

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5513

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Gomberg
Carrier – Senate: Sen. Whitsett**

Action: Do Pass

Vote: 25 – 0 – 1

House

Yeas: Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson

Nays:

Exc:

Senate

Yeas: Burdick, Devlin, Edwards, Girod, Hansell, Rosenbaum, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc: Johnson

Prepared By: Dustin Ball, Department of Administrative Services

Reviewed By: Susie Jordan, Legislative Fiscal Office

Meeting Date: May 17, 2013

Agency

Construction Contractors Board

Biennium

2013-15

Budget Summary*

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$\$ Change	% Change
Other Funds	\$ 15,137,443	\$ 16,311,910	\$ 15,944,713	\$ 807,270	5.3%
Total	\$ 15,137,443	\$ 16,311,910	\$ 15,944,713	\$ 807,270	5.3%

Position Summary

Authorized Positions	76	75	75	-1
Full-time Equivalent (FTE) positions	76.00	75.00	75.00	-1.00

(1) Includes adjustments through December 2012.

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Construction Contractors Board receives 80 percent of its revenue from contractor licensees and renewal fees. Licensing renewals are beginning to show an increase and over time revenue may increase without a fee adjustment. The Subcommittee approved keeping the contractor license and renewal fee at \$325 for the 2013-15 biennium. If licensing activity does not increase during the biennium, the agency may be required to seek a fee increase for the 2015-17 biennium or significantly reduce services. The Board’s projected ending balance is \$1,096,931 million, approximately equivalent to 1.7 months operating expense.

Summary of General Government Subcommittee Action

The Subcommittee recommended \$15,944,713 million Other Funds budget for 2013-15, is 5.3 percent higher than the legislatively approved spending level for the 2011-13 biennium.

The Subcommittee approved Package 091: Statewide Administrative Savings: this package eliminates \$110,356 Other Funds expenditure limitation. This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

Package 092, PERS Tax Policy, was approved. This package eliminates \$28,568 Other Funds expenditure limitation reflecting 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 percent.

The Subcommittee approved Package 093, Other PERS Adjustments: this package eliminates \$228,273 Other Funds expenditure limitation. 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 percent. 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 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

The Subcommittee requested the Department of Administrative Services unschedule \$646,000 Other Funds expenditure limitation 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 three months ending balance requirement of approximately \$1.8 million.

The Subcommittee also approved the following budget note:

Budget Note:

In accordance with the work plan presented to the Subcommittee, the Construction Contractors 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.

Summary of Performance Measure Action

See attached Legislatively Adopted 2013-15 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5513

**Construction Contractors Board
Dustin Ball -- 503-378-3119**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 * \$	0 \$	0 \$	15,137,443 \$	0 \$	0 \$	0 \$	15,137,443	76	76.00
2013-15 ORBITS printed Current Service Level (CSL)*\$	0 \$	0 \$	16,311,910 \$	0 \$	0 \$	0 \$	16,311,910	75	75.00
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 017 - Construction Contractors Board									
Package 091: Statewide Administrative Savings									
Personal Services	\$ 0	\$ 0	(79,478) \$	0 \$	0 \$	0 \$	(79,478)	0	0.00
Services and Supplies (Instate Travel)	\$ 0	\$ 0	(30,515) \$	0 \$	0 \$	0 \$	(30,515)	0	0.00
Capital Outlay	\$ 0	\$ 0	(363) \$	0 \$	0 \$	0 \$	(363)	0	0.00
Package 092: PERS Taxation Policy									
Personal Services	\$ 0	\$ 0	(28,568) \$	0 \$	0 \$	0 \$	(28,568)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	(228,273) \$	0 \$	0 \$	0 \$	(228,273)	0	0.00
TOTAL ADJUSTMENTS	\$ 0	\$ 0	(367,197) \$	0 \$	0 \$	0 \$	(367,197)	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$ 0	\$ 0	15,944,713 \$	0 \$	0 \$	0 \$	15,944,713	75	75.00
% 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%
% 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%

Legislatively Approved 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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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:

The Subcommittee approved the LFO Recommendation