Construction Contractors Board

2015-17 Budget Presentation
HB 5011

*Future home of CCB
summer of 2015*

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Our Mission

The Construction Contractors Board (CCB) protects Oregonians by preventing and resolving construction contracting problems. We:

- • License contractors and develop licensing standards
- • Enforce construction contractor laws
- • Educate the public about licensing requirements
- • Mediate disputes between homeowners and licensed contractors

The nine-member board was established in 1971 to regulate residential homebuilders. Initially called the Builders Board, the agency became the Construction Contractors Board in 1990 with regulatory authority expanded to include commercial contractors.

Our People

♦ **Management Team**
  James Denno, Administrator: 503-934-2184 or james.s.denno@state.or.us.
  Stan Jessup, Enforcement Manager: 503-934-2188 or stan.m.jessup@state.or.us.
  Laurie Hall, Licensing Manager: 503-934-2199 or laurie.hall@state.or.us.
  Cheryl Martinis, Education/Communications Manager: 503-934-2195 or cheryl.martinis@state.or.us.
  Kimberlee Ayers, Administrative Services Manager: 503-934-2237 or kimberlee.ayers@state.or.us.

♦ **Customer Service**
  Licensing questions: 503-378-4621 or ccb.info@state.or.us.
  Report unlicensed contractors: 503-934-2246 ccbtips@ccb.state.or.us
  Continuing education questions: 503-934-2227 or ccbeducation@state.or.us.
  Mediation (dispute resolution) questions: 503-934-2247 ccbdisputes@ccb.state.or.us
  Lead-based paint regulation: 503-378-4621 or lbptip@ccb.state.or.us.
  Rule status: 503-934-2185 or catherine.a.dixon@state.or.us.

Our Funding

- • Licensing fees: 78 percent
- • Education: 11 percent
- • Civil penalties: 9 percent (80 percent goes to state General Fund)
- • Miscellaneous income: 2 percent

Our Challenge

Fulfilling an expanding our mission with fewer resources.

	2007-09	2009-11	2011-13	2013-15	2015-17
Licensees	47,000	43,000	39,000	35,000	35,000
Budget	$15.4 million	$15.1 million	$15.1 million	15.9 million	$14.5 million
Employees	85	80	76	75	62

Licensing: In addition to residential and commercial contractors, we now regulate home inspectors, locksmiths, contractors that handle lead paint, energy assessors, and home services contractors.

Education: Contractors today must pass a pre-license exam to become licensed and meet continuing education requirements to renew their license. We devote resources to creating and maintaining pre-license and continuing education programs and certifying providers and classes.

Enforcement: Unlicensed contractors, paying employees under the table to avoid employment and workers' compensation requirements, and illegal advertising continue to plague the construction industry.

Online services: In today's world, it is increasingly important for businesses and customers to be able to conduct business online. Our existing databases and online systems are cumbersome for staff and the public.

Our Strategy

Back to basics: Focus on our core mission of licensing contractors, enforcing construction contracting laws and educating the public.
- Move to national license testing standards where appropriate.
- Partner with qualified third parties for continuing education provider and course approval; increase the variety and quality of available courses.
- Improve strategic enforcement efforts across the state to root out unlicensed contractors and those paying workers under the table.
- Partner with other agencies to share information and improve enforcement coordination.
- Increase public awareness of the benefits of using licensed contractors.
- Customer service focus across all programs.

Make it easier to conduct business online: Upgrade our Information Technology services to expand and improve online services.
- Create user friendly system for all license renewals, changing license information and taking CCB classes.
- Streamline the website license search function to be more useful and user friendly.
- Create phone app to search license database and report unlicensed contractors.

Live within our means: Achieve efficiencies that let us improve operations with existing staff.
- No fee increases for 2015-17.
- Collaborate with state and local government agencies to share information.
- Increase collaboration with the Building Codes Division to share information and resources.

Innovate: Work creatively to do more with less.
- Simplify internal processes.
- New models for education.
- Leverage membership in National Association of State Contractors Licensing Agencies.
- New headquarters, summer 2015.

All Programs (10-Year Plan)

Primary Outcome Area: Economy & Jobs
Secondary Outcome Area: Economy & Jobs
Program Contact: James Denno, Administrator, 503-934-2184

Executive Summary

The Construction Contractors Board (CCB) is the Oregon state agency tasked with licensing and regulating all Oregon construction contractors.

The agency programs work collectively to identify, screen, educate, test, provide financial protections, resolve disputes, and most importantly hold contractors accountable for their business activities. Agency regulations protect consumers as well as workers and stabilize, provide transparency, and accountability in Oregon's construction industry. These outcomes increase consumer confidence, which stimulates demand and results in increased growth for Oregon jobs and our economy.

Program Description

- ♦ *Licensing*
  The agency issues licenses and certificates and maintains data on business entities, names, owners, agents, continuing education, liability insurance, workers compensation, and surety bonds. The agency issues licenses to a diverse group of construction-related businesses that include: construction contractors, home inspectors, lead-based paint, locksmith, Energy Efficiency and Sustainable Technology businesses, home services contractors and home energy performance score contractors.

- ♦ *Enforcement, Contractor Accountability and Dispute Resolution*
  Three related sections within the agency work collectively to encourage contractors to comply with licensing regulations and promises contained in contractor construction contracts:

  - Field Investigation Services (FIS)
  - Enforcement (ENF)
  - Dispute Resolution Services (DRS)

  These sections respond to complaints from the public. In addition, FIS and ENF work proactively. The agency gathers information to identify possible violations. FIS performs routine job site checks, sweeps, stings, and prepares violation reports. ENF reviews information and determines whether to initiate a sanction. ENF prepares necessary notices and obtains evidence for use at hearings.

  DRS resolves contract disputes that involve contractors. These disputes may be initiated by owners, other contractors, employees or material suppliers. DRS offers mediation for construction disputes involving residential contractors. Mediations resolve approximately 60 percent of disputes, saving the parties from the cost of litigation. The agency arranges for bond payments when contractors are unable to pay court ordered judgments.

♦ *Education & Outreach*
- **Contractors:** The agency educates contractors through the administration of pre-licensure, testing, and continuing education programs. These programs are administered through public/private partnerships.

- **Consumers:** The agency educates consumers about the value, added security, and benefits of hiring properly licensed contractors, by outreach to various community organizations, issuing news releases, responding to phone inquiries, and maintaining a special consumer oriented website.

♦ *Partners and Cost Drivers*
CCB partners with community and construction groups, and many state and local government agencies, including: Department of Justice, Department of Revenue, Department of Consumer and Business Services, Federal EPA, and the Small Business Development Centers to guarantee the success of its programs. Major cost drivers include decreased licensing and increased unlicensed activity driven by a weak economy. Increased complaints may result from financial failure in a weak economy or increased homebuilding in a strong economy.

Program Justification and Link to 10-Year Outcome
CCB's programs operate in the context of "local business" rather than the "traded sector" market for goods and services outside Oregon. Its primary impact is on construction industry; and Oregon consumers that purchase construction industry goods and services.

Due to the recession and tightening of money markets, the Oregon construction industry declined significantly. The 2012 to 2022 projections for construction employment show continuing recovery. *Long-Term Growth Industry Projections Show Broad-Based Job Growth in Oregon*, Krumenauer, Gail, Oregon Employment Dept. (March 25, 2014), http://www.qualityinfo.org/olmisj/ArticleReader?itemid=00009091. The construction industry is projected to have the fastest rate of employment growth of all industries – 29 percent overall. Several construction groups will experience even greater growth levels. These include building finishing contractors, nonresidential building contractors and residential building contractors. However, even with its relatively fast growth rate, the industry's employment will not return to its peak level until after 2022. In 2007, there were more than 100,000 construction jobs in Oregon. The forecast for 2022 is for 90,300 jobs. (In 2012, there were only 70,100 Oregonians employed in construction.)

CCB license numbers bottomed out in late 2013 and have risen slightly since then. CCB believes that license numbers will continue to increase but at more conservative levels than the above forecast predicted.

The agency focuses on contractor accountability, consumer protection, a level playing field for contractors, education, and enforcement. The agency encourages competition and growth in the construction contracting industry. CCB focuses on providing cost-effective, common sense regulatory services:
- Providing access to services for construction contractors and the public, which includes education, testing, licensing, enforcement and dispute resolution services.

- Maximizing resources by leveraging technology and offering complete and user-friendly online services.

- Ensuring that the licensing process is respectful, timely, and responsive to stakeholder needs.
  - Using well-trained staff to provide answers in a "call center" format or by e-mail response.

- Applying bottom-up process for policy and program design, incorporating community and contractor involvement.
  - The Board is composed of nine-members appointed by the Governor.
  - CCB uses advisory committees and stakeholder meetings.

Enabling Legislation/Program Authorization
The program is created by the Oregon Construction Contractors Licensing Act, ORS chapter 701.

Funding Streams
CCB is funded through licensing fees, dispute resolution fees, continuing education program charges, provider approval fees, and civil penalties. Such funds are continuously appropriated for the use of CCB's programs. The agency returns 80 percent of the ordinary civil penalty revenue to the General Fund (approximately $1,000,000 per biennium).

Significant Proposed Program Changes from 2013-15
Technology support structure upgrades across the agency.

Agency Mission, Goals, and Historical Perspective

Mission:
The Construction Contractors Board protects the public's interest relating to improvements to real property. The Board regulates construction contractors and promotes a fair, honest, and competitive business environment through education, contractor licensing, dispute resolution, and law enforcement.

Goals and Objectives:
- Licensing: To efficiently maintain and share requested public records for licensed contractors.
- Contractor Education: To ensure that all licensed contractors have business competency.
- Consumer Education: To educate consumers of their rights and responsibilities and the role of the CCB.
- Enforcement: To provide timely and effective investigations of unlawful acts and sanction appropriately.
- Dispute Resolution: To provide excellent customer service and process claims efficiently.
- Information Technology: To facilitate public access to Construction Contractors Board information as efficiently as possible.
- Information Technology: To provide and maintain appropriate equipment and technology for the efficient operation of CCB.
- Human Resources: To empower staff with knowledge to do their jobs well within a changing industry, legal, and work environment.
- Human Resources: To hire the best applicants possible and manage and motivate to the highest level of professionalism possible.

Summary of Programs

Licensing Contractors
Identification of owners and officers of construction businesses allows the agency to hold a business owner accountable for the company's business activity. Currently there are more than 34,000 licensed contractors. Licensed contractors post a surety bond, and must have liability insurance. Non-exempt contractors must carry workers' compensation insurance. Most contractors must meet continuing education requirements.

Enforcement Section - Law Enforcement
This program enforces laws relating to contractor licensing and business practices by the imposition of formal administrative warnings, civil penalties, probation, and license suspension or revocation. The Enforcement program works with the Field Investigator Section to deter unlawful activity in the construction industry. It processes complaints, issues civil penalties, suspends and revokes or refuses to issue contractor licenses, and issues formal written administrative warnings. Because the agency operates exclusively on "Other Funds" (CCB License Fees), the agency is a net benefit to the state General Fund. As a result of collection efforts on penalties issued, the agency will transfer approximately $1,080,000 to the General Fund during the 2015-17 biennium.

Enforcement Section – Job Site Field Investigations
Field investigators deter unlicensed construction activity by performing random and unannounced inspections of construction job sites throughout the state. Investigators determine the CCB license status of all contractors working at a job site as well as compliance with other important CCB regulations. The Agency will perform approximately 14,000 job site inspections during the 2015-17 biennium.

Enforcement Section - Dispute Resolution

This program helps resolve two-party construction disputes. It is available to persons alleging that licensed contractors breached a contract or performed improper work. This service employs several alternative dispute resolution techniques to resolve disputes and keep disputes out of the court system. A majority of disputes are resolved voluntarily, with agency assistance. Approximately 2,000 claims are resolved each year without CCB ordering the contractor to pay monetary damages.

Education - Consumer

This program educates consumers about the value of using licensed contractors and the steps to take to help ensure a successful building or remodeling project. The agency provides consumer education by attending statewide construction trade shows and home shows, and by ensuring the agency's website is current and relevant. Additionally, staff issue news releases, organize paid media campaigns and respond to phone calls and speaker requests.

Education - Contractor Pre-license

This program ensures that new contractors receive training and testing in basic construction business practices, federal/state regulations that impact construction contractors and important information about laws that affect contractor businesses. New contractors must take 16 hours of instruction, and pass a competency test.

Major Budget Drivers

The CCB budget request is based upon the following criteria:

- Efficiently implement all past legislative mandates.
- Provide funding to:
  - Operate CCB programs at current level.
  - Meet staffing needs of the agency.
  - Develop and implement legislatively-mandated continuing education.
- Emphasize the following primary goals:
  - Protect Oregon consumers of construction-related services.
  - Provide excellent customer service.
  - Regulate in a manner that supports a fair, honest, and competitive business climate in the construction industry.

The CCB Performance Measures gauge the progress the agency makes toward achieving these goals. The continued development of online services for contractors plus adequate funding for consumer education will be crucial to meeting objectives.

The following factors have affected the Construction Contractors Board during the 2013-15 biennium, and will continue through the 2015-17 biennium:

- Oregon has suffered drastically during the economic recession that started early in 2009. Perhaps hardest hit has been the construction market, with new housing starts dropping dramatically due to changes in the banking industry. In addition, because homeowners are unsure of their own continued employment they are not entering into remodeling contracts at the same level as previous biennia.

- Consequently, fewer contractors renewed licenses. For the fiscal year ending June 30, 2014, the overall number of licensees is approximately 35,000 as compared with 43,000 in 2007 during the housing peak.

- Changes to ORS 701 during the 2011-13 biennium significantly increased regulations for Oregon's licensed contractors including a requirement that the agency develop a continuing education program for residential contractors.

Major Changes to the Agency in the Past 10 Years

CCB works to partner with other state agencies to achieve its mission efficiently. This means working together to reach consumers with key messages as well as to find and sanction contractors who violate the law.

An example of such a partnership is the Interagency Compliance Network (ICN) established under HB 2815 (2009) with Department of Revenue, Employment Department, Department of Consumer and Business Services, Bureau of Labor and Industry (BOLI) and Landscape Contractors Board. The ICN was created by the Legislature to help address the violation of independent contractor law, and the "underground economy."

Costs Containment/Program Improvement Plan

To improve customer service and agency efficiency the CCB intends to undergo a major technology infrastructure overhaul in the 2015-17 biennium. System hardware and software in use is either beyond or approaching end-of-support timelines, which presents a significant risk in terms of business continuity, data security and compliance. This includes operating systems, relational database management systems, email and collaboration servers and technologies used to build custom applications.

The historic approach to technology that dictated reliance on custom built software and internally maintained server infrastructure resulted in the high capital expense associated with IT, which provides minimal return on investment in the rapidly changing business environment of CCB. The traditional software development lifecycle employed by the IT staff has necessitated typical time-to-market and effort that are not sustainable under current economic and budgetary conditions.

Moving forward, we intend to employ a strategy consisting of unifying software infrastructure; operationalizing IT costs by adapting cloud architecture; streamlining business processes; consolidating data and creating a single view of the contractor; deploying a common line of business platform based on Microsoft Dynamics CRM.

By implementing this strategy, CCB will be able to significantly improve its business processes and simplify the IT infrastructure, all while reducing capital investment, providing better service to customers and the general public and building out a foundation for an agile government agency that can quickly adapt to any changes in the economy or legislature.

The agency is also working on coordinating operations more closely with the state Building Codes Division. The two agencies have partnered on HB 2843. The goal is to provide better service to the public and share resources, thereby eliminating or reducing duplication of services unnecessary processes.

These two organizations serve the same construction community through different agencies and different agency licensing and enforcement systems. This legislation creates new partnership opportunities and eliminates statutory barriers. It is expected by partnering together, contractors, businesses, and Oregon citizens would benefit from a streamlined and efficient approach to providing construction licensing services. Both organizations would retain separate and distinct agency status, but work closer together through new "tools" provided by the legislature. Without reorganizing either agency or allowing the director of either agency to make final regulatory decisions on behalf of the other, the proposed bill would:

- Encourage agency cooperation by allowing these agencies to share resources, electronic systems, and the ability to serve customers seeking licenses of both agencies through a one-stop shopping experience.
- Remove statutory barriers between CCB and BCD to collect license fees on each other's behalf.
- Allow a streamlined partnership concept for both agencies to work together and share information in order to provide basic licensing and enforcement services.

Agency Statistics

Licensing	FY 10	FY 11	FY 12	FY 13	FY 14
New licenses	3,450	3,001	2,701	2,875	3,046
Renewals	17,621	16,897	15,590	14,989	15,764
Incoming calls	161,705	131,417	98,551	86,991	90,295

Enforcement	FY 10	FY 11	FY 12	FY 13	FY 14
Random job site checks	8,766	5,451	4,693	5,289	7,014
Complaint based formal investigations	1,061	856	705	574	506
Investigations	5,904	5,760	4,797	4,084	4,141
Suspensions	856	531	389	264	241
Civil penalties	$2.0M	$1.6M	$1.4M	$1.1M	$1.2M
Craigslist files opened	--	--	1329	1014	740

Dispute Resolution	FY 10	FY 11	FY 12	FY 13	FY 14
Complaints received	1,936	1,451	1,018	956	951
On-site meetings	757	576	595	560	569
Orders to pay	916	402	204	165	161
Hearings	288	128	63	0	0
Number of mediated settlements	400	328	292	229	317

Education	FY 10	FY 11	FY 12	FY 13	FY 14
Reported pre-license students	3,288	3,294	3,370	2,902	3,298
Number of pre-license tests	2,847	2,341	2,215	3,112	3,419
Home shows/events	23	20	22	9	7
Contractor classes/presentations	17	12	9	5	15
Contractor newsletter	Yes	Yes	Yes	No	Yes

Summary of Proposed Legislation Affecting Agency Operations

Several bills have been introduced which will impact the agency. SB 574 and SB 596 would add "restoration contractors" and "road flaggers" to our licensing responsibilities. The budgetary impact will likely be minimal. HB 2843 would facilitate better coordination between the CCB and BCD in a variety of ways, including the sharing of resources, such as electronic systems; serving customers seeking licenses of both agencies through a one-stop shopping experience; and coordinating enforcement services.

Discussion of 10 Percent Reduction Options

2015-17 Governor's Budget = $14,540,074 (10 percent equivalent to $1,454,007)
Reduction Options:

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
Existing Vacancies	719 Vacant PSR4 Licensing 731 Vacant HR Manager 800 Vacant CS2 Enforcement 817 Vacant ISS6 Info Technology 868 Vacant CS2 Enforcement	Personal Services **($780,113)** Source of funding is Other Funds - Contractor Licensing Fees	1ST
Reduce Business Services Staff	Would reduce the business services section by three positions.	Personal Services **($374,698)** Source of funding is Other Funds - Contractor Licensing Fees.	2ND
Reduce CCB Dispute Resolution Services Program	Would remove clerical staff from Dispute Resolution Program.	Personal Services **($261,078)** Source of funding is Other Funds - Contractor Licensing Fees	3RD
Reduce Services and Supplies	Would reduce Services and Supplies by approximately 2.5%.	Services and Supplies **($38,118)** Source of funding is Other Funds - Contractor Licensing Fees	4TH
TOTAL REDUCTION OPTIONS		**($1,454,007)**	

New Hires above a Step Two During the 2013-15 Biennium

The agency had a Public Service Representative 3 position, which was recruited for as a Public Service Representative 4 pending reclassification. Since the position had not yet been reclassified to Public Service Representative 4, the employee was hired at step 6 of the Public Service Representative 3 salary range and given work out class so that her salary was equal to step 3 of the Public Service Representative 4 salary range.

Appendix/Attachments

Governor

9 Member Board

Comm./Res. Coord
Kathleen Dahlin
000878   C0872   (30)
Ops. & Policy Analyst 3

Exec. Support Spec. 2
Cathy Dixon
0000.810   C0119   (19)
Exec. Support Spec. 2

ADMINISTRATOR
Jim Denno
0000.701   Z7008   (33x)
Principal Executive Manager E

Education & Com. Mgr.
Cheryl Martinis
0000.891   X7006   (31x)
Principal Exec. Manager D

Admin. Services Mgr.
Kimberlee Ayers
0000.735   x7006   (31x)
Principal Exec. Manager D

Human Resources Mgr.
(VACANT)
0000.731   Z7004   (28x)
Principal Exec. Manager C

Enforcement Manager
Stan Jessup
0000.833   X7006   (31x)
Principal Exec. Manager D

Licensing & CSU Mgr.
Laurie Hall
0000.703   X7006   (31x)
Principal Exec. Manager D

Education & Com. Mgr. (Cheryl Martinis)

Program Analyst
Torivio Garcia
0000.891   C0861   (27)
Program Analyst 2

Program Analyst
Jennifer Magee
0000.809   C0860   (23)
Program Analyst

Program Support
Tamalyn Rhein
0000.705   C032   (19)
Public Service Rep. 4

Admin. Services Mgr. (Kimberlee Ayers)

Admin. Assistant
Brandy Richter
0000.798   C0324   (19)
Public Service Rep. 4

Accounts Payable Tech.
Cindy Mora
0000.744   C0108   (19)
Accounting Tech. 3

Office Spec. 2
Bill Coyne
0000.791   C0104   (15)
Office Specialist 2

Cashier
Amber Berry
0000.744   C0108   (19)
Administrative Spec. 2

Sr. Database analyst
Martin Graham
0000.808   C1486   (29)
Info. System Spec. 6

Software Architect
(VACANT)
0000.745   C1486   (29)
Info. System Spec. 6

Info. System Spec. 6
(VACANT)
0000.817   C1486   (29)
Info. System Spec. 6

Systems Developer
(VACANT)
0000.905   C1485   (28)
Info. System Spec. 5

Systems Administrator
Bruce Harris
0000.818   C1485   (28)
Info. System Spec. 5

Help Desk analyst
Mike Gregory
0000.876   C1483   (24)
Info. System Spec. 3

Human Resources Mgr. (VACANT)

Office Spec. 2
Lynette Dangelo
0000.803   C0104   (15)
Office Specialist 2

Office Spec. 2
Janet Guille
0000.804   C0104   (15)
Office Specialist 2

Dispute Analyst
Sandra Hellemn LW*
0000.713   C5247   (25)
Compliance Specialist 2

Dispute Analyst
Pam Tobeck
0000.743   C5247   (25)
Compliance Specialist 2

Dispute Analyst
Bruce ehrlich
0000.715   C5247   (25)
Compliance Specialist 2

Investigator-mediator
Nick Newman
0000.728   C5247   (25)
Compliance Specialist 2

Investigator-mediator
Len Sherr
0000.811   C5247   (25)
Compliance Specialist 2

Investigator-mediator
Richard Stritzke
0000.813   C5247   (25)
Compliance Specialist 2

Enforcement Manager (Stan Jessup)

Admin. Spec. 2
Doreen Aldrich
0000.764   C0108   (19)
Admin. Specialist 2

Office Spec. 2
Bob Burcham
0000.802   C0104   (15)
Office Specialist 2

Compliance Officer
Brian Halfman LW
0000.828   C5247   (25)
Compliance Specialist 2

Compliance Officer
Tim Brooks
0000.740   C5247   (25)
Compliance Specialist 2

Compliance Officer
Weisha Mize
0000.762   C5247   (25)
Compliance Specialist 2

Compliance Officer
Joe Laria
0000.765   C5247   (25)
Compliance Specialist 2

Compliance Officer
Carolyn Ford
0000.776   C5247   (25)
Compliance Specialist 2

Compliance Officer
(VACANT)
0000.800   C5247   (25)
Compliance Specialist 2

Compliance Officer
(VACANT)
0000.894   C5247   (25)
Compliance Specialist 2

Compliance Officer
Maggie Dennett
0000.739   C5247   (25)
Compliance Specialist 2

Field Investigation Spec.
Roberta Paredes
0000.863   C0108   (19)
Admin. Specialist 2

Field investigator-SIU
Eric MCLauchlin
0000.869   C5233   (25)
Investigator 3

Field investigator-SIU
Terry Roach
0000.865   C5233   (25)
Investigator 3

Field investigator
Tracey Pipkin
0000.867   C5247   (25)
Compliance Specialist 2

Field investigator
(VACANT)
0000.868   C5247   (25)
Compliance Specialist 2

Field investigator
Tim Lenihan
0000.864   C5247   (25)
Compliance Specialist 2

Field investigator
Randy Probst
0000.870   C5247   (25)
Compliance Specialist 2

Field investigator
Larry Moore
0000.871   C5247   (25)
Compliance Specialist 2

Field investigator
Greg Armstrong
0000.873   C5247   (25)
Compliance Specialist 2

Field investigator
Tom Messier
0000.874   C5247   (25)
Compliance Specialist 2

Licensing & CSU Mgr. (Laurie Hall)

Support Supervisor 2
Karen Taylor
0000.722   C0113   (19)
Support supervisor 2

Licensing Specialist
Nancy Mcintyre
0000.714   C0342   (19)
Public service Rep. 4

Licensing Specialist
Karla Martin
0000.718   C0342   (19)
Public service Rep. 4

Licensing Specialist
Joanna Russell-Rios
0000.750   C0342   (19)
Public service Rep. 4

Licensing Specialist
Kevin Kerner
0000.831   C0342   (19)
Public service Rep. 4

Licensing Specialist
Darla Pack
0000.799   C0342   (19)
Public service Rep. 4

Licensing Specialist
Ruth Sutter
0000.805   C0342   (19)
Public service Rep. 4

Licensing Specialist
(VACANT)
0000.719   C0342   (19)
Public service Rep. 4

Licensing Specialist
Angie Warkentin
0000.702   C0342   (19)
Public service Rep. 4

Licensing Specialist
Brenna Anderson
0000.807   C0342   (19)
Public service Rep. 4

Licensing Specialist
Vickie Foster
0000.825   C0342   (19)
Public service Rep. 4

Licensing Specialist
Regina Arnold
0000.892   C0342   (19)
Public service Rep. 4

Office Spec. 2
Patti McCarter
0000.755   C0104   (15)
Office Specialist 2

+ = Rotation In
( ) = Rotation Out
# = Double fill
LD = Limited Duration
LW = Lead Worker
* = Temporary Employee

Updated 10/27/14

Information Technology Strategy

Roadmap for Oregon

Construction Contractors Board

Version 1.0
Date February 12, 2015
Prepared by: Max Romanenko

Contents

Introduction

The Oregon Construction Contractors Board (OCCB, or Agency) has engaged Chrysalis | BTS to assess its current state of Information Technology and provide recommendations on how it could be used most effectively to support the agency's mission, goals and employees in the future. The following considerations have presented the need to hire Chrysalis | BTS to perform the assessment:

1. The age of current IT infrastructure is likely to require a significant investment to bring it up to the level of manageable risks.
2. The quality of line of business software applications in place today does not seem to sufficiently meet the needs of OCCB business nor provide adequate support to its employees.

3. OCCB is routinely required by the state government to expand its licensing and enforcement responsibilities and IT is a major roadblock in the Agency's ability to meet those requirements.
4. Agency's management sees this overhaul of its IT systems as an opportunity to lay the foundation for agile technology service that would proactively support the business and become a model for similar state agencies in utilizing technology to provide top level service and transparent access to information to the customers and the public.

Background

OCCB is a state agency currently employing 60 people across the following areas (sections):

1. Licensing
2. Enforcement
3. Education
4. Administration and Finance
5. Information Technology

Technology Strategy

Methodology Used

In our assessment and evaluation of technology options applicable to OCCB, we followed a methodology that allows us to:

1. Build a consistent technology roadmap that would allow for long-term maintainability with minimal effort;
2. Prioritize business needs with the highest impact;
3. Integrate data and systems to provide OCCB staff, contractors and general public with a single view of the Agency and customer.
4. Incorporate end to end business processes into a comprehensive, streamlined and unified experience;
5. Provide means for continuous optimization and enhancements for existing and new requirements.

Optimized

Comprehensive

Integrated

Consistent

As Is
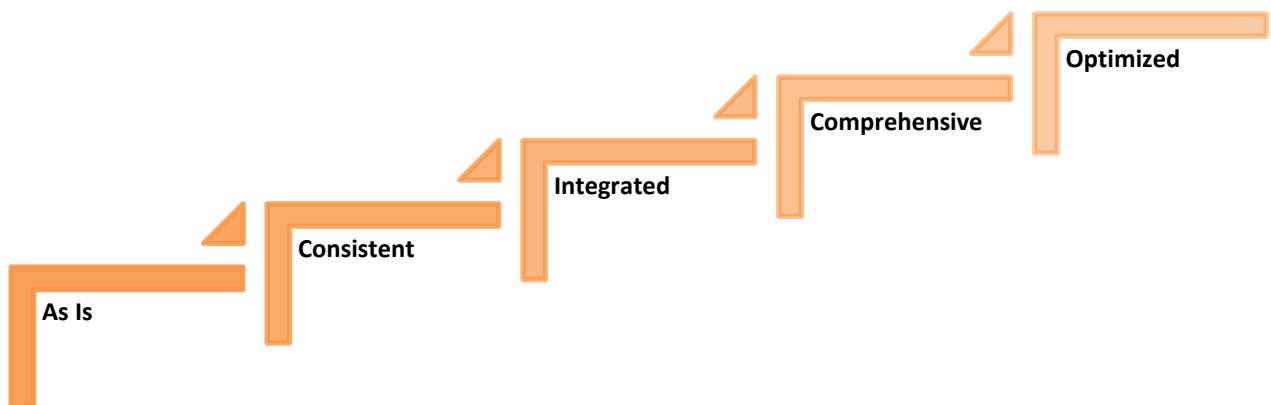
In evaluating the systems in use today, we've assessed their useful life and impact on the business and have considered the following 4 options:

1. Do Nothing – the system provides adequate support for the business today and will fit in the IT strategy for the next 5 years.
2. Refresh – provide minor improvements to the system to incorporate additional features or fix any outstanding issues.
3. Migrate – build a new system to meet the requirements of the business and migrate data from old systems into the new one.
4. Reengineer – replace individual systems with newer versions that have been rebuilt in accordance with the current business requirements.

Figure 1: Roadmap Methodology

4
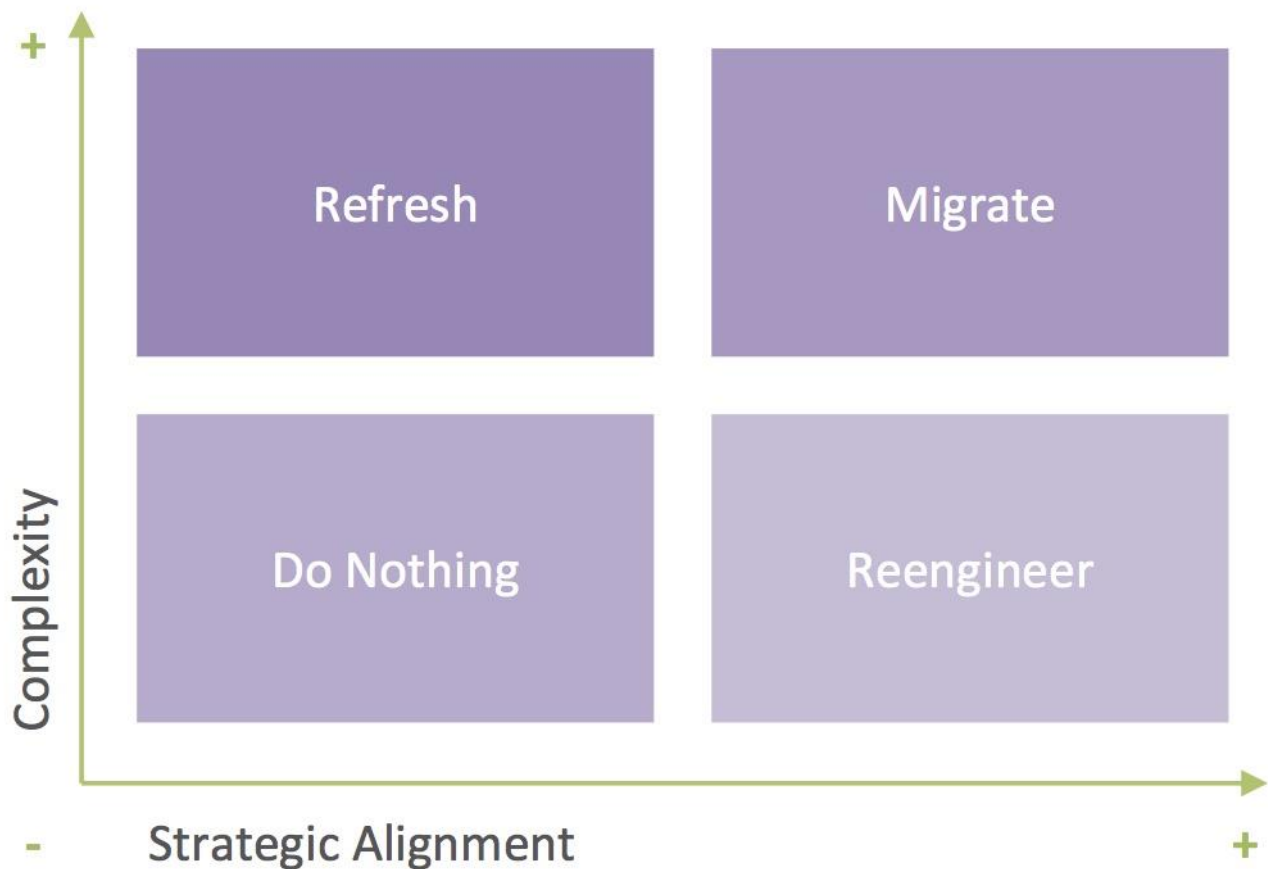
Summary

With the changes in the construction market, the self funded Agency had to downsize and cut certain expenses, of which IT spend was an obvious choice. This lead to the current state of the IT infrastructure (both software and hardware), which is beyond its useful lifespan, with the only exception in desktop computer hardware, which was upgraded about a year ago.

The software in use is either beyond or approaching end-of-support timelines, which presents a significant risk in terms of business continuity, data security and compliance. This includes operating systems, relational database management systems, email and collaboration servers and technologies used to build custom applications.

Historic approach to technology that dictated reliance on custom built software and internally maintained server infrastructure resulted in the high capital expense associated with IT, which provides minimal return on investment in the rapidly changing business environment of OCCB. The traditional software development lifecycle employed by the IT staff has necessitated typical time-to-market and effort that are not sustainable under current economic and budgetary conditions.

All this effectively prevents the Agency from adjusting to the rapidly changing business landscape, and has proven to maintain too much inertia in order to take advantage of the new and more effective technology and business practices.

At present, the IT staff is struggling to support the systems in place, and any enhancements or changes have proven to be virtually impossible to implement. As a result, the IT department is behind the business curve and is not capable to provide proactive service to the Agency. Moreover, this situation is already affecting the Agency's ability to service its customers and comply with the State legislature. Based on our assessment and analysis, the current state of Information Technology at OCCB is characterized by:

1. Disproportionally large IT department that accounts for 10% of the total headcount of OCCB when fully staffed;
2. A multitude of isolated, custom built LOB applications warranting full time development staff to support and extend them;
3. Predominantly manual business processes caused by poor technology support, which are slow and error- prone;
4. Heavy reliance on "tribal knowledge" for certain business processes;
5. Inability of the IT staff to extend the infrastructure in order to support growing business needs;
6. High security, data integrity and compliance risks associated with outdated software and hardware infrastructure and lack of business continuity or disaster recovery plans and procedures.

Strategy

These issues can be addressed by taking on a rapid modernization approach by:
1. Unifying software infrastructure;
2. Operationalizing IT costs by adapting cloud architecture;
3. Changing business processes;
4. Consolidating data and creating a single view of the contractor;
5. Deploying a common LOB platform based on Microsoft Dynamics CRM;
6. Implementing an XRM Solution for OCCB.

Unify Software Infrastructure

Microsoft software is used throughout the Agency IT infrastructure, both in the server and desktop environments. Microsoft provides operating systems (Windows Server, Windows client), database (SQL Server), Web Services (IIS), email and collaboration (Exchange), security and authentication (Active Directory), as well as productivity tools (Office). Custom applications in turn also make use of the Microsoft development environment and tools, such as Visual Basic.

Other technologies used are Oracle DBRMS, which is outdated, and PHP framework that was used to develop web access to Questos, now being deprecated.

As the entire application infrastructure needs to be updated, our recommendation is to consolidate on the Microsoft platform, which will provide the following advantages:
1. Consolidate all data management on a single DBRMS platform, SQL Server, which also provides additional features for Business Intelligence, Reporting and Integration out of the box.
2. Implement consistent, streamlined processes for security, privacy, compliance, disaster recovery and business continuity based on one set of technologies and tools.
3. Standardize software development and customization with a toolset (Visual Studio) and process that is current, supported and well documented.
4. Minimize costs associated with procurement, support and maintenance of software.
5. Narrow the scope of skills required to maintain and extend any of the applications and ensure availability of technical resources needed in the marketplace – both permanent and contract.

Shift IT Costs to Operational Expense by Moving to the Cloud

Most of the current infrastructure at OCCB is in need of a complete replacement – both hardware and software. The traditional approach to procuring IT related assets in state and local government assumes a significant upfront capital investment in software, hardware and services that is typically depreciated over the course of 5 years. However, OCCB is self-funded, and its revenues are dependent on market fluctuations and dictate corresponding variances in expenditures.

Agency staff is one of the largest ongoing expenses, and headcount had to be reduced in the past in response to the slowing construction market.

With the advancements in Software as a Service and the pay per use models available, OCCB could greatly benefit from minimizing costs associated with maintaining owned hardware and software infrastructure by shifting as much of it as possible into the cloud.

Microsoft Government Cloud is our recommended choice, as it provides:
- A full range of Microsoft applications and platform components, which seamlessly integrates with on-premise infrastructure:
    - Active Directory: authentication, authorization and directory services;
    - SQL Server: database management;
    - Dynamics CRM: application platform;
    - Exchange: email, calendars;
    - SharePoint: document management and collaboration;
    - Lync: IM, real time communications, presence;
    - Yammer: enterprise social networking;
    - Power BI: self-service business intelligence;
    - Project Server: project and portfolio management.
- Every licensed user with the latest version of the client Office desktop software;
- Infrastructure that meets or exceeds all federal and state requirements and guidelines for security and compliance;
- Flexible subscription plans based on use, which would allow OCCB to scale its IT costs up or down based on the need and effectively shift it from capital to operational expense.

By moving the infrastructure to the cloud, OCCB would be able to eliminate most of the server infrastructure and only maintain its desktops, network and help desk, which would reduce the overall cost of the on-premise IT dramatically.

Change the Business Process

Most of the technology related issues revolve around the poor user experience and multiple sources of data that need to be queried by the business in order to get the information needed to make a decision. Moreover, the data has to be manually correlated in order to get the correct "version of the truth".

The disjointed array of applications, tools, access methods and underlying technologies is extremely expensive to maintain as it requires manual labor for all aspects of the Agency's business. Manual processes in place to compensate for the shortcomings of IT are labor intensive and error prone, and take Agency staff's focus away from the main goals of providing service to the public and contractors.

Some business processes could be improved, which would provide marginal improvements to the overall efficiency within the Agency. Specifically, OCCB should look into streamlining their financial processes, customer service business flow and external user technical support.

However, to fully capitalize on any business process reengineering, a cohesive, consistent technology platform has to be implemented, which would provide a flexible set of services for both interactive and system workflow automation.

From the business standpoint, we recommend that OCCB should:

1. Shift IT budget from capital to operational expense by making use of outsourced resources, such as cloud computing, outsourced software development and service level agreements and support.
2. Provide consistent, ubiquitous access to line of business applications by utilizing web and mobile access.
3. Establish IT as a service center within the business, rather than the traditional cost center.
4. Take a modular approach to applications and make use of standardized set of platforms that can be customized to address business needs – with the goal of relying on platforms that have predictable support cycle and upgrade path.
5. Eliminate software development from the Agency's core operations and reduce IT staff to focus on supporting the user base on standard applications.

Create a Single View of the Contractor and OCCB

It is our recommendation to replace all of the 14 internally hosted systems in use by the agency. With the exception of the public website, which is hosted by DAS, and desktop operating systems, all line of business applications have proven to be ineffective, disjointed, and posing a high risk from both business and technical perspective.

As such, it is our recommendation that OCCB would replace all of the existing LOB applications with a platform that would provide base services and allow for easier extensibility, then customize the platform to meet the needs of the Agency and establish a framework to add features in the future.

We recommend that OCCB should select a Commercial Off-the-Shelf (COTS) platform to provide the following features out of the box:

1. Data management: ability to store relevant data in a relational database that would not require development effort to customize or maintain.
2. Forms based interface: ability to expose desktop, web and mobile User Interface (UI) for data entry, information consumption.
3. Workflow: user process automation and system workflow capabilities.
4. Reporting and analytics: availability of reports and dashboards.
5. Unified search through all data.
6. Data audit support.
7. Role based security and workflow based approvals.
8. End user customization: ability to personalize the system output by the end user.
9. System configuration, customization and support based on industry standard tools and technologies.
10. Optionally provide collaboration features, such as activity streams, and document management features.

The goal of implementing a unified platform is to:
- Replace most of the systems used today;
- Become a single system of record for all data within OCCB;
- Completely integrate with systems that cannot be replaced;
- Provide a unified, "single desktop" user experience to the Agency staff;
- Act as the data platform for any web services provided by the Agency to external users.

The benefits of a unified technology platform would include:
- Better service extended to contractors and general public;
- Broader options for self-service and decreased wait times;
- Uniform access to all contractor data by the agency staff and the public, based on role based security;
- Automated business process flow across Agency sections;
- Case management, reporting and analytics;
- Built-in business continuity, security and data consistency procedures;
- Cost effective options for overall infrastructure support;
- Extensibility and personalization.

Deploy an Extended Relationship Management Platform

There is a number of COTS products available today that could satisfy OCCB needs for a unified LOB platform. The most prominent are:
- Microsoft Dynamics CRM
- Salesforce.com
- Oracle CX

In addition to business and technical requirements, we considered the current maturity state of IT, technologies used on the desktop, cost effectiveness and available options for both on-premise and cloud infrastructure and recommend *Microsoft Dynamics CRM*.

Microsoft Dynamics CRM is integrated into the Microsoft platform, and is built on the standard infrastructure components already in use at OCCB, such as Windows Server, SQL Server and Active Directory. It also tightly integrates with the Office desktop suite, Microsoft Exchange and provides additional extensibility options with Microsoft SharePoint Server.

Even though Dynamics CRM was originally designed as a sales, marketing and automation tool, it has proven to be one of the best-in-class platforms to develop *eXtended Relationship Management (XRM)* solutions – essentially allowing for a unified and centralized view of customers, staff, data and business processes.
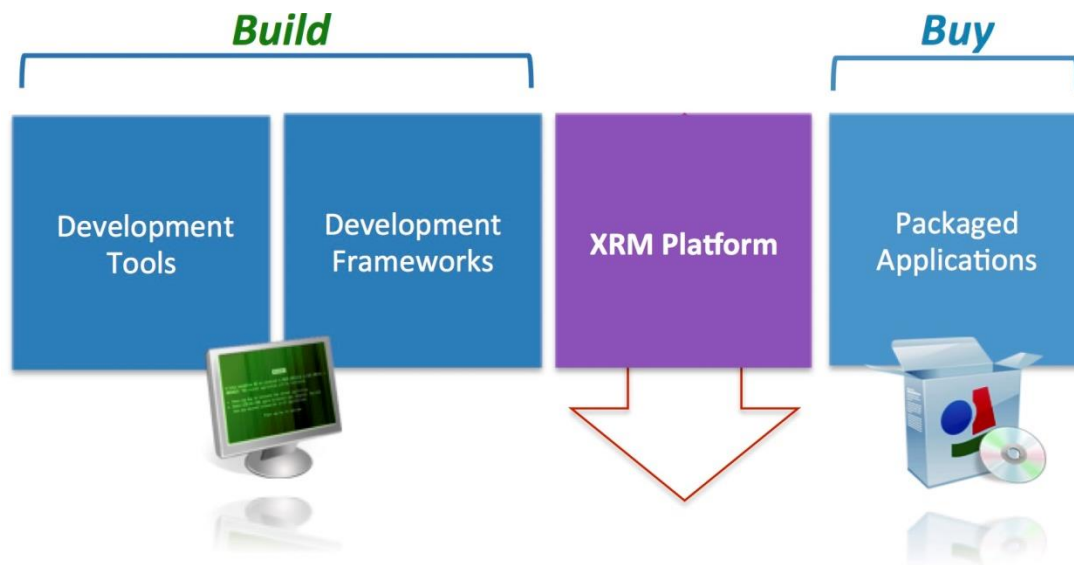
Figure 2: XRM

Dynamics CRM platform provides much of the essential application infrastructure and elements that could be used to:

- Shorten time to market by using out of the box configuration tools;
- Dramatically decrease the amount of development effort necessary;
- Provide a platform that is fully supported by Microsoft and can fit into existing environment with minimal effort;
- Enable personalization by end users and future extensibility through configuration;
- Eliminate dependency on any particular vendor or developer as the platform and system will be built using standard Microsoft stack and development tools.

Microsoft Dynamics CRM meets all of the business and technical requirements for the consolidated platform as outlined above and its out of the box features designed for contact and account management can be used to create the basis for the *Single View of the Contractor* model, while it's rich extensibility model would allow to accommodate many of the requirements by configuring the system, requiring a relatively small amount of customization and development required.

Implement an XRM Solution for OCCB

There are a number of advantages of utilizing Dynamics CRM as an XRM platform as opposed to developing the system from scratch. Specifically:

1. XRM provides many of the foundational components that would need to be custom developed in order to provide similar architectural services. As a platform, XRM undergoes diligent development and testing process, which ensures not only its functional capability, but also ensures quality, scalability and future extensibility.
2. The platform provides a framework for controlled updates, component change management, rollback and recovery options. All these shorten the time needed for system maintenance and improve reliability and durability.

10

3. Dynamics CRM incorporates top industry standards for user and data security, as well as encryption, audit and access control.
4. Dynamics CRM as well as the underlying infrastructure – Windows Server and SQL Server – are regularly updated and maintained by Microsoft and follow a standard update lifecycle and are backed by the software assurance that guarantees access to new technology as it becomes available.
5. Considering other strategic initiatives at OCCB, Dynamics CRM may become a solid strategic component of the overall infrastructure, which in turn may be used for other applications and services.

Dynamics CRM provides a host of out-of-the-box features that would allow the Agency to realize immediate benefits:
1. Create a unified contractor database and provide the *Single View of the Contractor* to Agency staff.
2. Automate customer service and track all communications with contractors and general public – phone, email, mail and in-person.
3. Create a role-based security model and audit any changes as needed.
4. Create consolidated dashboards allowing users within the Agency to access the most relevant information quickly and efficiently.
5. Create meaningful reports for each Section within OCCB.
6. Define specific business processes and automate them with workflows.
7. Present and collect data with browser, mobile and Outlook access, including offline capabilities.

In order to build a solid foundation for OCCB, an extended analysis and requirements gathering exercise will be required, which inform the initial information and entity architecture and identify specific rollout schedule for all features.

Restructure the IT Department

With the unified approach to LOB applications and consolidation on a single platform, IT Department can be restructured and its cost should be reduced significantly.

This would be true whether OCCB moves the infrastructure into the cloud or not, although the cloud scenario would provide the most benefit as it would eliminate most of the on-premise infrastructure and costs associated with.

With this shift, OCCB should remove itself from the software development business as it takes resources away from the primary mission of the Agency while providing minimal benefit. Instead, OCCB should rely as much as possible on COTS software and hire outside developers to perform any customizations necessary.

Conclusion

By implementing this strategy, OCCB will be able to significantly improve its business processes and simplify their IT infrastructure, all while reducing capital investment, providing better service to its customers and the general public and building out a foundation for an agile government agency that can quickly adapt to any changes in the economy or legislature.

By consolidating all data into a centralized LOB application that extends end users the ability to adapt it to their needs without IT involvement, the Agency will be able to improve upon all existing and future operations and elevate the level of service provided to the customers.

Combined with the cloud architecture, OCCB will be able to reduce the long-term cost of IT and future-proof its technology investments, while dramatically improving the quality of their systems, making data available anywhere on any device and providing higher levels of user experience.

The implementation of this strategy is estimated to take 6 to 8 months, with high priority needs being addressed within the first 3 months of the change.

Appendix A. Software Infrastructure

The following software is in use at OCCB.

Name	Type	Description	Recommendation
		CORE SERVER INFRASTRUCTURE	
Windows 2000 Server	Operating System	Used for the Questos server, which is being deprecated. Unsupported by Microsoft.	Eliminate
Windows Server 2003	Operating System	Used as the primary server OS, as well as to provide Active Directory services. End of life is July 2015 with no support after that.	Upgrade
Exchange 2003	Email and collaboration server	Used to provide email, calendaring and other collaboration services. Unsupported by Microsoft.	Upgrade
Oracle DB 9.2	RDBMS	Used as the primary database engine that supports LOB applications (Hydra, Field Investigation). Unsupported by Oracle.	Migrate and eliminate
SQL Server 2008	RDBMS	Used as the database engine for some applications, such as contractor portal and Education. Mainstream support ended in 2014.	Upgrade
		LINE OF BUSINESS APPLICATIONS	
Hydra	Custom	The central LOB application in use by the Agency. Built in 1999 on Visual Basic 6 as a desktop application utilizing the Oracle back-end. Source code is lost, which prevents any modifications or enhancements. Technologies used are unsupported and obsolete.	Replace
Questos	COTS - imaging	Long unsupported. Being replaced by a shared state owned application for digital imaging.	Eliminate
Midas	Custom	VB6 / Oracle application used for cashiering developed 10 years ago. Unsupported technology, obsolete and not integrated with	Replace

		other applications.	
Chrystal Reports	COTS - reporting	V10 is unsupported and obsolete, released in 2002.	Replace
Contractor Portal	Custom	Built with ASP and Oracle backend, both of which are unsupported and obsolete. Original developer is no longer with the Agency. Current staff cannot provide support.	Replace
E-Proof	Custom	Insurance proof submission tool for Licensing. Built on deprecated technology. Isolated.	Replace
Contractor Search	Custom	Custom search allowing bonding companies to look up contractor information. User experience is very poor, including search and results as displayed.	Replace
OMAP	Custom	Market Assistance Program for the Oregon Insurance Division, 10 years old.	Replace
E-Watch	Custom	Web application that allows General Contractors to receive email notifications on status changes of contractors they subscribe to.	Replace
Reflection	Custom	Built with PHP, allows web access to images stored in Questos.	Eliminate
Jewel	Custom	ASP front-end for the Oracle database that contains Hydra data. Development was started but never finished.	Eliminate
Public Web	SharePoint	Hosted by DAS, provides the Agency a standard way to publish information to the public.	Do not change
Intranet	Custom	A collection of isolated applications built with ASP, PHP and HTML. Poor user experience, difficult publishing, no social features make this a very static collection of links to some of the obsolete tools mentioned above.	Replace
		DESKTOP SOFTWARE	
Windows 7	Operating System	Windows 7 has reached its end of life in terms of mainstream support; extended support is still available. Windows 8, which has introduced a number of UI changes, may not be a good replacement.	Upgrade when Windows 10 is available
Office 2010	Productivity	Mainstream support is scheduled to end in October 2015. Some advanced features of newer server versions of SharePoint and Exchange are not supported.	Upgrade

As the table above illustrates, the state of software and application infrastructure closely mimics that of the hardware infrastructure and requires urgent steps to address immediate risks associated with:

1. **End of life / No Support from the manufacturer**. Many of the critical systems are no longer supported by the software manufacturers and data loss may result in the event of catastrophic hardware or software failure.
2. **Unsupportable Custom Applications.** Most of the LOB applications in use are custom built with technologies that are over 10 years old, such as Visual Basic 6, ASP and older database engine technology. Specifically:
   a. **Some applications are missing source code.** Hydra, which is the most critical LOB application, is unsupportable as source code has been lost.
   b. **Availability of resources is limited.** To modernize or extend applications that are developed with older technologies, the Agency will need to hire or contract with resources that are already rare in the marketplace.

However, the main problems associated with the applications at OCCB are associated with:
- Data isolation and potential duplication across multiple systems;
- The lack of unified architecture or approach to the overall application infrastructure;
- Sporadic use of platforms, such as SQL Server and Oracle, for similar tasks;
- Multiple single points of failure across application infrastructure;
- Absence of systematic disaster recovery and business continuity protocols aside from offsite tape backup.

Recommendation: The application infrastructure is in the state when continuing support will require more resources with skills that are obsolete in the current market, while additional business requirements will prove to be more and more difficult to meet. The best course of action at this point is to go through a complete Enterprise Architecture cycle aimed at modernization of the existing application pool and consolidating disparate applications on one, cohesive platform.

Appendix B. Estimated Schedule and Costs

Based on our experience with designing and building similar systems for commercial and government entities of similar size and business complexity, we estimate the following schedule and costs associated with the implementation of the IT Strategy at OCCB.

Phase	Deliverables	Duration	Cost
Analysis	• Project Plan, • Business Requirements Document, • Training Requirements Document, • Fit Gap Analysis Document, • Data Migration Requirements Document, • Non-production environments set up (such as Development, QA and Staging), and • Accelerated proof of concept (POC) on Dynamics CRM Online.	8 – 10 weeks	$80,000 - $100,000
Design	• Solution Design Document • Functional Design Document • Technical Design Document • Updated Project Plan	6 – 8 weeks	$60,000 – $80,000
Develop	• Final Business Process Models • Final System Configuration • Final Custom Code Development • Solution Testing (Process, Integration, and Data Acceptance) • User Acceptance Test Scripts • Final Production Environment Specification • Final Integration and Interface Code Development • Final Data Migration Code Development	10 – 12 weeks	$160,000 - $180,000
Deploy	• End User Training • User Acceptance Test Results • Final Data Migration • Final System Readiness & Go-Live Checklist • Production Environment • Cutover to Production • Deployment Plan • Train-the-Trainer (TTT) Training • Production Operations Guide	2 – 4 weeks	$60,000 - $80,000
Operate	• Project Closure Report, • Final Delivery of all Project Deliverables to the customer, • Documented Lessons Learned, and • Service Level Agreement	1 – 2 weeks	$20,000 - $30,000

Total estimated duration: 17 – 36 weeks
Total estimated implementation cost: $380,000 – $470,000

Software Licensing Costs

For the purposes of this estimate, we assumed that Microsoft Government Cloud. All licenses are Professional and provide full access. Currently, Microsoft is offering promotional pricing on bundled CRM Online Professional and Office 365 Government G3 licenses at $65 per user per month, which is reflected in the estimate following. This pricing is available through June 30, 2015.

Item	Quantity	Monthly Price	Total Annual Price
CRM Online Professional + Office 365 E3 for Government	60	$65	$46,800

On-Premise Costs

We estimate the cost of replacing the hardware and upgrading or procuring necessary software to be significantly higher than the cloud options. Specifics will depend on the agreements in place with LARs and availability of vehicles such as Enterprise Agreements with Microsoft.

Additional costs associated with on-premise deployments are the IT staff, backup and disaster recovery processes and energy.

***UPDATED* OTHER FUNDS ENDING BALANCES FOR THE 2013-15 & 2015-17 BIENNIA**

Agency: Construction Contractors Board

Contact Person: Kimberlee Ayers 503-934-2237

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Other Fund Type	Program Area (SCR)	Treasury Fund #/Name	Category/ Description	Constitutional and/or Statutory reference	2013-15 Ending Balance		2015-17 Ending Balance		Comments
					In LAB	Revised		Revised	
OF - Limited	91500-017-00-00 CCB	0001 Operating	Operating Revenue	801	1,629,212	1,216,100		2,331,286	Revised Ending Fund Balance is after analyst adjustments and appeals.

Objective:	**Provide updated Other Funds ending balance information for potential use in the development of the 2015-17 legislatively adopted budget.**
Instructions:	
Column (a):	Select one of the following: Limited, Non-limited, Capital Improvement, Capital Construction, Debt Service, or Debt Service Non-limited.
Column (b):	Select the appropriate Summary Cross Reference number and name from those included in the 2013-15 Legislatively Approved Budget. If this changed from previous structures, please note the change in Comments (Column (j)).
Column (c):	Select the appropriate, statutorily established Treasury Fund name and account number where fund balance resides. If the official fund or account name is different than the commonly used reference, please include the working title of the fund or account in Column (j).
Column (d):	Select one of the following: Operations, Trust Fund, Grant Fund, Investment Pool, Loan Program, or Other. If "Other", please specify. If "Operations", in Comments Column (j)), specify the number of months the reserve covers, the methodology used to determine the reserve amount, and the minimum need for cash flow purposes.
Column (e):	List the constitutional, federal, or statutory references that establish or limit the use of the funds.
Columns (f) and (h):	Use the appropriate, audited amount from the 2013-15 Legislatively Approved Budget and the 2015-17 Current Service Level as of the Agency Request Budget.
Columns (g) and (i):	Provide updated ending balances based on revised expenditure patterns or revenue trends. <u>Do not include</u> adjustments for reduction options that have been submitted unless the options have already been implemented as part of the 2013-15 General Fund approved budget or otherwise incorporated in the 2013-15 LAB. The revised column (i) can be used for the balances included in the Governor's Budget if available at the time of submittal. Provide a description of revisions in Comments (Column (j))
Column (j):	**Please note any reasons for significant changes in balances previously reported during the 2013 session.**
Additional Materials:	If the revised ending balances (columns (g) or (i)) reflect a variance greater than 5 percent or $50,000 from the amounts included in the LAB (Columns (f) or (h)), attach supporting memo or spreadsheet to detail the revised forecast.

Agency Management Report

KPMs for Reporting Year 2014

Finalize Date: 11/7/2014

Agency: CONSTRUCTION CONTRACTORS BOARD

	Green = Target to -5%	Yellow = Target -6% to -15%	Red = Target > -15%	Pending	Exception Cannot calculate status (zero entered for either Actual or Target)
Summary Stats:	80.00%	10.00%	10.00%	0.00%	0.00%

Detailed Report:

KPMs	Actual	Target	Status	Most Recent Year	Management Comments
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.	0.26	1.00	Green	2014	The agency exceeded its target. This is due, in part, to the decreases in Dispute Resolution Services complaints driven by a reduction in the amount of construction work in Oregon due to the weak economy. The agency continues to evaluate its education program for improvements and efficiencies.
2 - Homeowner Awareness – Percent of homeowners who are aware of their rights and responsibilities and the services of CCB.	46	50	Yellow	2014	The agency did not meet its target. Consumer awareness of the Construction Contractors Board declined as demand for contractor services began to fall in 2007. Public awareness of consumer rights and responsibilities decreased as a result. The agency will work with industry partners to develop and implement new strategies to address this performance measure.

Agency Management Report

KPMs for Reporting Year 2014

Finalize Date: 11/7/2014

KPMs	Actual	Target	Status	Most Recent Year	Management Comments
3 - Unlicensed Recidivism Rate – Percent of offenders who recidivate by performing work without a CCB license within three years of first offense.	14.20	15.00	Green	2014	Performance in this area results from the agency's enforcement and communications programs. However, it may also be influenced by the lack of demand for construction services. The agency exceeded its target. The 2007 Legislature provided additional resources for enhanced enforcement efforts. These additional resources have been instrumental in helping to identify repeat offenders. The agency anticipates it will reduce repeat offenders over the coming years as contractors working illegally become aware of CCB's enhanced enforcement efforts.
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.	0.3300	0.5000	Green	2014	The agency met its target. In 2014, the level of unpaid final orders were below the target level as the economy began to slightly improve and the state began to move beyond the crisis in the construction industry.
5 - Enforcement Investigations – Average days to close an enforcement investigation.	181	60	Red	2014	In 2014, the agency did not meet the target. During a full agency reorganization and management change that began at the beginning of 2014, a significant number of case files were located that had not been closed. Some of these cases were four and five years old. Closing these cases caused the data to indicate a large spike in the time it takes to close cases. There was also a significant backlog of unresolved cases, which have since been resolved, but this added to the data spike as well. We believe all of these old cases have been dealt with and this is a one-time occurrence.
6 - Dispute Resolution Final Orders – Average days to issue a dispute resolution (claims) final order.	154	155	Green	2014	The agency exceeded its target. The agency continues to strive to meet its target of 155 days and will continue to do so during the course of the next biennium.

Agency Management Report

KPMs for Reporting Year 2014

Finalize Date: 11/7/2014

KPMs	Actual	Target	Status	Most Recent Year	Management Comments
7 - Fair and Impartial Dispute Resolution Process – Percent of parties to claims who perceive claims process to be fair and impartial.	94	90	Green	2014	The agency improved its performance over last year and exceeded its target. The agency will work to continue to increase satisfaction with the program.
8 - License and Renewal Processing – Percent of contractors satisfied with the agency's processing of license and renewal information.	94.00	96.00	Green	2014	The agency missed its target by 2 percent.
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	95.70	95.00	Green	2014	In 2014, the agency exceeded its target. Performance goals remain high and present a challenge to the agency during times of decreased revenue and increased contractor regulations. The agency will continue to look for ways to improve customer service, including finding ways to help contractors comply with the increased licensing requirements. Customer service remains a top priority of the agency.
10 - Best Practices – Percent of best practices met by the Board.	100	100	Green	2014	The agency target was met.

This report provides high-level performance information which may not be sufficient to fully explain the complexities associated with some of the reported measurement results. Please reference the agency's most recent Annual Performance Progress Report to better understand a measure's intent, performance history, factors impacting performance and data gather and calculation methodology.

CONSTRUCTION CONTRACTORS BOARD

Annual Performance Progress Report (APPR) for Fiscal Year (2013-2014)

Original Submission Date: 2014

Finalize Date: 11/7/14

CONSTRUCTION CONTRACTORS BOARD

2013-2014 KPM #	2013-2014 Approved Key Performance Measures (KPMs)
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.
2	Homeowner Awareness: Percent of homeowners who are aware of their rights and responsibilities and the services of CCB.
3	Unlicensed Recidivism Rate: Percent of offenders who recidivate by performing work without a CCB license within three years of first offense.
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.
5	Enforcement Investigations: Average days to close an enforcement investigation.
6	Dispute Resolution Final Orders: Average days to issue a dispute resolution (claims) final order.
7	Fair and Impartial Dispute Resolution Process: Percent of parties to claims who perceive claims process to be fair and impartial.
8	License and Renewal Processing: Percent of contractors satisfied with the agency's processing of license and renewal information.
9	Customer Service: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent." These rankings would be for overall service as well as for timeliness, accuracy, helpfulness, expertise, availability of information
10	Best Practices: Percent of best practices met by the Board.

New Delete	Proposed Key Performance Measures (KPMs) for Biennium 2015-2017
	Title: **Rationale:**

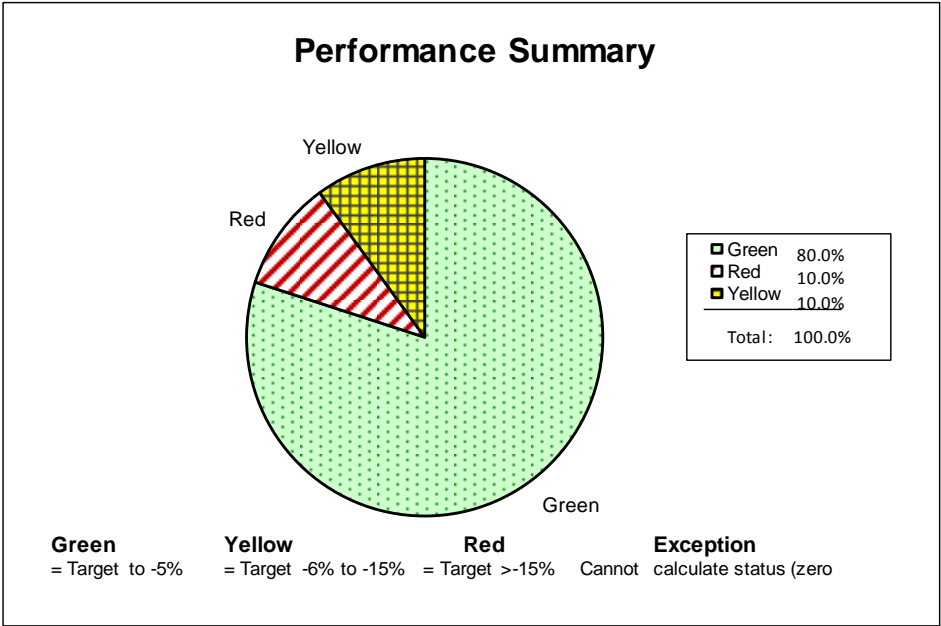| Construction Contractors Board	I. EXECUTIVE SUMMARY
Agency Mission: The Construction Contractors Board protects the public's interest relating to improvements to real property. The Board regulates construction contractors and promotes a competitive business environment through education, contractor licensing, dispute resolution, and law enforcement.	

Contact: James Denno, Administrator	**Contact Phone:** 503-934-2184
Alternate: Kimberlee Ayers, Administrative Services Manager	**Alternate Phone:** 503-934-2237

Performance Summary

Yellow
Red

☐ Green	80.0%
☐ Red	10.0%
☐ Yellow	10.0%
Total:	100.0%

Green

Green	**Yellow**	**Red**	**Exception**
= Target to -5%	= Target -6% to -15%	= Target >-15%	Cannot calculate status (zero

1. **SCOPE OF REPORT**
   All agency programs are covered by key performance measures. The Oregon Construction Contractors Board (CCB), the state agency that regulates construction contractors, protects consumers through its four major programs: Consumer Education and Contractor Education and Testing (KPM #1 and 2). Licensing and Customer Service (KPM #8 & 9). Enforcement (allegations of license law violations) (KPM #3 and 5). Dispute Resolution (complaints involving contract disputes) (KPM #4, 6, and 7)

2. **THE OREGON CONTEXT**
   CCB regulation affects Oregon's economy and the financial security of most Oregon citizens' largest investment - their home.

   Oregon's regulatory structure is a model for other states. The State of Rhode Island patterned its contractor licensing program after Oregon's. Oregon has been singled out by leaders in the insurance and bonding industries as a model for other states (NASCLA 2011). Oregon's unique dispute resolution program also has been studied by other states.

   A report several years ago to Washington state legislators highlighted Oregon as having both:
   • Annual performance reports addressing critical performance metrics.
   • Formal complaint resolution with enforcement powers.

   Oregon contractors must understand and comply with many laws that protect the public. The CCB oversees compliance in areas including: basic business competency training and testing, Oregon tax, workers' compensation and employment tax, building codes and permits, contract law, environmental law, liability insurance, and bonding.

   Current law mandates that agency programs protect consumers and ensure safe structures in Oregon. Legislative mandates established as a result of the 2005 Taskforce on Construction Claims in 2007 include mandatory continuing education and increased bond and insurance requirements.
   Links to Oregon Benchmarks: None. CCB programs do not directly link to Oregon Benchmarks. With help from the Oregon Progress Board, the agency developed two high level outcomes (HLOs) to measure the agency's contribution to moving Oregon forward.

   HLO1. Percent of all licensed contractors that discharge CCB complaint final orders in bankruptcy, which significantly damage other Oregonians.

   HLO2. Percent of homeowners who understand and highly rate the value of hiring a properly licensed contractor.

3. **PERFORMANCE SUMMARY**

   1. KPMs making progress at or trending toward target achievement: (Green).
   - KPM 1: Tested Contractors,
   - KPM 3: Unlicensed Recidivism Rate.
   - KPM 4: Contractors Who Fail to Pay Damages,
   - KPM 6: Dispute Resolution Final Orders,
   - KPM 7: Fair and Impartial Dispute Resolution Process,
   - KPM 8: License and Renewal Processing,
   - KPM 9: Customer Satisfaction, and
   - KPM 10: Best Practices.

   2. KPMs with progress unclear: (Yellow):
   - KPM 2: Homeowner Awareness.

   3. KPMs not making progress and not trending toward target achievement: (Red).
   - KPM 5: Enforcement Investigations.

   Total Number of Key Performance Measures (KPMs): 10

4. **CHALLENGES**

   The agency faces the challenges of improving compliance with Oregon's contractor licensing laws, and providing consistently high quality services in the aftermath of the recession which saw a large decrease in the number of licensees and in agency revenues. The agency continues to seek ways to streamline services and increase the effectiveness of enforcement activities with a reduced staff. The agency is exploring opportunities to coordinate and share resources with other agencies, particularly the Building Codes Division.

5. **RESOURCES USED AND EFFICIENCY**

   The agency's budget for the 2013-15 biennium was $15,944,713. These monies are spread among the agency's four major programs:
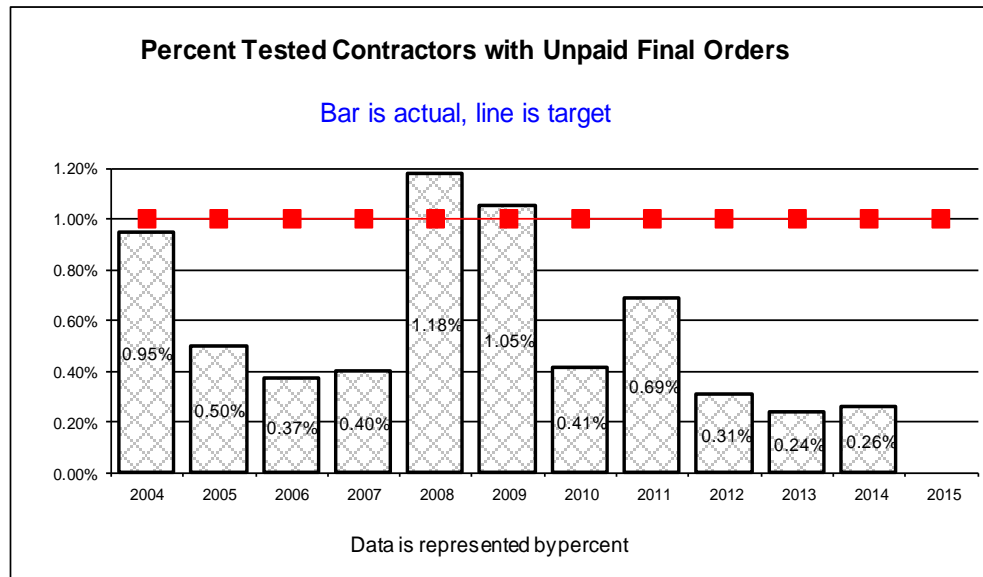   - Contractor/Consumer Education
   - Licensing
   - Enforcement
   - Dispute Resolution Services

   Two of the agency's KPMs measure efficiency (KPM 5 and 6).

CONSTRUCTION CONTRACTORS BOARD	II. KEY MEASURE ANALYSIS

KPM #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.	2007
Goal	Goal 1: To protect Oregon consumers of construction related services. Objective 1b: Contractor Education: To ensure that all licensed contractors have an adequate level of business competency.	
Oregon Context	HLO1 – Percent of all licensed contractors that discharge CCB claims final orders in bankruptcy, which significantly damages other Oregonians.	
Data source	CCB Licensing Program Quarterly Report and Dispute Resolution Quarterly Report	
Owner	Cheryl Martinis, Education Manager (503) 934-2195 & Stan Jessup, Dispute Resolution Services Manager (503) 934-2188	

Percent Tested Contractors with Unpaid Final Orders

Bar is actual, line is target

Data is represented by percent

CONSTRUCTION CONTRACTORS BOARD	II. KEY MEASURE ANALYSIS

1. **OUR STRATEGY**

During the 2007 Legislative Session, the Legislature directed the agency to revise this performance measure. With the help of legislative staff, the agency developed a new KPM based upon unpaid final orders that result from the CCB's dispute resolution services. The new performance measure tracks the number of tested contractors that have a final order for damages that remain unpaid after 60 days, or that is discharged in bankruptcy. However, economic conditions or family issues such as divorce also cause financial problems so this KPM may not accurately measure agency education performance.

The agency uses its pre-licensure training and testing requirements to train and provide a measurable level of business competency for new contractors obtaining a new, or first-time license. Responsible managing individuals (RMIs) must demonstrate completion of agency-approved training. Testing is conducted by an agency-approved vendor selected through a competitive bidding process.

Based upon the above, the agency measures the level of success of its business competency requirement (test) by measuring the rate of failures to timely paying agency Dispute Resolution Services final orders in two classes of current licensees:
• Tested contractors 17,433 – July 1, 2014
• Untested contractors 17,158 – July 1, 2014

The rationale is that tested contractors will have the "business competency" to avoid poor business practices and decisions that lead to business failure, bankruptcy, and unrecoverable damages to consumers.

Simple bankruptcies were determined to be an unreliable method of determining business failure due to lack of business competency. Although still an indicator, bankruptcies were determined to be the result of many other factors, and therefore, this measure was measuring business training and testing success was replaced with the current KPM.

2. **ABOUT THE TARGETS**

The target for this measure is 1 percent.

3. **HOW WE ARE DOING**

The agency exceeded its target in 2014. The performance measure was actually achieved on a year to year comparison, 0.26% (2014) v .24% (2013).

4. **HOW WE COMPARE**

   No comparative information exists.

5. **FACTORS AFFECTING RESULTS**

   Numerous factors lead to contractors not paying their debts, including poor economic conditions, family changes such as divorce, and emergency expenditures. Two programs may influence this KPM, the mediation service and the enforcement license suspension/revocation authority.

   The mediation service offers parties alternative ways to resolve disputes, sometimes involving no, or minimal cost to licensees. By doing so, contractors who may not be able to pay a large debt, have the opportunity to take care of the dispute in a way that preserves their license. On the other hand, the enforcement license suspension/revocation penalizes contractors who fail to pay their debts.

6. **WHAT NEEDS TO BE DONE**

   The Board recommends elimination of this KPM. It does not measure the effectiveness of the pre-licensure or continuing education. Additionally, the measurement is statistically insignificant.

7. **ABOUT THE DATA**

   This data is calculated per quarter by the agency's Dispute Resolution Services and Information Technology Sections. The reported data represents fiscal years ending June 30 of the reported year. For example, data reported for the year 2014 represents data gathered from July 1, 2013 through June 30, 2014.

KPM #2	Homeowner Awareness: Percent of homeowners who are aware of their rights and responsibilities and the services of CCB.	**2002**
Goal	Goal 1: To protect Oregon consumers of construction services. Objective 1c: Consumer Education: To educate consumers about their rights and responsibilities and the services and authority of the CCB	
Oregon Context	HLO2 – Percent of homeowners who understand and highly rate the value of hiring a properly licensed contractor.	
Data source	CCB-sponsored scientific random sample survey among Oregon homeowners.	
Owner	Cheryl Martinis, Education Manager (503) 934-2195	

Percent of Homeowners Aware of Rights

Bar is actual, line is target

Data is represented by percent
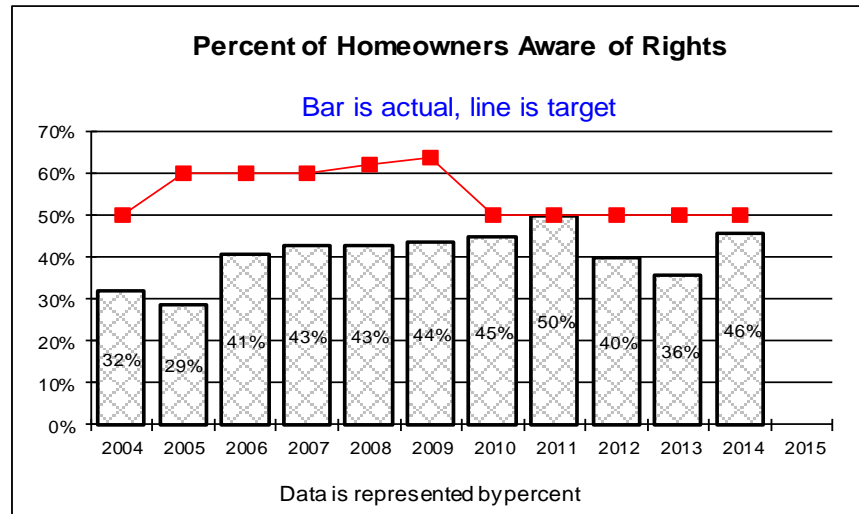
1. OUR STRATEGY

Each year, the CCB commissions a statewide survey to measure homeowner awareness of CCB services and their use of licensed contractors. This plan helps form the agency's consumer outreach.

The survey results note that while 46 percent of all those sampled are aware of the CCB, 57 percent of those who actually completed a remodeling or home improvement project in the past five years are aware of the agency. This reinforces the agency's strategy to focus outreach on attendance at home/remodeling shows to reach consumers most interested in building or making home improvements.
We continue to partner informally with state agencies and consumer/construction industry groups interested in consumer protection and to develop relationships with media to share our messages. In mid-2014, the agency launched a statewide radio campaign reminding homeowners to use licensed contractors for their home projects. The CCB works closely with the Environmental Protection Agency to get the word out to contractors and homeowners about the requirements for handling lead-based paint on pre-1978 homes. In the third quarter of 2014, the CCB, for example, distributed nearly 10,000 lead-safe postcards to home repair and painting outlets. The survey showed that approximately 60 percent of homeowners knew that homes built before 1978 need a specially trained and licensed contractor. The CCB also posted a list of contractors licensed to handle lead paint on its website for the first time in 2014.

2. **ABOUT THE TARGETS**

A higher number shows greater awareness of the CCB. Over the past several years, the agency set awareness targets ranging from 60 percent in 2006 to 64 percent in 2009. Due to the loss of funding in consumer education outreach, the Legislature lowered the target to 50 percent beginning in 2010.

3. **HOW WE ARE DOING**

The agency did not reach the target of 50 percent during FY 2014, scoring 46 percent, which is an increase over 2013.

We believe that the agency does a solid job of reaching consumers at home building and improvement shows, and needs to find ways to broaden its outreach within the limits of staffing. Additionally, we need to fine-tune our message to remind homeowners not just to use licensed contractors but to actually verify the license with the CCB. The survey showed that while 81 percent of homeowners agree that it is important to use a licensed contractor, only about a third (37 percent) of homeowners who built homes or completed a major project actually verified that their contractor was licensed.
Two-thirds, or 66 percent, of all homeowners report they would verify the contractor with the CCB if they were to hire anyone for future home projects.

4. **HOW WE COMPARE**

Comparative data is not available.

5. **FACTORS AFFECTING RESULTS**

CCB outreach varies, depending on budgets. Although the survey company (Issues & Answers Network, Inc.) was new in 2014, most survey questions remained the same as in years past and key numbers were in line with those of past years.

6. **WHAT NEEDS TO BE DONE**

The agency will work with industry partners to develop and implement new strategies and review best practices in other states. The CCB expects to have revamped its website by the end of 2014, and that will give us a foundation to build better consumer materials. The agency needs to make information more understandable for consumers who come to its website to look up a contractor's complaint record.
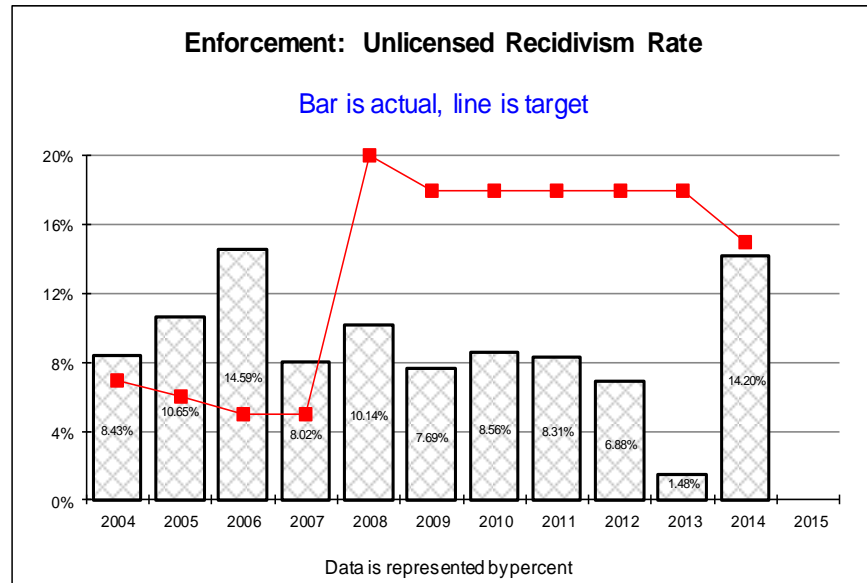
7. **ABOUT THE DATA**

This data is collected each calendar year by a research company.

The question used in the survey for this KPM is "awareness of the CCB".

KPM #3	Unlicensed Recidivism Rate: Percent of offenders who recidivate by performing work without a CCB license within three years of first offense.	**2002**
Goal	Goal 1: To protect Oregon consumers of construction related services. Objective 1d: Enforcement: To provide timely and effective investigations of unlawful acts and sanction appropriately.	
Oregon Context	HLO1 – Percent of all licensed contractors that discharge CCB complaints final orders in bankruptcy, which significantly damages other Oregonians.	
Data source	CCB Enforcement Program Quarterly Report	
Owner	Stan Jessup, Enforcement Manager (503) 934-2188	

Enforcement: Unlicensed Recidivism Rate

Bar is actual, line is target

Data is represented by percent

CONSTRUCTION CONTRACTORS BOARD	II. KEY MEASURE ANALYSIS

1. **OUR STRATEGY**

    The agency's disciplinary program is structured to deter construction businesses from operating without a proper CCB license. The likelihood of detection and the potential for penalties drive the effectiveness of the agency's efforts to deter illegal activity. A low rate of the recidivism indicates that the agency's disciplinary program deters unlawful conduct.

2. **ABOUT THE TARGETS**

    The lower the number, the better. The agency target is a recidivism rate of 18 percent, or lower. The agency seeks to have the lowest possible rate of recidivism.

3. **HOW WE ARE DOING**

    The agency is doing well and exceeds the target on this KPM.

4. **HOW WE COMPARE**

    The agency is unaware of any other administrative enforcement agency that provides recidivism data.

5. **FACTORS AFFECTING RESULTS**

    The agency met the target on this KPM.

    The 2007 Legislature authorized increased resources to perform random job site checks, giving CCB the ability to more rapidly respond to complaints and to follow-up on those complaints within days or even hours.

6. **WHAT NEEDS TO BE DONE**

    The agency must maintain an effective and robust enforcement program to deter unlicensed activity.

7. ABOUT THE DATA

This data is gathered quarterly by the CCB enforcement section and represents cumulative data for the fiscal year ending June 30 of each year.

Additional data may be obtained by requesting copies of agency program quarterly reports. For purposes of this measure, a repeat offender is a construction business that has an owner or officer in it, or a previous construction business, that was found to have worked without a CCB license within the three years preceding the beginning of the subject fiscal year reporting period.

KPM #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.	2002
Goal	Goal 1: To protect Oregon consumers of construction related services. Objective 1e: Dispute Resolution: To hold contractors financially accountable for their business practices	
Oregon Context	HLO1 – Percent of all licensed contractors that discharge CCB complaints final orders in bankruptcy, which significantly damages other Oregonians.	
Data source	CCB Dispute Resolution Quarterly Report statistics. By measuring the number of contractors per year that fail to pay, in full, Dispute Resolution (complaint) final orders for damages divided by the number of CCB licensees per year at the end of the fiscal year.	
Owner	Stan Jessup, Dispute Resolution Services Manager (503) 934-2188	

Percent of Contractors Who Fail to Pay Final Orders

Bar is actual, line is target

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actual	0.58%	0.39%	0.74%	0.83%	0.37%	1.84%	0.86%	0.45%	0.21%	0.40%	0.33%	

Data is represented by percent

CONSTRUCTION CONTRACTORS BOARD	II. KEY MEASURE ANALYSIS
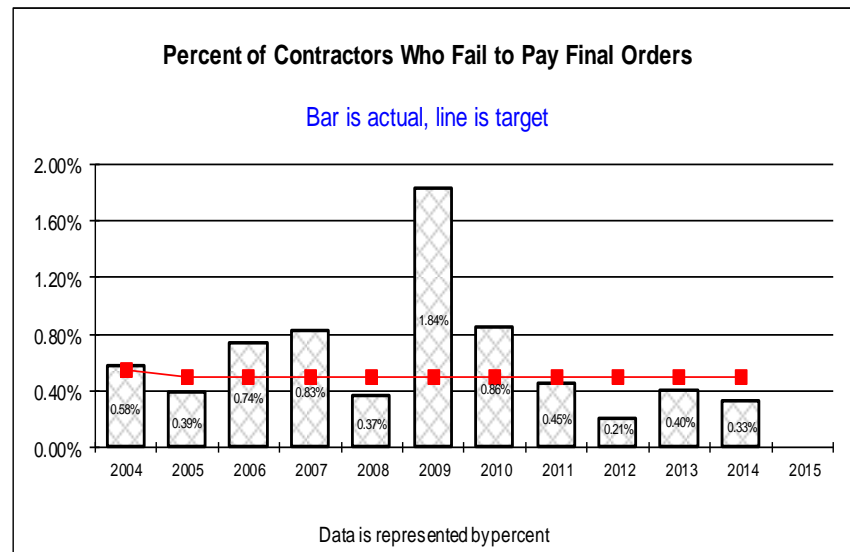
1. **OUR STRATEGY**

   The agency's programs hold individuals and construction businesses accountable for their business practices. The licensing section identifies owners and officers of licensed construction businesses. The Dispute Resolution Services (DRS) section determines construction debts. The enforcement section suspends the licenses of those businesses that have owners or officers with current or past unresolved construction debts.

   This performance measure tracks the number of current licensees responsible for unpaid debt compared to the total number of licensed contractors.

   The Oregon court system is an important partner in holding contractors accountable for construction debt. This KPM measures a negative indicator of this goal, that being whether the agency is working well to make contractors pay their debts by putting pressure on the owners of these companies.

   During times of economic stress, this measure will likely spike, despite agency programs.

2. **ABOUT THE TARGETS**

   The target for 2014 has been constant over the last five years. The target for this KPM is 0.050 percent.

3. **HOW WE ARE DOING**

   The agency exceeded the target. For 2014 the agency achieved .33 percent.

4. **HOW WE COMPARE**

   No comparison data is available.

5. **FACTORS AFFECTING RESULTS**

   Numerous factors lead to contractors not paying their debts, including poor economic conditions, emergency expenditures, and family changes such as divorce. Two programs affect this KPM.

The agency's mediation service offers parties alternative ways to resolve disputes involving minimal cost to licensees. By doing so, contractors who may not be able to pay a large debt have the opportunity to take care of the dispute in a way that preserves their license.

On the other hand, the agency's ability to suspend or revoke licenses penalizes contractors who fail to pay their debts. This takes away a contractors ability to perform work legally until the debt has been paid or settled.

6. **WHAT NEEDS TO BE DONE**

We recommend elimination of this KPM and determination of more meaningful ways to measure the agency's ability to hold contractors accountable for the business practices.

The agency will continue its efforts to identify and discipline contractors and businesses that are owned by individuals responsible for unpaid construction debts.
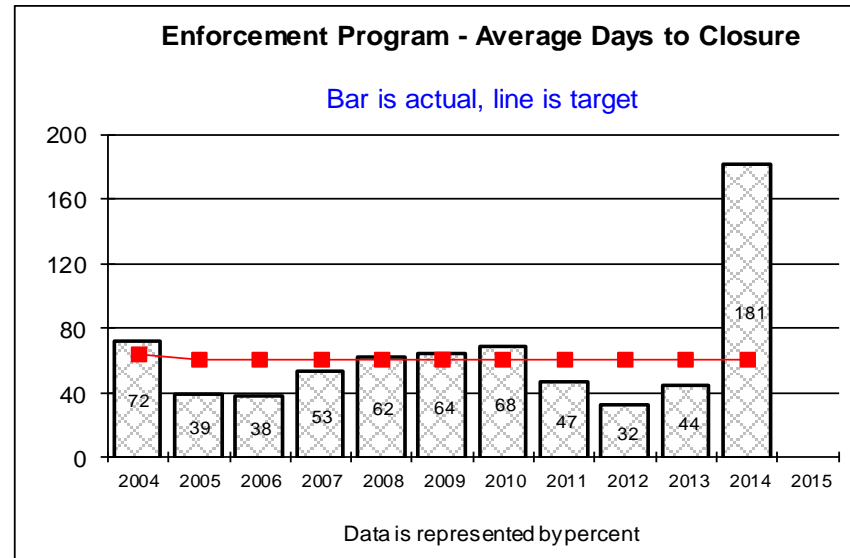
7. **ABOUT THE DATA**

This data is determined once a year in July based upon reports run for the fiscal year ending June 30. The data is based upon the number of Dispute Resolution Services "closed" files where there is any amount left unpaid by the contractors.

KPM #5	Enforcement Investigations – Average days to close an enforcement investigation.	**1994**
Goal	Goal 2. Provide excellent customer service to all who wish to use our services. Objective 1d: Enforcement: To provide timely and effective investigations of unlawful acts and sanction appropriately.	
Oregon Context	HLO1 – Percent of all licensed contractors that discharge CCB complaints final orders in bankruptcy, which significantly damages other Oregonians.	
Data source	CCB Enforcement Quarterly Reports	
Owner	Stan Jessup, Enforcement Manager (503) 934-2188	

Enforcement Program - Average Days to Closure

Bar is actual, line is target

Data is represented by percent

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
72	39	38	53	62	64	68	47	32	44	181	

1. OUR STRATEGY

To effectively deter unlicensed and other illegal activity in the construction industry, the agency must process enforcement (disciplinary) complaints promptly.

Enforcement investigations often lead to disciplinary actions, which deter illegal activity when properly administered. This KPM is an efficiency-based performance measure, and is designed to measure the timeliness of the CCB enforcement process.

2. ABOUT THE TARGETS

The lower the number, the better. Targets have been set to reflect rapid processing of citizen complaints alleging illegal activity. The 2014 target was an average of 60 days to process, from beginning of investigation to closing the file, excluding collection process. Given the time allowed for initial investigation, hearings, and appeals, this is an ambitious target.

3. HOW WE ARE DOING

In 2014, we did not meet the target.

4. HOW WE COMPARE

No comparative data is currently available.

5. FACTORS AFFECTING RESULTS

During a full agency reorganization and management change that began at the beginning of 2014, a significant number of case files were located that were never closed. Some of these cases were four and five years old. Closing these cases caused the data to indicate a large spike in the time it takes to close cases. There was also a significant backlog of unresolved cases, which has also been resolved, but this added to the data spike as well. We believe all of these old cases have been dealt with and this is a one-time occurrence.

6. WHAT NEEDS TO BE DONE

No adjustment needs to be made. The 60-day target remains a good target given the potential for hearings and appeals that are part of any disciplinary proceeding.

7. ABOUT THE DATA

This data is gathered quarterly and reported by the agency's enforcement section. Additional information may be obtained by requesting the reports. Data for this report represents fiscal year totals, with the fiscal year ending June 30 of the subject year.

CONSTRUCTION CONTRACTORS BOARD		**II. KEY MEASURE ANALYSIS**

KPM #6	Dispute Resolution Final Orders: Average days to issue a dispute resolution (claims) final order.	**1994**
Goal	Goal 2. Provide excellent customer service to all who wish to use our services. Objective 2a: Dispute Resolution: To efficiently process complaints.	
Oregon Context	HLO1 – Percent of all licensed contractors that discharge CCB complaints final orders in bankruptcy, which significantly damages other Oregonians.	
Data source	CCB Dispute Resolution Section Quarterly Reports	
Owner	Stan Jessup, Dispute Resolution Services Manager (503) 934-2188	

DRS Complaints - Average Days to Final Order

Bar is actual, line is target

Data is represented by number
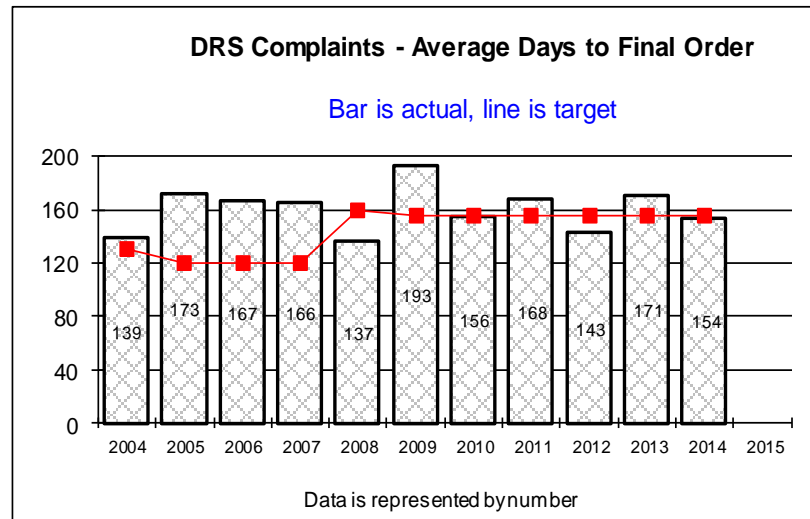
1. **OUR STRATEGY**

   To hold contractors accountable for their business practices, the agency offers construction contract Dispute Resolution Services (DRS) for contractors and their customers. Consumers, other contractors, employees, and material suppliers may file construction complaints with the agency.

The agency seeks to mediate as efficiently as possible to hold contractors accountable for their business practices and to improve customer satisfaction with the service.

2. **ABOUT THE TARGETS**

The target for 2014 was 155 days. Targets were developed based upon obtainable goals in 2003. The 2007 Legislature adjusted the targets downward from 160 days in 2008 to 155 days.

3. **HOW WE ARE DOING**

The agency met its target for 2014. The agency improved the measure by 11 percent versus 2013.

4. **HOW WE COMPARE**

There is no comparative data.

5. **FACTORS AFFECTING RESULTS**

As the result of legislation, the Dispute Resolution Services program changed significantly. As of July 1, 2011 the program stopped providing contested case hearing/arbitrations for parties to a complaint.

The current program offers mediation to the parties in an attempt to reconcile the dispute. If the parties cannot come to an agreement, the complaining party must file a complaint in court. If a judgment is awarded, the complaining party may file the judgment with the agency seeking payment from the contractor's bond.

One factor that contributes to the timeliness of our services is the time it takes for a court, or arbitration to issue a ruling for parties that chose to file actions outside the agency. This may partially explain a 19 percent decrease in the complaints filed, and a 20 percent increase in the amount of time it takes to close a complaint in 2013 versus 2012.

6. **WHAT NEEDS TO BE DONE**

The agency needs to reexamine this KPM given changes made to the dispute resolution program. A measurement of mediation outcomes may be appropriate.

7. **ABOUT THE DATA**

The data is based upon fiscal year results for years ending June 30. Additional data is available from the agency's Dispute Resolution Services quarterly reports.

KPM #7	Fair and Impartial Dispute Resolution Process: Percent of parties to claims who perceive claims process to be fair and impartial.	2002
Goal	Goal 2. Provide excellent customer service to all who wish to use our services. Objective 2b: Dispute Resolution: To maximize participant's perception of fairness given the requirements of due process under the law.	
Oregon Context	HLO1 – Percent of all licensed contractors that discharge CCB complaint final orders in bankruptcy, which significantly damages other Oregonians.	
Data source	CCB Dispute Resolution Section (DRS) Customer Satisfaction Survey reported in DRS Quarterly Reports.	
Owner	Stan Jessup, Dispute Resolution Services Manager (503) 934-2188	

DRS Customer Satisfaction

Bar is actual, line is target

Data is represented by percent
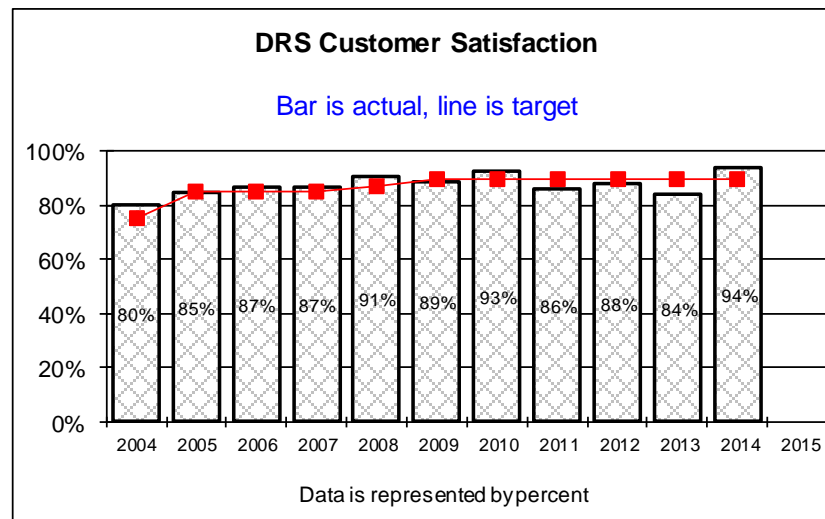
1. **OUR STRATEGY**

It is imperative that the public perceive the agency's dispute resolution program as trustworthy and fair to both consumers and contractors.

The agency strives to satisfy all parties. This is difficult since mediation often ends up with a "winner and a loser." Here, the agency measures its performance by whether parties perceive the Dispute Resolution Services process to be fair and impartial.

2. **ABOUT THE TARGETS**

   The higher the number, the better. The target is 90 percent.

3. **HOW WE ARE DOING**

   The agency exceeded its target for 2014.

4. **HOW WE COMPARE**

   There is no comparative data.

5. **FACTORS AFFECTING RESULTS**

   The agency will continue to evaluate ways to increase the survey results. This includes increasing the number of responses returned. The most efficient way to increase responses would be to allow customers to enter their survey responses online.

6. **WHAT NEEDS TO BE DONE**

   Although a significant percentage of respondents do believe that mediation is fair and impartial, the section has failed to meet the target in six out of the last eight reporting periods. The agency must determine if the target is reasonable. If the target is reasonable, the agency must critically examine processes to improve.

7. **ABOUT THE DATA**

   The data sample should be increased, if possible. The higher the survey's rate of response, the greater the reliability of the data. Additional data is available from the agency's Dispute Resolution Services quarterly reports. The data is from Question 7 on the survey.

KPM #8	License and Renewal Processing: Percent of contractors satisfied with the agency's processing of license and renewal information.	2002
Goal	Goal 3. To regulate in a manner that supports a fair, honest, and competitive business climate in the construction industry. Objective 3a.: Licensing: To efficiently license and renew all construction businesses required by law in a business friendly manner.	
Oregon Context	HLO1 – Percent of all licensed contractors that discharge CCB complaints final orders in bankruptcy, which significantly damages other Oregonians.	
Data source	CCB Licensing Quarterly Reports and survey conducted by CCB during license renewals.	
Owner	Laurie Hall, Licensing Manager (503) 934-2199	

Licensing Customer Satisfaction

Bar is actual, line is target

Data is represented by percent
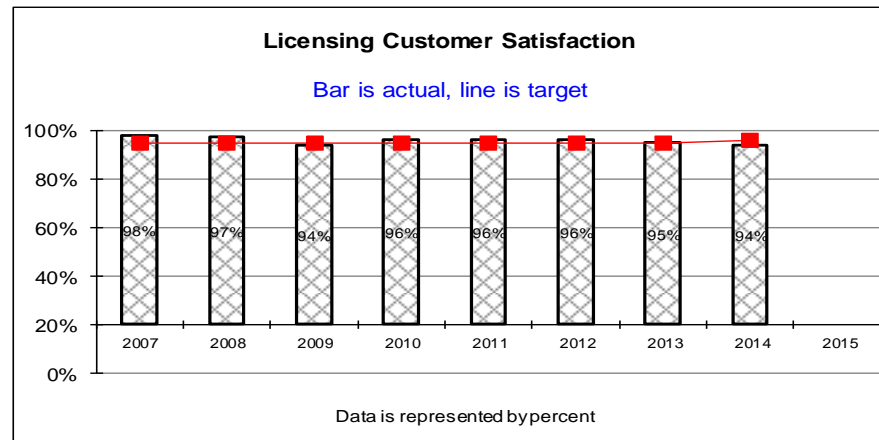
1. OUR STRATEGY

Provide superior service in a timely manner. The agency strives to make licensing and renewals an efficient and trouble-free experience for construction contractors. Contractors that supply all the necessary renewal information with their renewal application receive their license very quickly. The strategy of the agency is to clearly explain what a contractor needs to obtain a license and process applications within hours, or days, of receiving them. In 2013, a new online renewal system enabled the agency to process license renewals online.

Licenses are renewed every two years. Today the agency serves 34,000-35,000 licensed contractors.

2. ABOUT THE TARGETS

The higher the number, the better. The target was increased by 1 percent in 2013 to 96 percent.

While the agency strives to satisfy 100 percent of its customers, it set an ambitious goal of 96 percent for this performance measure.

3. HOW WE ARE DOING

The agency's performance was 94 percent overall customer satisfaction in 2014, which is slightly lower than the 95 percent for the previous year. The agency consistently enjoys a high level of satisfaction with customers. The agency has met or exceeded its target every year since 2002, with the exception of 2009 and 2014. In 2014, the agency fell below its target by only 2 percent.

4. HOW WE COMPARE

There is no comparative data available at this time.

5. FACTORS AFFECTING RESULTS

Increased regulations that became effective in 2008 resulted in a slight decrease in customer satisfaction in in 2009. During 2009, 2010, 2011 and 2014, the licensing and education staff worked hard to ensure that contractors understood the changes. The agency continued to improve its website, revised forms and instructions based on customer survey comments, updated Customer Service Unit questions and answers, and provided ongoing staff training about the new legislation, particularly continuing education. The licensing staff also worked hard with bonding and insurance agents to help educate them on the new requirements.

6. WHAT NEEDS TO BE DONE

The agency continuously looks for ways to improve its services to customers despite reduced staffing.

7. ABOUT THE DATA

The data reflects quarterly information for fiscal years ending June 30. This data is limited to the first three quarters of the years because this section surveyed contractors for the statewide customer results during the fourth quarter of fiscal year. The data is from Question 7 on the agency's licensing satisfaction survey.

For FY 2004 and 2005, Question 2 of the survey was inadvertently used rather than Question 7. The correct percentages should have been reported as follows: 2004-96% and for 2005-97%. The charts have not been changed to correct this mistake.

KPM #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	**2006**
Goal	Agency Overall Satisfaction – Percent of customers rating their overall satisfaction with the agency above average or excellent and Customer Satisfaction – Percent of customers rating satisfaction with agency services above average or excellent for: A: Timeliness; B: Accuracy; C; Helpfulness; D: Expertise; E: Information Availability.	
Oregon Context	CCB has no primary links to the Oregon Benchmarks	
Data source	Customer Service Surveys completed and returned April 1 through June 30 of each year and reported in the Licensing Quarterly Report.	
Owner	Laurie Hall, Licensing Manager (503) 934-2199	

Percent Rating Service Good or Excellent
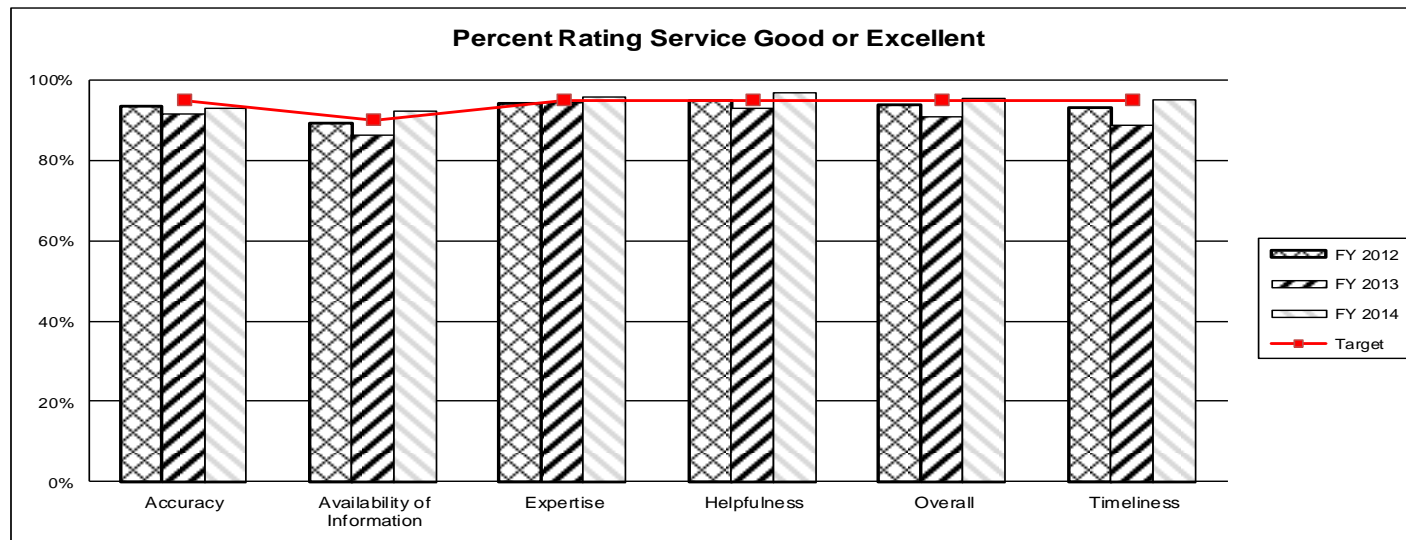
1. OUR STRATEGY

The agency strives to provide prompt, courteous service that is responsive to our customers' needs and public protection.

2. **ABOUT THE TARGETS**

The higher the number, the better. Targets were developed based upon 2006 data and represents incremental improvements sought by the agency over 2006 results.

3. **HOW WE ARE DOING**

The agency's performance in fiscal year 2014 has increased between one to six percentage points in all categories. The agency is proud of its performance considering the change in licensing and continuing education requirements, and is continuously committed to finding ways to improve its service levels and customer satisfaction levels.

In 2014, the agency met all its targets for customer satisfaction except for timeliness.

4. **HOW WE COMPARE**

The agency's performance on this KPM of 94 percent compares favorably to that of the Department of Consumer and Business Services (DCBS) of 92.8 percent (2011).

5. **FACTORS AFFECTING RESULTS**

As CCB continues to implement important consumer protections, we also have to learn how to more effectively communicate about and implement new regulation.

Beginning with the fiscal years 2006-07, the "I don't know" responses were taken out of the survey result calculations due to the high rate of "I don't know" responses. This distorted the survey results.

6. **WHAT NEEDS TO BE DONE**

The agency must find ways to improve customer service. Of particular concern is better communication to help contractors understand education and other requirements to maintain their license.

7. ABOUT OUR CUSTOMER SERVICE SURVEY

The following is information on the CCB survey:

a. Survey Name: Customer Service.

b. Surveyor: Staff of the Construction Contractors Board.

c. Date Conducted: April, May, and June 2014.

d. Population: Active and inactive licensed contractors.

e. Sampling Frame: Contractors who received a license card during the three-month period of April, May, and June 2014.

f. Sampling Procedure: The survey form was sent to each contractor who received a license card during the three-month period of April, May, and June 2014.

g. Sample Characteristics: Data from each survey received was entered by CCB staff into the agency's database and tracked. Responses to each question are available individually as well as cumulatively.

h. Weighting: No weighting was applied.

KPM #10	Best Practices: Percent of best practices met by the Board.	2008
Goal	Best Practices – Percent of best practices met by the Board.	
Oregon Context	CCB has no primary links to the Oregon Benchmarks	
Data source	During Board meeting(s), Board Members individually voted on each of the 15 Best Practices as they perceived them for the fiscal year. Data is contained in Board meeting minutes.	
Owner	Administrator James Denno (503) 934-2184	

Percent of Yes Responses

Bar is actual, line is target

Data is represented by percent
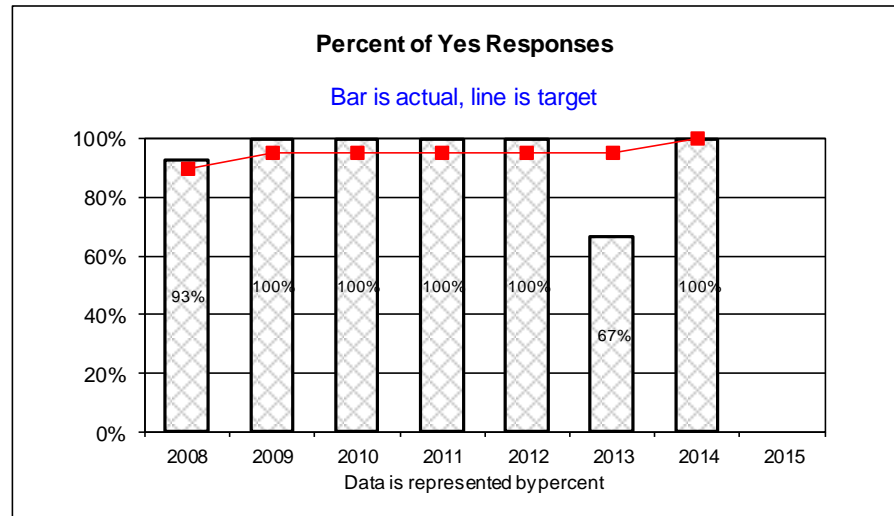
1. **OUR STRATEGY**

To develop and implement recommended statewide "Best Practices" for boards and commissions to improve governance. This statewide measure for boards and commissions was instituted by the Construction Contractors Board in fiscal year 2008. The agency administrator reviewed the measure's 15 Best Practices with Board members throughout the year, and discussed each of them individually.

2. **ABOUT THE TARGETS**

   The target for 2014 was 100 percent.

3. **HOW WE ARE DOING**

   The agency met its target.

4. **HOW WE COMPARE**

   We shall look at comparables for the FY 2014 report when they become available.

5. **FACTORS AFFECTING RESULTS**

   Agency transition issues impacted some of these results.

6. **WHAT NEEDS TO BE DONE**

   Strive to maintain a 100 percent performance.

7. **ABOUT THE DATA**

   In 2014, Board members individually evaluated group performance and met to discuss their observations. A collective score was determined based upon the individual evaluations. The Construction Contractors Board strives to perform its internal functions according to DAS policies and procedures and other appropriate guidelines. During a Board meeting in October 2014, Board members individually voted on each of the 15 best practices as they perceived them for the fiscal year 2014.

CONSTRUCTION CONTRACTORS BOARD	II. KEY MEASURE ANALYSIS

AGENCY NAME: Construction Contractors Board	III. USING PERFORMANCE DATA
Agency 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.	

Contact: James Denno, Administrator	**Contact Phone:** 503-934-2184
Alternate: Kimberlee Ayers, Administrative Services Manager	**Alternate Phone:** 503-934-2237

The following questions indicate how performance measures and data are used for management and accountability purposes.	
1 INCLUSIVITY	* **Staff:** Several methods were used to obtain input by staff, including discussions during monthly management and program unit meetings. The agency management team worked with the Oregon Progress Board to examine the agency's mission, goals and performance measures. * **Elected Officials:** Legislators reviewed the agency's performance measures during the 75th Legislative Assembly and recommended changes for the next biennium. * **Stakeholders:** The agency management team worked with stakeholders and Board members to review and discuss the agency's performance measures. * **Citizens:** The agency's performance measures are available on the agency's website for citizen review and comment. Citizens are encouraged to provide public comment at monthly agency public meetings.
2 MANAGING FOR RESULTS	The agency uses its performance measures to gauge agency progress, effectiveness, efficiencies, and levels of customer satisfaction. Program managers review individual section performance and customer satisfaction survey results to fine tune programs. Board members receive annual performance measure results. They are used to develop agency efficiencies and evaluate policy issues. The agency's management team continues to analyze performance measures in an effort to ensure the measures represent meaningful management tools.
3 STAFF TRAINING	Agency staff participated in training offered by DAS. This training was instrumental in the agency's efforts to develop, monitor, and report its performance measures. Agency managers have reviewed measures with program staff who, in turn, have offered suggestions on fine tuning and perfecting reliable methods of collection and interpretation of data.
4 COMMUNICATING RESULTS	* **Staff:** Results are reported during public Board meetings and at staff meetings. * **Elected Officials:** Results are reported at legislative committee meetings. * **Stakeholders:** Stakeholder meetings are held and performance measure results are reported. * **Citizens:** Agency web address: www.oregon.gov/CCB. Each agency program's quarterly report reflects statistical data relating to its program. Statistics are reviewed to determine if the measure indicates cost effectiveness. The reports are located in the Board packet materials on the agency's website and are discussed quarterly at Board meetings.

2013-15 Position Reclassifications

PFP Package	Action		Repr. Class No.	Class Title	Position	SR	Biennial Salary
001-13-15	Reclass↑						
		To:	AB C0324 AA	Public Service Rep 4	789	19	93,480
		From:	AB C0323 AA	Public Service Rep 3	798	15	77,448
				Change in Salary:			**16,032**
	Reclass↑						
		To:	AB C0324 AA	Public Service Rep 4	719	19	93,480
		From:	AB C0323 AA	Public Service Rep 3	719	15	77,448
				Change in Salary:			**16,032**
	Reclass↑						
		To:	AB C0324 AA	Public Service Rep 4	799	19	93,480
		From:	AB C0323 AA	Public Service Rep 3	799	15	77,448
				Change in Salary:			**16,032**
	Reclass↑						
		To:	AB C0324 AA	Public Service Rep 4	807	19	93,480
		From:	AB C0104 AA	Office Specialist 2	807	15C	79,344
				Change in Salary:			**14,136**
	Reclass↑						
		To:	AB C0324 AA	Public Service Rep 4	831	19	93,480
		From:	AB C0104 AA	Office Specialist 2	831	15C	79,344
				Change in Salary:			**14,136**
	Reclass↑						
		To:	AB C0324 AA	Public Service Rep 4	892	19	93,480
		From:	AB C0104 AA	Office Specialist 2	892	15C	79,344
				Change in Salary:			**14,136**
	Reclass↑						
		To:	AB C0324 AA	Public Service Rep 4	705	19	93,480
		From:	AB C0104 AA	Office Specialist 2	705	15C	79,344
				Change in Salary:			**14,136**
	Reclass↑						
		To:	AB C0324 AA	Public Service Rep 4	702	19	93,480
		From:	AB C0104 AA	Office Specialist 2	702	15C	79,344
				Change in Salary:			**14,136**
	Reclass↑						
		To:	AB C0212 AA	Accounting Tech 3	753	19	93,480
		From:	AB C0211 AA	Accounting Tech 2	753	17	84,936

Construction Contractors Board
2013-15 Position Reclassifications

PFP Package	Action	Repr. Class No.	Class Title	Position	SR	Biennial Salary
				Change in Salary:		**8,544**
0002-13-15	Reclass↑					
	To:	AB C5247 AA	Compliance Specialist 2	864	25	124,176
	From:	AB C5232 AA	Investigator 2	864	21	102,576
				Change in Salary:		**21,600**
	Reclass↑					
	To:	AB C5247 AA	Compliance Specialist 2	866	25	124,176
	From:	AB C5232 AA	Investigator 2	866	21	102,576
				Change in Salary:		**21,600**
	Reclass↑					
	To:	AB C5247 AA	Compliance Specialist 2	868	25	124,176
	From:	AB C5232 AA	Investigator 2	868	21	102,576
				Change in Salary:		**21,600**
	Reclass↑					
	To:	AB C5247 AA	Compliance Specialist 2	870	25	124,176
	From:	AB C5232 AA	Investigator 2	870	21	102,576
				Change in Salary:		**21,600**
	Reclass↑					
	To:	AB C5247 AA	Compliance Specialist 2	871	25	124,176
	From:	AB C5232 AA	Investigator 2	871	21	102,576
				Change in Salary:		**21,600**
	Reclass↑					
	To:	AB C5247 AA	Compliance Specialist 2	873	25	124,176
	From:	AB C5232 AA	Investigator 2	873	21	102,576
				Change in Salary:		**21,600**
	Reclass↑					
	To:	AB C5247 AA	Compliance Specialist 2	874	25	124,176
	From:	AB C5232 AA	Investigator 2	874	21	102,576
				Change in Salary:		**21,600**
0003-13-15	Reclass↑					
	To:	AB C5247 AA	Compliance Specialist 2	811	25	124,176
	From:	AB 5218 AA	Investigator/Mediator	811	23	112,728
				Change in Salary:		**11,448**
	Reclass↑					
	To:	AB C5247 AA	Compliance Specialist 2	813	25	124,176
	From:	AB 5218 AA	Investigator/Mediator	813	23	112,728

Construction Contractors Board
2013-15 Position Reclassifications

PFP Package	Action	Repr. Class No.	Class Title	Position	SR	Biennial Salary
				Change in Salary:		**11,448**
	Reclass↑					
	To:	AB C5247 AA	Compliance Specialist 2	728	25	124,176
	From:	AB 5218 AA	Investigator/Mediator	728	23	112,728
				Change in Salary:		**11,448**
0004-13-15	Reclass↑					
	To:	AB C0324 AA	Public Service Rep 4	714	19	93,480
	From:	AB C0104 AA	Office Specialist 2	714	15C	79,344
				Change in Salary:		**14,136**
	Reclass↑					
	To:	AB C0324 AA	Public Service Rep 4	718	19	93,480
	From:	AB C0104 AA	Office Specialist 2	718	15C	79,344
				Change in Salary:		**14,136**
	Reclass↑					
	To:	AB C0324 AA	Public Service Rep 4	750	19	93,480
	From:	AB C0104 AA	Office Specialist 2	750	15C	79,344
				Change in Salary:		**14,136**
	Reclass↑					
	To:	AB C0324 AA	Public Service Rep 4	825	19	93,480
	From:	AB C0104 AA	Office Specialist 2	825	15C	79,344
				Change in Salary:		**14,136**
	Reclass↑					
	To:	AB C0324 AA	Public Service Rep 4	805	19	93,480
	From:	AB C0104 AA	Office Specialist 2	805	15C	79,344
				Change in Salary:		**14,136**
0005-13-15	Reclass↑					
	To:	MMS X7006 AA	Princpal Executive Manager D	735	31X	172,776
	From:	MMS X7004 IA	Principal Executive Manager C	735	28X	172,776
				Change in Salary:		**-**
	Reclass↑					
	To:	MMS X7006 AA	Principal Executive Manager D	833	31X	172,776
	From:	MMS X7004 AA	Principal Executive Manager C	833	28X	149,424
				Change in Salary:		**23,352**

Construction Contractors Board
2013-15 Position Reclassifications

PFP Package	Action	Repr. Class No.	Class Title	Position	SR	Biennial Salary
	Reclass↑					
		MMS X7006				
	To:	AA	Principal Executive Manager D	758	31X	172,776
		MMS X7002				
	From:	AA	Principal Executive Manager B	758	26X	135,624
			Change in Salary:			**37,152**
	Reclass↑					
		MMS X7006				
	To:	AA	Principal Executive Manager D	703	31X	172,776
		MMS X7004				
	From:	AA	Principal Executive Manager C	703	28X	149,424
			Change in Salary:			**23,352**
	Reclass↑					
	To:	AB C0872 AA	Operations & Policy Analyst 3	878	30	157,248
	From:	AB C0871 AA	Operations & Policy Analyst 2	878	27	136,512
			Change in Salary:			**20,736**

Notes:
Did not include: Establish, Abolish, Increased Months, Reduced Months
Biennial salaries for the same classification may differ due to point in time of comp plan