

## Legislative Fiscal Office

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## Joint Committee on Ways and Means

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Paul Siebert, Deputy Legislative Fiscal Officer (Audit/IT)

**To:** General Government Subcommittee

**From:** Haylee Morse-Miller, Legislative Fiscal Office

**Date:** May 12, 2021

**Subject:** SB 5509 – Construction Contractors Board  
Work Session Recommendations

### Construction Contractors Board – Agency Totals

	2017-19 Actual	2019-21 Legislatively Approved	2021-23 Current Service Level	2021-23 LFO Recommended
Other Funds	13,845,585	16,424,675	16,830,996	18,023,979
<b>Total Funds</b>	<b>13,845,585</b>	<b>16,424,675</b>	<b>16,830,996</b>	<b>18,023,979</b>
Positions	60	61	60	59
FTE	60.00	61.00	60.00	59.00

The 2021-23 recommended budget for the Construction Contractors Board is \$18,023,979 Other Funds and 59 positions (59.00 FTE). The recommended budget is projected to leave the board with an ending balance of around three months of operating funds. However, the agency's licensing fees were temporarily reduced for the past two biennia due to a large ending balance and the pandemic has caused uncertainty around licensing numbers, making it difficult to project agency revenues for the 2021-23 biennium. The recommended budget assumes that fees will return to their normal levels in 2021-23.

Attached are recommendations from the Legislative Fiscal Office for the Construction Contractors Board. These include:

- Policy Option Package 087: August 2020 Special Session, which increases revenue and expenditure limitation to reflect the agency's changed accounting methodology for testing fees that are paid to an external contractor;
- Policy Option Package 090: Analyst Adjustments, which increases Services and Supplies expenditure limitation in line with historical actuals; and,
- Policy Option Package 801: LFO Analyst Adjustments, which eliminates three vacant positions to fund a new Human Resources Analyst 3 position and an Operations and Policy Analyst 1 position.

## **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.

## **Performance Measures**

See attached "Legislatively Proposed 2021-23 Key Performance Measures."

## **Budget Notes**

### **Budget Note: Revenue Projections**

Due to uncertainty around anticipated revenues in the 2021-23 biennium as a result of the COVID-19 pandemic, CCB did not include a request for additional expenditure limitation for a planned licensing system as part of the agency's 2021-23 budget. The agency's revenue outlook has improved since the onset of the pandemic but is still uncertain with new licenses and license renewals below historical averages. Given this uncertainty, CCB is directed to report to the Joint Committee on Ways and Means during the 2022 Legislative session with an update on actual and projected revenues for the 2021-23 and 2023-25 biennium. In addition to the revenue projections, the Board is directed to provide an updated timeline and a proposal for resourcing a new licensing system, as a result of this revenue outlook.

### **Budget Note: Agency Staffing**

The ongoing uncertainty around anticipated revenues has hindered the Board's ability to properly evaluate the appropriate staffing levels needed for the agency to function efficiently. As such, the Board is directed to undertake a comprehensive review of its agency-wide staffing needs to determine the most cost effective and programmatically efficient method of operation. This review should include an assessment of the agency's long-term budget and accounting needs, and if the Board should continue to receive support from the Department of Administrative Services - Shared Financial Services or if that work should be done internally. CCB is to provide a report on the comprehensive review, including any potential requests for staffing modifications, to the Joint Committee on Ways and Means during the 2022 Legislative session.

## **Recommended Changes**

LFO recommends a budget of \$18,023,979 Other Funds and 59 positions (59.00 FTE), which is reflected in the - 1 amendment.

## **Final Subcommittee Action**

LFO recommends that SB 5509, as amended by the - 1 amendment, be moved to the Ways and Means Full Committee.

**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)
<b>2019-21 Agy. Leg. Adopted</b>	-	-	<b>15,038,579</b>	-	-	-	<b>15,038,579</b>	<b>61</b>	<b>61.00</b>
2019-21 Ebds, SS & Admin Act	-	-	1,386,096	-	-	-	1,386,096	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	-	-	<b>16,424,675</b>	-	-	-	<b>16,424,675</b>	<b>61</b>	<b>61.00</b>
<b>2019-21 Leg Approved Budget (Base)</b>	-	-	<b>15,038,579</b>	-	-	-	<b>15,038,579</b>	<b>61</b>	<b>61.00</b>
Summary of Base Adjustments	-	-	1,291,611	-	-	-	1,291,611	(1)	(1.00)
<b>2021-23 Base Budget</b>	-	-	<b>16,330,190</b>	-	-	-	<b>16,330,190</b>	<b>60</b>	<b>60.00</b>
010: Non-PICS Pers Svc/Vacancy Factor	-	-	30,007	-	-	-	30,007	-	-
030: Inflation & Price List Adjustments	-	-	470,799	-	-	-	470,799	-	-
<b>2021-23 Current Service Level</b>	-	-	<b>16,830,996</b>	-	-	-	<b>16,830,996</b>	<b>60</b>	<b>60.00</b>
080: E-Boards	-	-	775,000	-	-	-	775,000	-	-
<b>Adjusted 2021-23 Current Service Level</b>	-	-	<b>17,605,996</b>	-	-	-	<b>17,605,996</b>	<b>60</b>	<b>60.00</b>
<b>Total LFO Recommended Packages</b>	-	-	<b>417,983</b>	-	-	-	<b>417,983</b>	<b>(1)</b>	<b>(1.00)</b>
<b>2021-23 Legislative Actions</b>	-	-	<b>18,023,979</b>	-	-	-	<b>18,023,979</b>	<b>59</b>	<b>59.00</b>
Net change from 2019-21 Leg Approved Budget	-	-	1,599,304	-	-	-	1,599,304	(2)	(2.00)
Percent change from 2019-21 Leg Approved Budget	0.0%	0.0%	9.7%	0.0%	0.0%	0.0%	9.7%	(3.3%)	(3.3%)
Net change from 2021-23 Adj Current Service Level	-	-	417,983	-	-	-	417,983	(1)	(1.00)
Percent change from 2021-23 Adj Current Service Level	0.0%	0.0%	2.4%	0.0%	0.0%	0.0%	2.4%	(1.7%)	(1.7%)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2019-21 Agy. Leg. Adopted</b>	-	-	<b>15,038,579</b>	-	-	-	<b>15,038,579</b>	<b>61</b>	<b>61.00</b>
2019-21 Ebds, SS & Admin Act	-	-	1,386,096	-	-	-	1,386,096	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	-	-	<b>16,424,675</b>	-	-	-	<b>16,424,675</b>	<b>61</b>	<b>61.00</b>
<b>2019-21 Leg Approved Budget (Base)</b>	-	-	<b>15,038,579</b>	-	-	-	<b>15,038,579</b>	<b>61</b>	<b>61.00</b>
Summary of Base Adjustments	-	-	1,291,611	-	-	-	1,291,611	(1)	(1.00)
<b>2021-23 Base Budget</b>	-	-	<b>16,330,190</b>	-	-	-	<b>16,330,190</b>	<b>60</b>	<b>60.00</b>
010: Non-PICS Pers Svc/Vacancy Factor	-	-	30,007	-	-	-	30,007	-	-
030: Inflation & Price List Adjustments	-	-	470,799	-	-	-	470,799	-	-
<b>2021-23 Current Service Level</b>	-	-	<b>16,830,996</b>	-	-	-	<b>16,830,996</b>	<b>60</b>	<b>60.00</b>
080: E-Boards	-	-	775,000	-	-	-	775,000	-	-
<b>Adjusted 2021-23 Current Service Level</b>	-	-	<b>17,605,996</b>	-	-	-	<b>17,605,996</b>	<b>60</b>	<b>60.00</b>
<b>Total LFO Recommended Packages</b>	-	-	<b>417,983</b>	-	-	-	<b>417,983</b>	<b>(1)</b>	<b>(1.00)</b>
<b>2021-23 Legislative Actions</b>	-	-	<b>18,023,979</b>	-	-	-	<b>18,023,979</b>	<b>59</b>	<b>59.00</b>
Net change from 2019-21 Leg Approved Budget	-	-	1,599,304	-	-	-	1,599,304	(2)	(2.00)
Percent change from 2019-21 Leg Approved Budget	0.0%	0.0%	9.7%	0.0%	0.0%	0.0%	9.7%	(3.3%)	(3.3%)
Net change from 2021-23 Adj Current Service Level	-	-	417,983	-	-	-	417,983	(1)	(1.00)
Percent change from 2021-23 Adj Current Service Level	0.0%	0.0%	2.4%	0.0%	0.0%	0.0%	2.4%	(1.7%)	(1.7%)

	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 087 August 2020 Special Session**

Package Description This package increases Other Funds expenditure limitation by \$775,000 to reflect the agency's changed accounting methodology for testing fees that are paid to an external contractor. A corresponding revenue increase is also included in this package.

LFO Recommendation

**LFO Recommended**

Revenues	-	-	775,000	-	-	-	775,000		
Expenditures	-	-	775,000	-	-	-	775,000	-	-

	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 adds \$544,000 Other Funds expenditure limitation to provide enough budget authority for the agency to cover its services and supplies costs. During the 2019-21 budget cycle, reductions were made at two different stages, resulting in an insufficient services and supplies budget.

LFO Recommendation

**LFO Recommended**

<b>Revenues</b>	-	-	-	-	-	-	-	-	-
<b>Expenditures</b>	-	-	<b>544,000</b>	-	-	-	<b>544,000</b>	-	-

	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 099 Microsoft 365 Consolidation**

Package Description Microsoft 365 Consolidation: Microsoft 365 is being consolidated within the Office of the State Information Officer at the E5 level of service. This cost is built into the State Government Service Charge for every agency as a cost increase for the 21-23 biennium. This package makes a corresponding reduction to the agency base budget in an amount equivalent to what agencies should be paying in the current 2019-21 biennium for Microsoft 365 at the E3 level of service

LFO Recommendation

**LFO Recommended**

Revenues	-	-	-	-	-	-	-	-	-
Expenditures	-	-	(43,029)	-	-	-	(43,029)	-	-



	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 This package eliminates three vacant positions within the agency: an Information Systems Specialist 3, an Office Specialist 2, and a Support Supervisor 2. Funding for these positions is used to establish two new permanent, full-time positions, a Human Resources Analyst 3 and an Operations and Policy Analyst 1. The agency does not currently have a dedicated HR position, but instead has a management position that is tasked with both budget and HR oversight. It is difficult to find candidates for this position who have both skill sets. The agency also outsources some HR services to other state agencies, but would be better served by having dedicated HR staff. The Operations and Policy Analyst 1 position will serve as a liaison between licensing, enforcement, and IT operations, working on options for these groups to streamline processes. This position will also continue ongoing work within the agency to improve the existing licensing system and prepare for possible new licensing system investments.

LFO Recommendation

**LFO Recommended**

Revenues	-	-	-	-	-	-	-	-	-
Expenditures	-	-	(82,988)	-	-	-	(82,988)	(1)	(1.00)

# Legislatively Proposed 2021 - 2023 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 Proposed KPMs	Metrics	Agency Request	Last Reported Result	Target 2022	Target 2023
1. Homeowner Awareness - Percent of homeowners who are aware of their rights and responsibilities and the services of CCB.		Approved	44%	50%	50%
2. Unlicensed Recidivism Rate - Percent of offenders who perform work without a CCB license within three years of first offense.		Approved	3.09%	5%	5%
3. 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	0.30%	0.50%	0.50%
4. Enforcement Investigations - Average days to close an enforcement investigation.		Approved	28	40	40
5. Dispute Resolution Final Orders - Average days to issue a dispute resolution (claims) final order.		Approved	151	155	155
6. Fair and Impartial Dispute Resolution Process - Percent of parties to claims who perceive claims process to be fair and impartial.		Approved	91.80%	90%	90%
7. License and Renewal Processing - Percent of contractors satisfied with the agency's processing of license and renewal information.		Approved	96%	96%	96%
8. 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	99%	95%	95%
	Accuracy		98.99%	95%	95%
	Expertise		76.29%	95%	95%
	Helpfulness		71.43%	95%	95%
	Availability of Information		96.91%	95%	95%
	Overall		99%	95%	95%
9. Best Practices - Percent of best practices met by the Board.		Approved	100%	100%	100%
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.		Proposed Delete	0.45%	1%	

**LFO Recommendation:**

Eliminate KPM #1 'Tested Contractors' - this KPM was created to measure the impact of testing. This measure is no longer relevant to the agency as testing is now universal.

Change KPM #2 (now renumbered as KPM #1) 'Homeowner Awareness' from an annual to a biennial measure. The agency contracts for a survey of homeowners each year to gauge awareness of the services provided by CCB. This survey is costly and there is limited benefit to receiving annual results. Switching to a biennial measure will allow the agency to expand the reach of the survey in the years it is performed, as well as conserve financial resources.

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

**SubCommittee Action:**