

**Legislative
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**Joint Committee on
Ways and Means**

Sen. Betsy Johnson, Senate Co-Chair
Sen. Elizabeth Steiner Hayward, Senate Co-Chair
Rep. Dan Rayfield, House Co-Chair

Sen. Jackie Winters, Senate Co-Vice Chair
Rep. David Gomberg, House Co-Vice Chair
Rep. Greg Smith, House Co-Vice Chair

To: General Government Subcommittee
From: Krista Dauenhauer, Legislative Fiscal Office
Date: March 14, 2019
Subject: HB 5010 – Construction Contractors Board
Work Session Recommendations

Construction Contractors Board – Agency Totals

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 LFO Recommended
Other Funds	13,236,738	16,174,047	17,001,154	15,262,377
Total Funds	13,236,738	16,174,047	17,001,154	15,262,377
Positions	62	61	59	61
FTE	62.00	61.00	59.00	61.00

This budget assumes the retention of a temporary fee reduction which was implemented in the 2017-19 biennium in an effort to spend down the agency’s ending fund balance. Expenditure limitation had been reduced by a total of \$2.18 million due to historical underspending on behalf of the agency. The projected ending balance is \$7,121,654 Other Funds (OF) and is equivalent to 11 months of operating expenditures. This budget represents a 5.6% percent reduction from the 2017-19 Legislatively Approved Budget (LAB) and a 10.2% reduction from the 2019-21 Current Service Level (CSL).

Adjustments to Current Service Level

See attached “Work Session Presentation Report.”

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

Accept LFO Recommendation:

MOTION: I move the LFO recommendation to HB 5010. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation to HB 5010, with modifications. (VOTE)

Performance Measures

See attached “Legislatively Proposed 2019-21 Key Performance Measures.”

Accept LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures, with modifications. (VOTE)

Budget Notes

#1 Budget Note: Report on Agency Information Technology Initiatives

The Construction Contractors Board is directed to report, during the 2020 Regular Legislative Session, to the Committee on Ways and Means regarding the status of an online licensing system launched as part of HB 2843 (2015) and any other Information Technology initiatives undertaken during the 2019-21 budget cycle.

Accept LFO Recommendation:

MOTION: I move the LFO recommendation on Budget Notes. (VOTE)

OR

Change LFO Recommendation (any changes must be approved by the co-chairs):

MOTION: I move the LFO recommendation on Budget Notes, with modifications. (VOTE)

Recommended Changes

LFO recommends a budget of \$15,262,377 Other Funds, and 61 positions (61.00 FTE), which is reflected in the -1 amendment.

MOTION: I move adoption of the -1 amendment to HB 5010. (VOTE)

Final Subcommittee Action

LFO recommends that HB 5010, as amended by the -1 amendment, be moved to the Ways and Means Full Committee.

MOTION: I move HB 5010, as amended, to the Full Committee with a do pass recommendation. (VOTE)

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	-	-	15,859,876	-	-	-	15,859,876	61	61.00
2017-19 Ebds, SS & Admin Act	-	-	314,171	-	-	-	314,171	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	16,174,047	-	-	-	16,174,047	61	61.00
2017-19 Leg Approved Budget (Base)	-	-	16,174,047	-	-	-	16,174,047	61	61.00
Summary of Base Adjustments	-	-	172,437	-	-	-	172,437	(2)	(2.00)
2019-21 Base Budget	-	-	16,346,484	-	-	-	16,346,484	59	59.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	306,764	-	-	-	306,764	-	-
030: Inflation & Price List Adjustments	-	-	347,906	-	-	-	347,906	-	-
2019-21 Current Service Level	-	-	17,001,154	-	-	-	17,001,154	59	59.00
Adjusted 2019-21 Current Service Level	-	-	17,001,154	-	-	-	17,001,154	59	59.00
Total LFO Recommended Packages	-	-	(1,738,777)	-	-	-	(1,738,777)	2	2.00
2019-21 Legislative Actions	-	-	15,262,377	-	-	-	15,262,377	61	61.00
Net change from 2017-19 Leg Approved Budget	-	-	(911,670)	-	-	-	(911,670)	-	-
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	(5.6%)	0.0%	0.0%	0.0%	(5.6%)	0.0%	0.0%
Net change from 2019-21 Adj Current Service Level	-	-	(1,738,777)	-	-	-	(1,738,777)	2	2.00
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	(10.2%)	0.0%	0.0%	0.0%	(10.2%)	3.4%	3.4%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	-	-	15,859,876	-	-	-	15,859,876	61	61.00
2017-19 Ebds, SS & Admin Act	-	-	314,171	-	-	-	314,171	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	16,174,047	-	-	-	16,174,047	61	61.00
2017-19 Leg Approved Budget (Base)	-	-	16,174,047	-	-	-	16,174,047	61	61.00
Summary of Base Adjustments	-	-	172,437	-	-	-	172,437	(2)	(2.00)
2019-21 Base Budget	-	-	16,346,484	-	-	-	16,346,484	59	59.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	306,764	-	-	-	306,764	-	-
030: Inflation & Price List Adjustments	-	-	347,906	-	-	-	347,906	-	-
2019-21 Current Service Level	-	-	17,001,154	-	-	-	17,001,154	59	59.00
Adjusted 2019-21 Current Service Level	-	-	17,001,154	-	-	-	17,001,154	59	59.00
Total LFO Recommended Packages	-	-	(1,738,777)	-	-	-	(1,738,777)	2	2.00
2019-21 Legislative Actions	-	-	15,262,377	-	-	-	15,262,377	61	61.00
Net change from 2017-19 Leg Approved Budget	-	-	(911,670)	-	-	-	(911,670)	-	-
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	(5.6%)	0.0%	0.0%	0.0%	(5.6%)	0.0%	0.0%
Net change from 2019-21 Adj Current Service Level	-	-	(1,738,777)	-	-	-	(1,738,777)	2	2.00
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	(10.2%)	0.0%	0.0%	0.0%	(10.2%)	3.4%	3.4%

	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 090 Analyst Adjustments

Package Description This package eliminates \$680,000 in excess Other Funds expenditure limitation for rent (\$90,000), data processing (\$90,000), telecommunications (\$200,000), office expenses (\$200,000), and Attorney General charges (\$100,000). This limitation has been unused for the past 2 biennia.

LFO Recommendation Approve the reductions as recommended by the Governor's Budget.

LFO Recommended	-	-	(680,000)	-	-	-	(680,000)	-	-
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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 101 Technology Streamlining Initiative

Package Description The CCB was permitted by HB 2843 (2015) to work with the Building Codes division of the Department of Consumer and Business Services to, among other things, implement a joint electronic licensing system. The Agency is seeking one limited duration Operations and Policy Analyst 4 (1.00 FTE) and associated Services and Supplies to oversee the implementation of the new system at CCB. On appeal the agency clarified that this position would be used to engage in planning efforts during 2019-21 and use those planning efforts to determine the scope, schedule and budget of the licensing system update. The agency does not anticipate being able to proceed with a system implementation during 2019-21.

LFO Recommendation Approve the request.

Budget Notes Report on Agency Information Technology Initiatives: The Construction Contractors Board is directed to report, during the 2020 Regular Legislative Session, to the Committee on Ways and Means regarding the status of an online licensing system launched as part of HB 2843 (2015) and any other Information Technology initiatives undertaken during the 2019-21 budget cycle.

LFO Recommended	-	-	259,695	-	-	-	259,695	1	1.00
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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 102 AT3 to FA1 Re-class

Package Description This package requests \$20,406 in Other Funds expenditure limitation to reclassify an Accounting Tech 3 position to a Fiscal Analyst 1. This position performs the agency's budgeting and has been working out of class for two years. Given the permanent nature of the position's duties and the availability of revenues to support it, this package is recommended.

LFO Recommendation Approve the request.

LFO Recommended	-	-	20,406	-	-	-	20,406	-	-
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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 103 Licensing Expansion

Package Description The CCB has experienced a consistent, year after year increase in calls, new licensees, license renewals and correspondence over the last few years as the economy has rebounded and contractors have returned to work. In order to manage this workload, the Agency is requesting one Public Service Representative 4 position (1.00 FTE) and associated Services and Supplies to manage this increased workload for a total of \$161,122 Other Funds expenditure limitation. This package is recommended.

LFO Recommendation Approve the request

LFO Recommended	-	-	161,122	-	-	-	161,122	1	1.00
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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 801 LFO Analyst Adjustments

Package Description The agency is projected to close out the 2017-19 budget cycle with \$13.72 million in expenditures, which is 24% below the 2019-21 CSL calculation of \$17 million. Given the discrepancy between CSL and actual expenditures, budgeted expenditures should be reduced to reflect actual spend rates. The \$1.5 million reduction retains more than enough expenditure limitation for licensing exam proctoring expenses which were not previously captured in CSL; these expenses are estimated to be less than \$500,000 per biennium.

LFO Recommendation Approve the request.

LFO Recommended	-	-	(1,500,000)	-	-	-	(1,500,000)	-	-
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Legislatively Proposed 2019 - 2021 Key Performance Measures

Published: 3/8/2019 2:43:10 PM

Agency: Construction Contractors Board

Mission Statement:

The Construction Contractors Board (CCB) protects the public interest relating to improvements to real property. The agency helps prevent and resolve problems in the construction industry by regulating construction contractors through education, licensing, enforcement and dispute resolution. The CCB strives to promote a fair, honest and competitive construction industry in Oregon in a manner that ensures consumer rights.

Legislatively Proposed KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
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	0.33%	1%	1%
2. Homeowner Awareness - Percent of homeowners who are aware of their rights and responsibilities and the services of CCB.		Approved	46%	50%	50%
3. Unlicensed Recidivism Rate - Percent of offenders who perform work without a CCB license within three years of first offense.		Approved	2.92%	5%	5%
4. Contractors Who Fail to Pay Damages - Percent of licensed contractors operating in Oregon that fail to pay in full final dispute resolution complaints for damages.		Approved	0.27%	0.50%	0.50%
5. Enforcement Investigations - Average days to close an enforcement investigation.		Approved	25	40	40
6. Dispute Resolution Final Orders - Average days to issue a dispute resolution (claims) final order.		Approved	158	155	155
7. Fair and Impartial Dispute Resolution Process - Percent of parties to claims who perceive claims process to be fair and impartial.		Approved	89.20%	90%	90%
8. License and Renewal Processing - Percent of contractors satisfied with the agency's processing of license and renewal information.		Approved	95%	96%	96%
9. Customer Service - Percent of customers rating the agency's customer service as "good" or "excellent". Ratings cover timeliness, accuracy, helpfulness, expertise, availability of information and overall performance.	Timeliness	Approved	92%	95%	95%
	Accuracy		94.30%	95%	95%
	Expertise		85.90%	95%	95%
	Helpfulness		87%	95%	95%
	Availability of Information		98.90%	95%	95%
	Overall		99.20%	95%	95%
10. Best Practices - Percent of best practices met by the Board.		Approved	100%	100%	100%

LFO Recommendation:

Reduce KPM #3 'Unlicensed Recidivism Rate' target from 15% to 5%. Historical actuals reported for the last four biennia average 5.9% for this KPM.

Reduce KPM #5 'Enforcement Investigations' target from 60 to 40. Historical actuals reported for the last four biennia average 33 for this KPM.

The Legislative Fiscal Office (LFO) recommends approval of the KPMs with the above mentioned adjustments.

SubCommittee Action: