

<b>Construction Contractors Board</b>					
	<b>2013-15 Actual</b>	<b>2015-17 Legislatively Approved*</b>	<b>2017-19 Current Service Level</b>	<b>2017-19 Agency Request</b>	<b>2017-19 Governor's Recommended</b>
Other Funds	12,949,609	15,051,664	16,327,641	16,674,481	15,365,522
<b>Total Funds</b>	<b>\$12,949,609</b>	<b>\$15,051,664</b>	<b>\$16,327,641</b>	<b>\$16,674,481</b>	<b>\$15,365,522</b>
Positions	69	62	62	63	63
FTE	69.00	62.00	62.00	63.00	63.00

\*Includes Emergency Board and administrative actions through December 2016.

### Program Description

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 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 new contractors meet statutory pre-licensing educational and testing requirements.

### CSL Summary and Issues

Revenues in CSL for the 2017-19 biennium are projected to be \$14.9 million, which is relatively unchanged from the previous biennium's budget. However, actual revenues in the 2015-17 biennium are projected to be \$16.4 million, therefore an adjustment to revenues in the next budget cycle should be considered so the revenues can reflect a true current service level.

### Policy Issues

The CCB, 2017-19 Agency Request Budget is for \$16,674,481 OF, which represents a 10.7% increase from the 2015-17 Legislatively Approved Budget. The agency's Policy Option Package requests \$346,840 OF and a limited-duration 1.0 FTE to rollout an online licensing system and to replace the agency document management system. The licensing system is a joint effort between the CCB and the Department of Consumer and Business Services, and will allow customers to go to either agency for services pertaining to their license. It should also be noted that the CCB has reduced IT staffing in previous biennia and in 2016 the agency did experience a data hack.

The CCB does have a legislative concept (SB 25) which will eliminate fees for continuing education courses. This will result in an estimated revenue reduction of \$1.2 million over the 2017-19 biennium. This reduction will help curtail the excess Other Funds revenue balance that the agency has begun to amass in the current biennium.

### Other Significant Issues and Current Discussions

The CCB currently has six positions held vacant. While these vacancies will allow the agency to save more than \$1.07 million by then end of the current biennium; if the agency has been able to function properly without these positions, then the need for this limitation should be evaluated in their 2017-19 budget. The Governor's recommended budget attempts to address this issue by removing \$479,728 of personal services expenditure limitation; effectively defunding several positions without actually cutting the position or FTE from the budget.

Since facing a projected budget shortfall in the 2013-15 biennium, the CCB has reorganized and made sweeping changes to address the Legislature's budgetary concerns with the agency. These cost cutting measures, combined with licensure revenues which are exceeding budget projections are expected to result in an additional \$3.5 million in revenue and an ending fund balance that is projected to exceed 16 months of operating expenses by the end of 2015-17 biennium. These reserve funds could prove to be beneficial for the agency in the event of a recession, if the construction market responds similarly to the 2008 market crash, as many contractors discontinued licensure and the agency observed a significant drop in Other Fund revenues. However, given the present demand for housing in the state of Oregon, as well as the influx of investor backed financing in the housing market; it could be unlikely that the construction industry will respond to a future recession in a similar manner as what was observed during the Great Recession. Given these market uncertainties, the CCB Other Fund balance should be monitored closely to make sure emergency reserve funds do not exceed a reasonable amount.