
MEMORANDUM

Legislative Fiscal Office
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To: *General Government Subcommittee Members*

From: *Susie Jordan, Legislative Fiscal Office
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Date: April 19, 2013

Subject: *Senate Bill 5513 – Construction Contractors Board
Work Session Recommendations*

Construction Contractors Board (CCB)- Agency Total

	2009-11 Actual	2011-13 Leg. Approved	2013-15 Current Service Level	2013-15 LFO Rec.
Other Funds	13,799,101	15,137,443	16,311,910	15,944,713
TOTAL FUNDS	13,799,101	15,137,443	16,311,910	15,944,713
Positions	81	76	75	75
FTE	76.50	76.00	75.00	75.00

Attached are the recommendations from the Legislative Fiscal Office for the **Construction Contractors Board**. It contains the following:

- Standard adjustments for inflation; State Government Service Charges; and reductions for statewide administrative savings and savings anticipated from PERS reforms.
- No Fee Increase; resulting in an estimated ending balance of just under two months expenditures.

Adjustments to Current Service Level:

See attached "Work Session Presentation Report" dated 4/22/2013.

Accept LFO Recommendation

Move the LFO recommendation to Senate Bill 5513.

Performance Measures

See attached "Legislatively Proposed 2013-15 Key Performance Measures" form.

Accept LFO Recommendation

Move the LFO recommendation on Key Performance Measures

Budget Notes (if needed)

In accordance with the work plan presented to the Subcommittee, the Construction Contractor's Board is directed to provide a progress report to the interim Joint Committee on Ways and Means and the appropriate interim policy committees during the September 2013 legislative days and to the Joint Committee on Ways and Means during the 2014 legislative session.

Accept LFO Recommendation

Move the LFO recommended budget note

OR

Change LFO recommendation – any changes must be approved by the co-chairs

Move the LFO recommended budget note, with modifications.

Recommended Changes to Appropriation Bill:

The Legislative Fiscal Office recommends a budget of \$15,944,713 Other Funds, and 75 positions (75.00 FTE) and that *Senate Bill 5513* be approved.

Senate Bill 5513 Final Subcommittee Action:

Final Motion:

Move Senate Bill 5513 to the full committee with a “do pass” recommendation

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	15,137,443	-	-	-	15,137,443	76	76.00
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	15,137,443	-	-	-	15,137,443	76	76.00
2011-13 Leg Approved Budget (Base)	-	-	15,137,443	-	-	-	15,137,443	76	76.00
Summary of Base Adjustments	-	-	939,414	-	-	-	939,414	(1)	(1.00)
2013-15 Base Budget	-	-	16,076,857	-	-	-	16,076,857	75	75.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	67,645	-	-	-	67,645	-	-
030: Inflation & Price List Adjustments	-	-	167,408	-	-	-	167,408	-	-
2013-15 Current Service Level	-	-	16,311,910	-	-	-	16,311,910	75	75.00
Adjusted 2013-15 Current Service Level	-	-	16,311,910	-	-	-	16,311,910	75	75.00
Total LFO Recommended Packages	-	-	(367,197)	-	-	-	(367,197)	-	-
2013-15 Legislative Actions	-	-	15,944,713	-	-	-	15,944,713	75	75.00
Net change from 2011-13 Leg Approved Budget	-	-	807,270	-	-	-	807,270	(1)	(1.00)
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	5.3%	0.0%	0.0%	0.0%	5.3%	(1.3%)	(1.3%)
Net change from 2013-15 Current Service Level	-	-	(367,197)	-	-	-	(367,197)	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	(2.3%)	0.0%	0.0%	0.0%	(2.3%)	0.0%	0.0%

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2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	15,137,443	-	-	-	15,137,443	76	76.00
2011-13 Leg Approved Budget (Base)	-	-	15,137,443	-	-	-	15,137,443	76	76.00
Summary of Base Adjustments	-	-	939,414	-	-	-	939,414	(1)	(1.00)
2013-15 Base Budget	-	-	16,076,857	-	-	-	16,076,857	75	75.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	67,645	-	-	-	67,645	-	-
030: Inflation & Price List Adjustments	-	-	167,408	-	-	-	167,408	-	-
2013-15 Current Service Level	-	-	16,311,910	-	-	-	16,311,910	75	75.00
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Total LFO Recommended Packages	-	-	(367,197)	-	-	-	(367,197)	-	-
2013-15 Legislative Actions	-	-	15,944,713	-	-	-	15,944,713	75	75.00
Net change from 2011-13 Leg Approved Budget	-	-	807,270	-	-	-	807,270	(1)	(1.00)
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	5.3%	0.0%	0.0%	0.0%	5.3%	(1.3%)	(1.3%)
Net change from 2013-15 Current Service Level	-	-	(367,197)	-	-	-	(367,197)	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	(2.3%)	0.0%	0.0%	0.0%	(2.3%)	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 091 Statewide Administrative Savings

Package Description This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Executive Branch had intended for these reductions to be specified in the Governor’s 2013-15 recommended budget. They will continue to work on details of these reductions and report back during the 2014 session.

LFO Recommendation Approve

LFO Recommended	-	-	(110,356)	-	-	-	(110,356)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 092 PERS Taxation Policy

Package Description This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

LFO Recommendation Approve

LFO Recommended	-	-	(28,568)	-	-	-	(28,568)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 093 Other PERS Adjustments

Package Description This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve

LFO Recommended	-	-	(228,273)	-	-	-	(228,273)	-	-
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Package 100 License Fee

Package Description The Agency is seeking to modify its contractor license fee, effective on July 1, 2013 by \$40 per two year license period, from the current rate of \$325 to a proposed rate of \$365. The current license fee of \$325 was established on July 1, 2009, when the legislature approved an increase of \$65 from the previous rate of \$260. This proposal annualized over the four year period from 2009 to 2013 represents an annualized increase of roughly 2.9%. The fee increase would generate an additional \$1.4 million.

LFO Recommendation Not Recommended. Licensing renewals are beginning to show an increase. As a result, over time revenue may increase without a fee adjustment. Recommend that \$646,000 be unscheduled until the agency can demonstrate that a combination of expenditure savings and/or increases in renewals and new licenses will generate an increase in revenue that is equal to or is greater than the 3 month ending balance requirement of approximately \$1.8 million.

LFO Analyst Notes Allowing for reductions for administrative savings and PERS reforms, the agency's budget without a fee increase is \$646,000 short of the 3 month ending balance requirement, but allows for just under an estimated two months essential expenditures. Because license revenue is received monthly, and because savings during the current biennium are cushioning the impact of CSL increases, the agency should be able to manage cash flow in a manner that will allow for seasonal fluctuations and negotiated employee compensation changes. If licensing activity does not increase during the biennium, the agency may be required to seek a fee increase for the 15-17 biennium or significantly reduce services.

LFO Recommended - - - - -

Legislatively Proposed 2013-2015 Key Performance Measures

Agency: CONSTRUCTION CONTRACTORS BOARD

Mission: The Construction Contractors Board protects the public's interest relating to improvements to real property. The Board regulates construction contractors and promotes a competitive business environment through education, contractor licensing, dispute resolution, and law enforcement.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
1 - Tested Contractors – Reduce the percent of CCB tested contractors that have a final order for damages that remain unpaid after 60 days, or that are discharged in bankruptcy.		Approved KPM	0.31	1.00	1.00
2 - Homeowner Awareness – Percent of homeowners who are aware of their rights and responsibilities and the services of CCB.		Approved KPM	40.00	50.00	50.00
3 - Unlicensed Recidivism Rate – Percent of offenders who recidivate by performing work without a CCB license within three years of first offense.		Approved KPM	6.88	15.00	15.00
4 - Contractors Who Fail to Pay Damages – Percent of licensed contractors operating in Oregon that fail to pay in full final Dispute Resolution (claims) final orders for damages.		Approved KPM	0.21	0.50	0.50
5 - Enforcement Investigations – Average days to close an enforcement investigation.		Approved KPM	32.00	60.00	60.00
6 - Dispute Resolution Final Orders – Average days to issue a dispute resolution (claims) final order.		Approved KPM	143.00	155.00	155.00
7 - Fair and Impartial Dispute Resolution Process – Percent of parties to claims who perceive claims process to be fair and impartial.		Approved KPM	88.00	90.00	90.00
8 - License and Renewal Processing – Percent of contractors satisfied with the agency’s processing of license and renewal information.		Approved KPM	96.00	96.00	96.00
9 - Customer Service - Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information	Accuracy	Approved KPM	93.70	95.00	95.00
9 - Customer Service - Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information	Availability of Information	Approved KPM	89.40	95.00	95.00

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Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
9 - Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information	Expertise	Approved KPM	94.20	95.00	95.00
9 - Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information	Helpfulness	Approved KPM	94.90	95.00	95.00
9 - Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information	Overall	Approved KPM	93.90	95.00	95.00
9 - Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information	Timeliness	Approved KPM	93.40	95.00	95.00
10 - Best Practices – Percent of best practices met by the Board.		Approved KPM	100.00	100.00	100.00

LFO Recommendation:

LFO recommends approval of the agency's key performance measures with the following modifications: KPM #3: The average actual experience over the past 9 years is 9.25%. The lower the actual experience the better since the agency seeks the lowest possible rate of recidivism. A target of 18 is too high, therefore, the recommended target is 15 and should be revisited again in 2015 if actual experience continues to be below 10%. KPM #8: The average actual experience over the past 9 years is 96%. Recommend target be increased to 96%. KPM #9: Recommend updating target for Helpfulness Category from 85% to 95% to be more consistent with other targets in survey and actual experience. KPM #10: Recommend increasing target from 95% to 100% to reflect actual experience over past four years.

Sub-Committee Action: