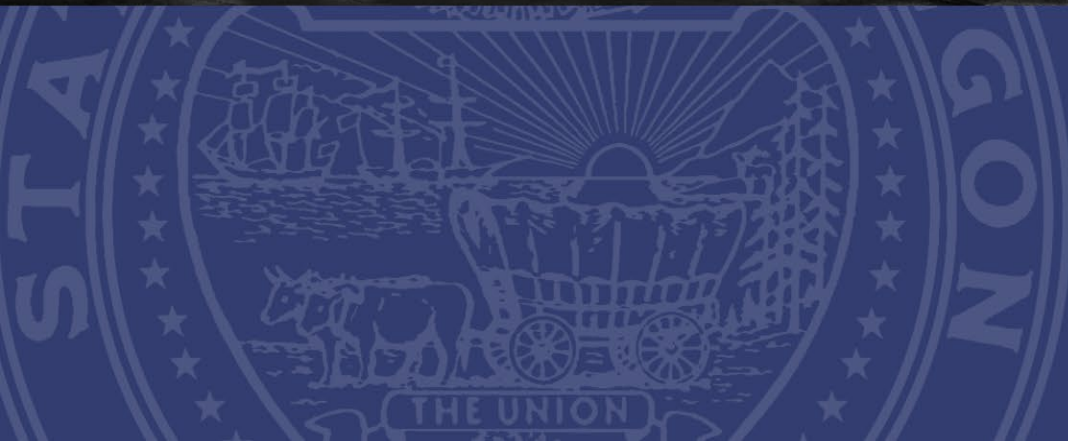


Construction Contractors Board



Public Hearing
SB 5510





CCB Structure



Board – Staff – Customers

- Nine-member board appointed by Governor, confirmed by Senate.
 - Three residential contractors
 - Three commercial contractors
 - Two Public members
 - One local government representative
- 59 permanent staff providing license, enforcement, education, dispute resolution and administrative services.
- Support approximately 50,000 licensees.
- Protect all Oregon consumers of construction services and provide support for worker protections.



What We Do: The 3 C's



CONSUMERS

- CCB **protects** Oregon consumers by licensing contractors, enforcing standards, resolving disputes and educating consumers about successfully working with contractors.

CONTRACTORS

- CCB **supports** responsible licensed contractors through pro-active statewide enforcement, education and streamlining the path to compliance.

COOPERATION

- CCB **leverages partnerships** with other agencies to optimize service delivery and provide value-added programs.



How We Do It



Sustainable Financial Management

- **Background:** Revenue is heavily dependent on economic conditions.
 - More than 90% of operating revenue comes from contractor license fees.
- **Approach:** Ongoing (daily) monitoring of actual revenue and reserves:
 - **Revenue** drives adequacy of consumer protections and customer service.
 - **Reserves** support continuity of services and critical investments.

Accountable Service Delivery

- **Background:** Regularly survey both consumers and contractors.
- **Approach:** Measure performance – adjust services without increasing operational cost.



CCB Programs (59.5 FTE)



- **Licensing**
 - Managing approximately 50,000 licensees
- **Field Investigations and Compliance**
 - Identify, investigate and prevent unlicensed work and consumer harm.
- **Dispute Resolution**
 - Process complaints and mediate consumer/contractor disputes.
- **Consumer and Contractor Education**
 - Educate consumers about legal protections and best practices.
 - Educate contractors and provide support for staying in compliance.
- **Central Services**
 - Administration and Budget
 - Information Technology



CCB Budget Structure



Revenue – 100% Other Funds

- **Operating Revenue Breakdown:**

- Contractor License fees: 91%
- Civil penalties: 7%
- Miscellaneous charges: 2%
- TOTAL: 100%

- **Revenue is tied to economic conditions:**

- Paying a license fee is an economic decision, made by a business.
- Monitor economic activity because it may affect license activity.
- Monitor license activity, because it drives revenue and materially affects service delivery.



2025-2027 Budget



Governor's Recommended Budget: \$23.3M

- **Guiding Principles**

- Stabilize Revenue to support existing service levels.
- System Modernization to improve efficiency and control costs.

- **Revenue**

- First fee increase since 2010.
- Ensures sufficient revenue based on existing staffing levels.

- **Investment**

- \$1.5M license system modernization project.

- **Reserves**

- 2025-2027 projected ending fund balance: 4.64 months.



Fee Increase



Desired Outcome:

- Establish sustainable revenue.
- Maintain current service levels.
- Protect reserves to invest in modernization.

What did we do?

- Raised two-year license fee from \$325 to \$400.

Fee Structure

- Effective on renewals: July 2024 (SB 5510)
- Effective on new applicants: July 2025 (SB 5509)



Fee Increase (Contd.)



Basis for fee increase: **COST – PRICE – OUTCOMES**

- Since fee was last raised in 2010, operational **COSTS** are up more than 55%.
- The **PRICE** paid by contractors has not increased prior to board action in 2024.
- Inaction would negatively impact **OUTCOMES** for contractors and consumers.

Additional considerations

- Over 90% of operating revenue comes from fees paid by licensed contractors.
- License fees have not kept up with inflation.
- Increase in cost is entirely inflationary – agency has not added staff or programs.

Did board and agency consider alternatives? **Yes.**

- Necessary cuts would have reduced consumer protections and negatively impacted services.



Public Process



Study and Analysis Phase

- Board considered alternatives during 3 public board meetings (4 months).
- Board approved fee for public comment in December 2023.

Public comment period

- Agency held a lengthy comment period – January to March.
- Complied with or exceeded filing and notification requirements.
- Broad notification to stakeholders:
 - Three prompts to provide comment – sent to 80K Recipients.
 - Held a public information webinar.
 - Informational Web page.

Final action – consideration of comments received

- Final action at public board meeting: adopt the increase with tiered effective date.
- Board also directed agency to work with industry coalition to provide greater predictability for future increases.
- Agency is working with industry to be responsive to that request.



Questions?

Chris Huntington

503-934-2184

chris.huntington@ccb.Oregon.gov

CCB Website

<https://www.oregon.gov/ccb/pages/index.aspx>