2.04 million of revenues from interest earnings, fees, and fines to the General Fund.

Other Funds transfers, Federal Funds transfers, and Special Payments include \$28 million to the Department of State Police for the State Fire Marshal’s office from an assessment the Department levies on insurance policies covering fire perils, \$1.57 million to the Bureau of Labor and Industries Workers’ Compensation related investigations, \$184.4 million to health insurers under the Oregon Reinsurance Program established by HB 2391 (2017), \$142.1 million to the Oregon Health Authority for providing medical assistance and other health services defined by statute, \$965,055 to counties to support the cost of building code inspection and enforcement programs, and \$350,000 to the Governor’s Office.



The primary revenue source for the administration of the Workers' Compensation System is the Workers' Compensation Premium Insurance Tax. The tax is assessed against the earned premiums of insurers providing workers' compensation coverage, including: the State Accident Insurance Fund; private companies; and, self-insured employers and employer groups. The rate for calendar year 2019 is 7.8%; the rate as of January 1, 2020, is 8.4% for non-self-insured employers, 8.5% for self-insured employers and public self-insured employer groups, and 8.9% for private self-insured employer groups. The revenue derived from the difference in the premium assessment rate for self-insured employers from the base rate of 8.4% is dedicated to funding the adjustment reserve accounts for self-insured employers and employer groups.

Workers' Benefit Fund revenue is primarily derived from a cents-per-hour assessment on all wages paid in Oregon. The 2019 rate is 2.4 cents per hour; the 2020 rate is 2.2 cents per hour split evenly between employers and employees. A portion (1/16th of one cent) of the 2.2 cents-per-hour assessment is transferred in to the Workers' Compensation Division to support a special payment to the Oregon Health and Science University, Oregon Institute of Occupational Health Sciences for research on occupational illness and disease.

Business licenses and fees support regulatory programs such as Building Codes and the Division of Financial Regulation. Interest earnings, fines, assessments, and other revenues support various Department programs, some of which are transferred to other agencies.

The Oregon OSHA program receives \$12.55 million in Federal Funds to support the federal OSHA program in Oregon. The Health Insurance Marketplace Division anticipates federal grant funding for the Senior Health Insurance Benefits Assistance program (\$1.67 million). Federal Funds revenue is also received by the Building Codes program to provide consumer assistance to individuals with complaints about manufactured homes. Roughly \$169 million in Federal Funds revenue is anticipated from section 1332 waivers to support the Oregon Reinsurance Program.

Budget Environment

The economy and general economic activity are the primary factors that impact the revenues and operations of the agency. A growing economy generally increases the revenues and workload of the agency, with the exception of certain financial regulatory issues that increase due to downturns in the economy, such as payday lenders, foreclosures, and bank solvency. The Oregon Health Insurance Marketplace also expands the agency's budgetary and operational exposure to federal regulatory changes.

Demographic issues, including an aging population and a diversifying language base, will continue to factor in to operations and services provided throughout the agency. Language is a significant issue in ensuring the efficacy of outreach and education programs.

Federal regulation, funding, and support are possible issues in the Marketplace, Financial Regulation, and Workers' Compensation System programs. Oregon OSHA, the Senior Health Insurance Benefit Assistance program, and the Building Codes Division all receive federal grant funding.

Legislatively Adopted Budget

The 2019-21 legislatively adopted total funds budget for the Department of Consumer and Business Services (DCBS) is \$680,500,224 and includes 963 positions (957.92 FTE). The budget includes \$211.5 million in Other Funds Nonlimited for Workers' Compensation and Insurance programs. This budget is a 44.2% increase from the 2017-19 legislatively approved budget. The vast majority of this increase is due to the provision of expenditure limitation related to the Oregon Reinsurance Program established by HB 2391 in the 2017 legislative session. Excepting those amounts, the agency's budget increases by \$22,856,951, total funds; a 4.84% increase from the legislatively approved budget for 2017-19.

The budget for DCBS recognizes revenues from retaliatory taxes from out-of-state insurance companies, which DCBS transfers to the General Fund. The tax is forecasted to generate approximately \$145.7 million for the General Fund in the 2019-21 biennium. A surcharge on fire insurance policies, estimated at \$28 million in the 2019-21 biennium, is also collected by the agency and is transferred to the State Fire Marshal at the Oregon Department of State Police. Additionally, the budget recognizes \$636,240 in anticipated revenues from the establishment of fees authorized by HB 4005 (2018) related to the Oregon Prescription Drug Price Transparency program as well as additional General Fund revenues of \$3,100,000 from the increase in fees for annual licensure renewal of securities brokers dealers as adopted by rule.

The budget includes Other Funds expenditure limitation of \$1,692,685 providing funding for contracted professional information technology services and the establishment of a permanent manager position (0.88 FTE) in the Workers' Compensation Division to continue planning efforts on modernizing the agency's workers' compensation claims information technology system, a project that is estimated to span multiple biennia.

A General Fund appropriation of \$1.2 million for deposit in the Compact of Free Association (COFA) Islander Premium Assistance Fund and corresponding Other Funds expenditure authority of \$1.15 million is included in the budget to support ongoing payments of insurance premiums and out of pocket expenses for qualified program participants. A General Fund appropriation of \$99,319 and authorization to establish a limited-duration position (0.25 FTE) was included in HB 2706 for DCBS to conduct a cost study on providing dental insurance coverage to COFA islanders in a similar manner to the health insurance premium assistance program.

The largest single item included in the DCBS budget is one-time expenditure limitation of \$101,255,388 Other Funds and \$84,482,113 Federal Funds to allow the Department to make payments to insurers under the Oregon Reinsurance Program established by HB 2391 (2017). The funding also supports a limited duration Operations and Policy Analyst position (1.00 FTE) to assist with program administration. Revenues for the program are supported through temporary taxes on insurance premiums and managed care premiums, fund balances transferred from a prior reinsurance program, funds transferred from the Oregon Health Insurance Marketplace, and federal funding.

Workers' Compensation System

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|----------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 94,282,099 | 109,589,221 | 115,541,714 | 116,315,330 |
| Other Funds (NL) | 3,726,164 | 3,462,034 | 4,062,034 | 4,062,034 |
| Federal Funds | 10,793,895 | 12,890,078 | 13,274,793 | 12,500,574 |
| Total Funds | \$108,802,158 | \$125,941,333 | \$132,878,541 | \$132,877,938 |
| Positions | 461 | 471 | 469 | 470 |
| FTE | 455.99 | 467.88 | 466 | 466.88 |

Program Overview

The Workers' Compensation System is an umbrella program that covers five sub-programs working in a cooperative environment to ensure the prevention of worker injuries, ensure provision of compensation insurance for injured workers, provide programs and benefits to return injured workers to work as soon as possible, and to resolve disputes regarding workers' compensation coverage and benefits in a timely and fair manner:

- Workers' Compensation Division – (\$45,463,363 Other Funds, \$4,062,034 Other Funds Nonlimited, 184 Positions, 182.38 FTE) Administers and enforces the provisions of the workers' compensation insurance coverage law and provides some education and consultative services. The Division has six program areas: Administration, Operations, Compliance, Medical, Benefit Services, and Workers' Compensation Assessments. The Ombudsman for Injured Workers and the Small Business Ombudsman also report to the Division Director.
- Oregon Occupational Safety and Health Administration (OR-OSHA) – (\$44,788,554 Other Funds, \$12,500,574 Federal Funds, 205 positions, 203.5 FTE) Administers the Oregon Safe Employment Act and the federal occupational safety and health program. OR-OSHA provides a two-layer approach to occupational safety by providing consultative and instructional programs backed up with enforcement action. Individual consultation is provided to businesses as well as providing general training and information through conferences and training literature. OR-OSHA investigates workplace fatalities, major accidents, and safety complaints in addition to regular inspections of worksites for safety and health violations.
- Workers' Compensation Board (WCB) – (\$26,063,413 Other Funds, 81 positions, 81.00 FTE) Independent adjudicatory body overseen by a five-member board appointed by the Governor and confirmed by the Senate. Board members serve a four-year term. Most disputes are heard initially by administrative law judges, decisions of which are subject to appeal to the Board. WCB is responsible for adjudicating contested Workers' Compensation cases and OR-OSHA citations, notices, and orders, and for reviewing administrative orders on appeal. The Board also conducts hearings and reviews of appeals of Oregon Department of Justice decisions regarding applications for compensation under the Crime Victim Assistance Program and resolves disputes between injured workers and workers' compensation carriers arising from workers' civil actions against allegedly liable third parties. Offices are located in Portland, Salem, Eugene, and Medford. The Board also conducts hearings in eight other locations around the state. The Workers' Compensation Board program includes three Divisions: Administrative Services, Hearings, and Board Review.
- Ombudsman for Injured Workers – (7 positions, 7.00 FTE, included in the Workers' Compensation Division) Receives, investigates, and assists in resolving workers' compensation complaints.
- Small Business Ombudsman – (2 positions, 2.00 FTE included in the Workers' Compensation Division) Assists small businesses in obtaining workers' compensation coverage, intervenes in premium determination problems, and provides educational and outreach services programs to small businesses.

Revenue Sources and Relationships

The primary revenue source for the administration of the Workers' Compensation System is the Workers' Compensation Premium Insurance Tax. The tax is assessed against the earned premiums of insurers providing workers' compensation coverage, including: the State Accident Insurance Fund; private companies; and, self-insured employers and employer groups. The rate for calendar year 2019 is 7.8%; the rate as of January 1, 2020, is

8.4% for non-self-insured employers, 8.5% for self-insured employers and public self-insured employer groups, and 8.9% for private self-insured employer groups. The revenue derived from the difference in the premium assessment rate for self-insured employers from the base rate of 8.4% is dedicated to funding the adjustment reserve accounts for self-insured employers and employer groups.

The Workers' Compensation program also receives \$3.4 million in interest income, as well as \$3.5 million in other revenue, of which \$3.3 million is from OR-OSHA fines and forfeitures. In addition, the OR-OSHA Division receives \$12.5 million of Federal Funds to support the federal OSHA program in Oregon. The program transfers \$1.57 million Other Funds to the Bureau of Labor and Industries (BOLI) to support workers' compensation-related investigations by that agency.

A portion (1/16th of one cent) of the 2.2 cents-per-hour assessment to support the Workers' Benefit Fund (see DCBS Nonlimited accounts below) supports a special payment in the amount of \$3.36 million Other Funds Nonlimited to Oregon Health and Science University, Oregon Institute of Occupational Health Sciences for research on occupational illness and disease.

Roughly \$32.8 million in program revenues are transferred to the Central Services Division to support the administrative functions of the agency.

Budget Environment

Employment and economic activities dominate the budget environment for the Workers' Compensation System. Recently, the Oregon economy has seen a significant recovery from the 2008 recession and, with that associated marked decrease in unemployment, has provided increases in program revenue and workload.

The aging of the working population presents challenges to the Workers' Compensation system. Although older workers tend to be more experienced and incur lower injury rates, there is a greater potential for cumulative traumatic claims and lower return-to-work rates.

Technological changes place pressure on the program to implement new methodologies or upgrade existing information technology systems to keep up with changes in the operations of insurers and expectations of the public and business communities to access information and services electronically.

Legislatively Adopted Budget

The 2019-21 legislatively adopted total funds budget of \$132,877,938 for the Workers' Compensation System is \$6.9 million (or 5.5%) higher than the legislatively approved budget for the 2017-19 biennium. The budget generally continues funding for the program at the current service level and adds Other Funds expenditure limitation of \$1,692,685 for contracted professional information technology services and the establishment of a permanent manager position (0.88 FTE) in the Workers' Compensation Division to continue planning efforts on modernizing the agency's workers' compensation claims information technology system, a project that is estimated to span multiple biennia.

Due to increasing state costs of the Oregon OSHA program contrasted by relatively fixed or declining Federal Funds support for the program, Federal Funds revenues supporting five positions were replaced with Other Funds to align the agency's budget with anticipated revenues.

Workers' Compensation Nonlimited Accounts

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|---|--------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Self-Insured Employers: Other Funds (NL) | 739,673 | - | 800,000 | 800,000 |
| Workers' Benefit Fund: Other Funds (NL) | 160,996,549 | 197,089,211 | 204,512,434 | 204,512,434 |
| Total Funds | 161,736,222 | 197,089,211 | 205,312,434 | 205,312,434 |

Program Overview

The Workers' Compensation Nonlimited Accounts program is for the purpose of segregating the Nonlimited expenditures from the Workers' Benefit Fund and the Self-Insured Employer and Self-Insured Employer Group Adjustment Reserve Accounts from the limited budget of the workers' compensation system. These expenditures are dominated by payments to beneficiaries as opposed to the administrative expenditures of the program.

Revenue Sources and Relationships

- Workers' Benefit Fund – Workers' Benefit Fund revenue is primarily derived from a cents-per-hour assessment on all wages paid in Oregon. The 2020 rate is 2.2 cents-per-hour split evenly between employers and employees. A portion (1/16th of one cent) of the 2.2 cents-per-hour assessment supports a special payment in the amount of \$4.06 million Other Funds Nonlimited to the Oregon Health and Science University, Oregon Institute of Occupational Health Sciences for research on occupational illness and disease. Secondary revenue is from recovered claims costs from non-complying employers, fines, interest income, and other revenues. Assessments are set at a rate to cover existing and projected claims. The fund supports a variety of programs that provide assistance to employers and injured workers.
- Self-Insured Employer and Employer Group Adjustment Reserve – The current base premium tax rate for workers' compensation insurance policies is 8.4%. Self-insured employers and self-insured employer groups are charged an additional premium of 0.1% and 0.5%, respectively. These funds are used to pay the claims of injured workers when they cannot obtain payment due to employer insolvency.

Budget Environment

Each year, the Department reviews the rates for both the Workers' Compensation Premium Assessment and the cents-per-hour assessment for the Workers' Benefit Fund. On April 1, 2013, DCBS raised the Workers' Benefit Fund assessment from 2.8 cents-per-hour to 3.3 cents-per-hour, reduced the Employer-at Injury wage subsidy from 50% to 45% of wages, and reduced agency administrative costs attributable to the Workers' Benefit Fund to stabilize what was at that time a declining fund balance. Since that time the fund's balance has stabilized and has seen continued fund growth. As of January 1, 2017, DCBS lowered the assessment rate from 3.3 cents-per-hour to 2.8 cents-per-hour. The calendar year 2020 rate decreases this rate again to 2.2 cents-per-hour reflects a continued effort to reduce the fund balance carried in the fund to comport with a SB 1558 (2014) requirement to maintain a balance of no less than six months of projected expenditures.

Legislatively Adopted Budget

The 2019-21 legislatively adopted total funds budget of \$205,312,434 for the Workers' Compensation Nonlimited accounts is \$8.22 million (or 4.1%) higher than the legislatively approved budget for the 2017-19 biennium. The budget for the self-insured employers Nonlimited funds was increased in the base budget administratively by \$800,000 at the request of the agency. Should additional Nonlimited expenditure authority be required during the biennium, it will be established administratively.

Financial Regulation

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|-------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 41,719,029 | 47,206,594 | 48,980,150 | 149,813,824 |
| Other Funds (NL) | 19,167 | 669,500 | 694,911 | 694,911 |
| Federal Funds | 2,902,008 | 1,157,514 | 669,274 | 85,931,387 |
| Total Funds | 44,640,204 | \$49,033,608 | \$50,344,335 | \$236,440,122 |
| Positions | 177 | 180 | 174 | 175 |
| FTE | 174.52 | 177.81 | 173.79 | 174.79 |

The 2015-17 actual expenditure amounts presented are the sum of the amounts of the former Insurance and Finance and Corporate Securities Divisions.

Program Overview

The 2017-19 legislatively adopted budget for DCBS combined the budgets of the Insurance and Financial and Corporate Securities Divisions, creating a single Division of Financial Regulation.

The **Insurance Program** serves as the regulatory and consumer protection agency of the state for insurance products. The program licenses insurance companies, agents (producers), adjusters, and consultants to ensure compliance with Oregon insurance laws and to ensure competency in the insurance products sold by producers in the state. The program evaluates the financial soundness of insurance companies, the availability and cost of insurance, and the equitable treatment of the insured and claimants. The program provides independent customer advocacy and education, assists consumers in resolving complaints against agents and companies, enforces the Insurance Code, and collects and audits taxes of insurance companies.

Additionally, the Insurance program operates the following sub-programs:

- The Financial and Producer Regulation (FPR) program ensures the financial viability of, collects the applicable taxes of, and regulates the entry of insurers in Oregon. FPR also establishes licensing criteria and monitors compliance of licensed producers.
- The Market Regulation program produces market conduct examinations and market analyses to determine insurer compliance with insurance laws and the performance of duties to policy holders. The program houses a consumer advocacy program, which investigates and resolves complaints against insurers and producers.
- The Product Regulation program reviews all of the forms and rates for certain insurance lines and monitors insurer's compliance with health insurance reforms.

The **Finance and Corporate Securities** (DFCS) program enforces laws and regulations related to the operation of financial service companies, financial products, and financial product dealers in Oregon. These include banks, credit unions, mortgage bankers, trust companies, security dealers, and a varied mix of consumer finance companies. DFCS also registers and regulates debt collectors and regulates, but does not require registration of, franchises.

The Finance and Corporate Securities program operates the following five sub-programs:

- Banks, Trusts, and Credit Unions – Provides charters for banks, trusts, and credit unions in Oregon and regulates and examines those state-chartered entities in coordination with federal regulators.
- Securities – Registers such offerings made in Oregon and licenses business and individuals selling securities or providing investment advice. The program maintains a consumer protection role by receiving consumer complaints regarding securities and securities dealers.
- Mortgage Lending – Licenses and examines mortgage bankers, manufactured structure dealers, brokers, and loan originators. The program maintains a consumer protection role by providing consumer education regarding mortgage lending and foreclosure counseling, as well as receiving consumer complaints.

- Non-Depository – Licenses, registers, examines, and investigates consumer finance companies, payday and title lenders, pawnbrokers, check cashing businesses, collection agencies, debt management service providers, money transmitters, prearranged funeral plans, and endowment care cemeteries.
- Enforcement – Provides Division-wide investigation of violations and initiates administrative, civil, and criminal actions against violators.

Revenue Sources and Relationships

There are three primary revenue streams for the Insurance program: insurance premium taxes, licensing fees, and the fire insurance premium tax. In addition to these, the program receives revenues from fines and fees on non-compliant insurers and producers, fees for testing and examinations, interest income, and federal grants.

The program collects retaliatory taxes from out-of-state insurance companies. This tax typically represents the difference between the regulatory burden in the insurer's domiciled state and the regulatory burden in Oregon where the policy is written. This is done to equalize the regulatory cost of a foreign insurance company writing policies in Oregon with the regulatory cost of writing policies in the insurer's domiciled state. Retaliatory taxes, fines, and interest earnings are transferred to the General Fund. The projected transfer for the 2019-21 biennium is just over \$145.7 million.

The fire insurance premium tax is collected by the Insurance program and transferred to the Department of State Police to fund the State Fire Marshal program. The projected transfer for 2019-21 is \$27.4 million.

The Finance and Corporate Securities program is funded almost entirely with Other Funds from assessments on financial institutions, licensing fees charged to securities dealers and entities, fees charged for the registration of securities, examination fees, and investment income. Excess revenues from these fees are transferred to the General Fund. The program anticipates transferring \$27.3 million to the General Fund in the 2019-21 biennium.

A small amount of Other Funds Nonlimited revenue is recognized by the program for the purpose of providing restitution to purchasers of prearranged funeral services who have suffered losses due to services not being provided as contracted. The revenue to the fund is generated by a \$5 per-contract fee paid by service providers.

Roughly \$11.3 million in program revenues are transferred to the Central Services Division to support the administrative functions of the agency.

Budget Environment

The budget and workload of the insurance program is closely tied to the number of Oregon domiciled insurers, the number of insurers writing policies in Oregon, and the number of producers (agents). For all of the insurers doing business in Oregon, the program must review and approve premium rates, forms, and market conduct. Consumer protection and outreach functions are also impacted by the increasing sophistication and diversification of insurance products. Changes in demographics, such as increases in non-English speakers and aging populations, pose potential challenges to program operations and resource needs.

The workload of the Finance and Corporate Securities program varies somewhat with the economy. Declining economic conditions generally increase the workload of the program related to the regulation and the financial condition of financial entities. As the economy continues to stabilize and slowly improve, the internal workload of the program may shift, but is not expected to significantly increase.

As the Division continues to integrate, it is anticipated that a number of the overlapping functions, including financial stability audits, licensing, and consumer complaint handling will be combined to increase the capacity and efficiency of the Division that may slow the budgetary growth had the two previous Divisions remained as stand-alone entities.

Legislatively Adopted Budget

The 2017-19 legislatively adopted budget for the Division of Financial Regulation is \$236,440,122, an increase of \$187.4 million from the legislatively approved budget for 2017-19.

The increase in the DFR budget is entirely due to the provision of one-time expenditure limitation of \$101,255,388 Other Funds and \$84,482,113 Federal Funds to allow the Department to make payments to insurers under the Oregon Reinsurance Program established by HB 2391 (2017). The budget also supports a limited duration Operations and Policy Analyst position (1.00 FTE) to assist with program administration. Revenues for the program are supported through temporary taxes on insurance premiums and managed care premiums, fund balances transferred from a prior reinsurance program, funds transferred from the Oregon Health Insurance Marketplace, and federal funding.

Building Codes

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|---------------------------|---|--|--|
| Other Funds | 32,416,140 | 38,651,877 | 39,687,331 | 39,855,422 |
| Other Funds (NL) | 441,123 | 610,217 | 610,217 | - |
| Federal Funds | - | 252,282 | 255,595 | 254,624 |
| Total Funds | \$32,857,263 | \$39,514,376 | \$40,553,143 | \$40,110,046 |
| Positions | 125 | 137 | 135 | 135 |
| FTE | 122.86 | 134.80 | 135.00 | 135.00 |

Program Overview

The Building Codes Division (BCD) is responsible for the enforcement of laws and the development of codes related to building of structures and dwellings, manufactured structures, RV parks and tourist facilities, plumbing, elevators, amusement rides, electrical safety, and boilers and pressure vessels. With assistance from seven boards representing specialty areas, it develops, adopts, and interprets state-wide building codes for residential and commercial construction; oversees the fabrication, installation, and repair of boilers and pressure vessels; issues licenses and construction and operating permits; investigates license and code violations; and provides continuing education for licensees. The Division conducts inspections of recreational vehicles, manufactured homes, prefabricated structures and components, and operating elevators.

The Division tests and certifies construction inspectors and tests and licenses plumbers and electricians. BCD provides code inspection services in those areas of the state where cities and counties choose not to provide local services or do not have adequate resources to meet state requirements.

Revenue Sources and Relationships

The revenues for BCD programs are primarily Other Funds from surcharges on permit fees, building permits, licensing, civil penalties, and interest income. BCD receives Other Funds revenue from the registration of ownership documents filed by owners of manufactured structures. The fee that is paid by the person or entity recording the change in ownership to the local tax assessor is forwarded to the Division and then a portion is returned to the county assessor for the cost of processing the transaction.

Federal Funds revenue is received by the program to provide consumer assistance to individuals with complaints about manufactured homes.

Roughly \$7.7 million in program revenues are transferred to the Central Services Division to support the administrative functions of the agency.

Budget Environment

The economy has continued to grow over the past few biennia and that growth has included a resurgence in construction activity in the state. This trend is expected to continue through the 2019-21 biennium. With the passage of SB 582 (2013,) BCD is now the local building codes and permit service provider for Harney County, Grant County, the Umatilla Indian Tribe, and parts of Curry and Union Counties. Additionally, Oregon is experiencing a growth in manufactured dwelling production, prefab construction, permit volumes, and construction employment, which are all driving the increased demand for services.

Legislatively Adopted Budget

The 2019-21 legislatively adopted total funds budget of \$40,110,046 for the Division is \$595,670 (or 1.5%) higher than the legislatively approved budget for the 2017-19 biennium.

The budget continues the funding of the program at the current service level but makes a technical adjustment that eliminates the Other Funds Nonlimited from the budget, replacing a portion of that reduction with increased Other Funds expenditure limitation.

Oregon Health Insurance Marketplace

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|---------------------------|---|--|--|
| General Fund | 1,823,000 | - | - | 1,299,319 |
| Other Funds | 18,302,961 | 16,290,035 | 15,773,487 | 15,861,934 |
| Federal Funds | - | 2,207,404 | 2,301,199 | 1,662,376 |
| Total Funds | \$20,125,961 | \$18,497,439 | \$18,074,686 | \$18,823,629 |
| Positions | 18 | 22 | 22 | 23 |
| FTE | 15.65 | 22.00 | 22.00 | 22.25 |

Program Overview

The Oregon Health Insurance Marketplace provides access to affordable, high-quality health insurance coverage. The program certifies and oversees qualified health plans that are presented on the federally administered HealthCare.gov web site. The Marketplace provides enrollment assistance to Oregon consumers, and outreach and marketing functions to raise awareness and increase participation for consumers.

The Oregon Health Insurance Marketplace Advisory Committee is administratively attached to the Marketplace program and provides guidance to the program on outreach, consumer response, and plan effectiveness and affordability. The committee consists of 13 members appointed by the Governor and confirmed by the Senate. The directors of both the Oregon Health Authority (OHA) and DCBS are ex-officio members.

The Senior Health Insurance Benefits Assistance (SHIBA) program provides free counseling to people with Medicare and those who assist them. Trained volunteers help senior citizens select a Medicare prescription drug plan, find out if they are receiving all benefits, compare supplemental health insurance policies, review bills, and file an appeal or complaint. This program is funded by a federal grant.

HB 4071 (2016) created a health insurance premium assistance program for certain Pacific Islanders residing in Oregon under a Compact of Free Association. The program is housed within the Insurance Marketplace Division; however, the program is separate from the exchange program.

Revenue Sources and Relationships

The ongoing functions of the Marketplace are funded from an assessment charged against each policy premium. This assessment is expressed as a per-member, per-month charge paid by the insurance carrier to DCBS for each person covered by a qualified plan sold through the exchange. Insurance carriers who enroll participants in qualified plans outside of the exchange do not pay an assessment on those members, but the subsidies and tax

credits only apply to those plans sold through the exchange. DCBS does not collect and distribute agent commissions for agents enrolling participants in plans through the exchange, the insurance carrier pays them directly. The assessment rate is established annually and is intended to cover operating costs of the program and an appropriate operating reserve. The current assessment rates are \$6 for medical plans and \$0.57 for dental plans. It's anticipated that these rates will be reduced for the 2020 plan year.

Projected 2019-21 assessment revenue for the Marketplace program totals \$19.5 million. The projected beginning fund balance as of July 1, 2019, for the Health Insurance Exchange Fund is estimated to be \$8.1 million for a total of \$27.6 million of available resources during the 2019-21 biennium. Of this amount, \$3.8 million was re-appropriated to the General Fund. The combined expenditure limitation authorized from the fund for the Marketplace program and the Central Services Division (including direct cost allocations and intra-agency transfers for centralized administrative functions) is \$17.6 million leaving a projected ending balance for the 2019-21 biennium of \$6.2 million.

The COFA Islander fund has a projected beginning fund balance of \$583,563 as of July 1, 2019. A General Fund appropriation of \$1.2 million was made to DCBS for deposit in the COFA Islander Fund. Expenditures from the fund are estimated to be just over \$1.4 million for the 2019-21 biennium.

Federal Funds grant revenue supporting the Senior Health Insurance Benefit Assistance program is forecasted to be \$1.67 million in the 2017-19 biennium.

Roughly \$1.37 million in program revenues are transferred to the Central Services Division to support the administrative functions of the agency.

Budget Environment

The Oregon Health Insurance Marketplace continues to use the federal healthcare exchange platform (Healthcare.gov) for participant enrollment. The final rule released by the U.S. Department of Health and Human Services (HHS) established a user fee of 3% assessed against the premium cost of policies purchased through the federal exchange beginning with the 2019 plan year. For plan year 2020 it is being reduced to 2.5% The user fee is paid directly to HHS by participating insurers, so there is no direct budgetary impact to the Marketplace program.

The revenues of the program are entirely dependent on the number of enrollees in plans sold through the exchange. Increases in program costs or a reduction in the number of enrollees presents significant ongoing risks to the program's solvency.

Legislatively Adopted Budget

The legislatively adopted budget for the Oregon Health Insurance Marketplace program is \$18,823,629 and includes 23 positions (22.25 FTE). This amount is a 1.76% increase from the 2017-19 legislatively approved budget.

The budget includes reduced Federal Fund expenditure limitation for the Senior Health Insurance Benefit Assistance program by \$636,059 to match budgeted expenditures to available federal revenues; reducing program Services and Supplies and payments to local governments that support SHIBA volunteer programs.

Although budgeted in the Central Services Division, \$1,717,187 Other Funds from the Health Insurance Exchange fund are used for the direct costs of the Health Insurance Marketplace that includes support for permanent positions (4.00 FTE) providing ongoing fiscal and administrative support to the Health Insurance Exchange.

The budget includes \$1.4 million Other Funds expenditure authority from the Compact of Free Association (COFA) Islander Fund. These monies were transferred to the fund from the General Fund to provide insurance premium and out of pocket expense assistance to qualified COFA islanders residing in Oregon. Based on cost estimates provided by DCBS, the biennial cost per program enrollee for premium assistance and out of pocket costs is

\$1,412. The estimated average number of program participants for the 2019-21 biennium is 746, equating to an estimated biennial cost of \$1.05 million plus program administration.

A General Fund appropriation of \$99,319 was included in HB 2706 along with the authority to establish a part-time, limited duration position (0.25 FTE) to study the feasibility of administering a program to provide oral health care to low-income citizens of Pacific Islands under COFA who reside in Oregon and lack access to affordable dental coverage. Additionally, the funding is to be used to produce a request for information from prepaid managed care organizations and coordinated care organizations operating in Oregon to gauge the interest in the program and to obtain estimates of the costs of those organizations to provide oral health care to COFA citizens.

Although not reflected in the agency’s budgeted expenditures, the Legislature approved a re-appropriation of \$3.8 million from the Health Insurance Exchange Fund, transferring those monies to the General Fund. The amount is estimated to be equal to the projected fund balance surplus that is over the statutory limit for the ending fund balance that DCBS is allowed to carry in the fund. The re-appropriation is in conjunction with a General Fund appropriation made to the agency for deposit in the Compact of Free Association Islander Premium Assistance Fund.

Central Services

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|---------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 38,293,275 | 41,268,017 | 45,630,350 | 45,168,286 |
| Other Funds (NL) | 102,896 | 265,695 | 1,446,452 | 1,446,452 |
| Federal Funds | - | 296,092 | 322,357 | 321,317 |
| Total Funds | \$38,396,171 | \$41,829,804 | \$47,399,159 | \$46,936,055 |
| Positions | 171 | 159 | 160 | 160 |
| FTE | 167.34 | 157.04 | 159.00 | 159.00 |

Program Overview

The Central Services program aggregates and operates the common administrative functions of each of the operating divisions of the agency and provides for overall agency leadership and policy. The program operates in three divisions overseen by the Director’s Office: Communications, Employee Services, and Central Services. Central Services is comprised of the financial services, information technology, and facility operations sub-programs.

- The Director’s Office provides overall agency leadership, policy direction, general supervision of all programs, and liaison with other levels of government and the general public.
- Communication Services provides outreach and information on rules, policies, and data, including interactive Internet forms for both English and non-English speaking Oregonians.
- Employee Services provides human resources support, facilities services, mail services, telecommunications, safety services, risk management, and training to the agency.
- Fiscal and Business Services provides centralized purchasing and accounting services, collection services, payroll, purchasing, printing, ordering, and contract management services.
- The Information Management Division provides information technology strategy and standards and collects, stores, processes, analyzes, and reports agency information.
- Facilities Operation provides maintenance, telecommunications, mail, and purchasing services.

Revenue Sources and Relationships

The Central Services Division is primarily funded with Other Funds from revenue transfers of just over \$48.28 million from the Department’s operating divisions. In addition, \$1.7 million Other Funds expenditure limitation is included in the program’s budget from the Health Insurance Marketplace Fund to cover direct costs of certain administrative functions of the Marketplace program.

Federal funds of \$321,317 from the U.S. Bureau of Labor Statistics and matching funds from Workers' Compensation Premium Assessments fund an annual survey of work-related and fatal injuries.

Budget Environment

The workload and budget environment of the Central Services Division is directly impacted by the budget environments of the operating divisions. These include changes in the economy, consumer behavior, federal regulations, insurance and health care needs, and information technology changes.

Legislatively Adopted Budget

The 2017-19 legislatively adopted total funds budget of \$46,936,055 for the Central Services Division is \$5.1 million (or 12.2%) higher than the legislatively approved budget for the 2017-19 biennium. This increase is primarily attributable to base budget adjustments made to nonlimited expenditure authority and the budgetary implementation of permanent finance plan changes that were approved in the previous biennium, including the addition of one position (1.96 FTE).

BOARD OF DENTISTRY

Analyst: Bushman Reinhold

Agency Totals

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|--------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 2,821,996 | 3,328,763 | 3,491,238 | 3,535,260 |
| Total Funds | \$2,821,996 | \$3,328,763 | \$3,491,238 | \$3,535,260 |
| Positions | 8 | 8 | 8 | 8 |
| FTE | 8.00 | 8.00 | 8.00 | 8.00 |

Overview

The mission of the Board of Dentistry is to promote high quality oral healthcare in Oregon by regulating dental professionals. The Board regulates the practice of dentistry and dental hygiene through examination, licensing, and disciplinary programs. The Board also establishes standards for the administration of anesthesia in dental offices, determines dental procedures that may be delegated to dental assistants, and establishes standards for training and certification of dental assistants. The ten-member board is appointed by the Governor and composed of six dentists, two dental hygienists, and two public members.

Revenue Sources and Relationships

The agency is funded by revenue generated from application, renewal, and license and permit fees. Other miscellaneous sources include fines for late renewals, civil penalties, interest income, and the sale of mailing lists and copies of public records. License and permit fees make up about 90% of the Board's revenue. This revenue source is projected to grow at a rate of 1-2% in 2019-21; the fee increase implemented in 2015 generated a healthy ending fund balance, which will carry the Board forward even as its budget grows due to increasing personnel costs. The Board is projected to maintain an estimated ending balance of \$1,713,605, or 12.9 months of operating expenses.

Budget Environment

The Board has seen very modest growth in new and renewed licenses since 2013. Currently, the Board has approximately 3,875 licensed dentists and 4,321 licensed dental hygienists. Projected licensee growth and the regulatory workload are anticipated to remain relatively flat in the upcoming biennium.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget increases the agency's budget by 6.2% over the 2017-19 legislatively approved budget. The budget includes an expenditure limitation increase of \$100,000 Other Funds for a new licensing database.

HEALTH-RELATED LICENSING BOARDS

Analyst: Bushman Reinhold

Agency Totals

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|--------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 5,101,941 | 6,204,915 | 6,617,355 | 7,488,030 |
| Total Funds | \$5,101,941 | \$6,204,915 | \$6,617,355 | \$7,488,030 |
| Positions | 21 | 22 | 22 | 24 |
| FTE | 20.25 | 20.56 | 20.75 | 23.00 |

Overview

The Health-Related Licensing Boards (HRLB) are currently comprised of six independent licensing boards combined into one agency for the purposes of budget reporting and sharing of resources. These boards license and regulate mortuary and cemetery services, naturopathic physicians, occupational therapists, medical imaging technicians, speech-language pathologists and audiologists, and veterinary medical service providers. Each board retains independent statutory authority and has a separate expenditure limitation within the budget bill that is approved by the Legislature. The six boards share certain services, including information technology and accounting. Additionally, most of the boards share a common office suite in the Portland State Office Building, a conference room, printers, and copiers.

Revenue Sources and Relationships

The six boards are 100% supported with Other Funds revenues from application, examination, licensing, registration, and certification fees, civil penalties, and other smaller sources of revenue. Each board has its own independent revenues and expenditures. The estimated ending balances for the boards generally fall within a reasonable operational need based on cash flows.

Budget Environment

The boards' main activities are licensing, regulatory compliance, investigation and education. Generally, each of the boards are experiencing increases in complaints and investigations, in part due to the growth of these industries, implementation of background checks, and more consumer awareness.

In 2015, the HRLB budget established a shared accountant position to provide budget support and accounting for the boards in lieu of utilizing the Department of Administrative Services Shared Financial Services. In 2018, the boards contracted for an audit of their financial systems. The auditor recommended a Fiscal Analyst 3, rather than an accountant, to meet the accounting and budget needs of the boards. The 2019-21 budget included a Fiscal Analyst 3 position housed in the Board of Naturopathic Medicine to address the need for improved analysis and budget support. As with the accountant, the costs of this shared position are allocated to each board based on transaction use. The budget also included expenditure limitation to pay for a new licensing database and desktop support for all of the boards.

In 2018, each of boards reviewed their positions to align them with actual work being performed, and for pay equity with staff performing similar work in other licensing offices. Several positions across multiple boards were reclassified. The 2019-21 budget includes expenditure limitation to cover those reclassifications.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget totals \$7,488,030 Other Funds and 24 positions (23.00 FTE). The budget is a 20.7% increase from the 2017-19 legislatively approved budget.

More detail follows for each individual board.

Board of Medical Imaging

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|-------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 839,959 | 898,304 | 944,587 | 1,175,429 |
| Total Funds | \$839,959 | \$898,304 | \$944,587 | \$1,175,429 |
| Positions | 3 | 3 | 3 | 4 |
| FTE | 3.00 | 3.00 | 3.00 | 3.50 |

Overview

The mission of the Board of Medical Imaging is to promote, preserve, and protect the public health, safety, and welfare of Oregonians when being exposed to ionizing radiation for the purpose of medical diagnosis or radiation therapy. The twelve-member board is appointed by the Governor and composed of four licensed physicians representing different medical specialties (at least one radiologist and one licensed medical imaging specialist), three public members, and one member from each of the five major medical imaging modalities (MRI technology, nuclear medicine technology, radiation therapy, radiography, and sonography).

The Board licenses nuclear medicine technologists, sonographers, MRI technologists, diagnostic or therapeutic technologists, and diagnostic technicians; approves continuing education offerings to assure continuing competence; and defines and enforces the scope of practice for all licensees.

Revenue Sources and Relationships

The Board is funded by revenue generated from license, examination, and permit fees. Other miscellaneous sources include fines, interest income, and the sale of mailing lists and copies of public records. Oregon has the most comprehensive medical imaging licensure law in the nation. Currently, there are over 5,800 individuals with a two-year permanent license or limited x-ray permit; of those, 900 have multiple licenses, but pay the single license fee of \$120. An additional 80 individuals have temporary licenses, which cost \$30 for a six-month license. Over the past eight years, the total number of permanent licenses increased by over 50 percent. The Board's projected ending cash balance of \$185,879 equals approximately 3.8 months of operating costs. The Board anticipates increasing license fees during the 2019-21 biennium.

Budget Environment

The Board engages in four main activities: licensing, regulatory compliance, education, and administration. Staffing levels for the Board have remained constant despite increases in licensees. Most disciplinary cases are initiated by Board staff conducting audits at the time of application or renewal, often for failure to report criminal history found through fingerprint background checks. About 20% of opened cases are initiated via complaint filed with the Board. The Board had been using a contract investigator; however, with the increase in licensees and investigations, the decision was made to hire a permanent, half-time investigator going forward.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$1,175,429 represents a 30.9% increase from the 2017-19 legislatively approved budget level. The budget includes Other Funds expenditure limitation for the following: (1) a new licensing database and desktop support; (2) the establishment of a permanent, half-time investigator position; (3) three position reclassifications approved by DAS; and (4) the flat-rate fee charged by the Department of Justice for legal support.

Mortuary and Cemetery Board

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|--------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 1,814,321 | 2,191,749 | 2,267,235 | 2,343,995 |
| Total Funds | \$1,814,321 | \$2,191,749 | \$2,267,235 | \$2,343,995 |
| Positions | 7 | 7 | 7 | 7 |
| FTE | 7.00 | 7.00 | 7.00 | 7.00 |

Overview

The mission of the Oregon Mortuary and Cemetery Board is to protect public health, safety, and welfare by fairly and efficiently performing its licensing, inspection, and enforcement duties; promoting professional behavior and standards in all facets of the Oregon death care industry; and maintaining constructive relationships with licensees, those they serve, and others with an interest in the Board's activity. The eleven-member board is appointed by the Governor and is composed of two funeral service practitioners, one embalmer, three cemetery representatives, one crematory operator, and four public members.

Revenue Sources and Relationships

The agency is funded by revenue generated from application, license, and examination fees; a portion of the death certificate filing fee; civil penalties; and interest income. HB 3242 (2015) transferred the Indigent Disposition Program from the Oregon Health Authority to the Board. The death certificate filing fee is \$20; of that amount, \$14 is allocated to the Board for operating expenses and \$6 goes to the indigent disposition fund to reimburse funeral practitioners for the cost of disposing of the remains of indigent people. The projected ending cash balance of \$1,028,418 equals approximately 10.5 months of operating costs.

Budget Environment

The agency regulates individuals and facilities engaged in the care, preparation, processing, transportation, and final disposition of human remains through four main activities: licensing individual death care professionals and the facilities in which they work, performing required facility inspections, investigating complaints, and administering the funeral service practitioner and embalmer exams twice a year. The Board has over 2,500 active licensees on a two-year renewal cycle.

The Board is mandated by statute to physically inspect and review documents for approximately 800 facilities every two years. Due to staff vacancies and other issues, only a small number of facility inspections were completed during the 2017-19 biennium. These issues also negatively impacted complaint closures.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$2,343,995 represents a 7.0% increase from the 2017-19 legislatively approved budget. The budget includes an increase in Other Funds expenditure limitation for two position reclassifications, as well as a new licensing database and desktop support. In addition, the shared accountant position is moved to the Board of Naturopathic Medicine and an Investigator 2 position is added to increase the Board's inspection capacity. The budget includes instruction to the Board to report to the Legislature in September 2019 on the status of filling the two vacant inspector positions, a plan for inspecting all facilities during the biennium, and the status of its complaint closure backlog.

Board of Naturopathic Medicine

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|-------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 718,941 | 809,413 | 905,995 | 1,166,035 |
| Total Funds | \$718,941 | \$809,413 | \$905,995 | \$1,166,035 |
| Positions | 3 | 3 | 3 | 4 |
| FTE | 2.50 | 3.00 | 3.00 | 4.00 |

Overview

The mission of the Board of Naturopathic Medicine is to protect the public by licensing and regulating Naturopathic physicians. The Board conducts examinations for applicants, issues licenses to practice naturopathic medicine, certifies special competency in natural childbirth, sets continuing education standards, and approves naturopathic schools or colleges offering four-year full-time residential programs. The Board also investigates complaints, administers discipline, and imposes civil penalties. The seven-member board is appointed by the Governor and is composed of five naturopaths and two public members.

Revenue Sources and Relationships

The agency is funded by revenue generated from application, license, and certification fees and currently has over 1,500 active licensees renewed on an annual basis. Other miscellaneous sources include fines for late payments, interest income, and the sale of mailing lists and copies of public records. The Board's 2019-21 projected ending cash balance of \$352,060 equals approximately 7.7 months of operating costs.

Budget Environment

The number of licensees for this board has virtually doubled over the last decade due to the growing popularity of naturopathic medicine for primary health care, insurance companies providing benefits for naturopathic care, and increased enrollment of students at naturopathic accredited colleges. The Board anticipates continued growth in the number of applications and licensees in 2019-21. The number of complaints has also increased, resulting in approximately 50 investigations per year.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$1,166,035 represents a 44% increase from the 2017-19 legislatively approved budget. The budget includes an increase in Other Funds expenditure limitation for the following: (1) establishing a Fiscal Analyst 2 position, to be shared with the other Boards; (2) reclassification of the Executive Director position; and (3) a licensing database and desktop support.

Occupational Therapy Licensing Board

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|-------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 380,627 | 514,522 | 542,405 | 619,842 |
| Total Funds | \$380,627 | \$514,522 | \$542,405 | \$619,842 |
| Positions | 2 | 2 | 2 | 2 |
| FTE | 1.50 | 1.50 | 1.50 | 1.75 |

Overview

The mission of the Occupational Therapy Licensing Board is to protect the public by supervising occupational therapy practice and to assure safe and ethical delivery of occupational therapy services. The Board sets the standards of practice and examines applicants for licensure, issues licenses to qualified applicants, investigates complaints, and takes appropriate disciplinary action when necessary. The five-member board is appointed by the

Governor and composed of two licensed occupational therapists, a licensed occupational therapy assistant, and two public members.

Revenue Sources and Relationships

The agency is funded by revenue generated from license fees and other miscellaneous sources including limited permits, late fees, interest income, and the sale of mailing lists and copies of public records. The agency currently has about 2,100 licensed occupational therapists (OT) and 500 occupational therapy assistants (OTA) renewed on a biennial basis. The biennial fees are \$150 for OTs and \$100 for OTAs. The fees have not been increased since 2006. The Board’s projected ending cash balance for the 2019-21 biennium is anticipated to be \$229,867, equaling approximately 8.9 months of operating costs.

Budget Environment

The agency engages in four main activities: licensing, continuing education monitoring, complaint investigation, and administration. The agency anticipates continued growth in the total number of licensees, tracking the U.S. Bureau of Labor Statistics projection of a 27% increase in occupational therapists between 2017 and 2024. The Board anticipates increases in investigations as licensing numbers continue to increase.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$619,842 represents a 20.5% increase from the 2017-19 legislatively approved budget. The budget includes an increase in Other Funds expenditure limitation to cover the costs of a new licensing database and desktop support, reclassification of the Executive Director position, and an addition of 0.25 FTE to the Administrative Specialist position.

Board of Examiners for Speech-Language Pathology and Audiology

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|---------------------------|---|--|--|
| Other Funds | 579,749 | 756,010 | 858,343 | 979,115 |
| Total Funds | \$579,749 | \$756,010 | \$858,343 | \$979,115 |
| Positions | 3 | 2 | 3 | 3 |
| FTE | 2.50 | 2.00 | 2.50 | 3.00 |

Overview

The mission of the Board of Examiners for Speech-Language Pathology and Audiology is to protect the public by licensing and regulating the performance of speech-language pathologists, speech-language pathology assistants, and audiologists. The Board adopts rules governing standards of practice, investigates alleged violations, and grants, denies, suspends, and revokes licenses. The seven-member board is appointed by the Governor and is composed of two licensed speech-language pathologists, two licensed audiologists, two public members, and one medical doctor with American Board of Otolaryngology certification.

Revenue Sources and Relationships

The Board is funded by revenue generated from application, license, and certification fees and has approximately 2,700 active licensees, a 23% increase from 2013. The last fee increase for the Board was approved in 2013. The Board’s projected ending cash balance of \$320,993 equals approximately 7.9 months of operating costs.

Budget Environment

The agency has identified three main activities of licensing, investigation, and administration. The Board has seen a significant increase in the number of complaints, investigations, and disciplinary cases in the past two biennia due to the number of active licenses over that period and implementation of fingerprint background checks. Additionally, investigations are becoming more complex, often requiring review by clinical experts.

The number of complaints and investigations is expected to increase as license exemptions for speech-language pathologists working in schools is no longer allowed by the Teacher Standards and Practices Commission. These individuals must now hold a professional license issued by the Board and adhere to Board requirements for maintaining that license. The Board continues to educate school districts on the licensure requirements of speech-pathologists and pathology assistants.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$979,115 represents a 29.5% increase from the 2017-19 legislatively approved budget. The budget includes an increase in Other Funds expenditure limitation for the following: (1) a new licensing database and desktop support; (2) an increase in the Investigator 2 position from 0.50 FTE to 1.0 FTE; and (3) reclassification of the executive director position.

Veterinary Medical Examining Board

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|---------------------------|---|--|--|
| Other Funds | 768,344 | 1,034,917 | 1,098,790 | 1,203,614 |
| Total Funds | \$768,344 | \$1,034,917 | \$1,098,790 | \$1,203,614 |
| Positions | 4 | 4 | 4 | 4 |
| FTE | 3.50 | 3.75 | 3.75 | 3.75 |

Overview

The Veterinary Medical Examining Board protects public and animal health and consumers of veterinary services by regulating veterinary professionals in Oregon under the statutes and rules of the Veterinary Practice Act. The Board licenses veterinarians, veterinary technicians, euthanasia shelters, and euthanasia technicians; registers and inspects veterinary facilities; investigates consumer complaints and disciplines licensees found to be in violation of the Veterinary Practice Act; and conducts national board examinations for veterinary technicians. The eight-member board is appointed by the Governor and is composed of five veterinarians, two public members, and one certified veterinary technician.

Revenue Sources and Relationships

The agency is funded by revenue generated from license, application, and examination fees, and veterinary facility registrations. The agency has over 2,600 licensed veterinarians and 1,400 certified veterinary technicians, with licenses renewed on a biennial basis. The Board raised fees in the 2013-15 biennium by 50 percent and added a facility registration fee beginning with the 2015-17 biennium. An increase in the number of licensees, along with a higher-than-expected number of facility registrations has resulted in significant revenue growth. The 2019-21 projected ending cash balance of \$1,289,504 equals approximately 25.7 months of operating costs.

Budget Environment

The Board engages in three main activities: licensing, investigations, and facility inspection. The number of complaints averages about 150 per year, with the most common consumer complaint being veterinary fees or the veterinarian’s communication. Most complaints that result in disciplinary review are resolved through stipulated agreement that may or may not involve civil penalties.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$1,203,614 represents a 16.3% increase from the 2017-19 legislatively approved budget level. The budget includes an increase in Other Funds expenditure limitation for a new licensing database and desktop support, and to cover the costs associated with reclassifying two positions.

BUREAU OF LABOR AND INDUSTRIES

Analyst: Deister

Agency Totals

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|-------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| General Fund | 12,579,327 | 13,461,113 | 14,341,010 | 14,894,178 |
| Lottery Funds | -- | -- | -- | 250,000 |
| Other Funds | 9,805,185 | 12,675,846 | 13,264,926 | 13,953,296 |
| Other Funds (NL) | 756,373 | 1,281,732 | 900,000 | 900,000 |
| Federal Funds | 1,421,260 | 1,297,545 | 1,354,891 | 1,335,294 |
| Total Funds | 24,562,145 | 28,716,236 | 28,860,827 | 31,332,768 |
| Positions | 106 | 107 | 106 | 113 |
| FTE | 103.02 | 105.38 | 104.38 | 109.80 |

Overview

The Bureau of Labor and Industries (BOLI) is organized into four divisions with responsibilities in three broad program areas:

- Civil Rights – Enforcement of laws that prohibit unlawful discrimination in employment, housing, public accommodation, and career schools. These protections are provided based on: race, color, national origin, sex, religion, age, marital status, sexual orientation, disability, and injured worker status. Protection is also provided against retaliation for filing civil rights complaints, and for reporting illegal activity (“whistleblower” protection) or violations of family leave laws.
- Wage and Hour – Enforcement of laws relating to wages and hours worked (including prevailing wage rates on public works contracts) and terms and conditions of employment; investigation of claims and complaints from workers involving wages and working conditions, including minimum wage and overtime; protection of children in the workplace; enforcement of regulations pertaining to private employment agencies; determination and enforcement of prevailing wage rates for public works projects; licensing and regulation of farm, forest, and construction labor contractors and janitorial firms; and enforcement of newly-enacted sick leave requirements.
- Apprenticeship and Training – Regulation of apprenticeship programs that promote the development of a highly skilled workforce.
- Commissioner’s Office – Provides policy direction, distributes information to the public, interprets labor and civil rights law, issues proposed and final orders in contested cases regarding civil rights and wage and hour cases, provides information and training to employers, and provides central administrative services for the agency.

Revenue Sources and Relationships

At 47.5%, General Fund comprises nearly half of the Bureau’s support. The Bureau’s Other Funds come primarily from a portion (equal to 0.03 of 1%) of unemployment insurance taxes paid by employers in one calendar quarter each biennium. This revenue, which is assumed at \$5,273,000 in the 2019-21 biennium, is deposited into the Wage Security Fund to pay final wages to employees whose employers cease operations and default on wages owed. The agency is also projected to receive approximately \$550,000 from interest earnings and recovery of payments from defaulting employers. Expenditures from the Wage Security Fund are Nonlimited when used to pay final wages to employees. Such payments are projected to total \$900,000 during the 2019-21 biennium. The Wage Security Fund is also used for administrative expenses, which are budgeted as Other Funds. Of the \$14 million in Other Funds expenditure limitation for the 2019-21 legislatively approved budget, \$3.1 million is from Wage Security Fund revenue spent on agency administration.

The Prevailing Wage Rate program is funded through assessments on public works construction contracts, in the amount of \$3,289,100 for 2019-21. Fees for publications, seminars, and presentations on employment law generate \$1.6 million for the Technical Assistance for Employers program in the Commissioner’s Office. Contract services with the Department of Consumer and Business Services (DCBS) for investigation of discrimination complaints against injured workers and against workers who have reported safety and health hazards will result in \$1.3 million. And the Wage and Hour Division’s licensing of farm, forest, and construction labor contractors and janitorial firms is expected to yield \$362,600 in licensing fees.

The Apprenticeship and Training Division receives a transfer of funds from the Oregon Department of Transportation of up to \$2.1 million. The Division conducts supportive services and outreach efforts aimed at preparing and increasing the number of women and minorities in heavy highway construction jobs. Federal Funds are received from a contract with the Equal Employment Opportunity Commission (EEOC), and BOLI receives \$1,050,000 to support investigation of civil rights cases covered under three federal acts: The Civil Rights Act, the Americans with Disabilities Act, and the Age Discrimination in Employment Act. The EEOC funds partially support the costs for civil rights enforcement when federal and state jurisdictions overlap.

Budget Environment

BOLI personnel have diminished over time, from 160.00 FTE in the 1993-95 biennium to a low of about 100 in the 2013-15 biennium. The legislatively approved budget provides for 109.80 FTE and 71.5% of agency expenditures are for personal services costs. BOLI responded to new laws passed in 2015-19 and 2017-19 relating to paid sick leave, increases in the Oregon minimum wage, pay equity, predictive scheduling, and overtime for manufacturing employees with efforts to educate employers about the changes, helping them to remain in compliance with Oregon Law. In January 2019, a new Labor Commissioner took office with an agenda to better serve customers - both workers and employers - in the 2019-21 biennium. The new Labor Commissioner’s budget priorities included targeted investments that would help BOLI better share information, resolve outstanding claims, and better meet employer needs in the Eastern part of the state. She prioritized agency activities that met statutory obligations, aligned customer demand and work load, and would result in efficiencies.

Workload for BOLI is primarily complaint driven. Complaints and claims investigated by BOLI include unpaid wages, working conditions, and violations of civil rights and fair housing protections. Prevailing wage rate and Wage Security Fund claims fluctuate with changes in the Oregon economy. Apprenticeship registration generally reflects trends in the labor market, including the amount of construction occurring in Oregon. New laws may impact the number of inquiries to the Wage and Hour Division or the Technical Assistance for Employers program, as workers and employers seek information about rights, applicability, and compliance. The following table illustrates division workload, as measured by inquiries, investigations, and new registrations.

| Division/Activity | 2016 | 2017 | 2018 |
|--|-------------|-------------|-------------|
| Wage and Hour - Inquiries | 35,000 | 35,000 | 35,000 |
| Wage and Hour - Claims Filed | 1,649 | 1,189 | 1,138 |
| Wage and Hour - Investigations | 1,527 | 1,116 | 1,104 |
| Civil Rights - Inquiries | 45,644 | 46,176 | 47,000 |
| Civil Rights - Cases Filed | 1,700 | 1,829 | 1,900 |
| Apprenticeship - New Registration | 2,997 | 3,960 | 4,339 |
| Tech. Assistance for Employers - Inquiries | 25,097 | 24,094 | 23,725 |
| Tech. Assistance for Employers - Trainings | 249 | 222 | 177 |
| Administrative Prosecution - Contested Cases | 62 | 76 | 130 |

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget includes standard rate reductions to central government service charges and Public Employee Retirement System assessments, as well as key investments that will be discussed in the following sections that foster transparency and faster access to accurate information or case resolution. The

agency was directed to research and develop alternatives for generating non-General Fund revenue to support agency activities and services related to apprenticeship and training. General Fund increased 3.9% from the 2019-21 Current Service Level, and seven new positions (5.42 FTE). The passage of HB 2202 resulted in \$250,000 of Lottery Funds being allocated and one position approved in the 2019-21 biennium for BOLI to conduct outreach to residents who served in the Oregon National Guard or armed forces reserves, connecting interested individuals with available apprenticeship opportunities.

Commissioner’s Office and Program Support Services

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|-------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| General Fund | 3,992,981 | 4,212,469 | 4,236,431 | 4,653,053 |
| Other Funds | 3,042,128 | 3,465,725 | 3,579,800 | 3,745,485 |
| Federal Funds | 232,641 | 280,379 | 299,285 | 283,523 |
| Total Funds | 7,267,750 | 7,958,573 | 8,115,516 | 8,682,061 |
| Positions | 27 | 27 | 26 | 28 |
| FTE | 26.13 | 25.38 | 25.38 | 27.38 |

Program Description

The Commissioner’s Office and Program Support Services Unit provides overall policy direction and management for the Bureau. The program units are:

- Commissioner’s Office/Legal Policy – The Commissioner’s office provides strategic planning, legal policy, public information, and intergovernmental relations for the agency. Nine positions comprise the Commissioner’s Office, including the Commissioner, Deputy, Director of Legislative Affairs, executive support (2 positions), public affairs and communications manager, legal policy advisor, an administrative law judge, and a public records coordinator position added in 2019.
- Business Services – Five positions provide centralized fiscal services including accounting, purchasing, payroll, budget development, and contract administration. Information Services also reside here, consisting of three employees that implement and maintain computer information systems and user support functions.
- Administrative Prosecution Unit – Provides adjudication (convenes administrative law proceedings) and alternative dispute resolution of contested cases for wage and hour claims; prevailing wage violations; farm, forest, and construction labor contractor violations; child labor violations; and civil rights complaints. The Chief Prosecutor and a staff of two administrative prosecutors (Compliance Specialist 3) and a case coordinator (for a total of 4.00 FTE) make up the personnel in this unit.
- Technical Assistance for Employers Unit – A total of seven BOLI employees assist employers by providing online information and tailored employment law handbooks, a telephone technical assistance line, and customized workshops and seminars regarding employment law, lawful employment practices, wage and hour laws, and civil rights requirements.
- Advisory bodies – Advise the Labor Commissioner on policy issues in their respective subject matters. Includes the State Apprenticeship and Training Council, the Prevailing Wage Rate Advisory Committee, the Oregon Council on Civil Rights, and the Expression of Milk in the Workplace Advisory Committee.

Revenue Sources and Relationships

The Commissioner’s Office/Support Services Unit receives 53.6% of its support from the General Fund. Other Funds revenues include \$1.6 million in fee and services revenue collected by the Technical Assistance for Employers Unit from participating employers for seminars and on-site presentations of Civil Rights and Wage and Hour laws, lawful employment practices, and the sale of employer reference handbooks and composite workplace postings. Additional Other Funds are received from miscellaneous fees, portions of the Wage Security Fund revenue, and Prevailing Wage Rate fees that are allocated to the Commissioner’s Office to support central administrative costs and the costs of conducting administrative law hearings. Federal Funds are from an Equal

Employment Opportunity Commission (EEOC) contract and are used to cover costs associated with the investigation of complaints dually filed with BOLI and the EEOC.

Budget Environment

The 2019 Legislative Assembly invested resources that will increase the availability of information and improve services to BOLI customers.

Legislatively Adopted Budget

Upgrades to the agency’s website (\$250,000 General Fund) are planned to enable better access to Technical Assistance publications and resources and may include searchable resources by topic to allow employers to get access to common questions, employer training and seminar content, and the ability to conduct other business with BOLI on line. Also approved was a General Fund-supported position to coordinate contested case and public records requests on behalf of employers, claimants, and the general public, ensuring that attorneys and citizens have timely access to their own records and case files.

Additional accounting resources were added (1.00 FTE) to the business services section to facilitate timely payment of wage claims. The position will be funded by Wage Security Fund resources.

Civil Rights Division

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|---------------------------|---|--|--|
| General Fund | 2,990,734 | 3,365,753 | 3,766,345 | 3,917,253 |
| Other Funds | 951,898 | 1,481,363 | 1,644,496 | 1,637,038 |
| Federal Funds | 1,155,168 | 999,795 | 1,055,606 | 1,051,771 |
| Total Funds | 5,097,800 | 5,846,911 | 6,466,447 | 6,606,062 |
| Positions | 30 | 30 | 30 | 31 |
| FTE | 29.25 | 29.25 | 29.50 | 30.50 |

Program Description

The Civil Rights Division enforces laws that prohibit unlawful discrimination in employment, housing, public accommodation, and career schools. These protections are provided based on: race, color, national origin, sex, religion, age, marital status, sexual orientation, disability, and injured worker status. Protection is also provided against retaliation for filing civil rights complaints, for reporting illegal activity (“whistleblower” protection), and for violations of family leave laws. The Division processes employment discrimination complaints for the Oregon Occupational Safety and Health Administration (OR-OSHA) and Workers’ Compensation Division (part of DCBS). The Civil Rights Division also evaluates complaints regarding housing discrimination and access to public facilities such as retail establishments, transportation, or career schools. The Division operates under a work-share agreement with the federal Equal Employment Opportunity Commission for cases that fall under both state and federal law, including civil rights laws, the Americans with Disabilities Act, and the Age Discrimination in Employment Act.

Revenue Sources and Relationships

The Civil Rights Division expects to receive approximately \$500,000 from OR-OSHA and nearly \$1 million from the Worker’s Benefit Fund in DCBS. These funds are used to investigate allegations of discrimination against injured workers. Interagency agreements between these two entities have recently been renegotiated to cover more of the agency’s average cost per investigation than in previous biennia. Case copy fees generate approximately \$131,000 in miscellaneous receipts that are also a source of Other Funds for this Division. The EEOC provides just over \$1 million Federal Funds to the Division’s budget in the form of reimbursement on a per-case basis. The average cost of the Division’s investigations is approximately \$2,700; costs related to any post-investigation administrative or legal action are not included in this figure. Reimbursements from the EEOC, the Injured Worker

Fund, and the Occupational Safety and Health Administration also help to support investigative costs. The remaining cost per case is subsidized primarily by General Fund.

Budget Environment

In 2018, approximately 94% of the inquiries handled by the Civil Rights Division centered on complaints regarding employment. Of the remaining 6%, issues related to accommodation for disability comprised 31% of complaints, sex discrimination accounted for 41% of volume, injured worker status represented 16%, and issues of race comprised the remaining 22% (amounting to 110% because some complaints alleged concerns in multiple areas). The 47,000 inquiries in 2018 resulted in approximately 1,900 formal complaints, approximately two-thirds of which were investigated.

To effectively respond to inquiries and complaints within existing resources, BOLI employs a triage system, intended to focus resources on the most egregious violations or significant harm, and to expedite the closure of cases unlikely to result in a finding of unlawful discrimination, as follows:

- “A” complaints are those persuasively alleging an egregious violation and/or significant harm, with indications that substantial evidence is likely. These complaints receive investigation, with the goal of swift adjudication.
- “B” complaints clearly allege violations resulting in at least some harm, but are less clear about whether the violations can be proven. These cases take up the majority of the investigators’ time.
- “C” complaints are expected to be dismissed quickly, as there is a low probability that the complainant can provide substantial evidence to support the allegation. These cases usually result in an interview with the complainant and review of any documents submitted to ensure that relevant factors were not overlooked. The cases may be upgraded, but if no additional evidence is presented, the cases are usually dismissed.

A new division administrator took over in July 2019 and is actively involved in reviewing business and regulatory practices to ensure they result in consistent investigatory techniques and treatment of claimants and defendants, efficient disposition of cases, and that findings continue to be upheld on appeal.

Legislatively Adopted Budget

The legislatively adopted budget included the addition of a Civil Rights Investigator 2 position (1.00 FTE) supported by General Fund. Total Funds for the Civil Rights division increased 13% from the 2017-19 legislatively approved level. Also approved was General Fund in the amount of \$21,114 to reclassify management positions, resolving work out of class agreements in the Civil Rights Division.

Wage and Hour Division

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|---------------------------|---|--|--|
| General Fund | 2,885,665 | 3,004,298 | 3,215,138 | 3,009,278 |
| Other Funds | 3,740,254 | 5,355,949 | 5,903,418 | 5,881,413 |
| Other Funds (NL) | 756,373 | 1,281,732 | 900,000 | 900,000 |
| Total Funds | 7,382,292 | 9,641,979 | 10,018,556 | 9,790,691 |
| Positions | 33 | 34 | 34 | 35 |
| FTE | 32.14 | 33.75 | 34.00 | 33.50 |

Program Description

The Wage and Hour Division receives claims and complaints from workers involving wages and working conditions, including minimum wage and overtime, and protects children in the workplace through enforcement of the state Child Labor Law. The Division also enforces regulations pertaining to private employment agencies, conducts wage surveys, publishes prevailing wage rates for public works projects, enforces the Prevailing Wage Rate Law, and licenses and regulates farm, forest, construction, and property service (janitorial) labor contractors.

Revenue Sources and Relationships

The Wage and Hour Division expects to receive about \$3.3 million from assessments on public construction contracts for the Prevailing Wage Rate (PWR) program, and \$459,600 in licensing fees for labor contractor licenses. The Wage Security Fund is dedicated to the payment of final wages for employees whose employers cease operations and default on final paychecks. The agency is projected to receive \$4,585,000 for the Fund in the 2017-19 biennium from a portion (equal to 0.03%) of the unemployment insurance taxes paid by employers in the last calendar quarter of the prior biennium. Out of the total in Wage Security Fund revenues, the Division is projected to spend \$1,281,732 for actual wage claims as Other Funds Nonlimited. Approximately \$1.8 million of Wage Security Fund revenues are spent on administration as Other Funds, including approximately \$521,532 resulting from the passage of SB 1587 (2016), which enabled expenditures of the Wage Security Fund specifically for enforcement of wage and hour laws.

Budget Environment

The Wage and Hour Division reports receiving about 35,000 inquiries per year, and conducting 1,104 investigations related to reported wage and hour irregularities in 2018. Approximately 178 claims for final unpaid wages against the Wage Security Fund were paid out during the same period. Sixty-four cases in 2018 were determined to be subject to prevailing wage for public works projects. The Division issued a combined total of 801 licenses to farm, forest, construction labor, and janitorial service contractors. The Wage and Hour Division's investigations are primarily complaint driven.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget represents a 2% total funds increase from the 2017-19 legislatively approved budget, and a 2% decrease from the 2019-21 current service level. The legislatively adopted budget included \$15,614 General Fund and \$14,354 Other Funds expenditure limitation to reclassify management positions, resolving work out of class agreements in the Wage and Hour Division. A management position deemed redundant by the commissioner was eliminated (-0.75 FTE) at a savings of \$166,294 General Fund, and administrative support was added to a regional field office (1 position, 0.25 FTE), which will be funded through an increase in janitorial service contractor fees.

Apprenticeship and Training Division

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|---------------------------|---|--|--|
| General Fund | 2,709,947 | 2,878,593 | 3,123,096 | 3,314,594 |
| Lottery Funds | -- | -- | -- | 250,000 |
| Other Funds | 2,070,905 | 2,372,809 | 2,137,212 | 2,689,360 |
| Federal Funds | 33,451 | 17,371 | -- | -- |
| Total Funds | 4,814,303 | 5,268,773 | 5,260,308 | 6,286,883 |
| Positions | 16 | 16 | 16 | 19 |
| FTE | 15.50 | 16.00 | 15.50 | 18.42 |

Program Description

The Apprenticeship and Training Division promotes the development of a highly skilled workforce through partnerships with government, labor, business, and education, and provides apprenticeship opportunities for individuals. The 8-member Oregon State Apprenticeship and Training Council is chaired by the Labor Commissioner and provides policy direction and approves local apprenticeship committees and their occupational standards. The Division conducts regular compliance reviews of the local committees to ensure that apprentices are being treated fairly and are receiving the best possible training. The Division also works in partnership with educators, employers, and students, including cooperative efforts with school-to-work programs to ensure that adult apprenticeship standards are connected to core competencies identified at the high school level.

Revenue Sources and Relationships

Until the 2009-11 biennium, the Apprenticeship and Training Division was almost exclusively funded with General Fund. Since 2009-11, BOLI has had an interagency agreement with the Oregon Department of Transportation to manage a program to diversify the heavy highway construction workforce by expanding outreach, training, and support services to women, minorities, and young adults. The program is funded by up to \$2.1 million per biennium of federal transportation dollars that BOLI expends as Other Funds. The Division also receives Other Funds from the Higher Education Coordinating Commission related to one position dedicated to expanding apprenticeship as a viable workforce training option for employers outside traditional building trade industries. This contract was renewed for the 2019-21 biennium but is expected to be phased out in future biennia.

Budget Environment

According to 2018 data, 4,653 Oregon employers utilized registered apprenticeship in 2018, and BOLI reported that in 2019, for the first time ever, there were over 10,000 active apprentices in Oregon. Apprenticeship program registrations fluctuate with the economy, and have been boosted by a strong construction industry within a similarly strong economy. BOLI reports that the number of apprentices in the agency's certified programs has more than doubled over the past six years. Apprenticeship completions are dependent on jobs being available to provide the needed hours of on-the-job-training. A total of 1,429 apprenticeship completions were recorded in 2018, representing 170 more than the prior year and far surpassing the agency's target of 2,200 completions.

The Division works with educators and employers to develop youth apprenticeship and apprenticeship preparation programs and conducts compliance reviews for the Oregon State Apprenticeship and Training Council, to ensure that programs are acting in accordance with their standards and that all apprentices are being treated equally. More recently, BOLI has begun to increase its emphasis on direct outreach to employers, youth, and prospective apprentices to promote apprenticeship as a cost-effective way to develop necessary skills and meet Oregon's workforce needs. These efforts include collaboration with the Higher Education Coordinating Commission, Employment Department, and local workforce investment boards to educate employers outside the building trades about apprenticeship, and work with them to develop apprenticeship training programs and a pipeline of registrants that meet the skilled industry needs in their regions.

Legislatively Adopted Budget

The legislatively adopted budget represents a 19.3% total funds increase from the 2017-19 legislatively approved budget, due to the addition of a position to help Eastern Oregon employers with technical assistance and apprenticeship access, and the passage of HB 2202, which allocated Measure 96 Lottery Funds dedicated for veteran-related services to National Guard and armed forces reserves apprenticeship outreach. As previously mentioned, the contract with the Higher Education Coordinating Council was extended, and Other Funds expenditure limitation of \$553,542 was included to accommodate fulfillment of obligations. Lastly, BOLI was directed to research and develop alternatives for generating non-General Fund revenue to support agency activities and services related to apprenticeship and training, and to report back on findings and recommendations during the 2020 legislative session.

MEDICAL BOARD

Analyst: Bushman Reinhold

Agency Totals

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|---------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 10,238,728 | 12,840,109 | 13,324,918 | 13,662,415 |
| Total Funds | \$10,238,728 | \$12,840,109 | \$13,324,918 | \$13,662,415 |
| Positions | 39 | 40 | 40 | 41 |
| FTE | 38.79 | 40.00 | 40.00 | 41.00 |

Overview

The Oregon Medical Board (OMB) is a thirteen-member board with members appointed by the Governor and confirmed by the Senate. Membership is composed of seven medical doctors, two doctors of osteopathic medicine, one podiatric physician, one physician assistant, and two public members. The agency licenses Medical Doctors, Doctors of Osteopathic Medicine, Podiatric Physicians, Physician Assistants, and Acupuncturists; investigates complaints against licensees and takes disciplinary action when a violation of the Medical Practice Act occurs; monitors licensees who have come under disciplinary action; and works to rehabilitate and educate licensees whenever appropriate. The Board is also responsible for the scope of practice for First Responders and Emergency Medical Technicians.

Revenue Sources and Relationships

OMB is a single-program agency that receives its revenue from licensure and registration fees, the sale of lists and directories, and fines or forfeitures imposed as disciplinary measures. Licensing fee revenue increased 5.1% in 2017-19; revenue projections for the 2019-21 biennium anticipate a similar increase.

Budget Environment

Continual changes in the medical profession, technology, and society require the Board to respond dynamically to ensure the safety of the public while providing for the integration of new and innovative delivery of health care methodologies and technologies. Within the medical profession, these adaptations, including the expansion of both individual and organizational scope of practice, result in more complex and time-consuming investigation of complaints as well as additional Board and staff time to comprehensively understand the industry and technology-driven changes. The Board continues to examine their rules and procedures to ensure the profession is addressing and adapting to Oregon's changing demographics, including an aging and diversifying population.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget for the Oregon Medical Board totals \$13,662,415 Other Funds and 41 positions (41.00 FTE). The budget is a 6.4% increase from the 2017-19 legislatively approved budget. The adopted budget is projected to leave an ending balance of \$9.8 million Other Funds, roughly equal to 18 months of operating expenses. The budget includes additional ongoing expenditure limitation to cover the costs of a new public member on the board and to establish a permanent full-time Public Affairs Specialist. The budget also includes an ongoing increase in Other Funds limitation of \$250,000 for transfer to the Foundation for Medical Excellence to support the Oregon Wellness Program, which provides specialized mental health services to health professionals across the state.

MENTAL HEALTH REGULATORY AGENCY

Analyst: To

Agency Totals

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|--------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 2,558,922 | 3,509,699 | 3,656,573 | 3,941,338 |
| Total Funds | \$2,558,922 | \$3,509,699 | \$3,656,573 | \$3,941,338 |
| Positions | 12 | 11 | 11 | 12 |
| FTE | 9.00 | 11.00 | 11.00 | 12.00 |

Overview

The mission of the Mental Health Regulatory Agency is to protect the health and well-being of Oregon citizens by setting a strong, ethical standard of practice through the regulation of licensed professional counselors, marriage and family therapists, and individuals who practice psychology. The Oregon Mental Health Regulatory Agency is responsible for the administration, regulatory oversight, and centralized services of two boards: [1] the Board of Licensed Professional Counselors and Therapists and [2] the Board of Psychology (previously known as the Board of Psychologist Examiners). These two Boards maintain independent authority over consumer protection and determining the qualifications of their respective regulated professions. The two Boards jointly appoint the director for the Oregon Mental Health Regulatory Agency and share resources; however, each Board maintains separate revenues and expenses through separate expenditure limitations under one budget appropriation bill to ensure that the licensing fees of one Board are not used to subsidize the expenses of the other. As national policy and practice continue to transform mental health care delivery and funding in order to address workforce shortage issues and to integrate mental health care with primary care and social services, the agency will need to monitor these changes to ensure that the licensing requirements, fee structures, and operation expenses of the two boards adjust adequately to changes to the mental health professions licensed and regulated by the agency.

Board of Licensed Professional Counselors and Therapists

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|--------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 1,295,574 | 2,079,741 | 2,195,531 | 2,384,631 |
| Total Funds | \$1,295,574 | \$2,079,741 | \$2,195,531 | \$2,384,631 |
| Positions | 6 | 7 | 11 | 12 |
| FTE | 4.50 | 7.00 | 7.00 | 7.65 |

Board Overview

The Board of Licensed Professional Counselors and Therapists oversees a voluntary licensing program for professional counselors and marriage and family therapists who want to use the title of “licensed professional counselor” or “licensed marriage and family therapist.” The Board also registers interns who are completing work experience requirements for licensure. The Board investigates complaints against counselors and therapists; sets standards to establish, examine, and pass on the qualifications of applicants to practice professional counseling or marriage and family therapy in Oregon; adopts a code of ethics for licensees; sets academic and training standards; and establishes Board policies and positions on counseling issues. The eight-member board is appointed by the Governor and composed of three licensed professional counselors, two licensed marriage and family therapists, one faculty from a related program, and two public members.

Revenue Sources and Relationships

The Board is funded with revenue generated from application and licensing fees. Other miscellaneous sources include fines and the sale of mailing lists and copies of public records. Based on a projected 8% growth rate in

licensees and interns during 2019-21, the Board expects to issue 1,328 initial licensees, process 9,356 license renewals and 2,486 internship renewals, and receive 2,242 licensure applications. At the end of the 2019-21 biennium, the Board is expected to have an ending balance of \$1,010,664 Other Funds, which represents about 10.2 months of operating expense.

Budget Environment

Over the last ten years, the number of new licensed professional counselor and licensed marriage and family therapist licenses issued by the Board has increased by an average of 13.6% per year; the number of new registered interns has increased by an average of 8.5% per year. Correspondingly, the number of investigations received have increased by over 40% in the past 5 years, from 138 in 2013 to 194 in 2018. The Board expects this upward trend in licensing to continue for three main reasons: 1) increasing public awareness of mental health issues along with increasing acceptance of mental health treatment has resulted in increasing demand for mental health services; 2) retiring licensees are choosing to keep their licenses in case they want to return to practice; and 3) with the Affordable Care Act, most individual and small group health insurance plans are required to cover mental health service, and although the licensure program is voluntary, insurance companies do not reimburse unlicensed practitioners for their services. As the population embraces mental health care, and as clients are able to depend on insurance, more counselors and therapists will choose to seek licensure. With continued growth in licensees, the Board expects an increase in investigator and legal costs due to an increase in complaints and contested cases.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$2,384,631 Other Funds is an increase of \$304,890 Other Funds (14.7%) above the 2017-19 legislatively approved budget. The budget is an increase of \$189,100 Other Funds (8.6%) above the 2019-21 current service level. The legislatively adopted budget includes:

- \$156,022 to fund the Board of Licensed Counselors and Therapists’ share of a Compliance Specialist 2 position (0.65 FTE) to assist the Board with its growing investigation backlog. This reflects legislative approval to make permanent a limited duration Compliance Specialist 2 position to oversee compliance case management duties to allow investigators to focus on timely, thorough, and procedurally sound investigations.
- \$57,073 to cover the Board’s portion of ongoing costs of desktop support, ETS hosting, and database monthly maintenance fees associated with the implementation of an IT project to integrate and update the two Boards’ online database and desktop support needs.

Board of Psychology

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|---------------------------|---|--|--|
| Other Funds | 1,263,348 | 1,429,958 | 1,244,364 | 1,556,707 |
| Total Funds | \$1,263,348 | \$1,429,958 | \$1,244,364 | \$1,556,707 |
| Positions | 6 | 4 | 0 | 0 |
| FTE | 4.50 | 4.00 | 4.00 | 4.35 |

Board Overview

The Board of Psychology (formerly known as the Board of Psychologist Examiners) determines qualifications and examines and licenses individuals to practice psychology. The Board also investigates alleged violations of the statutes and imposes appropriate sanctions. The nine-member board is appointed by the Governor and is composed of six psychologists and three public members. HB 2328 (2017) renamed the Board of Psychologist Examiners to the Board of Psychology after the Board determined that the agency name reflected an antiquated idea of the Board’s function and can be confusing to the public because the mission of the Board is broader than simply the examination of psychologists.

Revenue Sources and Relationships

The Board is funded by revenue generated from licensing, application, and examination fees. Other miscellaneous sources include civil penalties and publication sales. Based on a 3% growth rate in the licensee base, the Board expects to renew 2,210 licenses, receive 368 licensure applications, register 278 jurisprudence exam candidates, and issue 74 limited permits. At the end of the 2019-21 biennium, the Board is expected to have an ending balance of \$561,420 Other Funds, which represents about 8.7 months of operating expense.

Budget Environment

The debate over the desirability and feasibility of psychopharmacology prescription privileges for psychologists continues to cause uncertainty for the Board. The Board expects continued growth in licensees, and therefore a corresponding increase in licensing and enforcement workload, as well as increasing legal costs due to appeals of disciplinary actions and potential lawsuits.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$1,556,707 Other Funds is a \$126,749 increase (8.9%) from the 2017-19 legislatively approved budget. The budget is a \$95,665 increase (6.6%) from the 2019-21 current service level. The legislatively adopted budget includes:

- \$84,012 to fund the Board of Psychology's portion of a Compliance Specialist 2 position (0.35 FTE) to assist the Board with its growing investigation backlog. This reflects legislative approval to make permanent a limited duration Compliance Specialist 2 position to oversee compliance case management duties to allow investigators to focus on timely, thorough, and procedurally sound investigations.
- \$30,731 to cover the Board's portion of ongoing costs of desktop support, ETS hosting, and database monthly maintenance fees associated with the implementation of an IT project to integrate and update the two Boards' online database and desktop support needs.

BOARD OF NURSING

Analyst: Bushman Reinhold

Agency Totals

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|---------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 15,351,050 | 16,847,478 | 17,888,645 | 19,719,954 |
| Total Funds | \$15,351,050 | \$16,847,478 | \$17,888,645 | \$19,719,954 |
| Positions | 49 | 49 | 49 | 54 |
| FTE | 48.49 | 48.90 | 48.90 | 53.90 |

Overview

The Oregon State Board of Nursing (OSBN) licenses and regulates the practice of nurses, nursing assistants, and advanced practice nurses; sets nursing practice standards, guidelines for education programs, and minimum competency levels for entry into the professions; and has the authority to revoke or suspend the license or privilege to practice nursing in the state. The agency is directed by a nine-member board appointed by the Governor and composed of four Registered Nurses, two Licensed Practical Nurses, one Nurse Practitioner, and two public members. The mission of the Oregon State Board of Nursing is to safeguard the public's health and well-being by providing guidance for, and regulation of, entry into the profession, nursing education, and continuing safe practice.

Revenue Sources and Relationships

The agency is funded primarily by revenue generated from examination, licensing, and renewal fees charged to registered nurses, licensed practical nurses, nurse practitioners, certified registered nurse anesthetists, clinical nurse specialists, certified nursing assistants, and certified medication aides. The agency also receives Federal Title XVIII (Medicare) and Title XIX (Medicaid) funds through the Department of Human Services (DHS) to fund the Certified Nursing Assistant Program. Nine dollars of each nursing license fee is transferred to the Oregon Center for Nursing.

Budget Environment

The agency's budget is influenced by the number of licensees, the number and complexity of complaint investigations, background checks, and the number of participants in the Health Professionals' Service Program. The number of active licenses issued by the board has grown dramatically over the past three biennia. OSBN currently licenses over 67,000 nurses, and about 19,000 nursing assistants. The number and complexity of complaint investigations correlates with the growth in licensees and the increasing complexity of the profession. The increased investigative burden is further exacerbated by the aging out of many current nurse professionals. As nurses retire, their positions are being filled by younger, less experienced nurses that tend to generate more complaints. The 2019-21 budget provides an increase in resources for licensing and investigations.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget for the Oregon Board of Nursing totals \$19,719,954 Other Funds with 54 positions (53.90 FTE). The budget is a 17% increase from the 2017-19 legislatively approved budget and is projected to leave an ending fund balance of \$7.9 million Other Funds, equal to about 9.7 months of operating expenses. The board's budget includes \$1,305,011 in Other Funds expenditure limitation to reclassify 11 positions and to permanently establish five full-time positions to address workload in licensing and investigations. The budget also provides a one-time expenditure limitation increase of \$400,000 Other Funds and an ongoing expenditure limitation increase of \$75,000 Other Funds to expand and improve the Board's office space.

BOARD OF PHARMACY

Analyst: To

Agency Totals

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|--------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 6,253,007 | 7,464,610 | 7,698,155 | 8,761,878 |
| Total Funds | \$6,253,007 | \$7,464,610 | \$7,698,155 | \$8,761,878 |
| Positions | 20 | 20 | 20 | 22 |
| FTE | 20.00 | 20.00 | 20.00 | 22.00 |

Overview

The Board of Pharmacy regulates the practice of pharmacy as well as the quality, commerce, and distribution of drugs within and into Oregon. The mission of the Board is to promote, preserve, and protect the public health, safety, and welfare by ensuring high standards in the practice of pharmacy and by regulating the quality, manufacture, sale, and distribution of drugs. The agency licenses pharmacists by examination or through reciprocity with other states; registers and inspects hospital and retail pharmacies, drug wholesalers and manufacturers, and over-the-counter drug outlets; investigates drug diversion and rule violations; and regulates the quality and distribution of controlled substances, prescription, and over-the-counter drugs. The seven-member board is appointed by the Governor and composed of five pharmacists and two public members.

Revenue Sources and Relationships

The agency is funded by revenue generated from license, registration, and examination fees from pharmacists, pharmacy technicians, pharmacy interns, as well as the licensing of various drug outlets. The remaining revenue sources are civil penalties, fines, and interest earnings. The Board's 2019-21 legislatively adopted budget includes an updated fee schedule; the last time the Board raised fees was in 2001. A proposed fee increase during the 2011-13 biennium was rolled back to 2001 rates. In 2015, the Board instituted biennial licensure without a fee adjustment. Pharmacists, certified pharmacy technicians, and pharmacy technicians have been receiving two years of license for the price of one year. This updated fee schedule will adjust for biennial licensure as well as address the increase costs of operations driven by changes in pharmacy practice and technological advances being incorporated into systems of drugs distribution. This fee schedule update will help the Board maintain an adequate cash flow and ending balance. At the end of the 2019-21 biennium, the Board is expected to have an ending balance of \$1.5 million Other Funds, which represents approximately 4 months of operating expense.

Budget Environment

Federal regulations as well as rapid changes in both technology and the health care industry continue to force change for the Board. The Board is required to interface and interact with many state and federal regulatory agencies, including the U. S. Food and Drug Administration (USDA), the U. S. Drug Enforcement Administration (USDEA), and state health regulatory boards whose licensees have authority to prescribe, dispense, administer, or possess drugs and devices. As the state's population increases in age and number, the use of pharmaceutical products continues to increase. In addition, the pharmaceutical profession has assumed increased responsibilities in areas of direct patient care (e.g., medication therapy management under Medicare, immunizations, and clinical laboratory health screen testing). As the pharmaceutical industry continues to expand, the agency's workload continues to grow, driven by both increases in the numbers of licensees and in the complexity of consumer requests for information and complaints, resulting in a greater number of investigations.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$8,761,878 Other Funds represents a 17.4% increase from the 2017-19 legislatively approved budget and a 13.8% increase from the 2019-21 current service level budget. The budget includes:

- \$174,862 to cover Department of Justice (DOJ) fees. The board utilizes the DOJ flat-rate agreement to better anticipate legal costs. The flat-rate is evaluated each biennium based on the past 36 months of usage. 2015-17 usage caused the rate for 2017-19 to be \$144,000 higher than the legislatively approved allocation; the agency worked to absorb this overage. However, even with a reduction of legal services during the first year of 2017-19, it is anticipated that with the 2019-21 pricelist inflation adjustment, an additional \$174,862 of resources will be required.
- \$279,021 for ongoing technology support services including database administration, maintenance, operation, and hosting services.
- \$468,403 and authority to establish one Healthcare Investigator position and one Public Service Representative 3 position (2.00 FTE) to address a growing workload associated with the increased in number of applicants and licensees, as well as the growing number of complex outlet license categories. These positions will support the work of compliance, inspections, and investigations, as well as rulemaking efforts for the Board and Formulary Committee.
- \$16,027 to provide per diem and travel reimbursement for the seven members of the Public Health and Pharmacy Formulary Advisory Committee established by HB 2397 (2017).
- \$288,415 carryforward funds for the agency to complete the implementation of its licensing and compliance database upgrade.
- A reduction of Other Funds limitation (\$69,260) due to phasing out support of a partnership with Pacific University School of Pharmacy to offer a one-year fellowship designed to transition the fellow from a general practitioner to a regulatory pharmaceutical specialist.

PUBLIC UTILITY COMMISSION

Analyst: Jolivette

Agency Totals

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|----------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 37,870,777 | 45,919,838 | 48,075,719 | 49,252,175 |
| Other Funds (NL) | 68,662,899 | 56,290,822 | 54,312,163 | 54,312,163 |
| Federal Funds | 658,975 | 742,231 | 790,833 | 1,025,117 |
| Total Funds | \$107,192,651 | \$102,952,891 | \$103,178,715 | \$104,589,455 |
| Positions | 126 | 127 | 123 | 130 |
| FTE | 125.13 | 125.76 | 122.50 | 127.75 |

Overview

The Public Utility Commission's mission is to ensure consumers are provided with access to safe and reliable utility services at equitable and reasonable rates through regulatory activities and the promotion of competitive markets. The Commission regulates customer rates and services of investor-owned electric, natural gas, and telephone utilities, as well as certain water companies, allowing regulated companies an opportunity to earn an adequate return on their investments. There are approximately 2.9 million customers of utilities regulated by the Commission.

The three-member Public Utility Commission (PUC) is appointed by the Governor and subject to Senate confirmation. The Commission does not regulate people's utility districts, cooperatives, or municipally-owned utilities except in matters of safety. Additionally, the Commission has no authority to regulate the rates or services of cellular and cable TV providers. The Commission is governed by federal and state law, the interpretation of which is informed by an extensive history of judicial decisions. PUC provides administrative and budget support to the Oregon Board of Maritime Pilots.

PUC's 2019-21 legislatively adopted budget is \$104.6 million total funds and 130 positions (127.75 FTE). The agency is organized into the following four programs:

- Utility Regulation Program (\$76.4 million, 65.50 FTE) provides research, analysis, and technical support to assist the Commission in carrying out its mission; implements state policy regarding utility industry restructuring and competition; and oversees the contract with the Energy Trust of Oregon which administers a portion of the public purpose charge. The program also includes the Oregon Universal Service Fund (OUSF), which subsidizes the rates charged by any eligible carrier providing basic telephone service in high cost areas; payments to providers are reflected as Other Funds Nonlimited.
- Residential Service Protection Fund (RSPF) Program (\$10.1 million, 7.50 FTE) provides accessible and affordable telecommunications services for disabled persons, including the hearing- and speech-impaired, and low-income individuals. The Oregon Telephone Assistance Program subsidizes local telephone service rates to about 53,000 eligible low-income Oregonians by providing a \$12.75 monthly reduction for basic telephone service (\$3.50 paid by Oregon, the remainder provided by the federal government). The Telecommunication Devices Access Program provides special communication devices to deaf, hearing and/or speech impaired people, or those with other disabilities that prevent them from using telephones. Oregon Telecommunications Relay Service provides a 24-hour-a-day relay service as required by the Americans with Disabilities Act to link hearing-, speech-, and mobility-impaired individuals with non-impaired individuals. RSPF reports to the Central Services Administrator.

- Policy and Administration (\$17.3 million, 52.75 FTE) includes the Commission Chair, who serves as the agency's administrative head, two Commissioners; the Executive Office, which is responsible for the overall strategic performance of the agency, public policy engagement, and agency communications; the Administrative Hearings Division, which conducts rulemaking and contested case hearings involving major industry changes, rate proposals, and consumer complaints; and the Chief Operating Officer. Reporting to the Chief Operating Officer is the Business Services Division, which provides budget, accounting, and support services to the agency; information technology; Human Resources; and Consumer Services, which responds to questions from consumers about the utility industry and assists in resolving consumer complaints. The Board of Maritime Pilots full-time staff report administratively to the Chief Operating Officer.
- Board of Maritime Pilots (\$801,735, 2.00 FTE) is an independent occupational licensing and regulatory agency for state maritime pilots, whose mission is to protect public health, safety, and welfare by ensuring only the best-qualified persons are licensed to pilot vessels in Oregon's four pilot-required areas: Yaquina Bay, Coos Bay, the Columbia River, and the Willamette River. A maritime (or marine) pilot is a local navigational and ship-handling expert who directs the course and speed of vessels based upon knowledge of wind, weather, tides, currents, and local geography. While the Board is a part of PUC for budget and administrative purposes, it retains authority for all policy decisions regarding the regulation of pilots.

Revenue Sources and Relationships

The Commission is funded with \$49.3 million Other Funds, \$54.3 million Other Funds Nonlimited, and \$1 million Federal Funds.

Other Funds are derived primarily from fees assessed on regulated utilities. Natural gas, water, and wastewater utilities are assessed up to 0.45% on gross operating revenues. Telecommunications providers are assessed up to 0.35% on gross intrastate retail sales excluding wholesale revenues. Telecommunication carriers and subscribers are assessed an additional amount to support the Oregon Universal Service Fund (OUSF) and the Residential Service Protection Fund (RSPF). Electric utilities are assessed a gross revenue fee of no more than 0.45%.

Retail electric consumers of Portland General Electric and PacifiCorp pay additional charges for public purpose expenditures (3%) and low-income bill assistance (\$20 million per year) as part of the electric industry restructuring legislation approved in 1999. However, the utilities distribute the public purpose revenues directly, rather than through PUC, to the entities provided in statute (e.g., nongovernmental entity (Energy Trust of Oregon), school districts, and the Housing and Community Services Department).

Federal Funds received from the U.S. Department of Transportation's Gas Pipeline Safety Program support enforcement of federal pipeline safety regulations. The state is required to provide matching funds at the current rate of 40%.

The Board of Maritime Pilots is a self-supporting entity funded by two sources: pilotage fees and (pilot) license fees. A pilotage fee of up to \$100 is assessed on either outgoing or incoming vessels requiring pilotage service at the four pilot-required areas. The license fee is tied to the consumer price index by statute and rises by the cumulative cost-of-living increase for the previous two years at the start of each biennium. The annual license fee will be \$3,149 in 2019 and increase to \$3,405 on January 1, 2020.

Budget Environment

The Commission assesses annual fees on regulated electric, natural gas, water utilities, and telecommunications providers that fund most the Commission's operating expenditures. As customers continue to transition from landline to wireless services, the telecommunications industry's projected gross revenues will decrease between 2019 and 2021 resulting in a revenue loss of 5% per year. Commission revenue from the energy industry will be steady or increase slightly in 2019 compared to 2018. Given that the Commission receives more revenue from the energy industry than it does from the telecommunication industry, the stability in electricity industry revenue will continue to offset the loss of telecommunications industry revenue.

Additionally, the telecommunications industry is going through a period of rapid change marked by technological advances, consolidation, and new business models. While the Commission partnered with the Department of Justice (DOJ) Consumer Fraud Division in 2005 to handle wireless consumer complaints and continues to advocate on behalf of consumers with unregulated services, the widespread practice of bundling regulated (landlines) and unregulated services (wireless, cable TV, and internet) has complicated the regulatory landscape and increased the number of non-jurisdictional complaints and consumer inquiries.

A consumer inquiry results in an investigation but can involve an issue not regulated by the Commission. For example, the Consumer Division undertakes numerous inquiries from consumers regarding problems with their VoIP telephone service, cable, and satellite TV and internet service—services over which it has no regulatory authority. While overall Consumer Division activity and the number of complaints is down across all utilities from a peak in 2005, the last several years have seen substantial growth in the number of inquiries related to cellular and telecommunication services. In 2013, cellular and communications inquiries accounted for nearly 30% of all contacts for the Consumer Division. These trends not only increase costs in the agency, but also raise questions regarding the Commission’s authority and continuing relevance in the absence of regulatory reform.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$104.6 million total funds is \$1.6 million, or 1.6%, above the 2017-19 legislatively approved budget and includes 130 positions (127.75 FTE). The following adjustments were made to the budget:

- \$9.1 million increase in Other Funds revenue. SB 68 (2019) increased the maximum allowable fee that can be assessed on a utility’s annual gross operating revenue. Specifically, it increased the fee cap on energy and water utilities from 0.30% to 0.45%, and increased telecommunications utilities from 0.30% to 0.35% of gross operating revenue.
- \$1.5 million Other Funds and \$54,111 Federal Funds expenditure limitation increase to establish seven positions (5.25 FTE) to address workload in the Utility Regulation and Policy and Administration programs.
- \$234,347 Other Funds expenditure limitation increase to address increased attorney general costs resulting from increased dockets and docket complexity.
- For statewide adjustments, the PUC budget was reduced \$329,020 Other Funds and \$6,195 Federal Funds for the program’s portion of standard statewide adjustment for state government service charges and Attorney General charges; the Board of Maritime Pilots budget was reduced by \$8,711 Other Funds for statewide adjustments.

REAL ESTATE AGENCY

Analyst: Deister

Agency Totals

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|-------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 6,735,567 | 7,781,918 | 8,586,773 | 8,499,070 |
| Total Funds | 6,735,567 | 7,781,918 | 8,586,773 | 8,499,070 |
| Positions | 29 | 29 | 29 | 29 |
| FTE | 29.00 | 29.00 | 29.00 | 29.00 |

Overview

The Real Estate Agency (REA) is responsible for the education, licensing and enforcement of Oregon's real estate laws applicable to brokers, property managers, and real estate marketing organizations. It licenses and regulates escrow agents, and registers and reviews campground contract brokers, subdivisions, timeshares, and condominium developments. The agency approves continuing education providers and develops requirements for its licensees, administers real estate examinations, audits licensees, and investigates complaints. The Real Estate Board provides policy input, reviews proposed rulemaking, makes recommendations about the license examination process, approves continuing education provider qualifications, and approves experience waiver requests of license applicants. The Oregon Real Estate Board consists of seven industry members and two public members.

Revenue Sources and Relationships

The Oregon Real Estate Agency is supported by Other Funds. Application fees and fees paid for professional licenses by brokers, principal brokers, and property managers comprise the vast majority of all revenue collected. Charges for services and fines make up remaining revenue, with all civil penalties transferred to the General Fund. Projected revenue is \$8.6 million for the 2019-21 biennium, with an ending balance of \$1.3 million, equivalent to 3.6 months of operating expenditures.

Budget Environment

The Real Estate Agency encompasses several divisions, each of which provide specific services to the public and/or licensees. The divisions include the following:

- The Commissioner's Office which provides policy direction to the various divisions of the agency.
- The Real Estate Board, which advises the Governor and commissioner on industry matters, reviews rulemaking proposals, and oversees testing and examinations of real estate applicants.
- The Education Division, which collects information about the educational needs of licensees, with the goal of helping to develop licensing examinations and continuing education topics that prepare licensees and protect the public, and certification of pre-license courses and instructors.
- The Administrative Services Division, which handles agency administrative needs for personnel, budget, and finance, as well as assistance to licensees in maintaining their license information electronically; license applications, renewals, and background checks.
- The Land Development Division, which administers and reviews subdivision, condominium, timeshare, and campground registrations, telemarketing organization licensing, on-site inspections, and real-estate telemarketing organization licensing.
- The Regulation Division, which processes and investigates complaints and conducts audits of trust and other industry financial accounts.

The Real Estate Agency implemented a fee increase in the 2017-19 biennium, intended to provide sufficient operating revenue and ending balance to sustain agency operations for the foreseeable future. The number of

licensees has been building since a post-recession low in December 2012. The number of licensees is expected to grow from approximately 23,000 in 2019 to 25,000 by the end of the 2019-21 biennium.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$8,499,070 represents a 9.2% increase from the 2017-19 legislatively approved budget, and a 1% decrease from the 2019-21 current service level (the latter due to standard adjustments to general government assessments, changes to Attorney General rates and assumed vacancy savings). Other than these adjustments, there were no policy option packages with a fiscal impact included as part of the agency's legislatively adopted budget.

BOARD OF LICENSED SOCIAL WORKERS

Analyst: Walker

Agency Totals

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|-------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 1,575,651 | 1,717,671 | 1,828,013 | 1,804,612 |
| Total Funds | 1,575,651 | 1,717,671 | 1,828,013 | 1,804,612 |
| Positions | 6 | 6 | 6 | 6 |
| FTE | 6.00 | 6.00 | 6.00 | 6.00 |

Overview

The mission of the Board of Licensed Social Workers is to protect the citizens of Oregon by setting a strong standard of practice and ethics through the regulation of clinical social workers. The Board oversees a voluntary licensing program for individuals who want to use the title "licensed clinical social worker." The Board is responsible for developing and enforcing ethical standards for licensed individuals; investigating complaints; and disciplining licensed individuals who violate ethical standards, Board rules, or state licensing laws. The seven-member board is appointed by the Governor and composed of four licensed clinical social workers and three public members.

Revenue Sources and Relationships

The agency is funded by revenue generated from application and licensing fees. Other miscellaneous sources include late fees and publication sales. Revenue in 2019-21 of \$1.8 million is projected to be 10.8% greater than 2017-19 due to continued growth in the number of licensees.

The 2019-21 projected ending balance of \$539,970 equals approximately 7.2 months of operating costs. The increase in the ending fund balance is due to a continued increase in the total number of licensees under the Board's jurisdiction.

Budget Environment

The agency has identified two main activities: public protection (30%) and licensing (70%). Passage of SB 177 in 2009 added two new categories of licensing: Registered Bachelors of Social Work and Licensed Masters of Social Work. This increased both the licensing and the compliance workload of the Board. The bill also added criminal background check requirements for licensees. The Board has continued to experience increased expenses due to a boost in investigations as a result of the earlier expansion of the licensee base.

Legislatively Adopted Budget

The legislatively adopted budget is an increase of \$86,941 Other Funds (4.8%) over the 2017-19 legislatively approved budget.

BOARD OF TAX PRACTITIONERS

Analyst: Morse-Miller

Agency Totals

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 Legislatively Adopted |
|--------------------|--------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Other Funds | 1,106,894 | 1,042,020 | 1,104,037 | 1,091,888 |
| Total Funds | \$1,106,894 | \$ 1,042,020 | \$1,104,037 | \$1,091,888 |
| Positions | 4 | 3 | 3 | 3 |
| FTE | 4.00 | 2.50 | 2.50 | 2.50 |

Overview

The Oregon Board of Tax Practitioners is a seven-member citizen board that protects consumers by ensuring Oregon tax practitioners are competent and ethical in their professional activities. The Board licenses and oversees Tax Preparers, Tax Consultants, and tax businesses. The Board develops initial competency examinations and monitors required continuing education programs for tax practitioners, as well as investigates complaints and takes disciplinary action when appropriate. The seven-member board is appointed by the Governor and is composed of six licensed tax consultants and one public member.

Revenue Sources and Relationships

The Board of Tax Practitioner's revenues are principally derived from annual licensing and business registration fees. Fees are also charged for the administration of licensing examinations. A small amount of revenue is derived from fines. The legislatively adopted budget projects new revenues at approximately 3.5% more than the 2017-19 legislatively approved budget due to a projected increase in licensees.

The agency also modified their fee structure for licensing examinations for the 2019-21 biennium. Under the new fee structure, both Tax Preparers and Tax Consultants pay a \$60 Exam Application Fee for review of their credentials by the Board. Once approved to take a licensing exam by the Board, the applicant pays an Exam Proctoring Fee to a test proctoring company; this fee is \$50 for Tax Preparers and \$85 for Tax Consultants. This will have a marginal impact on agency revenues.

Budget Environment

The agency's licensee base has increased slightly in the 2017-19 biennium, a trend which is projected to continue into the 2019-21 biennium. However, licensee numbers have fallen overall during the past ten years, leading to a decrease in revenues from licensing and business registration fees. The agency has offset these declining revenues with reduced costs and workload efficiencies. The agency relocated their office to less expensive space, decreased staffing as a result of new IT initiatives, and contracted with an exam proctoring company to reduce administrative tasks.

Legislatively Adopted Budget

The total legislatively adopted budget for the Board of Tax Practitioners is a 4.8% increase from the 2017-19 legislatively approved budget. Statewide adjustments for state government service charges, including Attorney General and Department of Administrative Services assessments, reduced expenditure limitation in the amount of \$12,149 Other Funds, resulting in a total budget of \$1,091,888 for the Board of Tax Practitioners.