

HB 5010 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Construction Contractors Board

2019-21

PRELIMINARY

Budget Summary*

	2017-19 Legislatively Approved Budget ⁽¹⁾	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 16,174,047	\$ 17,001,154	\$ 15,262,377	\$ (911,670)	-5.6%
Total	\$ 16,174,047	\$ 17,001,154	\$ 15,262,377	\$ (911,670)	-5.6%

Position Summary

Authorized Positions	61	59	61	0
Full-time Equivalent (FTE) positions	61.00	59.00	61.00	0.00

⁽¹⁾ Includes adjustments through December 2018

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Construction Contractors Board (CCB) receives Other Funds fee revenue from contractor licenses, continuing education, and complaint processing. Licensee revenues have rebounded due to a strong economy, leading to a projected beginning fund balance of \$9.5 million in the 2019-21 biennium. The budget assumes the agency will continue its temporary fee reduction implemented in the 2017-19 biennium to hold its main contractor license fee at the reduced level of \$250 for a 2-year license. The projected ending balance is \$7.1 million Other Funds, which is equivalent to 11 months of operating expenditures.

Summary of General Government Subcommittee Action

The agency licenses construction contractors, subcontractors, home inspectors, and issues certifications for locksmiths, construction flaggers, home energy assessors, and lead paint removal. The CCB licenses contractors, administers testing and continuing education for contractors, and resolves disputes between homeowners and licensed contractors. The mission of CCB is to protect the public's interest relating to improvements to real property. The Governor appoints the nine-member board, which includes six contractors, one elected representative of local government and two public members. The Board oversees approximately 39,000 licensed contractors.

The Subcommittee recommended a budget of \$15,262,377 Other Funds and 61.00 full-time equivalent positions. This budget represents a 5.6 percent decrease from the 2017-19 Legislatively Approved Budget and a 10.2 percent reduction from the 2019-21 Current Service Level. The Subcommittee approved the following adjustments to the Current Service Level:

- Package 090, Analyst Adjustments: This package eliminates \$680,000 in excess Other Funds expenditure limitation for rent (\$90,000), data processing (\$90,000), telecommunications (\$200,000), office expense (\$200,000), and Attorney General charges (\$100,000). This limitation has been unused for the past two biennia.
- Package 101, Technology Streamlining Initiative: The CCB was permitted by House Bill 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. This package provides one limited duration Operations and Policy Analyst 4 position (1.00 FTE) and associated Services and Supplies to oversee the implementation of the new system at CCB for a total of \$259,695 Other Funds expenditure limitation.

Budget Note:

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 House Bill 2843 (2015) and any other Information Technology initiatives undertaken during the 2019-21 budget cycle.

- Package 102, AT3 to FA1 Re-class: This package provides \$20,406 Other Funds expenditure limitation to reclassify an Accounting Technician 3 position to a Fiscal Analyst 1. This position performs the agency’s budgeting and has been working out of class for two years.
- Package 103, Licensing Expansion: 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, this package provides one Public Service Representative 4 position (1.00 FTE) and associated Services and Supplies for a total of \$161,122 Other Funds expenditure limitation.
- Package 801, LFO Analyst Adjustments: This package reduces Services and Supplies by \$1,500,000 Other Funds expenditure limitation. The agency is projected to close out the 2017-19 budget cycle with \$13.7 million in expenditures, which is 24 percent below the 2019-21 current service level calculation of \$17.0 million. Given the discrepancy between the current service level 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 a current service level; these expenses are estimated to be less than \$500,000 per biennium.

Summary of Performance Measure Action

See attached “Legislatively Approved 2019-2021 Key Performance Measures.”

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

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			
2017-19 Legislatively Approved Budget at Dec 2018 *	\$ -	\$ -	\$ 16,174,047	\$ -	\$ -	\$ -	16,174,047	61	61.00
2019-21 Current Service Level (CSL)*	\$ -	\$ -	\$ 17,001,154	\$ -	\$ -	\$ -	17,001,154	59	59.00
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 017 - Construction Contractors Board									
Package 090: Analyst Adjustments									
Services and Supplies	\$ -	\$ -	\$ (680,000)	\$ -	\$ -	\$ -	(680,000)		
Package 101: Technology Streamlining Initiative									
Personal Services	\$ -	\$ -	\$ 231,908	\$ -	\$ -	\$ -	231,908	1	1.00
Services and Supplies	\$ -	\$ -	\$ 27,787	\$ -	\$ -	\$ -	27,787		
Package 102: AT3 to FA1 Re-Class									
Personal Services	\$ -	\$ -	\$ 20,406	\$ -	\$ -	\$ -	20,406	0	0.00
Package 103: Licensing Expansion									
Personal Services	\$ -	\$ -	\$ 133,335	\$ -	\$ -	\$ -	133,335	1	1.00
Services and Supplies	\$ -	\$ -	\$ 27,787	\$ -	\$ -	\$ -	27,787		
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ -	\$ -	\$ (1,500,000)	\$ -	\$ -	\$ -	(1,500,000)		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ (1,738,777)	\$ -	\$ -	\$ -	(1,738,777)	2	2.00
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 15,262,377	\$ -	\$ -	\$ -	15,262,377	61	61.00
% 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%
% Change from 2019-21 Current Service Level	0.0%	0.0%	-10.2%	0.0%	0.0%	0.0%	-10.2%	3.4%	3.4%

*Excludes Capital Construction Expenditures

Legislatively Approved 2019 - 2021 Key Performance Measures

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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 Approved 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:

Approve the LFO recommendation.