

CONSUMER AND BUSINESS SERVICES

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Board of Accountancy – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	1,425,564	1,565,639	1,487,963	1,473,306
Total Funds	\$1,425,564	\$1,565,639	\$1,487,963	\$1,473,306
Positions	7	7	7	7
FTE	7.00	7.00	7.00	7.00

Agency Overview

The Board of Accountancy is a seven-member citizen board that licenses and regulates public accountants. The Board administers the examination and licenses individual Certified Public Accountants (CPAs) and Public Accountants (PAs), and their firms. The Board is responsible for investigating complaints, renewing licenses, and monitoring the continuing education of its licensees. A staff of seven administers the Board's programs. The Board currently regulates over 1,000 public accounting firms and 7,000 public accountants, most of them CPAs. The Board also licenses 300 CPAs to perform audits of state and local government agencies.

Revenue Sources and Relationships

The Board's Other Funds come primarily from business registration fees, biennial licensing fees, and examination fees. The American Institute of Certified Public Accountants changed the examination from twice a year to a year-around, online examination. This has resulted in reduced revenues and costs to the Board. Additionally, a small amount of revenue is gained through the selling of mailing lists. The revenue estimate of \$1,352,000 for the 2005-07 biennium is \$136,000 less than budgeted expenditures. The Board has built a sizable cash carryover balance which will supplant the reduced revenues.

Budget Environment

Examination applications and membership have stabilized and Board operating costs are more predictable. The Board expects a slight decline of new candidates in future years due to the higher educational requirements. Implementation of the computer-based CPA examination has had a negative impact on revenues. This also has reduced the time staff spends and other costs of administering the examination.

Legislatively Adopted Budget

The legislatively adopted budget contains no additions or reductions to Board programs other than the reduction for the change in CPA examinations. The budget continues all other Board services and reflects the reduced costs for state services that resulted from changes to internal service agency budgets.

Board of Chiropractic Examiners – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	848,146	916,244	1,003,043	991,183
Total Funds	\$848,146	\$916,244	\$1,003,043	\$991,183
Positions	5	5	5	5
FTE	4.50	4.50	4.50	4.50

Agency Overview

The mission of the Board of Chiropractic Examiners is to protect and benefit the public health and safety, and promote quality in the chiropractic profession. The Board regulates Doctors of Chiropractic (DC) and Certified Chiropractic Assistants (CCA) through examination, licensing, and disciplinary programs. The seven-member board is appointed by the Governor and composed of five chiropractors and two public members.

Revenue Sources and Relationships

The agency is funded by revenue generated from licensing, application, and examination fees. The 2005-07 projected ending cash balance of \$147,443 is the equivalent of approximately three and one-half months of operating costs. During the 2005-07 biennium, the agency plans to transition from an annual to a birth month licensing cycle. The transition is expected to stabilize cash flow and workload. The agency proposes to establish a new fee to cover the cost of nationwide criminal background checks for new Doctor of Chiropractic applicants.

Budget Environment

The agency licenses over 1,500 Doctors of Chiropractic and 600 Certified Chiropractic Assistants annually. The agency made significant improvement in performance measures related to complaint case resolution in 2003 and expects continued improvement.

Legislatively Adopted Budget

The Legislature approved a budget of \$991,183 Other Funds, a 1.2% decrease from the Governor's budget, and 4.50 FTE. The budget was adjusted to reflect the following rate and assessment reductions: Public Employees Retirement System (\$3,148), Department of Administrative Services (\$2,313), Oregon State Library (\$213), and Secretary of State Audits Division (\$34). The budget also includes several line-items shifts to align the budget more closely with actual spending patterns.

The Legislature approved an increase to fund nationwide criminal background checks on new applicants (\$7,592) and the reclassification of a part-time position with an offsetting reduction to Services and Supplies.

Board of Clinical Social Workers – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	462,801	488,074	579,239	567,514
Total Funds	\$462,801	\$488,074	\$579,239	\$567,514
Positions	3	3	3	3
FTE	2.50	2.50	2.50	2.50

Agency Overview

The mission of the Board of Clinical 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. Fees were temporarily decreased in 1999-2001 to address a high ending cash balance. The fees remained at the reduced level through 2001-03 and were restored (to 1997-99 levels) in 2003-05. The current fee structure will not support agency operations through 2005-07 and provide an adequate ending cash balance. To address this problem, the agency proposes to increase fees. The proposal includes a \$5 increase (9%) in the Certificate of Clinical Social Work Associate renewal fee and a \$15 increase (20%) in the Licensed Clinical Social Worker renewal fee. With this fee increase, the projected 2005-07 ending balance represents approximately six months of operating costs.

Budget Environment

Although there have been modest annual increases in the number of licensees, the revenue generated from the increases has not kept pace with operating cost increases.

Legislative Adopted Budget

The Legislature approved a budget of \$567,514 Other Funds, a 2% reduction from the Governor's budget, and 2.50 FTE. The budget was adjusted to reflect the following rate and assessment reductions: Public Employees Retirement System (\$1,566), Attorney General (\$2,842), Department of Administrative Services (\$2,418), and Oregon State Library (\$23).

The Legislature approved a small increase to address increased operating costs (\$15,735) and the reclassification of two part-time positions (\$14,518).

Construction Contractors Board – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	9,924,535	11,403,490	12,074,409	11,821,224
Total Funds	\$9,924,535	\$11,403,490	\$12,074,409	\$11,821,224
Positions	66	61	62	61
FTE	63.75	60.75	61.38	60.38

Agency Overview

The Construction Contractors Board provides services to homeowners, contractors, subcontractors, construction suppliers, bonding and insurance companies, and state and local building officials. The Board regulates the profession of construction contracting and provides consumer protection and dispute resolution services. The Board licenses construction contractors and subcontractors, provides consumer information and education, and resolves disputes. The Board investigates complaints, imposes fines for violations of Oregon laws, including failure to carry workers compensation coverage, and ensures that contractors meet statutory pre-licensing educational requirements.

Revenue Sources and Relationships

Approximately 93% of Board resources are expected to be received from contractor licensing and renewal fees in 2005-07. The remainder will be from miscellaneous fees and civil penalties. Because the rate of new licenses and license renewals is greater than anticipated, the revenue generated from the license fee increase implemented July 1, 2004 is expected to generate more revenue than is necessary to fund the approved level of operations and approximately six months of expenditures in ending balance. The Board will modify the license fee downward in order to not exceed the recommended ending balance of approximately \$3 million.

Implemented January 1, 2004, a fee for filing claims represents a nominal revenue source. Instead, its relevance is that it signifies the volume of claims filed. During the 2003-05 biennium 5,200 claims were received, 39% fewer than were received in each of the two prior biennia. In 1999-2001 and 2001-03, approximately 8,500 claims were filed each biennium. Although the Board assumed approximately \$155,000 in claim filing fees in 2003-05, actual fees paid through the end of the biennium totaled \$95,000. The Board projects that the 2005-07 level will increase to \$192,000, derived from approximately 3,800 filed claims.

Other fee restructuring in 2004 eliminated a fee charged to contractors who were late in their license renewal. This will result in a 2005-07 revenue reduction of approximately \$100,000. At the same time, the renewal process is streamlined. Civil penalty collections are not expected to change materially from 2003-05; the Board projects \$384,000 in civil penalties will be transferred to the General Fund in 2005-07.

Budget Environment

The essential scope of the Construction Contractors Board responsibilities continues to be licensing, enforcement, claims resolution, and consumer and contractor education. Implementation of a business competency test in July 2000 resulted in a 7% decrease in the number of licensees between 2000 and 2003. The number remained relatively static for the first half of the 2003-05 biennium. However, by the end of the biennium, the average monthly renewal rate was more than eight percentage points higher than the base on which 2003-05 revenues were projected. New licenses were also issued at a higher rate and the total number of licensees in June of 2005 was approximately 42,800, compared to 45,000 licensees in June 2000 and 41,800 in June 2004.

The 2003-05 ending balance was approximately \$3.5 million, which was higher than projected and more than the Legislative Assembly recommended. Because of the increased rate of licensing and renewal activity which is projected to continue, the fee level set in July 2004 will be modified downward effective October 2005. Economic volatility, including construction trends, availability and cost of required liability insurance, the business competency test for new licensees, and consolidation of construction firms will continue to drive the need for the Board to balance its fee structure to cover the cost of operations and to maintain an appropriate, but not excessive, ending balance.

In addition to the historical variation in the number of licensees, workload implications and use of agency resources are affected by a variety of factors: 1) increased application of computer-based technology in business processes, and use of the Internet to provide consumer and contractor information resulting in a significant decrease in daily telephone inquiries since 2000; 2) enforcement actions pursued by the Board, which are different from claims, decreasing by approximately 11% between the 2001-03 and 2003-05 biennia; 3) program changes resulting from legislation that was not introduced on behalf of the agency; and 4) goals and expectations in meeting performance measurements in all areas of the agency's mission to protect the public's interest relating to improvements to real property through regulation of construction contractors and the promotion of a competitive business environment through education, contractor licensing, dispute resolution, and law enforcement.

Legislatively Adopted Budget

The 2005-07 budget of \$11,821,224 reflects a 1.6% decrease from the Governor's recommended budget, and a 4.1% increase over 2003-05. Principal changes were from increases in consumer and contractor education activities, staffing and salaries, information technology asset replacement, and price list adjustments.

Upward reclassifications of several positions approved by the Department of Administrative Services, Human Resource Services Division, were funded. Five claims examiner positions in the Dispute Resolution Section were reclassified, and in the Information Systems Section, two Information Systems Specialist positions were reclassified. The Public Information Assistant in the Consumer Education program also was reclassified upwards and the additional resources for advertising were approved. However, the Legislature did not approve the addition of a new Administrative Specialist 2 position to the Contractor Education program. Instead, the Legislature requested that the agency review the existing two Education Section positions in the context of the implementation plan for the agency's Contractor and Consumer Education programs, and report to the Emergency Board on how the plan will be executed. If necessary to achieve the agency's goals and outcomes, the agency can request that the Emergency Board increase the agency's Other Funds expenditure limitation and position authority.

The agency's information technology package was reduced by \$19,725 based on revised cost estimates for training and capital outlay, and Personal Services was reduced by \$2,743 and Services and Supplies was reduced by \$57,803 as a result of lower Public Employees Benefit Board charges, assessments by the Department of Administrative Services, State Library and Secretary of State, and Attorney General fees.

The Legislature also authorized the transfer of \$350,000 Other Funds from the Construction Contractors Board to the Department of Consumer and Business Services in support of House Bill 2078. The measure established a nine-member Task Force on Construction Claims and the Department of Consumer and Business Services was directed to provide professional staff support for the study of actuarially sound insurance reforms, alternatives, and pricing. The task force is to report to the 2007 Legislative Assembly with recommendations for changes, if any.

Department of Consumer and Business Services (DCBS) – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	160,704,993	173,324,865	179,434,083	177,519,614
Other Funds (NL)	299,947,054	386,534,154	442,487,607	442,487,607
Total Funds	\$460,652,047	\$559,859,019	\$621,921,690	\$620,007,221
Positions	1,111	1,088	1,069	1,081
FTE	1,098.50	1,076.95	1,060.42	1,068.47

Agency Overview

The Department of Consumer and Business Services (DCBS) is organized into four broad program areas that include central administration and three separate consumer-related regulatory functions:

- Central Support, including administrative support, information management, and policy direction.
- Regulation and Enforcement of Workplace Safety and Health, including the Workers' Compensation Board, the Workers' Compensation Division, and Oregon Occupational Safety and Health Administration (OR-OSHA).
- Financial and Insurance Regulation and Services, including the Insurance Division, the Division of Finance and Corporate Securities, and the Oregon Medical Insurance Pool.
- Regulation of Building Codes and other consumer services, including the Building Codes Division and the Office of Minority, Women, and Emerging Small Business. The 2001 Legislature established the Appraiser Certification and Licensure Board as a semi-independent state agency effective July 1, 2001.

Revenue Sources and Relationships

Over 500 dedicated fees, assessments, and charges support the operation of the DCBS. In addition, the Department is responsible for the management of a number of dedicated accounts within four separate operating funds: the Consumer and Business Services Fund; the Workers' Benefit Fund; the Funeral and Cemetery Consumer Protection Trust Fund; and the Oregon Medical Insurance Pool.

- The Consumer and Business Services Fund is the operating fund for the Department. Revenue sources include the Workers' Compensation Premium Assessment, which supports the workers' compensation-related programs of the Department, business licenses, and assessments and fees that support Building Codes, insurance, finance, and consumer services programs.
- The Workers' Benefit Fund is financed through the Workers' Compensation Cents per Hour assessments paid one-half by employers and one-half by workers. The current rate is 3.4 cents per hour, unchanged from 2001. For insurers and self-insured employers the assessment is 6.8% of earned premiums and 7% for self-insured employer groups. The Fund supports all of the injured workers programs, including the Handicapped Worker, Reemployment Assistance and Rehabilitation programs, and also includes reserves to ensure compensation for injured workers, such as the Non-Complying Employer reserve.
- The Oregon Medical Insurance Pool is funded with premiums collected from insured individuals and insurer assessments. The pool provides access to health care coverage for Oregonians excluded from the health insurance marketplace because of preexisting conditions.

Specific revenue sources include:

- Workers' Compensation Cents per Hour supports the Workers' Benefit Fund.
- Workers' Compensation Tax (Insurance Premium Assessments) supports workers' compensation programs. The total premium paid by employers continues to decline. Oregon had 12 consecutive years of decline in the premiums paid by employers, and two years of no increase, equaling a 57.4% cut in these costs since 1990 and resulting in cumulative savings of \$10.1 billion to Oregon employers. Due to the reduced revenue base and the draw down of the ending balance, the tax rate was increased from 4.5% to 7.3% in 1998, and increased to 8% in 2002 to cover actual operating costs. This rate was unchanged in 2003. That rate had been anticipated to decline to 6.7%, but after the 2003 Legislature transferred \$15.7 million from the primary operating fund for DCBS, which includes dedicated accounts for the Workers' Compensation Premium Assessment Account, the rate is set at 6.8% for 2005.
- Insurance Premium Assessments support Insurance Division programs.
- Business Licenses and Fees, which support regulatory programs such as Building Codes, Insurance Division, and the Division of Finance and Corporate Securities. The 2005-07 budget for Building Codes reflects reduced revenue.

- Insurance Taxes that are transferred to the General Fund.
- Federal Funds, which are expended as Other Funds, support Occupational Safety and Health programs and the Senior Health Insurance Benefits Assistance (SHIBA) program.
- Interest earnings, fines, assessments, and other revenues support various Department programs and are transferred to other agencies, such as the Office of Homeland Security to support the State Fire Marshal.

Nonlimited Accounts include the Workers' Benefit Fund, nonlimited reserves and payments for workers' compensation, Funeral and Cemetery Consumer Protection Trust Fund for payments of claims for prearranged funeral and endowment care defaults, and the Oregon Medical Insurance Pool third-party administrator and claim payments.

Budget Environment

Workload is driven by factors such as the demographic changes in Oregon's population, economic changes, changes in business practices including increased use of rapidly changing information technology, and health care needs and reform. This has also included, in recent years, absorbing administrative responsibility for a number of agencies, including Building Codes and the Office of Energy (until the Office was re-created as a separate agency by the 1999 Legislature). The 2001 Legislature added responsibility for enforcement of mortuary and cemetery regulation and established the Appraiser Certification and Licensure Board as a semi-independent state agency. The 2003 Legislature approved SB 468 that transferred \$631,570 Other Funds from the Department of Transportation and established 2.78 FTE within the DCBS Building Codes Division effective May 1, 2005 to handle duties relating to titling and registration of manufactured structures.

The 2003 Legislature approved a budget of \$559.9 million total funds, and 1,076.95 full-time equivalent positions (FTE) for DCBS. This represented a 12.4% decrease from the Governor's budget and a reduction of 3.00 full-time equivalent positions. Most of this reduction was a result of an adjustment of \$69,656,993 in Nonlimited Other Funds in the Oregon Medical Insurance Pool program, based on revised Family Health Insurance Assistance Program (FHIAP) estimates.

Legislatively Adopted Budget

The 2005-07 budget for DCBS is an increase of \$4.2 million (2.4%) Other Funds, and \$55.95 million Nonlimited Other Funds, and a decrease of 7 positions (8.84 FTE) from the 2003-05 legislatively approved budget. The Legislature approved three policy bills that added \$1.1 million Other Funds and 14 positions (8.55 FTE) to streamline workers' compensation hearings, revise workers' compensation medical examination requirements, and create building codes administrative regions. The Legislature also reduced the agency services and supplies budget by 3%, which is equivalent to adjustments made in other agency budgets. This adjustment was in addition to the reductions made to services and supplies in the Governor's budget. Other adjustments included reductions to state government and Attorney General rates, and the Public Employee Retirement System (PERS) rate.

The Legislature approved a policy package based on passage of a revenue bill, which restored positions cut in the Finance and Corporate Securities Division base.

An accounting shift transferred the expenditures for the Workers' Compensation Assessments Section from the Business Administration Division to the Workers' Compensation Division. This section provides accounting services for the Workers' Benefit Fund and the Premium Assessment Operating Account. Likewise, for accounting purposes, the Ombudsman for Injured Workers and the Small Business Ombudsman have also been transferred to the Workers' Compensation Division. Reporting relationships for these three program areas remain unaffected.

The state is in the process of consolidating the data centers of twelve state agencies. DCBS is one of the twelve agencies affected. The budget includes the transfer of 2 positions (.50 FTE). The Department's operating budget will be adjusted for related expenses once the implementation plan has been finalized.

DCBS – Central Support Services

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	31,085,233	32,963,602	31,856,765	31,299,496
Other Funds (NL)	1,258,240	819,522	260,290	260,290
Total Funds	\$32,343,473	\$33,783,124	\$32,117,055	\$31,559,786
Positions	197	192	169	167
FTE	193.50	191.13	167.17	166.67

Program Description

Central Support provides direction, leadership, and support services to the diverse divisions, offices, and boards within the Department. In addition, the Office of Regulatory Streamlining was established in the Director's Office under Executive Order 03-01 to facilitate state government's efforts to simplify business regulations. The office serves as a clearinghouse for best practices and resources related to streamlining, conducts research into methods to improve processes, and compiles information about successful streamlining practices.

The Director's Office accounts for 4% of Division expenditures and provides leadership, policy direction, general supervision of all programs, and liaison with other levels of government and the general public.

- Information Management Division accounts for 62% of Division expenditures and establishes DCBS information technology strategy and standards. The unit collects, stores, processes, analyzes, and reports agency information.
- Business Administration Division accounts for 24% of Division expenditures. The unit provides centralized purchasing and accounting services, collection services, payroll, purchasing, printing, ordering, mail inventory control, warehouse, and contract management services.
- Communication Services is 2% of Division expenditures, and provides outreach and information on rules, policies, and data (including interactive forms on the Internet) to the public and non-English speaking Oregonians.
- Personnel Services is 8% of Division expenditures, and provides human resources support to the agency.

Revenue Sources and Relationships

The Division is primarily funded with \$31.9 million in Other Funds from revenue transfers within the Department's dedicated funds. Federal Funds of \$250,000 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. The Department expends Federal Funds as Other Funds.

Budget Environment

Workload in the Division is driven, in part, by the workload factors affecting the Department as a whole, including demographic changes in Oregon's population, continued economic growth, changes in business practices, rapidly changing information technology, and health care needs and reform. This also has included, in recent years, absorbing administrative responsibility for a number of agencies, including the Building Codes Division and the Office of Energy, until the Office was re-created as a separate agency by the 1999 Legislature. The Division monitors agency workload and statistics and is working on outcome-measurement reporting.

Legislatively Adopted Budget

The budget is a decrease of \$1,664,106 Other Funds, and \$559,232 Nonlimited Other Funds, and a decrease of 25 positions (24.46 FTE) from the 2003-05 legislatively approved budget. This includes the 2 positions (.5 FTE) transferred as part of the data center consolidation noted above. Other adjustments included reductions to state government and Attorney General rates, and the PERS rate, and the accounting shift, as noted above, that transfers the expenditures (but not reporting relationships) for the Workers' Compensation Assessments Section, the Ombudsman for Injured Workers, and the Small Business Ombudsman to the Workers' Compensation Division. The Governor's budget included savings of \$623,735 Other Funds in services and supplies, and the Legislature added an additional 3% reduction of \$211,080 to this adjustment.

DCBS – Workers’ Compensation Board

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor’s Recommended	2005-07 Legislatively Adopted
Other Funds	15,727,776	16,959,647	17,745,256	17,733,030
Total Funds	\$15,727,776	\$16,959,647	\$17,745,256	\$ 17,733,030
Positions	98	96	96	100
FTE	96.87	95.50	96.00	97.67

Program Description

The Workers’ Compensation Board is responsible for adjudicating contested Workers’ Compensation cases and Oregon Occupational Health and Safety Administration (OR-OSHA) citations, notices, and orders, and for reviewing administrative orders on appeal. The Board consists of five full time permanent members. Offices are located in Portland, Salem, Eugene, and Medford. The Board also conducts hearings in 8 other locations around the state.

Revenue Sources and Relationships

The primary revenue source for the Board is \$17.7 million in Workers’ Compensation Insurance Taxes. These taxes, assessed at 6.8% of earned premiums, are collected from SAIF, private, and self-insurers to be used for Department expenses, the Center for Occupational Disease Research, the Rehabilitation Reserve, and the Non-Complying Employer Reserve.

Budget Environment

The number of requested hearings and Board reviews in calendar year 1992 were 17,877 hearings and 2,230 Board reviews; in 1999 there were 11,828 hearings and 1,096 Board reviews; and in 2001 there were 10,139 hearings and 966 Board reviews. However, these numbers do not tell the entire story, since the scope and complexity of the cases filed with the Board have increased as litigants request hearings on issues related to the requirements of legislatively adopted workers’ compensation reforms. Over the past biennium, the Board has responded to the reduced number of filings by reducing staffing by 22.00 FTE since 1995-97 (7.5 in 1997-99, 12.0 in 1999-2001, 1.0 in 2001-03, and 2.0 in 2003-05), with a corresponding reduction in the growth of program expenditures.

Legislatively Adopted Budget

The budget is an increase of \$773,383 (4.6%) Other Funds and an increase of 4 positions (2.17 FTE) from the 2003-05 legislatively approved budget, which reflects substantive legislation that required that workers’ compensation hearings be held no later than 120 after a postponed hearing date, with certain exceptions. The Legislature added \$247,562 Other Funds and 4 limited-duration positions (1.67 FTE) to handle the temporary workload from this legislation. Other adjustments included reductions to state government and Attorney General rates, and the PERS rate. The Governor’s budget included savings of \$303,134 Other Funds in services and supplies, and the Legislature added a 3% reduction of \$106,566 to this adjustment.

DCBS – Workers’ Compensation Division

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor’s Recommended	2005-07 Legislatively Adopted
Other Funds	29,322,640	31,767,543	36,384,531	36,388,199
Other Funds (NL)	3,106,958	3,334,446	3,357,709	3,357,709
Total Funds	\$32,429,598	\$35,101,989	\$39,742,240	\$39,745,908
Positions	237	239	257	264
FTE	235.46	238.00	255.50	260.13

Program Description

The Workers’ Compensation Division administers and enforces the provisions of the workers’ compensation insurance coverage law and provides some education and consultative services. The Injured Worker Ombudsman receives, investigates, and resolves workers’ compensation complaints. The Small Business Ombudsman assists small businesses in obtaining workers’ compensation coverage, intervenes in premium determination problems, and provides educational programs to small businesses.

The Division has four program areas. The Division budget is operationally consolidated, but the estimated costs distributed among the programs are as follows: administration and policy (8%), dispute resolution (34%), compliance (34%), and operations (24%).

Revenue Sources and Relationships

The Division is primarily supported with \$31.8 million in revenues from Workers' Compensation Insurance Taxes. The Division also receives \$2.9 million in interest income as well as \$1.7 million in other revenue that includes civil penalties on guaranty contracts. Ombudsman programs are funded with \$1.5 million in Workers' Compensation Insurance Tax receipts.

Budget Environment

The 1990 reforms to the Workers' Compensation system stabilized the workload of the Division during the 1991-93 and 1993-95 biennia. However, appellate court decisions affected case processing and workload, and these decisions also led to the 1995 Workers' Compensation reforms. The 1995 Legislature expanded the Division's responsibilities to include development and maintenance of comprehensive medical fee schedules; promotion of reemployment incentives; medical treatment contested case hearings; and disputes related to palliative care, medical fees, and vocational disputes. The Legislature also increased penalties against noncomplying employers.

The Division's budget and position authority was increased to deal with requirements of reform. Workload fluctuated in the 1999-2001 biennium, with increases in the number of employers and covered workers, but decreases in claims and the number of resolved disputes. An audit of the functions of the Division conducted in 1998 found that caseload and workload standards, and other performance standards, were appropriate, and that the program is dealing with its workload appropriately.

The Division continues to pursue improvements in technology and work processes to deal with the workload. In 1999-2001, the Evaluation Unit and the Claims Examiner Certification process were eliminated. Hearing officers were transferred to the jurisdiction of the Employment Department as part of the Office of Administrative Hearings to establish a statewide hearings unit.

Since 1996, the number of employers and workers in the state has grown by 10.6% and 7.4%, respectively. The number of accepted disabling claims has declined by 27%. Formal disputes over benefits have declined 32% and the number of Preferred Worker contracts has declined 61%.

Legislatively Adopted Budget

The budget is an increase of \$4,620,656 (14.5%) Other Funds, \$23,263 Nonlimited Other Funds, and an increase of 25 positions (22.13 FTE) from the 2003-05 legislatively approved budget. Adjustments include the accounting shift, as noted above, that transfers the expenditures (but not reporting relationships) for the Workers' Compensation Assessments Section, the Ombudsman for Injured Workers, and the Small Business Ombudsman to the Workers' Compensation Division. The Legislature approved substantive legislation that added new provisions related to independent medical examinations. The Legislature added \$525,608 Other Funds and 7 positions (4.63 FTE) for the workload from this bill. The Governor's budget included savings of \$404,112 Other Funds in services and supplies and the Legislature added a 3% reduction of \$155,438 to this adjustment.

DCBS – Oregon Occupational Safety and Health Administration

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	35,112,291	38,425,025	40,093,957	39,345,842
Total Funds	\$35,112,291	\$38,425,025	\$40,093,957	\$39,345,842
Positions	235	234	229	229
FTE	234.50	232.83	229.00	229.00

Program Description

The Oregon Occupational Safety and Health Administration (OR-OSHA) protects worker health and safety by administering the Oregon Occupational Safe Employment Act and enforcing the Federal Occupational Safety and Health Rules, under an agreement with Federal Occupational and Safety Health Act (OSHA). The main responsibilities are:

- Enforcement of job safety and health laws to assure safe and healthful working conditions for Oregon workers.
- Provision of technical training for employer and employee groups.
- Consultative safety and health services to private and public employers and employees.
- Promulgation of occupational safety and health regulations.

The Division has four program areas: Consultative Services and Education; Enforcement; Program Support; and Administrative Services. Consultative Services and Education is 37% of Division expenses and provides employers with information on OR-OSHA requirements and conducts site visits to assist employers in identifying and correcting possible violations. Enforcement is 43% of Division expenses, and is responsible for inspecting businesses and identifying violations as well as imposing fines and other penalties for violations. The remaining 20% of Division expenses is attributable to Program Support and Administrative Services, which provides services and support to operations.

Revenue Sources and Relationships

Projected 2005-07 revenue for the Division includes \$31 million in Workers' Compensation Insurance Taxes, \$11.5 million in Federal Funds (expended as Other Funds), and \$3.2 million in OR-OSHA fines and forfeitures, most of which are transferred to the DCBS Fund to use for department-wide workers' compensation-related costs. Funds are also transferred to the Bureau of Labor and Industries to support workers' compensation-related investigations by that agency.

Budget Environment

The Division focuses on education, consultative and prevention services, and worksite inspections. As a result of these activities, Oregon continues to experience a decrease in occupational illness and injury. In 2003, the Division conducted 5,358 health and safety inspections, 2,064 safety and health consultations, and trained 26,290 Oregon workers and employers. The Division will maintain its consultative and loss prevention services at approximately 2,199 per year, including worker training.

The number of illnesses or injuries per 100 full time workers decreased from 8.7% in 1994 to 6.8% in 1998 to 6.3% in 2000 (the last year for which data was available). This reduction is a goal of the expanded activities by the Division to provide safety and health training and workplace inspections.

Legislatively Adopted Budget

The budget is an increase of \$920,817 Other Funds, and a decrease of 5 positions (3.83 FTE) from the 2003-05 legislatively approved budget. Adjustments include reductions to state government and Attorney General rates, and the PERS rate. The Governor's budget included savings of \$185,891 Other Funds in services and supplies and the Legislature added a 3% reduction of \$215,355 to this adjustment.

DCBS – Nonlimited Accounts

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Workers' Benefit Fund				
Other Funds (NL)	186,550,823	210,485,395	199,108,232	199,108,232
Total Funds	\$186,550,823	\$210,485,395	\$199,108,232	\$199,108,232
Oregon Medical Insurance Pool Claims/Third Party Administration				
Other Funds (NL)	108,022,757	171,154,791	238,813,101	238,813,101
Total Funds	\$108,022,757	\$171,154,791	\$238,813,101	\$238,813,101
Workers' Compensation				
Other Funds (NL)	824,679	540,000	731,122	731,122
Total Funds	\$824,679	\$540,000	\$731,122	\$731,122

Program Description

This program area reports nonlimited expenditures out of the Workers' Benefit Fund, the Oregon Medical Insurance Pool (OMIP), and the Workers' compensation NL Accounts, which consists of the Self-Insured Employer Adjustment Reserve and the Self-Insured Employer Group Adjustment Reserve.

Revenue Sources and Relationships

Worker's Benefit Fund revenues include:

- Workers' Compensation Assessments and Contributions (cents-per-hour): the current rate is 3.4 cents per hour, reduced from 4 cents per hour in 2000, with a 1.7-cent deduction from employee wages and an equal deduction from the employer, which is dedicated to reserves in the Workers' Benefit Fund. One-sixteenth (1/16) of one cent is dedicated to the Center for Occupational Disease Research at the Oregon Health Science University. Funds are also transferred to the Bureau of Labor and Industries to support workers' compensation-related investigations in that agency. The remainder is used for workers' compensation benefits.
- Recovered claims cost from noncomplying employers, fines, interest income, and other revenues.

Oregon Medical Insurance Pool Claims/Third Party Administration includes Oregon Medical Insurance Board assessments collected from health insurers (generally twice a year, on an as-needed basis depending on expenditure estimates) and individual insurance premiums collected from insured parties. The funds are used for the payment of claims for parties covered under the subject insurance plans. OMIP assumed an increase in enrollment due to the approval of the Insurance Pool Governing Board's (IPGB) participation in the state's Medicaid/SCHIP waiver agreements. The agreements allowed the IPGB to receive federal match for FHIAP enrollees. Based on the influx of federal dollars, the IPGB was able to plan substantial enrollment expansion, which would have included a significant increase to the OMIP population who is served through FHIAP. The initial expansion growth was to bring the FHIAP population to 25,000 members, which would have had a significant impact on the OMIP population through the agency's individual subsidy program. OMIP enrollment is assumed to grow to approximately 14,000 by the end of 2003-05. The roll-forward projection into 2005-07 shows total expenditures for the biennium of \$230.6 million, with enrollment projected to grow to 13,000 by the end of 2005-07.

Workers' Compensation Nonlimited Accounts are funded with workers' compensation premium assessments from self-insured employers and employer groups.

Budget Environment

The 1995 Legislature directed the Department to reduce the balance of reserve funds to no more than six months of expenses and transfers. This reduction was to occur gradually over a period of years, protecting against wide fluctuations in the assessments to employers, insurance companies, and workers. The Legislature subsequently directed the Department to maintain a Workers' Benefit Fund reserve balance of twelve months.

The budget assumes OMIP's insurance pool loss ratio will be approximately 143.3%. This is a change to previously lower loss ratios, and more closely reflects the current national experience of 200%. The budget also contains a prudent reserve for extraordinary costs, such as multiple organ transplants, which could affect total expenditures. The OMIP caseload has increased from 6,500 in 1999-2001 to 10,250 in 2001-03, primarily as a result of the implementation of the Family Health Insurance Assistance Program (FHIAP). The increase in nonlimited expenditures reflects that caseload growth.

Legislatively Adopted Budget

The Legislature approved the adjustments made in the Governor's budget, resulting in a net increase of \$56,472,269 in Nonlimited Other Funds, including an increase of \$67.7 million in OMIP Claims/Third Party Expenditures based on a projected 2005-07 enrollment increase to over 13,000.

The budget includes a reduction of \$11.4 million in the Workers' Benefit Fund due to a decrease in the assessment necessary to support the direct payment of benefits to injured workers, while maintaining a prudent fund balance.

DCBS – Insurance

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	14,414,794	15,620,981	15,791,078	15,550,961
Total Funds	\$14,414,794	\$15,620,981	\$15,791,078	\$15,550,961
Positions	96	93	93	93
FTE	94.12	93.00	92.00	92.00

Program Description

The Insurance Division protects the insurance-buying public by evaluating the financial soundness of insurance companies, the availability and cost of insurance, and the equitable treatment of insureds and claimants. The Division's three sections provide independent customer advocacy and education, assist consumers in resolving complaints against agents and companies, enforce the Insurance Code, and collect and audit taxes of insurance companies. The Examinations section monitors the financial solvency of Oregon insurers. Consumer Protection enforces the Insurance Code. The Regulation section reviews insurance policy forms and premium rates for compliance with Oregon law, and also licenses insurance agents and provides Division-wide support.

Revenue Sources and Relationships

Division revenue sources include Workers' Compensation Insurance Taxes, business license fees, insurance premium assessments, interest earnings, and investment returns. Revenue estimates for 2003-05 included legislative approval of a fee increase from \$1,300 to \$1,500 for Certificate of Authority annual renewal. The Division receives a federal grant in the amount of \$593,363 from the Health Care Financing Administration, which funds a portion of the Oregon Senior Health Insurance Benefits Assistance Program (SHIBA). For 2003-05, after paying operating expenses, it is expected that \$124.6 million in insurance premium taxes, fines, and interest earnings will be transferred to the General Fund for general governmental purposes. In addition, \$15.4 million from assessments on fire insurance premiums will be transferred to the Homeland Security Fire Marshal program.

Budget Environment

Increases in the complexity of insurance regulations, the demand for disaster insurance, and an aging Oregon population are significant workload factors for the Insurance Division. The Division is committed to using information technology to help manage this workload.

Governor's Budget

The budget is decrease of 70,020 Other Funds and 1.00 FTE from the 2003-05 legislatively approved budget. Adjustments include reductions to state government and Attorney General rates, and the PERS rate. The Governor's budget included savings of \$600,727 Other Funds in services and supplies, and the Legislature added a 3% reduction of \$85,502 to this adjustment.

DCBS – Finance and Corporate Securities

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	9,274,481	10,386,228	10,908,288	10,719,698
Other Funds (NL)	13,125	0	50,000	50,000
Total Funds	\$9,287,606	\$10,386,228	\$10,958,288	\$10,769,698
Positions	63	65	64	64
FTE	63.00	63.75	64.00	64.00

Program Description

The Division of Finance and Corporate Securities (DFCS) enforces laws and regulations related to the sale of corporate securities, commodities, and franchises. DFCS also ensures the safety of financial transactions and fair treatment of the public for individuals, businesses, and governments. The Division is organized into two sections. The Financial Institutions Section is 64% of the budget and regulates state-chartered banks, credit unions, savings and loan associations, and related businesses. Corporate Securities is 36% of Division expenditures and registers security offerings, licenses businesses and individuals who sell securities, and investigates and enforces securities and commodities laws.

Revenue Sources and Relationships

The Division receives \$27 million in revenue from annual assessments on financial institution assets and from securities licensing, registration, and examination fees. The Division receives \$516,681 from interest earnings. HB 3656, enacted in 2003, raised securities licensing and registration fees for the first time since 1967-1969 to the midpoint of such fees charged by all states. This has increased the biennial transfer to the General Fund from \$2,961,493 million in 2001-03 to a projected \$13.5 million for 2003-2005.

The Division had two policy packages to address revenue shortfalls in three programs. The first package reduced expenditures in order to adjust the budgeted level to forecasted available revenues. The 2005

Legislature approved fee increases to support restoration of the positions and expenditures. The 2005 Legislature also restored the reduced positions and expenditures, as requested in the second policy package.

Budget Environment

A number of factors influence the workload and performance of DFCS. Federal law changes, specifically the passage of the 1999 Gramm-Leach-Bliley Financial Modernization Act, remove barriers to merging financial service providers. Continued expansion of consumer finance businesses (such as payday loans and title loans) creates a greater demand for oversight. Licensed securities broker-dealers are growing in number, the finance and securities field is becoming more globalized, and the use of the Internet for transactions is increasing. All of these changes increase the difficulty of oversight functions and require the Division to continually review program policy. DFCS is addressing these issues through an increase in education and cross training, enhancements in technology, and implementation of state and local partnerships.

In 2001, DFCS oversaw 5,079 registered securities, 112,847 licensed brokers/ dealers and salespersons, and 1,064 investment advisor firms. The Securities section conducted 120 securities investigations, took 74 administrative actions, and made three criminal referrals. In 2001, DFCS also oversaw 33 state chartered banks, 8 state chartered trust companies, and 28 credit unions with assets worth over \$33 billion. There were also 86 consumer finance and short-term lenders, 1,118 licensed mortgage bankers/brokers, 472 registered collection agencies, and 38 licensed pawnbrokers with \$6.6 million in receivables from pawned items.

Legislatively Adopted Budget

The budget is an increase of \$333,470 Other Funds and a decrease of 1 position (.25 FTE) from the 2003-05 legislatively approved budget. Adjustments include reductions to state government and Attorney General rates, and the PERS rate. The Governor’s budget included savings of \$600,727 Other Funds in services and supplies, and the Legislature added a 3% reduction of \$46,097 to that adjustment.

As discussed in the Revenue Sources and Relationships section, the budget includes a policy package with \$1,325,872 Other Funds and 10 positions (10.00 FTE) to restore positions cut in the Division of Finance and Corporate Securities’ base due to a revenue shortfall, based on passage of the revenue bill.

DCBS – Oregon Medical Insurance Pool Administration

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor’s Recommended	2005-07 Legislatively Adopted
Other Funds	1,429,574	1,178,326	1,412,826	1,395,712
Total Funds	\$1,429,574	\$1,178,326	\$1,412,826	\$1,395,712
Positions	7	7	8	8
FTE	7.00	7.00	8.00	8.00

Program Description

The Oregon Medical Insurance Pool (OMIP) is a component of the Oregon Health Plan and ensures access to major medical insurance coverage for Oregon residents who otherwise are unable to obtain medical insurance for health reasons. Portability coverage is also available for eligible individuals. OMIP promotes access to health coverage and administers a third-party administrator contract. A board of directors, consisting of seven citizen members, guides OMIP policy. The OMIP shares its administrator and some staff through an intergovernmental agreement with the Insurance Pool Governing Board.

Revenue Sources and Relationships

OMIP collects assessments from health insurers (generally twice a year, on an as-needed basis depending on expenditure estimates) and collects individual insurance premiums from insured parties. Other Funds revenues include interest earnings. Nonlimited revenues of approximately \$234.8 million are reported in the Nonlimited Programs section. The funds are used for the payment of claims for parties covered under the subject insurance plans, third-party administrator payments, and claim payments for high-risk insureds within Oregon through the Oregon Medical Insurance Pool Board. By statute, the administration rates for pool coverage cannot be more than 125% of rates established as applicable for individual risks in the commercial market.

Budget Environment

Rising health care costs and underwriting practices could affect the number of Oregonians in the high-risk medical pool, which OMIP estimates currently to be between 10,000 and 15,000. Other factors that affect

workload include the cost of the coverage, which is set at 125% of the premium set by the largest insurers. The Division continues to monitor the insurance offered for cost and coverage.

OMIP added 6,500 enrollees in the 2001-2003 biennium, and enrollment by the end of 2003-05 is projected to be 10,250 (an increase of 57.7%). In 2005-07, OMIP enrollment is projected to exceed 13,000. Operating expenses for the program continue to remain near 7% of program expenditures, resulting in 93% of OMIP's budget directly funding health-care expenditures for OMIP enrollees. Enrollee monthly premiums fund about 70% of OMIP expenditures. OMIP assesses Oregon health insurers and stop loss carriers, based on the Oregon residents that they insure, to fund approximately 28%. The remaining 2% of revenue comes from miscellaneous sources, including interest and drug rebates. Premiums are increasing at a rate slightly higher than medical-claim expenditures, making premiums a larger part of total revenue in the 2003-05 biennium than in 2001-03.

Legislatively Adopted Budget

The budget is an increase of \$217,386 Other Funds and 1 position (1.00 FTE) from the 2003-05 legislatively approved budget. Adjustments include reductions to state government and Attorney General rates, and the PERS rate. The Governor's budget included savings of \$4,788 Other Funds in services and supplies, and the Legislature added a 3% reduction of \$6,459 to this adjustment.

DCBS – Building Codes

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	23,660,152	25,323,910	24,467,689	24,325,181
Other Funds (NL)	167,522	200,000	167,153	167,153
Total Funds	\$23,827,674	\$25,523,910	\$24,634,842	\$24,492,334
Positions	173	157	148	151
FTE	169.05	150.74	143.75	146.00

Program Description

The Division has statutory authority for the enforcement of laws and codes related to structures and dwellings; manufactured structures; RV parks and tourist facilities; plumbing; elevators; amusement rides; electrical safety; and boilers and pressure vessels. With assistance from six boards, it develops, adopts, and interprets statewide building codes for residential and commercial construction; oversees the fabrication, installation, and repair of boilers and pressure vessels; issues trade professional 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, and prefabricated structures and components and annually inspects operating elevators. The Division tests and certifies construction inspectors and tests and licenses plumbers and electricians.

In 1999, the Legislature established a tri-county Building Industry Service Board (Washington, Clackamas, and Multnomah Counties) and provided the Division with 3.50 FTE to administer this Board.

Revenue Sources and Relationships

The Division's revenues include:

- \$30.3 million from fees for licenses, inspections, and permits, as well as surcharges on fees levied by state and local jurisdictions;
- \$182,057 in Federal Funds (expended as Other Funds) to provide consumer assistance to individuals with complaints about manufactured homes and EPA funds for energy efficient manufactured homes certification;
- \$647,767 from fines; and
- \$477,837 in other revenue, including interest earnings.

The fees charged by Building Codes were established in the 1979 edition of the Uniform Building Code. These structural fees were increased by the 1999 Legislature at the request of the building industry to support ongoing program costs. For a variety of its other programs in 2001, the Division sought legislative confirmation of fee increases, the majority of which were approved. These fee increases had industry support. However, forecasted revenues for the 2003-05 biennium reflect declining revenue and workload, and insufficient revenue to maintain some required levels of service. The Governor's budget included a reduction of \$4.8 million and

31.08 FTE to reflect this revenue forecast. The 2003 Legislature adopted a fee bill and a policy package that restored \$1.6 million of that revenue and 9.58 FTE.

The agency reduced expenditures by \$856,953 Other Funds and seven positions (6.30 FTE) in order to adjust the budget to match forecasted available revenues. Due to the economic recession, fee revenue, which funds the Division's operations, has remained relatively flat, to the point where the budget to maintain existing services could not be supported.

Budget Environment

By law, the Division is required to provide building codes regulation in areas where the local jurisdictions do not want to provide such service. As the provider of last resort, the Division serves 9% of the population, collects 2% of the fees, and is responsible for 55% of the geographic area in Oregon. HB 2153, passed by the 2001 Legislature, required local jurisdictions to participate in compliance activities. The Division expects most jurisdictions to continue use of the state for processing cases resulting in a projected 3% increase in the number of compliance cases.

Legislatively Adopted Budget

The budget is a decrease of \$998,729 Other Funds and \$32,847 Nonlimited Other Funds, and a decrease of 6 positions (4.74 FTE) from the 2003-05 legislatively approved budget. Adjustments include reductions to state government and Attorney General rates, and the PERS rate. The Governor's budget included savings of \$480,451 Other Funds in services and supplies, and the Legislature added a 3% reduction of \$148,059 to this adjustment.

The Legislature approved substantive legislation that created building codes regional administration. The Legislature added \$320,634 Other Funds and 3 positions (2.25 FTE) for the workload from this bill.

As discussed in the Revenue Sources and Relationships section, the budget includes a package that reduced \$856,953 Other Funds and 9 positions (6.30 FTE) due to a revenue shortfall. The Legislature approved a revenue bill that is revenue neutral but consolidates the fee structure.

DCBS – Office of Minority, Women and Emerging Small Business

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	637,134	699,603	773,693	761,495
Total Funds	\$637,134	\$699,603	\$773,693	\$761,495
Positions	5	5	5	5
FTE	5.00	5.00	5.00	5.00

Program Description

The Office of Minority, Women, and Emerging Small Business (OMWESB) certifies small businesses for targeted economic opportunity programs. The Disadvantaged Business Enterprise program aids firms seeking to contract with recipients of federal transportation funds. A business participating in the Minority Business Enterprise or Women Business Enterprise program is certified to contract with state, county, city, and local jurisdictions. The race and gender-neutral Emerging Small Business program certifies small businesses for work on specially designated emerging small business projects. OMWESB maintains an on-line directory of firms certified in these programs. The Office also provides public education on the certification programs and serves as a referral point for information on small businesses.

Revenue Sources and Relationships

The Office is funded by Other Funds revenue received from the Department of Transportation for business certification for federally funded projects and from the Department of Administrative Services for assessments to state agencies for certification and outreach services. In 2003-05, OMWESB expects to receive \$613,271 from ODOT, which is 45% of the Office's funding. The remaining 55% (\$761,775) will come from DAS assessments. Funding transferred to the Governor's Advocate's Office is anticipated to be \$428,650 in 2005-07.

Budget Environment

OMWESB concentrates its efforts on the certification and re-certification process. Effective December 1, 2000, certifications are valid for three years, instead of one. Easing the paperwork burden on certified agencies allows

the Office more time to focus on education, directory maintenance, and referral services. In the 2000-01 fiscal year, OMWESB certified 343 new applications and recertified 758 applications.

Legislatively Adopted Budget

The legislatively adopted budget is an increase of \$61,892 Other Funds from the 2003-05 legislatively approved budget. Adjustments include reductions to state government and Attorney General rates, and the PERS rate. The Governor’s budget included savings of \$15,225 Other Funds in services and supplies, and the Legislature added a 3% reduction of \$3,319 to this adjustment.

DCBS – Appraiser Certification and Licensure Board

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor’s Recommended	2005-07 Legislatively Adopted
Other Funds	40,918	0	0	0
Other Funds (NL)	2,950	0	0	0
Total Funds	\$43,868	\$0	\$0	\$0

Program Description

The Board licensed, certified, supervised, and disciplined appraisers in Oregon, and established education and experience standards. The Board ensured that regulatory functions were kept separate from the influence of industries and organizations that had a financial interest in the Board’s actions. The Board conducted audits and investigations, took disciplinary action, and conducted contested case hearings.

The 2001 Legislature passed Senate Bill 304 that established the Board as a semi-independent state agency on July 1, 2001.

Board of Licensed Professional Counselors and Therapists – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	389,186	499,493	477,947	550,168
Total Funds	\$389,186	\$499,493	\$477,947	\$550,168
Positions	3	3	3	3
FTE	2.00	2.00	2.00	2.00

Agency Overview

The mission of the Board of Licensed Professional Counselors and Therapists is to assist the public by identifying and regulating the practice of qualified mental health counselors and marriage and family therapists. The Board 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." In 1998, the Board also began registering interns. The internship program permits counselors and therapists to register with the board while they are completing the work experience requirements for licensure. The seven-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 training program, and one public member.

Revenue Sources and Relationships

The agency is funded by revenue generated from application and license fees. Other miscellaneous sources include fines and the sale of mailing lists and copies of public records. Revenue projections for 2005-07 reflect a 16% increase over 2003-05 estimates. The agency anticipates an increase in licensees, no fee increases are planned. The projected 2005-07 ending cash balance is the equivalent of approximately nine and one-half months of operating costs.

Budget Environment

The agency experienced increased operating costs in 2003-05 which are expected to continue in 2005-07. Major 2003-05 cost drivers include increased complaint investigations, a policy change in how investigations are performed, and extraordinary licensing system assessment, repair and maintenance costs. To address the licensing system problems, the procurement of a new licensing system was approved at the January 2005 meeting of the Emergency Board.

Legislatively Adopted Budget

The Legislature approved a budget of \$550,168 Other Funds, a 15.1% increase from the Governor's original recommended budget (but a 1.1% reduction from the Governor's revised budget), and 2.00 FTE. The budget was adjusted to reflect the following rate and assessment reductions: Public Employees Retirement System (\$1,375), Attorney General (\$2,915), Department of Administrative Services (\$1,558), and Oregon State Library (\$18). The budget maintains current program levels; provides for the ongoing costs of the new licensing system; and reclassifies two part-time positions (\$13,994).

Board of Dentistry – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	1,505,679	1,674,449	1,722,703	1,710,028
Total Funds	\$1,505,679	\$1,674,449	\$1,722,703	\$1,710,028
Positions	7	7	7	7
FTE	7.00	7.00	7.00	7.00

Agency Overview

The mission of the Board of Dentistry is to assure that the citizens of the state receive the highest possible quality oral health care. The Board regulates the practice of dentistry and dental hygiene by setting standards for the entry to practice, examination of applicants, issuance and renewal of licenses, and enforcing the standards of practice. The Board 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 nine-member board is appointed by the Governor and composed of six dentists, two dental hygienists, and one public member.

Revenue Sources and Relationships

The agency is funded by revenue generated from application, renewal, and permit fees. Other miscellaneous sources include fines for late renewals, civil penalties, and the sale of mailing lists and copies of public records. Revenue projections for 2005-07 reflect a 4% increase over 2003-05 estimates and the projected 2005-07 ending cash balance represents approximately 10 months of operating costs.

Budget Environment

As of August 1, 2004, there were 3,435 dentists and 3,258 dental hygienists holding Oregon licenses, 1,815 dentists holding anesthesia permits, and 2,197 dental hygienists holding a Class 1 (nitrous oxide) anesthesia permit. Approximately 4,000 dental assistants are employed by dentists to assist in providing dental services – a high percentage of which hold certificates to perform advanced procedures or to take x-rays.

Legislatively Adopted Budget

The Legislature approved a budget of \$1,710,028 Other Funds, a .7% reduction from the Governor's budget, and 7.00 FTE. The budget was adjusted to reflect the following rate and assessment reductions: Public Employees Retirement System (\$5,742), Department of Administrative Services (\$6,837), Oregon State Library (\$64), and Secretary of State Audits Division (\$32).

Board of Examiners of Licensed Dietitians – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	50,671	59,029	69,122	69,264
Total Funds	\$50,671	\$59,029	\$69,122	\$69,264
Positions	1	1	1	1
FTE	0.30	0.30	0.30	0.30

Agency Overview

The mission of the Board of Examiners of Licensed Dietitians is to protect the public's health, safety and well being by regulating licensed dietetic practice. The Board oversees the voluntary licensing program for dietitians who want to use the title "licensed dietitian." The agency issues and renews licenses; verifies continuing education; and investigates complaints, taking appropriate disciplinary action when necessary. The seven-member board is appointed by the Director of the Department of Human Services and composed of one physician trained in clinical nutrition, four dietitians, and two public members.

Revenue Sources and Relationships

The agency is funded by revenue generated from application and license fees. Other miscellaneous sources include late payment fines. Revenue projections for 2005-07 reflect a 3% increase over 2003-05 estimates and the projected 2005-07 ending cash balance of \$53,200 represents approximately 18 months of operating costs.

Budget Environment

The agency has 372 licensees and is one of seven health-related licensing boards who have agreed to develop an administrative consolidation plan for the 2007-09 biennium.

Legislatively Adopted Budget

The Legislature approved a budget of \$69,264 Other Funds, a .2% increase from the Governor's budget, and 0.30 FTE. The budget was adjusted to reflect the Public Employees Retirement System rate reduction (\$202) and a Department of Administrative Services assessment reduction (\$656). The budget also includes several line-items shift to more closely align the budget with actual spending patterns and restores \$1,000 of the Governor's \$5,000 reduction.

The Legislature approved an expenditure limitation increase to implement House Bill 2058 (\$8,768), allowing the agency to obtain financial services from the Department of Administrative Services instead of the Department of Human Services.

Health Licensing Office – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	3,737,761	4,649,116	5,043,843	4,992,324
Total Funds	\$3,737,761	\$4,649,116	\$5,043,843	\$4,992,324
Positions	28	28	27	27
FTE	26.92	26.92	27.00	27.00

Agency Overview

The mission of the Health Licensing Office is to maintain a strong and healthy quality of life for the citizens of Oregon by creating uniform public protection practices for the health professions and occupations under its authority. Established in 1999 as a consumer protection agency, the Health Licensing Office oversees the licensing and regulation of the following nine health-related professions:

- Board of Athletic Trainers
- Board of Cosmetology
- State Board of Denture Technology
- State Board of Direct Entry Midwifery
- Respiratory Therapist Licensing Board
- Environmental Health Registration Board
- Advisory Council for Electrologists and Permanent Color Technicians and Tattoo Artists
- Advisory Council on Hearing Aids
- Body Piercing Licensing Program

The boards and councils under the agency's administration set educational and professional scope of practice requirements. The agency provides a unified administrative structure. Programs and services are delivered through three operating divisions: the Regulatory Operations Division oversees licensing and credentials as well as consumer complaints and enforcement; the Administrative Services Division connects people to programs and information through professional participation, public outreach, and technology; and the Fiscal and Budget Division ensures that agency-wide accounting, fiscal, and budget operations comply with state policies and procedures.

Revenue Sources and Relationships

The agency is funded by revenue generated from application, examination, and license fees. Other miscellaneous sources include civil penalties, late fees, and the sale of supplies. Over 70% of the agency's revenue is generated by Cosmetologists. Revenue projections for 2005-07 reflect a 15.6% increase over 2003-05 estimates. The increase is primarily due to administrative fee increases implemented during 2003-05 and a proposed \$15 increase in the cosmetology examination fee. The projected 2005-07 ending cash balance represents approximately five months of operating costs.

Budget Environment

The agency issues 31 types of professional licenses, maintains over 80,000 licensing records, and authorizes and administers six types of national tests and three clinical examinations. The agency reports increased examination applicants; an increase in the number of facilities and practitioners that are subject to routine inspection; and a decrease in complaint investigations.

Legislatively Adopted Budget

The Legislature approved a budget of \$4,992,324 Other Funds, a 1% decrease from the Governor's budget, and 27.00 FTE. The budget was adjusted to reflect the following rate and assessment reductions: Public Employees Retirement System (\$18,307), Attorney General (\$3,357), Department of Administrative Services (\$50,950), Oregon State Library (\$442), and Secretary of State Audits Division (\$178). The budget also restores funding to provide administrative support for the Board of Athletic Trainers (\$51,939) and includes several line-item shifts to align the budget more closely with actual spending patterns.

The Legislature approved a one-time increase to expand online and e-commerce services (\$119,000); increased funding to transition to the national cosmetology examination (\$281,158); and approved the reclassification of three positions (\$30,909).

The Legislature also approved HB 2103, which changes the name of the agency to the Oregon Health Licensing Agency effective January 1, 2006.

Board of Investigators – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2003-05 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	333,254	429,045	497,383	90,000
Total Funds	\$333,254	\$429,045	\$497,383	\$90,000
Positions	3	3	3	1
FTE	2.50	2.50	2.50	0.25

Agency Overview

The Board of Investigators sets minimum qualifications and standards for private investigators. The Board establishes a code of professional ethics, investigates allegations of misconduct, and prescribes fees. The Board has the authority to discipline investigators and assess civil penalties. The Board is comprised of seven members appointed by the Governor to four year terms.

Revenue Sources and Relationships

The Board's operations are supported by fees for new licensees and renewals, as well as miscellaneous revenue for document charges. The standard fee structure, established by administrative rule, is \$550 for a two year license. A license can be issued provisionally for investigators who have yet to complete the required minimum number of investigatory hours or approved education. The Board projects having 720 total licensees for the 2005-2007 biennium. Of these, 222 or 34% are for new licenses and 438 or 64% are for renewals. Of the total number of licenses, 69, or 10%, are for provisional investigators. Two new categories of fees for temporary and interim licensure were approved by the Legislature beginning January 1, 2006 and could raise approximately \$7,475 in new revenue over the last 18 months of the biennium.

Budget Environment

The Board began the 2005 legislative session with a proposed Governor's recommended budget of \$497,393. The budget included a policy package in the amount of \$14,368 to expand the amount of office space the Board rents in the State Office Building in Portland. The Legislature, however, for the second biennia in a row, remained troubled by the Board's increasing level of expenditure, small licensee base, and the draw down of its cash reserve. The Legislative remedy was to pass HB 2117-B abolishing the Board and transferring its duties, functions, responsibilities, and cash balance to the Department of Public Safety Standards and Training (DPSST) effective January 1, 2006. The measure was signed into law by the Governor on July 22, 2005. The absorption of the Board by DPSST will allow for a more cost effective administration of Oregon's private investigator industry and may lead to lower fees for licensure. Prior to HB 2117-B becoming law the Board's part-time investigator (0.50 FTE) and Office Specialist 2 (1.00 FTE) positions resigned leaving only the executive director as the remaining staff. A board member has also recently resigned.

Legislatively Adopted Budget

The legislatively adopted budget of \$90,000 reflects a temporary six month budget that allows for the Board's phase-out and transition to DPSST. The budget represents a \$407,383, or 81.91%, reduction from the Governor's recommended budget. The office expansion policy package was denied. Personal services total \$39,819 and reflect the elimination of two vacant positions (1.50 FTE) and the conversion of the executive director's position into a six-month limited duration position (0.25 FTE). Also included under personal services are the final two weeks of costs associated with the Office Specialist 2 position that were expended at the start of the biennium. The services and supplies budget of \$50,181 provides for six months of routine operating expense, including state government service charges, budget and accounting services, as well as an Attorney General line-item budget to allow for the completion of six on-going compliance cases. New and other existing compliance issues are being deferred until after the Board's transfer to DPSST. Any legally incurred expenditure billed to the Board after January 1, 2006, which for example could include unemployment costs associated with the executive director's position, will then become the responsibility of DPSST.

Of the \$90,000 budget, the Legislature requested that the Department of Administrative Services unschedule \$15,000 or 16.7%. The intent is that these funds only be made available in the event of essential, unanticipated costs that the Board is unable to manage within authorized scheduled limitation arise.

The Board's beginning balance was adjusted downward by \$16,408 to reflect the actual, rather than budgeted, beginning cash position. This adjustment is in addition to a previous downward adjustment of \$10,734 that

occurred in the Governor's recommended budget. Licensure and other revenue sources were also adjusted downward by \$355,130 or 83.29% leaving \$67,237 or six months of anticipated revenue. The actual ending cash balance as of January 1, 2006 will be transferred to DSPSST and is estimated to be \$103,600 based on the assumption that the \$15,000 in unscheduled funds remains unscheduled, or \$88,600 if the funds are scheduled and fully expended.

Of final note, the Secretary of State is expected to perform an agency close-out audit on the Board with the audit results being made public during the 2005-07 biennium.

Bureau of Labor and Industries (BOLI) – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
General Fund	11,459,227	10,935,047	11,585,348	11,320,999
Other Funds	3,743,206	5,123,744	5,727,931	5,528,430
Federal Funds	942,829	1,317,039	1,366,187	1,352,321
Other Funds (NL)	2,148,812	2,215,000	2,268,160	2,268,160
Total Funds	\$18,294,074	\$19,590,830	\$20,947,626	20,469,910
Positions	116	110	111	110.00
FTE	113.75	106.24	109.00	108.00

Agency Overview

The Bureau of Labor and Industries (BOLI) has four divisions: Commissioner's Office/Program Support Services; Civil Rights; Wage and Hour; and Apprenticeship and Training. The Bureau ensures compliance with state laws relating to apprenticeship; wages and hours worked; terms and conditions of employment; and rights of workers and citizens to equal and nondiscriminatory treatment.

Revenue Sources and Relationships

BOLI is primarily supported by the General Fund. The Bureau receives Other Funds revenues from a fractional percentage (0.03%) of the unemployment taxes paid by employers each year, that are deposited to the Wage Security Fund. The Wage Security Fund is used to pay final wages for employees whose employers cease operations and default on final paychecks. Assessments on public works construction contracts for the Prevailing Wage Rate program account for \$2 million; Technical Assistance Fees will generate \$1.4 million; contract services with the Department of Consumer and Business Services (DCBS) and several Oregon cities will produce over \$846,000; and miscellaneous fees and receipts will provide over \$317,000. BOLI will receive an estimated \$1.27 million in Federal Funds from the Equal Employment Opportunity Commission and the Veterans' Administration. These funds partially support the costs for civil rights where federal and state jurisdictions overlap.

Budget Environment

The staffing levels have been reduced by 33% over the past 10 years, from 159.02 FTE in 1993-95 to the 2003-05 level of 106.24. These reductions occurred at the same time that the Oregon workforce was increasing by approximately 247,000 employees. The budget for the Bureau has been essentially flat since 1999-2001. The Bureau has dealt with the loss of staffing, and with resources that do not keep pace with inflation, by closing offices and reducing services. The reduced service levels mean that the Bureau will not be able to meet its previously set performance targets.

The workload is primarily driven by the number of complaints it receives relating to wages and hours worked; terms and conditions of employment; and rights of workers and citizens to equal and nondiscriminatory treatment. Prevailing wage rate investigations increased by 28% in 2003-04. The closure of Woodland Park and Eastmoreland hospitals in Portland in 2004 created significant demand on the Wage Security Fund, including payouts of \$964,000 for 380 wage claims. Apprenticeship registration generally reflects trends in the labor market. These registrations have declined from a high of over 8,000 in fiscal year 1997 to 5,744 in 2002, which reflects trends seen in prior recessions.

The Labor Commissioner has established a number of initiatives for the Bureau, including increasing technical assistance for employers to meet compliance requirements; improvements to civil rights intake and investigation processes; improvements to the timeliness of minimum wage and overtime claims resolution; and assisting in the establishment of new apprenticeship programs.

Legislatively Adopted Budget

The budget is an increase of \$385,952 General Fund, \$404,686 Other Funds, and \$35,282 Federal Funds (a total increase of 4.5%) over the 2003-05 legislatively approved budget. The Legislature reduced the General Fund services and supplies budget by 3%. Other adjustments included reductions to state government and Attorney General rates, and the Public Employee Retirement System (PERS) rate. The Legislature approved two Other Funds policy packages to provide technical assistance to employers, address prevailing wage rate workload. These packages are discussed in more detail in the Bureau program areas.

A budget note directs the Bureau to report to the Joint Legislative Audit Committee on prevailing wage workload, and to seek an additional position from the Emergency Board if required to meet the workload. Another budget note directs the Bureau to work with the Prevailing Wage Advisory Committee on ways to streamline procedures and reduce costs for small public works projects.

BOLI – Commissioner’s Office and Program Support Services

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor’s Recommended	2005-07 Legislatively Adopted
General Fund	3,408,069	3,266,259	3,445,268	3,377,506
Other Funds	1,266,869	2,121,266	2,014,929	1,992,878
Federal Funds	118,117	196,338	217,421	215,400
Total Funds	\$4,793,055	\$5,583,863	\$5,677,618	5,585,784
Positions	30	29	28	28
FTE	29.50	28.50	27.50	27.50

Program Description

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

- *Commissioner’s Office* (5.00 FTE) – This unit combines administration, strategic planning, legal policy, public information, and intergovernmental relations into one activity area.
- *Business Services* (8.50 FTE) – This program provides centralized fiscal services including accounting, purchasing, payroll, budget development, contract administration, and telecommunications. Personnel services such as safety, wellness, labor/management relations, workers’ compensation, training, and staff development are another component of this program area; and information services to implement and maintain computer information systems and user support functions.
- *Hearings Unit* (6.42 FTE) – This unit convenes administrative law proceedings in contested cases for wage and hour, and civil rights matters.
- *Technical Assistance for Employers* (7.58 FTE) – This unit provides employers with information from a website, handbooks, a telephone information line, and customized workshops and seminars regarding employment law requirements.

Revenue Sources and Relationships

This program is approximately 60% funded from General Fund resources. Other Funds revenues for the Commissioner’s Office/Program Support Division include fees from seminars for employers on Civil Rights and Wage and Hour laws, on-site presentations, and the sale of handbooks totaling just over \$1.4 million. Special Prevailing Wage Rate revenues of \$270,774 provide targeted assistance for public contracting compliance. Additional Other Funds are received from miscellaneous fees. Federal Funds are from an Equal Employment Opportunity Commission (EEOC) contract and are used to cover costs associated with administrative law proceedings for contested cases.

Budget Environment

In the 1993-95 biennium, the Bureau had 159.02 FTE. For the 2003-05 biennium, the legislatively adopted staffing level was 106.24 FTE, a decline of 33.2%. The overall workload has remained approximately the same despite this significant decrease in staff. The Bureau has handled this workload through improved use of technology, particularly through the use of its website. Timeliness of response remains the primary customer focus for BOLI, and this reduction in staffing has had a long-term adverse effect on timeliness.

Legislatively Adopted Budget

The budget is an increase of \$1,921 compared to the 2003-05 approved budget, including standard adjustments for inflation and employee compensation changes. The budget is 1 position (1.00 FTE) below the 2003-05 approved budget from a technical adjustment to transfer the prevailing wage rate technical assistance function (\$239,043 Other Funds and 2.00 FTE) to the Wage and Hour Division. The budget includes reductions to state government and Attorney General rates, and the PERS rate.

The 2005 Legislature added \$136,314 Other Funds and 1 position (1.00 FTE) to meet increased employer demand. This was funded with increased Other Funds revenue from additional seminars that will be staffed by the new position, and from the sale of the 2004 version of the Employer Handbook.

BOLI – Civil Rights

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
General Fund	2,534,083	2,389,528	2,569,582	2,512,151
Other Funds	723,754	885,253	939,609	926,808
Federal Funds	783,935	1,042,455	1,070,858	1,060,413
Total Funds	\$4,041,772	\$4,317,236	\$4,580,049	4,499,372
Positions	32	31	31	31
FTE	31.00	30.00	30.00	30.00

Program Description

The Civil Rights Division enforces laws that prohibit unlawful discrimination in employment, housing, public accommodation, and career schools. These protections are provided on the basis of: race/color, national origin, sex, religion, association, age, marital status, physical/mental 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, as well as complaints related to discrimination in violation of local ordinances in Corvallis, Eugene, and Portland, and Multnomah and Benton Counties.

The Division operates under a work-share agreement with the federal EEOC 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. These dual-filed cases represent about half of the Division's caseload.

Revenue Sources and Relationships

The Civil Rights Division expects to receive Other Funds of over \$336,400 from OR-OSHA, the cities of Corvallis, Eugene, and Portland, and Multnomah and Benton Counties for services provided under contract, and miscellaneous revenues from providing public record copies. A major Other Funds source (\$620,000) is from workers' compensation revenues in DCBS, for investigating allegations of discrimination against injured workers. The EEOC work-share reimbursement of \$500 per case provides \$1.21 million Federal Funds. This reimbursement covers about half the actual costs. Since the federal budget fluctuates, the number of cases authorized for reimbursement varies per year, regardless of the number of actual cases handled. When Federal Funds are reduced, the costs of shared cases are shifted onto the General Fund.

Budget Environment

The Civil Rights Division responded to 27,358 inquiries in 2003-04, and investigates over 2,000 cases per year. Most of these cases relate to discrimination in employment. In 1996, the Bureau increased efficiency by implementing a new case management system. This system has provided complainants with quicker resolution through early screening and disposition of cases with no evidence, and has helped the Bureau to offset the declining federal share of investigative costs. In the 2003-04 biennium, the average time to process a case, including the initial interview, was within 53 days of filing.

Funding for investigation of discrimination complaints against injured workers was shifted from the General Fund to the Workers' Benefit Fund in DCBS in 1995. Complaints from injured workers relating to discrimination or retaliation for using the workers' compensation system constitute 15% to 20% of the Civil Rights Division's annual caseload and require the equivalent of four investigators.

The Labor Commissioner proposed legislation to the 2005 Legislature that would have made Oregon's housing discrimination law equivalent to the federal law. The bill was in committee on adjournment. The Labor Commissioner anticipates proposing this legislation in 2007. If enacted, it will enable the Bureau to partner with the federal Department of Housing and Urban Development and receive Federal Funds to enforce housing discrimination laws.

Legislatively Adopted Budget

The budget is an increase of \$122,623 General Fund, \$41,555 Other Funds, and \$17,958 Federal Funds when compared to the 2003-05 approved budget, including standard adjustments for inflation and employee

compensation changes. The budget includes reductions to state government and Attorney General rates, and the PERS rate.

BOLI – Wage and Hour

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
General Fund	3,183,836	2,829,294	2,995,258	2,914,753
Other Funds	1,752,583	2,117,225	2,645,509	2,608,744
Other Funds (NL)	2,148,812	2,215,000	2,268,160	2,268,160
Total Funds	\$7,085,231	\$7,161,519	\$7,908,927	7,791,657
Positions	34	32	34	34
FTE	33.50	30.62	33.50	33.50

Program Description

The Wage and Hour Division receives claims and complaints from workers involving wages and working conditions, including the minimum wage and overtime, and protects children in the workplace. The Division also enforces regulations pertaining to private employment agencies, conducts surveys and regulates prevailing wage rates on public works contracts, and licenses and regulates farm and forest labor contractors. The Division publishes prevailing wage rates for public works projects.

Revenue Sources and Relationships

The Wage and Hour Division expects to receive \$130,000 in licensing fees for farm/forest labor contractor licenses, about \$2 million from assessments on public construction contracts for the Prevailing Wage Rate (PWR) program, and \$270,000 in interest and recoveries for the Wage Security Fund. The Fund is dedicated to the payment of final wages for employees whose employers cease operations and default on final paychecks. It was transferred to the nonlimited budget by the 1995 Legislature. Over \$3.4 million will be received for the Fund in 2005-07 from the .03% of unemployment tax premiums paid by employers during one quarter of each biennium.

Budget Environment

The Wage and Hour Division receives and investigates over 3,000 wage claims each year. Approximately one-third of these complaints in 2003-04 related to unpaid final wages involving businesses that had failed. As noted above, the closure of two large hospitals in the Portland area resulted in a 33% increase in claims against the Wage Security Fund. Another quarter of the claims relate to minimum wage and overtime. The remainder relate to hours worked and pay rate disputes. The Labor Commissioner has established a goal of completing prevailing wage rate investigations within 90 days. However, in 2003-04, only 39% of the investigations were completed within this time limit.

The Bureau notes that the number of General Fund supported staff is no longer sufficient to process all wage claims in a timely manner. The Labor Commissioner is considering reducing enforcement of hours worked and pay rate regulations in order to focus scarce resources on enforcement of minimum wage claims.

Legislatively Adopted Budget

The budget is an increase of \$85,459 General Fund, \$491,519 Other Funds and \$53,160 nonlimited Other Funds above the 2003-05 approved budget, including standard adjustments for inflation and employee compensation changes, and the policy package discussed below. The budget includes reductions to state government and Attorney General rates, and the PERS rate. It also includes the transfer of the prevailing wage rate technical assistance function (\$232,316 Other Funds and 2 positions (2.00 FTE)) from the Commissioner's Office/Program Support Division.

The 2005 Legislature approved a policy package with \$116,884 Other Funds and 1 position (1.00 FTE) to complete compliance reviews of prevailing wage rate projects. The additional position will enable the Division to complete 55% of prevailing wage claim investigations within 90 days, which is the 2007 target. The prevailing wage rate program is funded with fees paid by public works contractors. The program currently has sufficient Other Funds revenue to support the policy package. The Legislature did not approve an additional position for this function, but directed the Bureau to report to the Joint Legislative Audit Committee on the

prevailing wage workload, including individual staff workload. The Committee may recommend that the Emergency Board establish this position if the workload report supports the need.

The Legislature also approved a budget note that directs the Prevailing Wage Rate Advisory Committee to evaluate streamlining procedures and reducing the administrative cost for small public works projects. The Bureau will report to the 2007 Legislature on the outcomes from this evaluation.

BOLI – Apprenticeship and Training

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
General Fund	2,333,239	2,449,966	2,575,240	2,516,589
Other Funds	0	0	127,884	
Federal Funds	40,777	78,246	77,908	76,508
Total Funds	\$2,374,016	\$2,528,212	\$2,781,032	2,593,097
Positions	20	18	18	17
FTE	19.75	17.12	18.00	17.00

Program Description

The Division promotes the development of a highly skilled workforce through partnerships with government, labor, business, and education, and provides apprenticeship opportunities for individuals. The 10-member Oregon State Apprenticeship and Training Council provides policy direction and approves local apprenticeship committees and their occupational standards. The Division conducts regular compliance reviews of the local committees to insure that apprentices are being treated fairly and receiving the best possible training. The Division is also responsible for maintaining a statewide registration of education and training programs for veterans, and works in partnership with educators, employers, and students. This includes 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

The Apprenticeship and Training Division is primarily funded with the General Fund. The Division anticipates receiving a federal grant of over \$60,000 from the Veterans' Administration in the 2005-07 biennium for on-the-job training of qualified veterans.

Budget Environment

The Division registered over 2,075 new apprentices in 2004, and maintains a registry of nearly 5,260 apprentices. It conducts compliance reviews to insure that programs are acting in accordance with their standards and to assure that all apprentices are being treated equally. The number of new apprentices has remained stable over time, but the registry of total apprentices has declined from a high of over 8,000 in 1997.

In the 2003-05 biennium, the Bureau was instructed by budget note to report to the Emergency Board on its efforts to increase the number of women and minorities in apprenticeship programs and the outcomes from those efforts. The Bureau reported at the November 2004 meeting of the Emergency Board that its increased efforts have resulted in three new programs that will directly benefit women, including over 90 presentations to workforce partners to promote apprenticeship. This effort was instrumental in the OHSU-North Macadam-South Waterfront District agreement, which establishes a requirement that 20% of project hours worked will be carried out by apprentices and sets goals of 10% women and 25% minority participation. BOLI continues to work with the City of Portland and Tri-Met to develop strategies to recruit women and minorities for careers in the trades. In addition, BOLI has worked with ODOT to adopt numerous strategies to improve its current training program. ODOT has committed to fund a program to prepare women and minorities to enter an apprenticeship program and to support and mentor them throughout their training. This includes a commitment to recruit individuals throughout the rural areas of the state as well.

Legislatively Adopted Budget

The budget is an increase of \$66,623 General Fund and a reduction of \$1,738 Federal Funds compared to the 2003-05 approved budget. These adjustments reflect standard adjustments for inflation and employee compensation changes. The budget includes reductions to state government and Attorney General rates, and the PERS rate. The budget also includes the elimination 1 position (0.12 FTE).

Board of Medical Examiners – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	5,759,309	6,505,650	7,234,868	7,054,369
Total Funds	\$5,759,309	\$6,505,650	\$7,234,868	\$7,054,369
Positions	33	34	36	36
FTE	31.00	32.60	34.50	34.30

Agency Overview

The mission of the Board of Medical Examiners is to protect the health, safety, and well being of Oregon's citizens by regulating the practice of medicine in a manner that promotes quality care. The agency licenses and regulates medical doctors, doctors of osteopathy, podiatrists, 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 to ensure compliance with their terms of probation and ensures that it is safe for them to practice medicine; works to rehabilitate and educate "problem" licensees whenever appropriate; and takes an active stance in preventing practice problems, which endanger patients, primarily through diversion program for licensees with substance abuse disorders, by education outreach, and by monitoring the prescribing practices of certain licensees. The eleven-member board is appointed by the Governor and composed of seven medical doctors, two doctors of osteopathy, and two public members.

The agency's activities are grouped into two program areas – the Operations Program and the Health Professionals Program. The Operations Program includes licensing, investigative, compliance, and administrative functions. The Health Professionals Program (HPP) is dedicated to intervention, rehabilitation, and education for licensees who suffer from substance abuse disorders. HPP represents approximately 11% of the agency's total budget.

Revenue Sources and Relationships

The agency is funded by revenue generated from licensure, examination, certification, and registration fees. Other miscellaneous revenue includes the sale of lists and directories, and fines or forfeitures imposed as disciplinary measures. The Board is required by ORS 677.290 to transfer \$10 for each in-state registered physician to the Oregon Health and Science University (OHSU) to maintain a medical library. The Board expects to transfer approximately \$190,000 to OHSU during the 2005-07 biennium.

In October 2004, the Board implemented a temporary fee reduction to reduce its ending cash balance to a more appropriate level. The agency's fees are among the lowest in the western states for comparable licenses. With the temporary fee reduction, the projected 2005-07 ending cash balance represents approximately 16 months of operating costs.

Budget Environment

There are three main factors that influence the agency's budget: the number of licensees, complaints, and participants in the Health Professionals Program. The agency regulates over 13,000 health professionals divided among physicians, podiatrists, physician assistants, and acupuncturists. The number of new license applications continues to grow as schools expand to meet the ongoing demand for medical professionals. Over 600 written complaints are received each year. Since 1998, the number of new investigations opened annually has increased 77% and the number of licensees on probation has increased 75%. Currently there are 104 practitioners being actively monitored by the Health Professional Program and 188 others have either satisfactorily completed the program or have been referred to similar programs in the states where they have moved.

Legislatively Adopted Budget

The Legislature approved a budget of \$7,054,369 Other Funds, a 2.5% reduction from the Governor's budget, and 34.30 FTE. The budget was adjusted to reflect the following rate and assessment reductions: Public Employees Retirement System (\$26,262), Department of Administrative Services (\$33,948), Oregon State Library (\$476), and Secretary of State Audits Division (\$202).

The Legislature approved an increase of \$127,076 and 1.20 FTE to address investigative and compliance monitoring workload; an increase of \$178,734 and 0.50 FTE (limited-duration) to conduct nationwide background checks on new applicants and licensees under investigation; and a rent increase of \$8,228 for the Diversion Program.

Mortuary and Cemetery Board – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	934,957	1,055,485	1,129,509	1,117,605
Total Funds	\$934,957	\$1,055,485	\$1,129,509	\$1,117,605
Positions	6	6	6	6
FTE	6.00	5.75	6.00	6.00

Agency Overview

The Mortuary and Cemetery Board regulates individuals and facilities engaged in the care, preparation, processing, transportation, and final disposition of human remains. The agency's mission is to protect public health, safety, and welfare by fairly and efficiently performing its licensing, inspection, and enforcement duties; by promoting professional behavior and standards in all facets of the Oregon death care industry; and, by 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 composed of two funeral service practitioners, one embalmer, three cemetery representatives, one crematory operator, and four public members.

The agency licenses individual death care professionals and the facilities in which they work. Licensees include funeral service practitioners, embalmers, apprentices, interns, preneed sales people, funeral establishments, immediate disposition companies, cemeteries, and crematories. The agency performs inspections, complaint investigations, and background investigations. Each facility and its records are required to be inspected at least once a biennium. Background checks are performed on license applicants and on the principals of licensed facilities. The agency also administers the funeral service practitioner and embalmer exams twice a year.

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; and civil penalties. To address a revenue short-fall, the agency implemented fee increases administratively in November 2004. In addition the agency proposed 2005 legislation (Senate Bill 53) to increase the death certificate filing fee by \$3. Although Senate Bill 53 was not approved, a higher than anticipated 2003-05 ending balance prevented the agency from having to reduce staff in the short-run. The projected 2005-07 ending cash balance of \$67,406 represents approximately one and one-half months of operating costs.

Budget Environment

Revenue to support agency operations and maintain an adequate ending cash balance continues to be an issue. The Legislature approved a budget note directing the agency to work with the Department of Administrative Services and Legislative Fiscal Office to determine the appropriate staffing level needed to effectively regulate the funeral industry in Oregon and report to the Joint Legislative Audit Committee no later than January 2006. The report will compare oversight scope, personnel, budget, fee structures, and staff training requirements of like oversight entities in other states to the current operation in Oregon.

Legislatively Adopted Budget

The Legislature approved a budget of \$1,117,605 Other Funds, a 1.1% reduction from the Governor's budget, and 6.00 FTE. The budget was adjusted to reflect the following rate and assessment reductions: Public Employees Retirement System (\$4,427), Attorney General (\$2,642), Department of Administrative Services (\$4,698), Oregon State Library (\$89), and Secretary of State Audits Division (\$48). The budget also includes several line-items shifts to more closely align the budget with actual spending patterns.

The Legislature ratified the fee increases implemented administratively during the 2003-05 biennium and approved the expenditure limitation reduction associated with the implementation of House Bill 2058 - allowing the agency to obtain financial services from the Department of Administrative Services (\$13,950).

Board of Naturopathic Examiners – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2007-07 Legislatively Adopted
Other Funds	270,297	323,132	389,864	382,260
Total Funds	\$270,297	\$323,132	\$389,864	\$382,260
Positions	2	2	2	2
FTE	1.75	1.75	2.00	2.00

Agency Overview

The Board of Naturopathic Examiners was established in 1927 to license and regulate naturopathic physicians in Oregon. The Board's mission is to protect the public by improving upon standards of care offered by licensed practitioners through ensuring competency in education, and enhancing communication with the profession and the public. The Board conducts state jurisprudence 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 five-member board is appointed by the Governor and composed of four naturopaths and one public member.

Revenue Sources and Relationships

The agency is funded by revenue generated from application, license, and certification fees. Other miscellaneous sources include late payment fines, and the sale of mailing lists and copies of public records. Revenue projections for 2005-07 reflect a 2.5% increase over 2003-05 estimates and the projected 2005-07 ending cash balance represents approximately nine months of operating costs.

Budget Environment

The agency expects 2005-07 license renewals to remain constant, applications and initial licenses to decline, and retired status licenses to increase compared to 2003-05 estimates. The agency uses its website, brochures, and newsletters to educate the public about naturopathy. This agency is one of seven health-related licensing boards who have agreed to develop an administrative consolidation plan for the 2007-09 biennium.

Legislatively Adopted Budget

The Legislature approved a \$382,260 Other Funds budget, a 2% reduction from the Governor's budget, and 2.00 FTE. The budget was adjusted to reflect the following rate and assessment reductions: Public Employees Retirement System (\$1,226), Attorney General (\$1,655), Department of Administrative Services (\$1,726), Oregon State Library (\$30), and Secretary of State Audits Division (\$16). The budget also includes several line-item shifts to more closely align the budget with actual spending patterns.

The Legislature approved an increase to implement House Bill 2058 – allowing the agency to obtain financial services from the Department of Administrative Services (\$13,175); approved increasing the agency's part-time position to full-time (\$18,679 and 0.25 FTE); and approved a small increase for additional office space (\$1,889).

Board of Nursing – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	7,077,409	7,938,514	9,106,095	9,405,198
Total Funds	\$7,077,409	\$7,938,514	\$9,106,095	\$9,405,198
Positions	36	40	45	45
FTE	35.50	39.25	44.25	44.25

Agency Overview

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. The agency licenses and regulates 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 nine-member board is appointed by the Governor and composed of four Registered Nurses, two Licensed Practical Nurses, one Nurse Practitioner, and two public members.

The agency is comprised of four Divisions representing its major programs. The Investigations and Compliance Division investigates complaints regarding violation of the Oregon Nurse Practice Act and recommends disciplinary action to the Board. The Licensing and Certification Division is responsible for all licensing and customer services activities, as well as the training and testing program for certified nursing assistants and certified medication aides. The Practice Consultation and Policy Division reviews nursing education programs; develops policy and rules; and provides specialized expertise with respect to RN/LPN, advanced practice nursing, and nursing assistant program issues. The Central Support Division supports the day-to-day activities of the agency.

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. The agency expects to receive approximately \$1.9 million from DHS in 2005-07. Revenue projections for 2005-07 include a proposed new fingerprinting fee which is expected to generate approximately \$742,000. The 2005-07 projected ending cash balance represents approximately four months of operating costs.

Budget Environment

The agency's budget is influenced by the number of licensees, complaint investigations, background checks, and participants in the Nurse Monitoring program. The agency licenses approximately 42,400 registered and licensed practical nurses; 2,490 nurse practitioners, nurse anesthetists, and clinical nurse specialists; and certifies 18,000 nursing assistants (CNA) and medication aides. On average, 600 to 700 formal complaints are investigated and 1,000 to 1,500 informal inquiries are conducted. The complaint case backlog has increased 67% over the last three years, from 1,106 to 1,846. The growth in the backlog appears to be the result of an increase in the amount of time it takes to complete a complaint investigation. Despite efforts to restructure duties and streamline functions, the average number of days to complete an investigation has doubled since 2002. Law Enforcement Data System checks are performed on all initial and renewal applications totaling about 36,000 per year. The Nurse Monitoring program, administered by 3.00 FTE, provides an alternative to discipline for nurses with substance abuse, physical, or mental health disorders. There are about 360 participants in the program now compared to 307 in the last biennium, a 17% increase.

Legislatively Adopted Budget

The Legislature approved a budget of \$9,405,198 Other Funds, a 3.3% increase from the Governor's budget, and 44.25 FTE. The budget was adjusted to reflect the following rate and assessment reductions: Public Employees Retirement System (\$30,546), Attorney General (\$10,641), Department of Administrative Services (\$28,776), Oregon State Library (\$534), and Secretary of State Audits Division (\$293).

The Legislature approved:

- The establishment of two investigator positions and increased a part-time Complaint Intake Coordinator to full-time to address the compliant case backlog (\$255,625 and 2.25 FTE).
- An increase to conduct nationwide criminal background checks on new applicants and licensees under investigation with the understanding that a fee would be established administratively to recover the costs (\$742,000).
- The continuation of three limited-duration positions to maintain current Customer Service Center staffing in anticipation that increased use of on-line services may reduce the need for these positions in the future (\$199,518 and 2.50 FTE).
- A one-time increase to accommodate delays in an office reconfiguration project that was expected to be completed in 2003-05 (\$325,000).
- An increase in rent to accommodate the new investigative staff (\$33,600).

Board of Examiners of Nursing Home Administrators – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	181,712	189,693	204,047	201,982
Total Funds	\$181,712	\$189,693	\$204,047	\$201,982
Positions	1	1	1	1
FTE	1.00	1.00	1.00	1.00

Agency Overview

The mission of the Board of Examiners of Nursing Home Administrators is to protect the public by developing, imposing, and enforcing standards which shall be met by individuals in order to receive and retain a license as an Oregon nursing home administrator. The nine-member board is appointed by the Governor and composed of three nursing home administrators, three public members, one registered nurse, one registered pharmacist, and one physician.

Revenue Sources and Relationships

The agency is funded by revenue generated from examination, license, and endorsement fees. Other miscellaneous sources include license verification fees, and the sale of mailing lists and copies of public records. Revenue projections for 2005-07 reflect a 3.9% increase over 2003-05 estimates. Roughly half of the increase is interest income, a new revenue source made possible by House Bill 2058. The projected 2005-07 ending cash balance of \$91,820 represents approximately eleven months of operating costs.

Budget Environment

The agency expects 2005-07 initial license applications to increase slightly, active license renewals to remain constant, and inactive license renewals to increase compared to 2003-05 estimates. This agency is one of seven health-related licensing boards who have agreed to develop an administrative consolidation plan for the 2007-09 biennium.

Legislatively Adopted Budget

The Legislature approved a \$201,982 Other Funds budget, a 1% decrease from the Governor's budget, and 1.00 FTE. The budget was adjusted to reflect the following rate and assessment reductions: Public Employees Retirement System (\$744), Attorney General (\$496), Department of Administrative Services (\$802), Oregon State Library (\$15), and Secretary of State Audits Division (\$8). The budget also includes several line-item shifts to more closely align the budget with actual spending patterns.

The Legislature approved an increase to implement House Bill 2058 – allowing the agency to obtain financial services from the Department of Administrative Services (\$8,857); an increase in out-of-state travel to participate in national organization meetings (\$1,500); and an increase for Attorney General services (\$1,500).

Occupational Therapy Licensing Board – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	225,375	249,107	274,504	269,139
Total Funds	\$225,375	\$249,107	\$274,504	\$269,139
Positions	1	1	1	1
FTE	1.25	1.25	1.25	1.25

Agency Overview

The Occupational Therapy Licensing Board was created in 1977 to assure that only qualified persons provide 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 three occupational therapists and two public members.

Revenue Sources and Relationships

The agency is funded by Other Funds revenue generated from license fees and other miscellaneous sources including limited permits, late fees, and the sale of mailing lists and copies of public records. Revenue projections for 2005-07 reflect a 15% increase over 2003-05 estimates. The increase is due primarily to a July 2004 license fee increase, the effect of which will not be truly realized until 2006 due to the agency's biennial renewal cycle. The 2005-07 projected ending cash balance represents approximately 20 months of operating costs.

Budget Environment

The agency's workload appears fairly stable, with nominal growth projected for 2005-07. As of November 2004, there were 1,306 licensees – 1,075 occupational therapists and 231 occupational therapist assistants. This agency is one of seven health-related licensing boards who have agreed to develop an administrative consolidation plan for the 2007-09 biennium.

Legislatively Adopted Budget

The Legislature approved a budget of \$269,139 Other Funds, a 2% reduction from the Governor's budget, and 1.25 FTE. The budget was adjusted to reflect the following rate and assessment reductions: Public Employees Retirement System (\$883), Attorney General (\$1,255), Department of Administrative Services (\$998), Oregon State Library (\$19), and Secretary of State Audits Division (\$10).

The Legislature approved an increase to implement House Bill 2058 – allowing the agency to obtain financial services from the Department of Administrative Services (\$6,215) and an increase in professional services to contract for investigator services (\$8,000).

Board of Pharmacy – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	2,620,729	3,012,517	3,745,957	3,604,033
Federal Funds	0	0	350,000	0
Total Funds	\$2,620,729	\$3,012,517	\$4,095,957	\$3,604,033
Positions	16	16	21	18
FTE	15.00	15.50	19.46	17.50

Agency Overview

The mission of the Board of Pharmacy is to promote, preserve, and protect the public health, safety and welfare by regulating the practice of pharmacy as well as the quality and distribution of drugs and medical devices.

The Board licenses approximately 4,200 pharmacists, 5,500 pharmacy technicians, 1,000 pharmacies, 2,750 non-prescription drug outlets, and 850 pharmaceutical wholesalers and manufacturers. 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 fees. Revenue projections for 2005-07 reflect a 2.6% increase over 2003-05 estimates. The majority of the increase is interest income, a new revenue source made possible House Bill 2058. The projected 2005-07 ending cash balance represents approximately eight months of operating costs.

Budget Environment

The agency continues to experience increased compliance, investigation, licensing, and administrative workloads. Contributing factors include: pharmacists becoming more involved in direct patient care and drug therapy management; the use of pharmacy technicians; the increased number of drug outlets that must be inspected; increased complexity of complaints and investigations; and an increase in requests for information from the public, pharmacists, attorneys, and others. In addition, high priority issues including foreign drug importation, the diversion of non-prescription drugs for methamphetamine production, and bio-terrorism preparedness have increased the agency's workload.

Legislatively Adopted Budget

The Legislature approved a budget of \$3,604,033 Other Funds, a 12% reduction from the Governor's budget, and 17.50 FTE. The budget was adjusted to reflect the following rate and assessment reductions: Public Employees Retirement System (\$13,357), Attorney General (\$5,882), Department of Administrative Services (\$13,425), Oregon State Library (\$264), and Secretary of State Audits Division (\$142). The budget also establishes a line-item budget for pay-line exceptions approved by the Department of Administrative Services to address compression issues (\$36,000).

The Legislature approved:

- The establishment of two permanent positions to address high priority project workload and the reclassification of two positions (\$281,970).
- An increase to reflect current spending patterns for Attorney General services (\$60,000).
- A one-time increase to relocate the agency to the first floor of the Portland State Office Building (\$100,945) and an increase in rent to reflect the increased square-footage of the new space (\$60,111).
- An increase to implement House Bill 2058 – allowing the agency to obtain financial services from the Department of Administrative Services (\$16,799).

Board of Psychologist Examiners – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	539,763	622,492	724,427	701,432
Total Funds	\$539,763	\$622,492	\$724,427	\$701,432
Positions	3	3	3	3
FTE	2.50	2.50	3.00	3.00

Agency Overview

The Board of Psychologist Examiners was created in 1973 to determine qualifications, examine, and license individuals to practice psychology in Oregon. The agency's mission is to protect the health, safety, and well-being of Oregon citizens by regulating the practice of psychology in a manner that promotes quality care. The agency investigates alleged violations of the statutes and imposes appropriate sanctions, adopts a code of ethics, and enforces continuing education requirements. The seven-member board is appointed by the Governor and composed of five psychologists and two public members.

Revenue Sources and Relationships

The agency is funded by revenue generated from licensing, application, and examination fees. Other miscellaneous sources included civil penalties and publication sales. Although no fee increases are planned for the 2005-07 biennium, the agency is projecting a one-time increase in revenue (approximately 23%) as it transitions from an annual license renewal cycle to a biennial renewal cycle. Implementation is scheduled to begin in November 2005 and is expected to be completed in the fall of 2006. The projected 2005-07 ending cash balance is the equivalent of approximately eleven months of operating costs, which should protect the agency from having to raise fees for the next several years.

Budget Environment

The Board's workload is dependent upon the number of requests for licensure and complaints in any given time period. Although the Board doesn't anticipate a significant increase in requests for licensure - approximately 65 applications for initial licensure and 1,200 renewal licenses annually - a steady increase in complaints over the last few years has created a backlog. The Board receives approximately 60 consumer complaints per year. In August 2003 the complaint case backlog totaled 35. Since then, the backlog has dropped to 24 cases. The backlog reduction was achieved by working the agency's part-time investigator full-time.

Legislative Adopted Budget

The Legislature approved a budget of \$701,432 Other Funds, a 3.2% reduction from the Governor's budget, and 3.00 FTE. The budget was adjusted to reflect the following rate and assessment reductions: Public Employees Retirement System (\$1,899), Attorney General (\$7,481), Department of Administrative Services (\$4,345), Oregon State Library (\$34), and Secretary of State Audits Division (\$19). The budget also includes several line-item shifts to more closely align the budget with actual spending patterns.

The Legislature approved increasing the Board's part-time investigator to full-time to ensure timely complaint investigations (\$30,750 and 0.50 FTE) and approved an increase to develop and implement an alternative to the current oral licensing examination (\$20,000).

Public Utility Commission (PUC) – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	29,619,858	33,222,227	34,326,628	33,925,143
Federal Funds	302,957	334,915	421,609	419,103
Other Funds (NL)	92,343,953	121,920,072	108,020,000	108,020,000
Total Funds	\$122,266,768	\$155,477,214	\$142,768,237	\$142,364,246
Positions	124	124	125	125
FTE	123.00	123.50	124.00	124.00

Agency Overview

The three-member Public Utility Commission (PUC), which is appointed by the Governor subject to Senate confirmation, is responsible for ensuring that consumers receive adequate utility service at fair and reasonable rates while allowing regulated companies the opportunity to earn an adequate return on their investment.

Revenue Sources and Relationships

Other Funds are derived primarily from fees assessed on regulated utilities, including:

- *Natural gas, water, and wastewater utilities* are assessed up to 0.25 of 1% on gross operating revenues.
- *Telecommunications providers* are assessed up to 0.25 of 1% 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).
 - OUSF is supported through an assessment on intrastate revenue (currently 6.1%) which is estimated to generate \$123.8 million during the 2005-07 biennium. The estimated ending balance of \$17.7 million is equal to approximately four months of operating expenditures for this fund.
 - RSPF is supported by a surcharge not to exceed \$0.35 per month to retail subscribers who have access to relay services. The current surcharge of \$0.10 per month may need to adjust the rate during the biennium. Anticipated revenues for the 2005-07 biennium total \$11.8 million. The estimated ending balance of \$5 million is equal to approximately 12 months of operating expenditures for this fund.
- *Electric utilities* are assessed an average of 0.18 mill (\$0.00018) per kilowatt-hour delivered. Retail electric consumers of Portland General Electric and PacifiCorp pay additional charges for public purpose expenditures (3%) and low-income bill assistance (\$10 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 the PUC, to the entities provided in statute (e.g., education service districts, and the Housing and Community Services Department).

Excluding OUSF and RSPF, the estimated ending balance from fees of \$12.56 million represents approximately 12.5 months of operating expenditures.

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 53%.

Budget Environment

PUC anticipates that the number and complexity of cases filed and hearings conducted will continue to increase due to ongoing restructuring of the telecommunications and energy industries, and increasing wholesale costs of gas and electricity. Also, changes in federal pipeline integrity management requirements will likely add workload for inspections, monitoring, and training.

SB 17 (2005) establishes an interim, 10-member Task Force on Telecommunications Law Revisions. With staff support provided by the PUC, the task force will review Oregon's current laws and propose changes within the context of changing technologies and pending federal law.

PUC – Utility Program

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	7,828,648	8,748,905	8,894,177	8,773,052
Federal Funds	302,957	334,915	421,609	419,103
Other Funds (NL)	92,343,953	121,920,072	108,020,000	108,020,000
Total Funds	\$100,475,558	\$131,003,892	\$117,335,786	\$117,212,155
Positions	42	42	43	43
FTE	42.00	42.00	43.00	43.00

Program Description

The Utility Program 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 OUSF, which subsidizes the rates charged by any eligible carrier providing basic telephone service in high cost areas. Payments to providers are reflected as Nonlimited Funds.

Legislatively Adopted Budget

The legislatively adopted budget represents a 10.5% decrease from the 2003-05 legislatively approved budget. The anticipated revenues from the OUSF have decreased by approximately \$18.8 million due to increased federal reimbursements to providers, fewer telecommunication carriers serving customers in high cost areas, and lower line charges due to shifts in technology (wireless and DSL). However, services in rural areas are not expected to change; rather, the budget is more closely aligned with actual revenue and expenditure experience. The budget adds one position (1.00 FTE) to meet increased federal requirements for the gas pipeline safety program.

PUC – Residential Service Protection Fund

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	8,376,887	9,608,989	9,905,841	9,896,512
Total Funds	\$8,376,887	\$9,608,989	\$9,905,841	\$9,896,612
Positions	5	5	5	5
FTE	5.00	5.00	5.00	5.00

Program Description

RSPF provides telecommunications services for disabled persons, including the hearing- and speech-impaired, and low-income individuals through the following programs:

- *Oregon Telephone Assistance Program (OTAP)* subsidizes local telephone service rates to eligible low-income Oregonians by providing a \$13.50 monthly reduction for basic telephone service (\$3.50 paid by Oregon, the remainder provided by the federal government).
- *Telecommunication Devices Access Program (TDAP)* provides special communication devices to deaf, hearing and/or speech impaired, or others with disabilities that prevent them from using telephones.
- *Oregon Telecommunications Relay Service (OTRS)* 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.
- *Emergency Medical Certificates* protects a customer's ability to make calls if a qualified medical professional states that disconnection would significantly endanger the health of the customer. This program is outlined in the RSPF law, but administered by the Consumer Protection Services in Policy and Administration where its expenditures are covered.

Legislatively Adopted Budget

The legislatively adopted budget reflects a 3% increase over the 2003-05 legislatively approved budget. Current services are maintained for more than 56,000 OTAP and TDAP customers and an estimated 140,000 relay minutes each month will be provided through OTRS.

PUC – Policy and Administration Program

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	13,414,323	14,864,333	15,526,610	15,255,579
Total Funds	\$13,414,323	\$14,864,333	\$15,526,610	\$15,255,579
Positions	77	77	77	77
FTE	76.00	76.50	76.00	76.00

Program Description

The Policy and Administration Program includes:

- *Commissioners and Commission Services* includes the Commission Chair, who serves as the agency's administrative head, two Commissioners, and their direct staff support.
- *Administrative Hearings Division* conducts rulemaking and contested case hearings involving major industry changes, rate proposals, and consumer complaints.
- *Central Services Division* provides budget, accounting, and support services to the agency as well as staffing for consumer protection services to respond to customer concerns regarding regulated utilities.
- *Human Resources* advises the agency on employee relations and provides recruitment and training services.
- *Economic Research and Financial Analysis Division* evaluates proposed mergers, analyzes utilities' cost of capital, and forecasts electric utility loads and power costs.
- *Regulatory Operations Division* processes all utility filings and provides information services to the agency.

Legislatively Adopted Budget

The legislatively adopted budget reflects a 2.6% increase over the 2003-05 legislatively approved budget. While no additional expenditure limitation was provided, the budget does support reclassifying nine positions, establishing an accounting technician (1.00 FTE) and a part-time office specialist (0.50 FTE), and abolishing a mail services assistant (1.00 FTE). These adjustments are intended to better align workload and reduce working-out-of-class differential payments.

Board of Radiologic Technology – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	442,156	414,418	471,619	467,148
Total Funds	\$442,156	\$414,418	\$471,619	\$467,148
Positions	3	4	3	3
FTE	2.79	2.65	3.00	3.00

Agency Overview

The mission of the Board of Radiologic Technology 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 Board licenses and regulates radiologic technologists, sets minimum requirements for licensees and limited permit holders, and verifies completion of continuing education requirements. The seven-member board is appointed by the Governor and composed of four diagnostic radiologic technologists, one radiation therapist, one M.D. radiologist, and one public member.

Revenue Sources and Relationships

The agency is funded by revenue generated from license, examination, and permit fees. Other miscellaneous sources include fines and the sale of mailing lists and copies of public records. Revenue projections for 2005-07 reflect a 16% increase over 2003-05 estimates and the projected 2005-07 ending cash balance represents approximately seven months of operating costs.

Budget Environment

In response to deteriorating service levels the agency implemented licensing process improvements in 2003-05. As a result, agency operations are stabilizing and service levels have improved. This agency is one of seven health-related licensing boards who have agreed to develop an administrative consolidation plan for the 2007-09 biennium.

Legislatively Adopted Budget

The Legislature approved a \$467,148 Other Funds budget, a .9% reduction from the Governor's budget, and 3.00 FTE. The budget was adjusted to reflect the following rate and assessment reductions: Public Employees Retirement System (\$1,436), Attorney General (\$528), Department of Administrative Services (\$2,212), Oregon State Library (\$45), and Secretary of State Audits Division (\$24). The budget also includes several line-item adjustments to more closely align the budget with actual spending patterns.

The Legislature approved:

- An increase to implement House Bill 2058 – allowing the agency to obtain financial services from the Department of Administrative Services (\$10,191).
- An increase to purchase LEDS software – allowing the Board to perform background checks on initial and renewal applications (\$2,895 – of which \$2,355 is one-time).
- Increasing a part-time position to full-time (\$40,340 and 0.50 FTE).
- An increase to reflect current spending patterns for Attorney General services (\$13,609).

Real Estate Agency – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	5,615,329	6,311,101	6,239,626	3,874,655
Total Funds	\$5,615,329	\$6,311,101	\$6,239,626	\$3,874,655
Positions	32	30	30	30
FTE	30.29	30.00	29.63	18.52

Agency Overview

The Real Estate Agency is responsible for the licensing, education, and enforcement of Oregon's real estate laws applicable to brokers, property managers, and real estate marketing organizations; licensing and regulation of escrow agents; and registration and public report issuance for campground contract brokers, subdivisions, timeshares, and condominium developments. The agency approves courses and develops curriculum requirements for its licensees, administers real estate examinations, audits licensees, and investigates complaints made concerning its licensees and regulated activities. The Real Estate Commissioner, who is appointed by the Governor, administers the agency. The agency supports the Real Estate Board, whose seven industry members and two public members are appointed by the Governor.

Revenue Sources and Relationships

Other Funds revenues are generated through licensing and registration fees and renewals; charges for examinations; the sale of publications and educational seminars; and other services. No fee changes are anticipated for the 2005-07 biennium.

The agency also anticipates collecting just approximately \$100,000 in civil penalties which are payable to the General Fund.

Budget Environment

During the public hearing before the Joint Committee on Ways and Means Subcommittee, members discussed whether the current structure and management of the agency and the Real Estate Board were appropriate and meeting the needs of the industry and the public. Legislative leadership agreed to appoint a work group consisting of four legislative members, two members from the Real Estate Board, the Real Estate Commissioner, and one licensee. The work group will review the role and function of the Real Estate Board, practices by the agency, alternative forms of licensure and regulation, and an internal audit recently completed by the Department of Administrative Services.

Legislatively Adopted Budget

The legislatively adopted budget reflects a 15-month operating budget pending a report to the Emergency Board on the findings of an interim work group.

Board of Examiners for Speech-Language Pathology and Audiology – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved *	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	154,378	153,663	237,115	234,753
Total Funds	\$154,378	\$153,663	\$237,115	\$234,753
Positions	2	2	2	2
FTE	0.85	0.85	1.40	1.40

* Includes House Bill 5162 (2005).

Agency Overview

The mission 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, evaluates the qualifications of individuals seeking licensure, investigates complaints against licensees or persons operating without a license, and provides public information and education regarding licensure. The seven-member board is appointed by the Governor and 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 agency is funded by revenue generated from application, license, and certification fees. Other miscellaneous sources include late fees and the sale of mailing lists and copies of public records. The agency plans to increase fees administratively in 2005-07 and, as a result, projected 2005-07 revenue reflects a 62% increase over 2003-05 estimates. The proposed increases include a \$10 increase in the application fee, a \$30 per year increase in the renewal fee, and a \$40 increase in the late renewal fee. The 2005-07 projected ending cash balance of \$56,429 represents approximately six months of operating costs.

Budget Environment

The agency is experiencing increased licensing workload related to speech-language pathology assistants – a new licensure category created in 2001. In addition, complaint investigations tripled in 2004, increasing the need for Attorney General services. The agency received a \$7,100 expenditure limitation increase for the 2003-05 biennium in House Bill 5162-A (2005) to cover increased Attorney General costs. This agency is one of seven health-related licensing boards who have agreed to develop an administrative consolidation plan for the 2007-09 biennium.

Legislatively Adopted Budget

The Legislature approved a \$234,753 Other Funds budget, a 1% reduction from the Governor's budget, and 1.40 FTE. The budget was adjusted to reflect the following rate and assessment reductions: Public Employees Retirement System (\$627), Attorney General (\$413), Department of Administrative Services (\$991), Oregon State Library (\$21), and Secretary of State Audits Division (\$11). The budget also includes several line-item shifts to more closely align the budget with actual spending patterns.

The Legislature approved an increase to implement House Bill 2058 – allowing the agency to obtain financial services from the Department of Administrative Services (\$6,144); approved increasing a part-time position to address increased workload (\$59,598 and 0.55 FTE); and approved an increase for Attorney General services (\$4,000).

Board of Tax Practitioners – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	763,247	825,317	922,639	913,035
Total Funds	\$763,247	\$825,317	\$922,639	\$913,035
Positions	5	4	4	4
FTE	5.00	4.00	4.00	4.00

Agency Overview

The 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. It accomplishes this by licensing and overseeing tax preparers, tax consultants, and tax businesses. Currently, the Board regulates about 2,200 tax consultants, 1,800 tax preparers, and about 1,500 tax businesses per year. It develops initial competency examinations and monitors required continuing education programs for tax preparers. The Board also investigates complaints filed concerning personal tax return services by licensees and unlicensed persons and takes disciplinary action when appropriate. A four-person staff administers Board programs.

Revenue Sources and Relationships

The Board's Other Funds come principally from annual licensing and business registration fees. Fees are also charged for the administration of licensing examinations. Fees are established by rule but are limited by statute. The Board expects to collect \$579,000 in licensing fees, \$142,000 from business registration fees, \$106,000 from examinations, \$30,000 from fines and penalties, \$45,000 in pass through revenues for community colleges administration of examinations, and \$24,000 in other miscellaneous revenue for the 2005-07 biennium.

Budget Environment

The number of professionally prepared income tax returns is expected to increase along with the growth in Oregon's population. Statistics from the Department of Revenue show that about one half of all personal income tax returns are filed with the aid of a Tax Practitioner. The number of tax practitioners and tax businesses is expected to remain at about the same level as the prior biennium. In prior biennia, the Board experienced serious cash flow and budgetary problems. Those issues have been successfully addressed and the Board's fiscal situation has stabilized.

Legislatively Adopted Budget

The legislatively adopted budget provides for continuation of the Board's existing operations recognizing reduced costs of services provided by internal service agencies.

Veterinary Medical Examining Board – Agency Totals

	2001-03 Actual	2003-05 Legislatively Approved	2005-07 Governor's Recommended	2005-07 Legislatively Adopted
Other Funds	442,458	477,212	517,975	512,596
Total Funds	\$442,458	\$477,212	\$517,975	\$512,596
Positions	3	3	3	3
FTE	2.25	2.25	2.25	2.25

Agency Overview

The mission of the Veterinary Medical Examining Board is to protect animal health and welfare, public health, and consumers of veterinary services. The Board determines license qualifications and licenses veterinarians, veterinary technicians, euthanasia shelters, and euthanasia technicians; investigates consumer complaints and disciplines licensees found to be in violation of the Veterinary Practice Act; conducts national board examinations for veterinary technicians; and monitors advances and changes in the profession to determine minimum practice standards and ensure ongoing public and animal health. The seven-member board is appointed by the Governor and composed of five veterinarians and two public members.

Revenue Sources and Relationships

The agency is funded by revenue generated from license, application, and examination fees. Revenue projections for 2005-07 reflect a 1% reduction from 2003-05 estimates. A fee reduction implemented in 2001 to address an increasing cash balance is still in effect. The projected 2005-07 ending cash balance represents approximately 16 months of operating costs.

Budget Environment

The agency currently licenses 1,726 veterinarians, 784 veterinary technicians, 145 euthanasia technicians, and 34 euthanasia facilities. Consumer complaints continue to increase as the number of companion animals per capita continues to rise. This agency is one of seven health-related licensing boards who have agreed to develop an administrative consolidation plan for the 2007-09 biennium.

Legislatively Adopted Budget

The Legislature approved a \$512,596 Other Funds budget, a 1% reduction from the Governor's budget, and 2.25 FTE. The budget was adjusted to reflect the following rate and assessment reductions: Public Employees Retirement System (\$1,596), Attorney General (\$2,097), Department of Administrative Services (\$1,634), Oregon State Library (\$34), and Secretary of State Audits Division (\$18). The budget also includes several line-item shifts that more closely align the budget with actual spending patterns.

The Legislature approved an increase to implement House Bill 2058 – allowing the agency to obtain financial services from the Department of Administrative Services (\$12,221).