

SB 5509 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Reviewed By: Haylee Morse-Miller, Legislative Fiscal Office

Construction Contractors Board

2021-23

PRELIMINARY

Budget Summary*

	2019-21	2021 - 23	2021-23	Committee Change from 2019-21	
	Legislatively Approved Budget ⁽¹⁾	Current Service Level	Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 16,424,675	\$ 16,830,996	\$ 18,023,979	\$ 1,599,304	9.7%
Total	\$ 16,424,675	\$ 16,830,996	\$ 18,023,979	\$ 1,599,304	9.7%

Position Summary

Authorized Positions	61	60	59	-2
Full-time Equivalent (FTE) positions	61.00	60.00	59.00	-2.00

⁽¹⁾ Includes adjustments through January 2021

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Construction Contractors Board (CCB) receives Other Funds fee revenue from contractor licenses, continuing education, and complaint processing. CCB’s licensing fees were temporarily reduced for the past two biennia due to a large ending balance and the pandemic has caused uncertainty around licensing numbers, making it difficult to project agency revenues for the 2021-23 biennium. The recommended budget assumes that fees will return to their normal levels in 2021-23.

Budget Note: Revenue Projections

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

Summary of General Government Subcommittee Action

CCB regulates contractors working in construction and other related industries in Oregon. The Board licenses construction contractors, subcontractors, and home inspectors, and issues certifications for locksmiths, construction flaggers, home energy assessors, and lead paint removal. The Governor appoints the nine-member board, which includes six contractors, one elected representative of local government, and two public members. The Board oversees approximately 41,000 licensed contractors.

The Subcommittee recommended a budget of \$18,023,979 Other Funds expenditure limitation and 59 positions (59.00 FTE). This represents an increase of 9.7% from the 2019-2021 legislatively approved budget. The agency position count and full-time equivalent positions were reduced by two positions (2.00 FTE). The Subcommittee recommended approval of the following packages:

Package 087: August 2020 Special Session. This package increases Other Funds expenditure limitation by \$775,000 to reflect the agency's changed accounting methodology for testing fees, which are paid to an external contractor. A corresponding revenue increase is also included in this package.

Package 090: Analyst Adjustments. This package adds \$544,000 Other Funds expenditure limitation to provide sufficient budget authority for the agency to cover its services and supplies costs. During the 2019-21 budget cycle, reductions were made at two different stages, which resulted in an insufficient services and supplies budget.

Package 099: Microsoft 365 Consolidation. This package reduces Other Funds expenditure limitation by \$43,029 based on the consolidation of Microsoft 365 within the Office of the State Information Officer at the E5 level of service. The cost for Microsoft 365 is built into the State Government Service Charge as a cost increase for the 2021-23 biennium. This package makes a corresponding reduction to the agency's base budget in an amount equivalent to what the agency should pay in the current 2019-2021 biennium.

Package 801: LFO Analyst Adjustments. This package eliminates three vacant positions within the agency: an Information Systems Specialist 3, an Office Specialist 2, and a Support Supervisor 2. Funding for these positions is used to establish two new permanent, full-time positions, a Human Resources Analyst 3 and an Operations and Policy Analyst 1. The agency does not currently have a dedicated HR position, but instead has a management position tasked with both budget and HR oversight. It is difficult to find candidates for this position who have both skill sets. The agency also outsources some HR services to other state agencies, but would be better served by having dedicated HR staff. The Operations and Policy Analyst 1 position will serve as a liaison between licensing, enforcement, and IT operations, working on options for these groups to streamline processes. This position will also continue ongoing work within the agency to improve the existing licensing system and prepare for possible new licensing system investments.

Budget Note: Agency Staffing

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

Summary of Performance Measure Action

See attached Legislatively Adopted 2021-23 Key Performance Measures form.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Construction Contractors Board
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DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2019-21 Legislatively Approved Budget at Jan. 2021*	\$ -	\$ -	\$ 16,424,675	\$ -	\$ -	\$ -	\$ 16,424,675	61	61.00
2021-23 Current Service Level (CSL)*	\$ -	\$ -	\$ 16,830,996	\$ -	\$ -	\$ -	\$ 16,830,996	60	60.00
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 91500-017 - Construction Contractors Board									
Package 087: August 2020 Special Session									
Special Payments	\$ -	\$ -	\$ 775,000	\$ -	\$ -	\$ -	\$ 775,000		
Package 090: Analyst Adjustments									
Services and Supplies	\$ -	\$ -	\$ 544,000	\$ -	\$ -	\$ -	\$ 544,000		
Package 099: Microsoft 365 Consolidation									
Services and Supplies	\$ -	\$ -	\$ (43,029)	\$ -	\$ -	\$ -	\$ (43,029)		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ (82,988)	\$ -	\$ -	\$ -	\$ (82,988)	-1	-1.00
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 1,192,983	\$ -	\$ -	\$ -	\$ 1,192,983	-1	-1.00
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 18,023,979	\$ -	\$ -	\$ -	\$ 18,023,979	59	59.00

% Change from 2019-21 Leg Approved Budget	0.0%	0.0%	9.7%	0.0%	0.0%	0.0%	9.7%	-3.3%	-3.3%
% Change from 2021-23 Current Service Level	0.0%	0.0%	7.1%	0.0%	0.0%	0.0%	7.1%	-1.7%	-1.7%

*Excludes Capital Construction Expenditures

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Legislatively Approved 2021 - 2023 Key Performance Measures

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Agency: Construction Contractors Board

Mission Statement:

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

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2022	Target 2023
1. Homeowner Awareness - Percent of homeowners who are aware of their rights and responsibilities and the services of CCB.		Approved	44%	50%	50%
2. Unlicensed Recidivism Rate - Percent of offenders who perform work without a CCB license within three years of first offense.		Approved	3.09%	5%	5%
3. Contractors Who Fail to Pay Damages - Percent of licensed contractors operating in Oregon that fail to pay in full final dispute resolution complaints for damages.		Approved	0.30%	0.50%	0.50%
4. Enforcement Investigations - Average days to close an enforcement investigation.		Approved	28	40	40
5. Dispute Resolution Final Orders - Average days to issue a dispute resolution (claims) final order.		Approved	151	155	155
6. Fair and Impartial Dispute Resolution Process - Percent of parties to claims who perceive claims process to be fair and impartial.		Approved	91.80%	90%	90%
7. License and Renewal Processing - Percent of contractors satisfied with the agency's processing of license and renewal information.		Approved	96%	96%	96%
8. Customer Service - Percent of customers rating the agency's customer service as "good" or "excellent". Ratings cover timeliness, accuracy, helpfulness, expertise, availability of information and overall performance.	Timeliness	Approved	99%	95%	95%
	Accuracy		98.99%	95%	95%
	Expertise		76.29%	95%	95%
	Helpfulness		71.43%	95%	95%
	Availability of Information		96.91%	95%	95%
	Overall		99%	95%	95%
9. Best Practices - Percent of best practices met by the Board.		Approved	100%	100%	100%
1. Tested Contractors - Reduce the percent of CCB tested contractors that have a final order for damages that remain unpaid after 60 days, or that are discharged in bankruptcy.		Proposed Delete	0.45%	1%	

LFO Recommendation:

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

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

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

SubCommittee Action:

The Subcommittee approved the Legislative Fiscal Office recommendation.

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