

CONSTRUCTION CONTRACTORS BOARD

The Construction Contractors Board (CCB) 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 residential and commercial construction contractors and subcontractors, certifies locksmiths and home inspectors, provides consumer information and education, and resolves disputes. The Board investigates complaints filed against licensees, imposes fines for violations of Oregon laws, including failure to carry workers' compensation coverage, and ensures that new contractors meet statutory pre-licensing educational and testing requirements.

CONSTRUCTION CONTRACTORS BOARD	2009-11 Actuals	2011-13 Leg. Approved	2013-15 Current Service Level	2013-15 Governor's Budget	2013-15 Co-Chairs' Budget (1.0)	% Change 2011-13 LAB to 2013-15 CSL
Other Funds	13,799,101	15,137,443	16,311,910	15,944,713	0	7.8%
TOTAL FUNDS	\$13,799,101	\$15,137,443	\$16,311,910	\$15,944,713	\$0	7.8%
Positions	81	76	75	75	0	-1.3%
FTE	76.50	76.00	75.00	75.00	0.00	-1.3%

Major Revenues	Budget Environment	Comparison by Fund Type
<ul style="list-style-type: none"> Other Funds revenues in the 2013-15 biennial period are projected to total \$16.5 million including \$1.4 million in new revenue from a proposal to increase contractor fees. Approximately 96% or \$15 million of CCB resources are received from contractor licensing and renewal fees. CCB projects a 76% average renewal rate during the 2013-15 biennium (an increase of 1% over 2011-13 projections) and 6,480 new licenses based on historical data and some economic recovery. The remainder of CCB revenue (\$620,840) comes from miscellaneous fees and civil penalties. Civil penalty collections do not make up a material portion of revenues, as the agency retains only 20% of the collections, with the 	<ul style="list-style-type: none"> The agency is governed by a nine member board appointed by the Governor and confirmed by the Senate. The Administrator is appointed by the Board. Workload is driven by factors such as changes in the housing industry, the economic climate, and changes in consumer protection laws. As construction activity slowly rebounds from the economic downturn for housing and construction; licensing, education, and dispute resolution activities are expected to stabilize at reduced levels from pre-recession workload levels. Fewer contractors renewed their license to work as a construction contractor and fewer new licenses were issued during the same time period. From the 2008-09 Fiscal Year to the 2011-2012 Fiscal Year. 	<p>The chart displays revenue in millions of dollars for four periods: 2009-11 (\$13.8M), 2011-13 (\$15.1M), 2013-15 CSL (\$16.5M), and 2013-15 GB (\$15.9M). The y-axis ranges from \$0.0 to \$18.0 million. The legend indicates that revenue is primarily from Other Funds, with a small portion from General Fund/Lottery and Federal Funds.</p>

Major Revenues	Budget Environment	Comparison by Fund Type
<p>remainder transferred to the General Fund. Transfers of civil penalty collections for the 2013-15 biennium are estimated to be approximately \$1 million.</p>	<p>The number of total licensed contractors has declined by 6% or an average of 2,465 licenses over the five-year period.</p> <ul style="list-style-type: none"> • Based on construction jobs forecasting, the agency projects by 2020 the number of licensees may return to 2008 level if the prediction of 27% per year growth in construction jobs holds true. However, based on the historical trend, the agency projects a more conservative growth of 1% over the current biennium for the 2013-15 biennium which is still a 5% reduction of total licensing from 2008-09 levels. • Increased regulations from 2007-09 to 2009-11 added workload to the agency's licensing, education, enforcement and field investigation programs. These included requirements for Lead Base Paint Renovators to be licensed, Locksmiths to pass a test and be certified, and to develop and implement a residential continuing education program for residential contractors. 	

MAJOR CHALLENGES AND DECISION POINTS

<p>1. The Governor’s budget (GB) seeks spending authority for \$15.9 million to maintain current service levels and requests additional revenue to maintain these service levels. Current revenue sources without a fee increase are estimated to be \$14 million. Added to the carryover beginning balance of \$3 million, total revenue sources are estimated to be \$17 million leaving an estimated ending balance of \$1 million.</p> <p>The requested fee increase would add \$40 to the current \$325 contractor’s license fees for both new licenses and renewal of licenses. The revenue generated is estimated to be \$1.4 million.</p> <p>An ending balance of three to six months operating expenses would indicate a need of \$15.2 million to \$17 million in total revenue be generated during the biennium to adequately fund the agency at current service levels. The requested fee increase would generate slightly more than the minimum revenue requirement.</p> <p>Options to the requested fee increase include:</p> <ul style="list-style-type: none"> • No fee increase coupled with reducing the agency budget to balance within current revenues and provide an adequate ending balance; or • Delay implementation of an increased fee to July 1, 2014. <p>2. The Governor’s budget includes packages supporting the Governor’s proposals to hold back 10% of administrative costs for Finance, Information Technology, Human Resources, Accounting, Payroll, and Procurement activities to support the Enterprise Leadership Team in determining how best to provide these administrative services statewide with less total resources. (\$110,356)</p>	<p>3. Limit tax relief calculations to PERS retirees that are Oregon residents. Non-resident retirees would no longer receive the tax relief benefit. The change estimates a savings of approximately 40basis points on the PERS employer rate or \$72 million per biennium (\$28,568)</p> <p>4. Limit annual cost-of-living benefits for retirees to the first \$24,000 in benefit payments. The change estimates a savings of approximately 320 basis points on the PERS employer rate or \$576 million per biennium and reduces PERS unfunded liability by \$3 billion. (\$228,273)</p>
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