

# **CONSTRUCTION CONTRACTORS BOARD**

**Annual Performance Progress Report (APPR) for Fiscal Year (2008-2009)**

**Proposed KPM's for Biennium (2009-2011)**

Original Submission Date: 2009

Finalize Date: 10/26/2009

2008-2009 KPM #	2008-2009 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”: overall, timeliness, accuracy, helpfulness, expertise, availability of information
10	Best Practices – Percent of best practices met by the Board.

**CONSTRUCTION CONTRACTORS BOARD****I. EXECUTIVE SUMMARY**

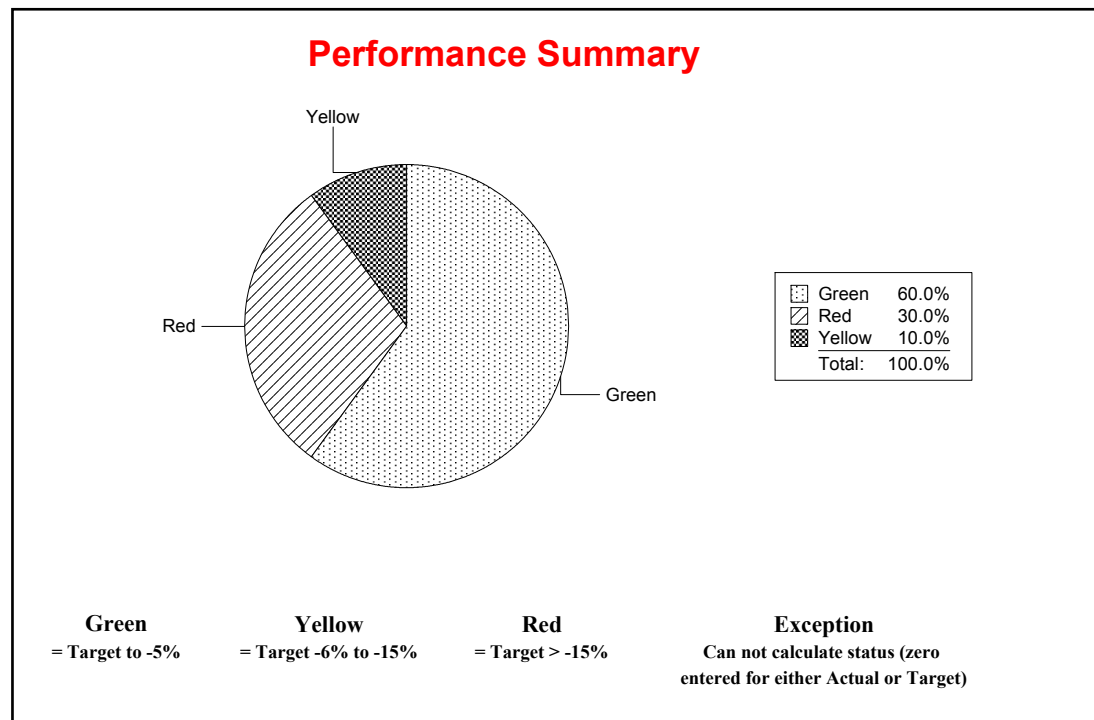
**Agency Mission:** The Construction Contractors Board protects the public's interest relating to improvements to real property. The Board regulates construction contractors and promotes a competitive business environment through education, contractor licensing, dispute resolution, and law enforcement.

**Contact:** Craig P. Smith, Administrator

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**1. SCOPE OF REPORT**

All agency programs are covered by key performance measures. The Oregon Construction Contractors Board (CCB) is the state agency charged with the responsibility to regulate construction contractors. CCB protects consumers by licensing and holding contractors financially accountable for their business practices through the combined efforts of 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 regulatory services affect the validity of Oregon's economy and the financial security of most Oregon citizens' largest investment, their own home. In a recent report to the State of Washington Legislative Assembly designed to review the Washington regulatory environment for residential contractors, Oregon was highlighted as having both: \* Annual performance reports submitted to the legislature (which) addresses critical performance metrics. \* Formal complaint resolution process with enforcement powers. Oregon regulatory structure has served as a model for other states to follow with its unique dispute resolution program. The State of Rhode Island has patterned their contractor licensing program directly after Oregon's CCB statutes and program. The agency serves as infrastructure to manage many different regulatory requirements for construction contractors including basic business competency training and testing, compliance with revenue, workers compensation and employment tax requirements, building code and permit compliance, contract law compliance, environmental law compliance and other consumer protection measures, which include liability insurance and surety bond requirement compliance. Current law mandates that the agency divide its programs to ensure that construction contractors practice their trades in such a manner as to protect consumers, construction workers, and building standards to maintain 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. Oregon needs contractors to understand and comply with a vast number of laws designed to protect the public. Links to Oregon Benchmarks: None. Discussion: It was determined that CCB programs do not directly link to the existing set of Oregon Benchmarks. With help from the Oregon Progress Board, the agency developed two high level outcomes (HLOs) to measure the effect the agency has on 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 7: Fair and Impartial Dispute Resolution Process KPM 8: License and Renewal Processing KPM 9: Customer Satisfaction KPM 10: Best Practices  
2. KPMs - progress unclear: (Yellow) KPM 5: Enforcement Investigations  
3. KPMs not making progress not at or trending toward target achievement: (Red) KPM 2: Homeowner Awareness KPM 4: Contractors Who Fail to Pay Damages KPM 6: Dispute Resolution Final Orders  
Total Number of Key Performance Measures (KPMs): 10

## 4. CHALLENGES

Challenges include finding ways to increase customer satisfaction with limited resources during a time of increasing government resolutions. The current economic downturn and collapse of the home building industry, coupled with 2007-09 regulatory reforms, which increase the cost of state mandated bonds and insurance, education, and testing is driving some contractors to work without a license; and therefore, increasing demand on enforcement activity. Over the last 25 years the agency has perfected its Licensing program. The licensing reforms, enacted during the 2007

Legislature, have proven to be a significant challenge. The challenges imposed by licensing reforms have resulted in decreased customer satisfaction and continuing need to further perfect its application of the licensing requirements. The agency is concerned that KPM 1 (recently revised in 2007) should be evaluated and may need to be further revised to better judge the value of the CCB effort to train and test new contractor business competency.

## **5. RESOURCES AND EFFICIENCY**

The agency's budget for fiscal year ending June 30, 2009, was \$8,798,997. These monies are spread between the agency's four major programs:

Contractor/Consumer Education Programs

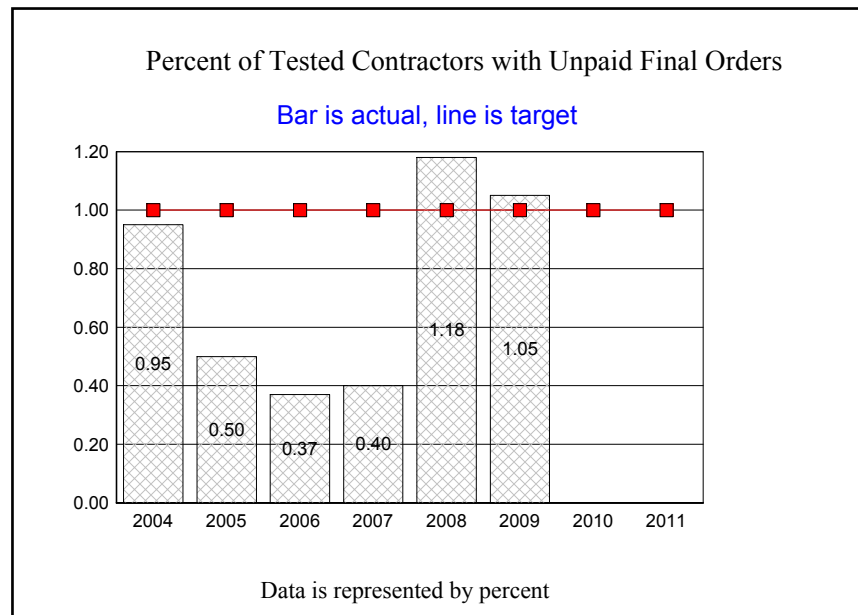
Licensing Program

Enforcement/Discipline/Compliance Programs/Field Services/Investigation

Dispute Resolution Services Program

Two of the agency's KPMs are designed to measure efficiency (KPM 5 and 6). Increased demand and decreased resources due to revenue shortfalls have adversely affected these KPMs. The agency is taking action designed to make better progress towards the target for both KPMs during the next fiscal year.

<b>KPM #1</b>	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
<b>Goal</b>	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.	
<b>Oregon Context</b>	HLO1 Percent of all licensed contractors that discharge CCB claims final orders in bankruptcy, which significantly damages other Oregonians.	
<b>Data Source</b>	CCB Licensing Program Quarterly Report and Dispute Resolution Quarterly Report.	
<b>Owner</b>	Education Manager, Gina Fox, (503) 378-4621 ext. 4016 and Dispute Resolution Section, William J. Boyd, Manager, (503) 378-4621 ext. 4028.	



**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 CCB DRS final orders. The new performance measure tracks the number of tested contractors that have a final order for damages that remains unpaid after 60 days, or that are discharged in bankruptcy. This measure may prove to be insufficient to measure the performance of the agency's education efforts. Our strategy is to provide contractors with the business training they need to facilitate success and prevent failures, which may lead to an inability of a contractor to timely pay agency DRS orders. The agency uses its prerequisite 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) are required to demonstrate completion of agency approved training. Prospective RMIs are tested by an agency-approved vendor selected through a competitive bidding process. It is difficult to actually measure business competency. In the end, the least competent businesses fail, and file for bankruptcy, in an effort to erase debts caused by poor business decisions. 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 DRS final orders in two specific classes of current licensees: \* Tested contractors 16,982 July 1, 2009\* Untested contractors 26,260 July 1, 2009 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 for 2009 was 1.0 percent. The actual 2009 performance was 1.05 percent. The lower the score, the better. Because this performance measure was initiated during the 2007 fiscal year, and targets were developed without well known baselines, the target may need to be adjusted. The agency developed data going back to 2004 for purposes of comparison; however, this data has been shown to be less than accurate and should be removed. The agency will go through the proper procedures to request removal of this data from the report. The selected targets for this measure did not take into consideration the downturn in Oregon's economy and the adverse affects it had on the construction industry.

## **3. HOW WE ARE DOING**

The agency performed better, and moved closer to its target in 2009. In 2009, we found that 1.05 percent (178) of tested contractors (16,982) licensed by the agency had a Dispute Resolution Services (DRS) final order for damages that remained unpaid for greater than 60 days during the fiscal year ending June 30, 2009. This is a slight reduction over the past year, which was the first year the agency reported data on this performance measure. Because this is only the second year for this specific performance measure, the agency is also reviewing its internal processes that may affect this measure. One specific process is the number of days from the final order to the time in which the bonding company is directed to make payment to the complainant. This process often takes more than 60 days, which would specifically affect this measure. This raises the question of whether an order that is not paid in 60 days but is paid later by the contractor's bonding company, should be included in this measure. The agency

believes that due to increased economic pressures on contractors this measure may increase over the next several fiscal years until economic conditions improve.

#### **4. HOW WE COMPARE**

No comparative information exists.

#### **5. FACTORS AFFECTING RESULTS**

Factors such as Oregon's economy, the effect the economy has had on the construction industry, and the personal health of owners of licensed businesses significantly affect contractors' decisions that lead to unpaid final orders.

#### **6. WHAT NEEDS TO BE DONE**

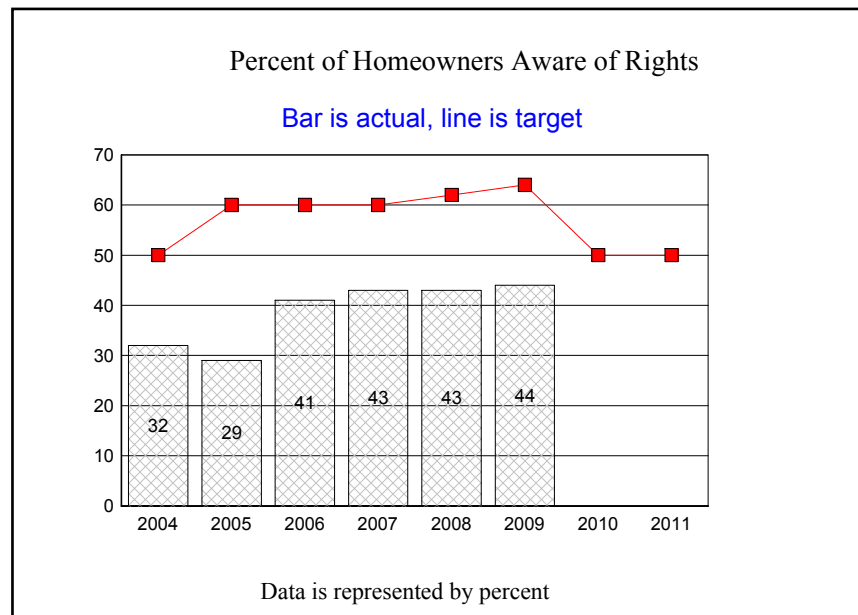
In order to improve performance, the agency shall review the agency's prerequisite education manual, and the manner in which information contained in the manual is taught to new contractors in order to strengthen contractors' construction business management competency. It remains possible, however, that economic conditions will drive the measurement in an adverse manner despite improvements to the agency's business Education Program. The agency may request that the measure be replaced with an output, or outcome measure that may more accurately measure the performance of the agency's Education Program.

#### **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 2009 represents data gathered from July 1, 2008 through June 30, 2009.



<b>KPM #2</b>	Homeowner Awareness – Percent of homeowners who are aware of their rights and responsibilities and the services of CCB.	2002
<b>Goal</b>	Goal 1: To protect Oregon consumers of construction related services. Objective 1c: Consumer Education: To educate consumers of their rights and responsibilities and the services and authority of the CCB.	
<b>Oregon Context</b>	HLO2 Percent of homeowners who understand and highly rate the value of hiring a properly licensed contractor.	
<b>Data Source</b>	CCB-sponsored scientific random sample survey among Oregon homeowners.	
<b>Owner</b>	Education Section, Gina Fox, Education Manager (503) 378-4621 ext. 4016.	



**1. OUR STRATEGY**

In June of each year, the CCB reviews and revises its Consumer Communication Plan. This plan is the foundation of the agency's consumer outreach for the next year. Implementation of many elements of the 2009 plan was put on hold as the agency waited for the budget process to be completed. In

the 2009-11 budget, the agency lost \$500,000 of spending limitation previously authorized and designed to reach consumers through media, which represents a major resource for making progress on this KPM. In addition, many agencies that have similar missions, (Landscape Contractors Board, Department of Justice, and Department of Consumer and Business Services) have disbanded or limited interagency groups that work collectively to provide solutions for consumer outreach. This is likely due to budgetary concerns. The most recent disbandment was the Elder Abuse Task Force through the Department of Justice. The agency continues to work to develop a comprehensive Consumer Communication Plan designed to leverage limited state resources to maximize outputs and outcomes that will help educate Oregon consumers. The agency will continue to partner informally with state agencies, and consumer/construction industry groups interested in consumer protection issues. The agency continues to focus on attendance at home and remodeling show venues throughout the state to reach consumers most interested in building or making home improvements. Many home show producers have agreed to offer complimentary booth space to the agency as they understand and appreciate the value of the agency message to consumers. The agency continues to send press releases and develop relationships and partner with media to reinforce how, and why, consumers can acquire information necessary to protect their interests. The agency is exploring two new strategies. First, a consumer outreach program implemented in the State of Nevada. We believe that implementation in Oregon may be the key in both finding the outreach that is highly popular and consumers would be receptive to. The second, the use of social media (Craigslis, blogs, etc.) as a consumer outreach tool at little or no additional cost to the agency.

## **2. ABOUT THE TARGETS**

The higher the number the better. The target for 2009 was 64 percent. The target for 2010 is 50 percent. The agency had very ambitious targets ranging from 60 percent in 2006 to 64 percent in 2009. Due to the loss in consumer education outreach the Legislature lowered the target to 50 percent beginning in 2010.

## **3. HOW WE ARE DOING**

The agency made slight progress towards reaching its targets in FY 2009; going from 43 percent in 2008 to 44 percent in 2009. Over the past several years, the percentage of homeowners who are aware of their rights and responsibilities and the services of the CCB have improved. We believe that this slow increase in the percentage of consumers that understands their rights and responsibilities, corresponds closely with those who attend home building and improvement shows, which is the agency's primary outreach at this time. To significantly increase performance on this KPM over the next year, the agency must find a highly popular and receptive outreach strategy. During the 2007 budget hearings, a subcommittee member suggested a more accurate way to measure consumer knowledge by measuring the data responses of only homeowners that actually had construction work completed. The agency was able to gather that data in the 2008 and 2009 survey. In 2008, the homeowners that actually had construction work done in the past five years, 53 percent were aware of their rights and responsibilities and were aware of the CCB. In 2009 the percentage increased to 79 percent. The agency is confident that more and more Oregon homeowners actually using construction services are hearing the agency's key messages. The agency must find new and creative ways to change homeowner attitudes and perceptions.

**4. HOW WE COMPARE**

Comparative data is not available.

**5. FACTORS AFFECTING RESULTS**

Due to the 2008 recession and downturn in the construction industry during the 2007-09 biennium, the agency withheld spending all monies budgeted for its consumer awareness campaign. The monies were removed from the 2009-11 budget. Year after year, survey data indicates that a majority of homeowners recognize the importance of using licensed contractors (2009: 91 percent). But many do not take the necessary step of verifying the license. Most common theme when asked why they did not check, was trust in their contractors. Homeowners either trusted the contractor was truthful when telling them they were licensed, or the homeowner trusted their own judgment.

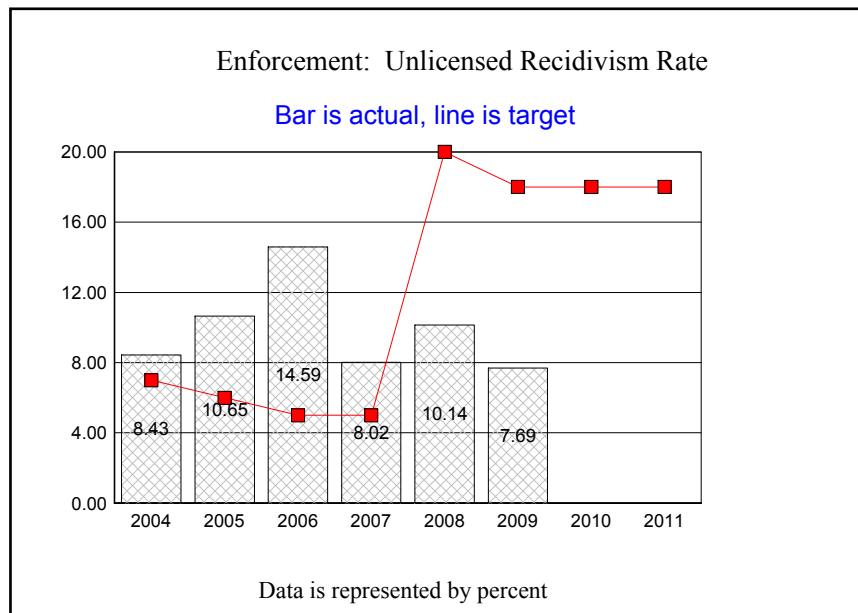
**6. WHAT NEEDS TO BE DONE**

The agency must review and revise Consumer Education Plan. The agency is planning to review a model consumer outreach used in the State of Nevada and believes that implementation in Oregon may be the key in both finding the outreach that is highly popular, and communication methods consumers would be receptive to. The agency will work with industry partners to develop and implement new strategies. The agency will also look at the use of social media to reach homeowners. The agency must continue to measure its outcomes, and analyze the results on a performance basis. The agency may wish to amend this KPM as recommended by members of the 2007 Ways and Means Committee.

**7. ABOUT THE DATA**

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

<b>KPM #3</b>	Unlicensed Recidivism Rate – Percent of offenders who recidivate by performing work without a CCB license within three years of first offense.	2002
<b>Goal</b>	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.	
<b>Oregon Context</b>	HLO1 Percent of all licensed contractors that discharge CCB complaints final orders in bankruptcy, which significantly damages other Oregonians.	
<b>Data Source</b>	CCB Enforcement Program Quarterly Report.	
<b>Owner</b>	Enforcement Section, Richard Blank, Program Manager, (503) 378-4621 ext. 4024.	



**1. OUR STRATEGY**

The agency's disciplinary program must be structured in such a manner so as to deter construction businesses from operating without a proper CCB

license. The likelihood of detection and significance of penalties, drive the effectiveness of the agency's efforts to deter illegal activity; and therefore, drive the performance of the agency's Enforcement Program. A low rate of the recidivism provides evidence that the agency's disciplinary program is effective because it is deterring 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 has exceeded the target on this KPM. The 2007 Legislature provided additional resources for agency's enforcement efforts. These additional resources have been used in field operations performing random and targeted construction site inspections, which may have initially led to the increased number of repeat offenders in fiscal year 08 (10.14 percent). The recidivism rate for 2009, however, was down, and is reported at 7.69 percent. Some of this recidivism may be attributed to the overall slump in the market for construction services, but the agency's enhanced field presence and follow-up enforcement action in 2009 also played an important role in decreasing recidivism.

## **4. HOW WE COMPARE**

The agency is unaware of any other administrative enforcement agency that provides recidivism data. The Oregon Correctional system has a recidivism rate for convicted felons of approximately 30 percent. (Source: Progress Board report 2005, 64. Adult Recidivism.)

## **5. FACTORS AFFECTING RESULTS**

Increased resources to perform random jobsite checks authorized by the 2007 Legislature affected the results of this measure. CCB jobsite checks have increased significantly over the same period three years ago. The agency is now following up on telephone and electronic complaints within days, and in some instances, within hours. Increased cost of compliance with CCB regulations (including liability insurance, cost for certifications, continuing education), and other increases in contractor regulations, have driven some contractors to perform work without a proper CCB license. The downturn in Oregon's economy and a decrease in demand for construction services also combined to affect the performance on this KPM. The economy had an effect on this performance measure as displaced workers seek to supplement unemployment by performing side jobs without a proper CCB license. When related businesses such as recreational vehicle (RV) manufacturers, home improvement and building suppliers, and mobile home manufacturing facilities downsize and/or close, displaced workers have been found performing construction side jobs in their

community without a contractors license. Some individuals may choose to risk agency enforcement action despite the agency's enforcement efforts, due to the severity of their personal financial condition. Despite these factors, decreased demand for construction services appears to have helped drive this KPM below the agency's target.

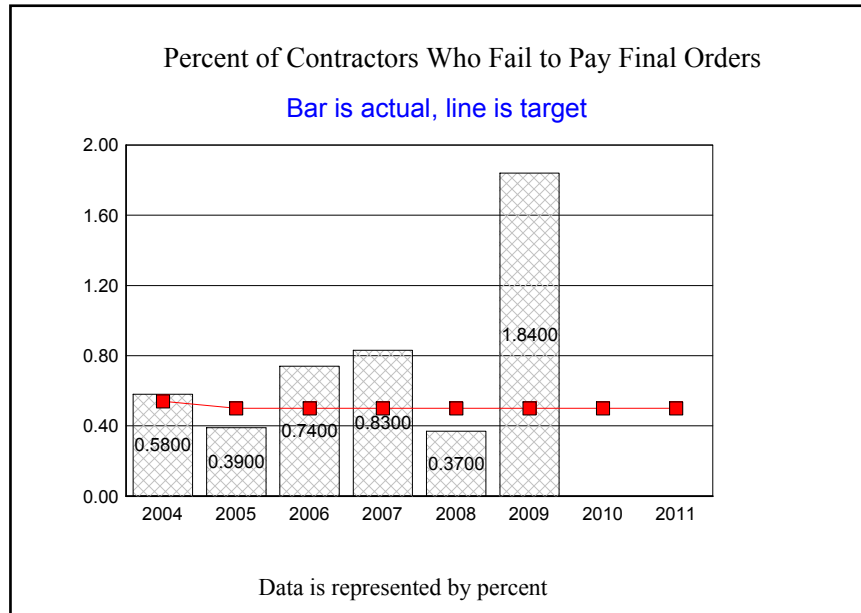
#### **6. WHAT NEEDS TO BE DONE**

The agency must continue to maintain an effective and robust Enforcement Program to deter unlicensed activity. Targets for this KPM were adjusted by the 2007 Legislature and may need to be reviewed and evaluated in the future.

#### **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. These reports are currently in Board Packets published on the website. For purposes of this measure, a repeat offender (recidivist) 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.

<b>KPM #4</b>	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
<b>Goal</b>	Goal 1: To protect Oregon consumers of construction related services. Objective 1e: Dispute Resolution: To hold contractors financially accountable for their business practices.	
<b>Oregon Context</b>	HLO1 Percent of all licensed contractors that discharge CCB complaints final orders in bankruptcy, which significantly damages other Oregonians.	
<b>Data Source</b>	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.	
<b>Owner</b>	Dispute Resolution Services, William J. Boyd, Manager, (503) 378-4621 ext. 4028.	



**1. OUR STRATEGY**

The agency's programs work cooperatively to 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, or liquefies, construction debts. The Enforcement Section suspends the licenses of those businesses that have owners or officers that have current or past unresolved construction debts. It is the agency's strategy to prevent individuals responsible for unpaid construction debts from owning an actively licensed construction business, hold these individuals accountable for their business decisions; and thereby create negative consequences for contractors that choose to make poor business decisions. This performance measure tracks the number of current licensees responsible for unpaid debt during the fiscal year, compared to the total number of licensed contractors. The Oregon court system is an important partner in this activity. The outcome of holding contractors accountable for construction debt is achieved through the cooperative efforts of the agency's major programs and the Oregon court system. 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 debts of companies. It can be expected that during times of economic stress, recession or depression, that this measure will spike, despite agency's programs.

**2. ABOUT THE TARGETS**

The lower the number, the better. The target for 2009 (.5 percent of all CCB licensed contractors failing to pay final orders of the Board) has been constant over the last four years, and was met in 2008. The target proved to be unobtainable, despite the agency's best efforts in 2009, due in large part to the economic conditions of the state, which has depressed the construction market and adversely affected some contractors' ability to pay construction debts.

**3. HOW WE ARE DOING**

In fiscal year 2009, we saw a sharp increase in the percentage of contractors who failed to pay in full CCB orders to pay damages in Dispute Resolution Services complaints. This was due, in large part, to the downturn in the economy and the collapse of the housing market, which left a significant number of contractors with unsold new homes and the demand for new homes and home improvements perceptibly dropped. Contractors often owed significant amounts of money to subcontractors and material suppliers. They expected to pay these debts with the proceeds of a home sale that never took place. This led to a sharp increase in the number of non-owner complaints. Subcontractor complaints jumped from 590 in 2008 to 761 in 2009, material supplier complaints jumped from 450 to 677 in the same period and employee complaints jumped from 64 to 77. This led to the sharp increase in the number of unpaid orders.



**4. HOW WE COMPARE**

No comparison data is available.

**5. FACTORS AFFECTING RESULTS**

The declining economy of the last twenty-four months has been a two edged sword. On one hand the weakening economy has removed some marginal construction businesses. On the other hand, tough economic conditions have stressed the ability of some otherwise legitimate contractors in a way that has resulted in some business failures. Many contractors have reported that their gross sales are down; and therefore their ability to make any profit, has plummeted. This has adversely affected many contractors ability to pay construction debts. In addition, agency staffing decisions, to hold positions open and unfilled to reduce expenditures due to below average revenue receipts, has adversely affected the agency's efficiency in processing DRS complaints.

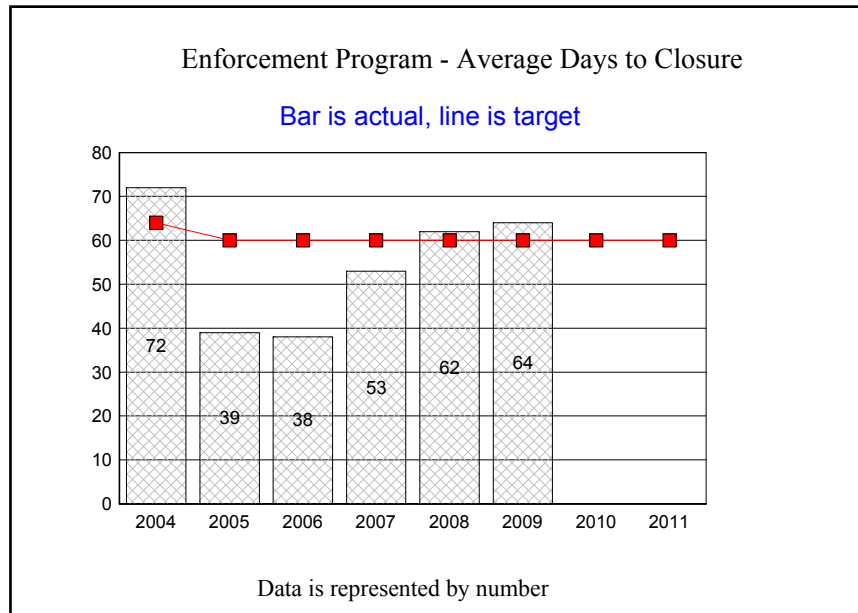
**6. WHAT NEEDS TO BE DONE**

The agency has developed and implemented procedures to focus existing resources to suspend contractors who had failed to pay DRS final orders. These improved procedures resulted in significant improvements to the agency's efforts to hold contractors accountable for their business practices. However, the effect of this improved agency procedure have been temporarily overwhelmed by Oregon's economic downturn. When the economy returns to normal, we expect this measure will fall back to at, or below, the target. The agency will continue its efforts to identify and discipline contractors and businesses that are owned by individuals responsible for unpaid construction debts. The agency's use of the new authority provided by HB 2654 (2007) to discipline contractors as unfit for licensure for failure to timely pay final orders that exceed bond amounts should reduce the number of contractors who fail to pay Dispute Resolution Services final orders in full.

**7. ABOUT THE DATA**

This data is determined once a year in July based upon reports run for the FY ending June 30th. The data is based upon the number of DRS closed files where there is any amount left unpaid by the contractors. Improvement to data collection efforts also served to perfect the reliability and consistency of this performance measure. CCB reviewed its data for fiscal years ending 2005 and 2006. It was noted that while the underlying data was accurate, there was an error in creating the data table such that fiscal year ending 2006 reported .41 percent of contractors failed to pay final orders when, in fact, it was .74 percent. The chart provides those revised results for 2006.

<b>KPM #5</b>	Enforcement Investigations – Average days to close an enforcement investigation.	1994
<b>Goal</b>	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.	
<b>Oregon Context</b>	HLO1 Percent of all licensed contractors that discharge CCB complaints final orders in bankruptcy, which significantly damages other Oregonians.	
<b>Data Source</b>	CCB Enforcement Quarterly Reports.	
<b>Owner</b>	Enforcement Section, Richard Blank, Manager, (503) 378-4621 ext. 4024.	



**1. OUR STRATEGY**

In order to effectively deter unlicensed and other illegal activity in the construction industry, the agency must process enforcement (disciplinary)

complaints in a timely manner. Enforcement investigations often lead to disciplinary actions, which, when properly administered, provide an effective deterrent to illegal activity. 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. The 2009 target was an average of 60 days to process (from beginning of investigation to final order) of a CCB enforcement investigation and disciplinary sanction. This is a very ambitious target. Given the increase in workload, these targets may not be obtainable given current agency resources. Targets have been set to reflect rapid processing of citizen complaints alleging illegal activity. The lower the number score, the better. The agency has set very ambitious target for processing an agency enforcement action of 60 days start to finish.

## **3. HOW WE ARE DOING**

For the second consecutive year, the agency did not meet the target. Comparing fiscal year 2007-08 to 2008-09 the average length of time to process agency disciplinary actions has increased by approximately 3.2 percent. However, during the same time period, the number of complaints investigated has risen 32 percent, and demand for agency disciplinary actions will likely increase as new contractor regulations continue to be implemented due to 2007 and 2009 contractor regulatory reforms.

## **4. HOW WE COMPARE**

No comparative data is currently available.

## **5. FACTORS AFFECTING RESULTS**

The agency's commitment to investigate all complaints, additional investigators in the field, and increase use by the public of the agency's on-line complaint process, combined to increase the number of enforcement complaints investigated. The increased volume of complaints, coupled with more precise efforts to positively identify violators, have increased the time it takes to investigate complaints. New regulations brought about by 2007 and 2009 legislative sessions have also adversely affected this KPM. However, the single biggest factor relative to this measure is the addition of the Field Investigations Program, including 12 jobsite investigators. This program has significantly increased workload for enforcement staff (12,000+ jobsite checks per biennium) by locating and better reporting illegal construction activity, which creates new actions for the enforcement staff to research and process. Enforcement staff have also been proactively researching Craigslist advertisements to locate and penalize contractors advertising illegally.

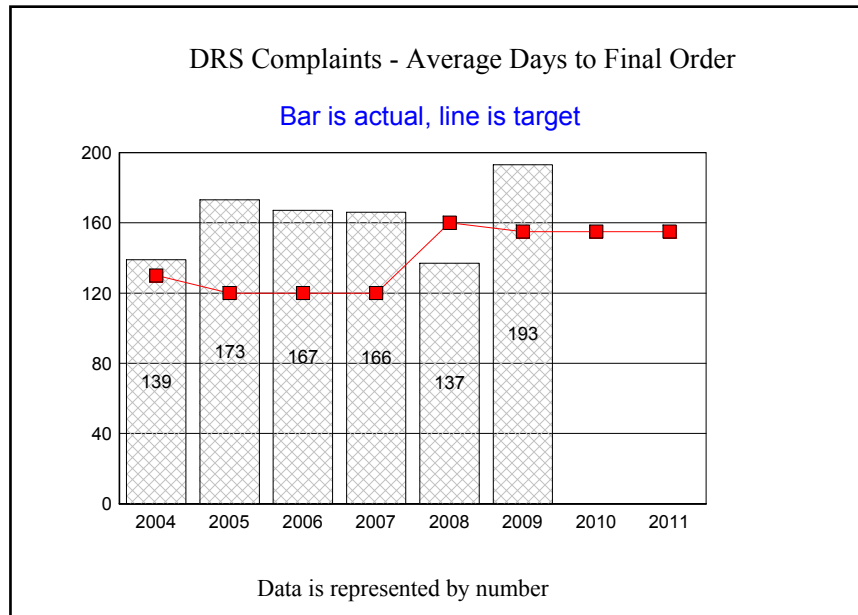
**6. WHAT NEEDS TO BE DONE**

This measure and its targets may require re-evaluation. With the addition of new license requirements (locksmiths) and expanded enforcement requirements (lead based paint, interagency compliance network); the number of complaints received will grow. These increased demands for agency enforcement actions will have a significant impact on this KPM. No additional resources were provided to the agency to deal with the increased workload. If this KPM's target should remain at 60 days, the agency will need to find ways to modify its procedures and resources in a manner that will reduce the average number of days it takes to close disciplinary files. Additional resources should be sought. Customer expectations will likely cause the agency to investigate more complex issues such as violations of worker compensation insurance laws, independent contractor law, and paying workers under the table. These investigations are problematic and may lengthen the average time to open and close such enforcement complaints.

**7. ABOUT THE DATA**

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

<b>KPM #6</b>	Dispute Resolution Final Orders – Average days to issue a dispute resolution (claims) final order.	1994
<b>Goal</b>	Goal 2. Provide excellent customer service to all who wish to use our services. Objective 2a: Dispute Resolution: To efficiently process complaints.	
<b>Oregon Context</b>	HLO1 Percent of all licensed contractors that discharge CCB complaints final orders in bankruptcy, which significantly damages other Oregonians.	
<b>Data Source</b>	CCB Dispute Resolution Section Quarterly Reports.	
<b>Owner</b>	Dispute Resolution Section, William J. Boyd, Manager, (503) 378-4621 ext. 4028.	



**1. OUR STRATEGY**

As a means to hold contractors accountable for their business practices, the agency offers a construction contract dispute resolution service.

Consumers, other contractors, employees, and material suppliers may file CCB DRS construction contract complaints (called Dispute Resolution Services (DRS) complaints) with the agency. The agency seeks to resolve DRS complaints as fast as possible in an effort to hold contractors accountable for their business practices and resolve consumer complaints in a timely manner. The efficient and timely processing of DRS complaints help drive DRS customer satisfaction; it also helps the agency achieve contractor accountability an important outcome sought by the agency.

## **2. ABOUT THE TARGETS**

The target for 2009 was 155 days. This is substantially below the agency's 2009 performance of 193 days. The lower the number, the better. Targets were developed based upon obtainable goals in 2003. The 2007 Legislature adjusted the targets downward from 160 days in 2008 to 155. This target proved to be very challenging given the agency's staffing challenges in its DRS Section during the 2007-09 biennium. The targets were not adjusted during the 2009 session to reflect staffing and revenue issues.

## **3. HOW WE ARE DOING**

The agency did not meet its target. In fact, the agency's performance on this measure was the poorest reported in the last five years. The agency missed its target for FY 09 by 25 percent.

## **4. HOW WE COMPARE**

There is no comparative data.

## **5. FACTORS AFFECTING RESULTS**

Dispute Resolution Services struggled during the 2009 fiscal year to process complaints in a timely manner. The number of CCB DRS complaints filed with the agency increased from 18 percent over the last two fiscal years, 2,424 in FY 2007 to 2,744 in FY 2008 to 2,863 in FY 2009. For most of the last fiscal year, the program was working with 25 percent less staff after the death and departure of two of the eight team members. During the 2009 year, the program had to engage in the long process of training a replacement for one of these team members. The other could not be replaced due to the hiring freeze. Although the program worked hard to keep up with the additional (25 percent) work with the staff it had, a backlog built up and unacceptable delays did occur. The agency is developing changes in procedure to reduce the length of time it takes to process a complaint. The agency believes that supplying better information to the complainant may be one answer to reducing the time it takes to process a complaint. The agency is also working with the Office of Administrative Hearings (OAH) to reduce the length of time to process a complaint. In September 2009, the agency constituted a special DRS Review and Streamlining Subcommittee of the Board to examine agency practices and recommend

improvements to the DRS system. The DRS Subcommittee recommended many possible strategies to improve the process, some of which will be incorporated into the section and agency business plan.

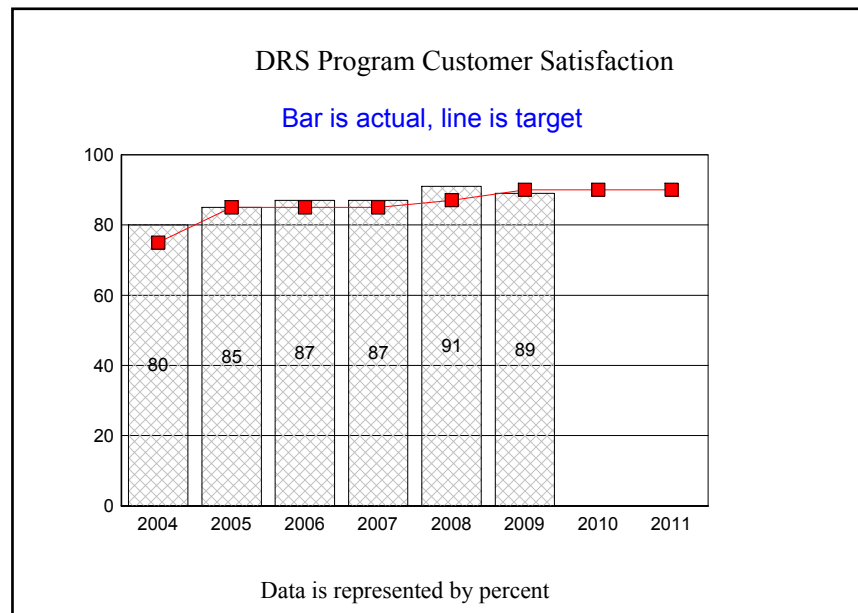
**6. WHAT NEEDS TO BE DONE**

The agency continues to search for ways to reduce the length of time to process these complaints, including training new staff as quickly as possible. The agency will closely monitor its Dispute Resolution Services performance and adjust policies and resources to achieve the targets.

**7. ABOUT THE DATA**

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

<b>KPM #7</b>	Fair and Impartial Dispute Resolution Process – Percent of parties to claims who perceive claims process to be fair and impartial.	2002
<b>Goal</b>	Goal 2. Provide excellent customer service to all who wish to use our services. Objective 2b: Dispute Resolution: To maximize participants perception of fairness given the requirements of due process under the law.	
<b>Oregon Context</b>	HLO1 Percent of all licensed contractors that discharge CCB complaint final orders in bankruptcy, which significantly damages other Oregonians.	
<b>Data Source</b>	CCB Dispute Resolution Section (DRS) Customer Satisfaction Survey reported in the DRS Quarterly Reports.	
<b>Owner</b>	Dispute Resolution Services Section, William J. Boyd, Manager, (503) 378-4621 ext. 4028.	



**1. OUR STRATEGY**

It is imperative that the public perceive the agencies Dispute Resolution Program to be trustworthy and fair to both consumers and contractors. The



agency strives to satisfy all parties that participate in its Dispute Resolution Services (DRS) program. This is a difficult assignment given the fact that DRS often ends up with both a winner and a loser. Here the agency measures its performance by measuring the degree to which parties perceive the Dispute Resolution Services process to be fair and impartial in an effort to achieve the goal of excellent customer satisfaction.

## **2. ABOUT THE TARGETS**

The higher the number score, the better. The target was raised from 87 percent (2008) to 90 percent (2009) by the 2007 Legislature. Those targets appeared to be both challenging and obtainable.

## **3. HOW WE ARE DOING**

The agency has missed its target by one percent. The agency would have met its target, but for the fact that the target itself was up three percent from the previous year. The agency will strive to increase this level of satisfaction with the program. The agency lost ground on this KPM. The performance fell from 91 percent (2008) to 89 percent (2009). As a result of raising the target from 87 percent (2008) to 91 percent (2009), the agency failed to meet its target for this KPM for the first time in six years albeit by only a slight margin.

## **4. HOW WE COMPARE**

There is no comparative data.

## **5. FACTORS AFFECTING RESULTS**

Citizens overall opinion of government (state and local) and the agency specifically, has affected this performance measure. The Office of Administrative Hearings performance may also affect this performance measure. The agency is looking for ways to increase the number of returned surveys, which currently hovers around ten percent. In FY 08 the agency increased the responses to its surveys by sending postage paid envelopes out with the surveys. Unfortunately, due to spending limitations and reduced revenues, the agency will not be able to do this during the next fiscal year. The agency is developing a website solution that would allow customers to enter their survey responses online.

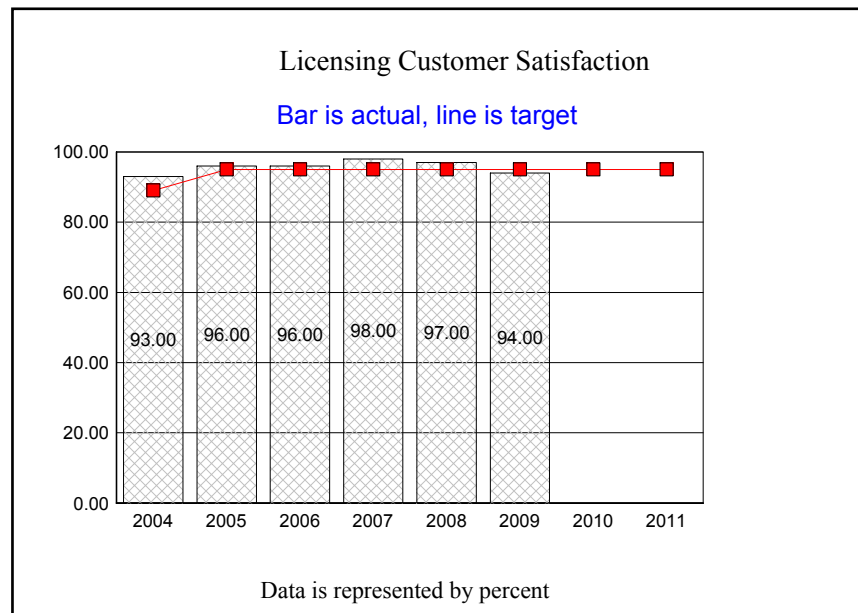
## **6. WHAT NEEDS TO BE DONE**

The agency will look for ways to improve its communications with the parties. The target for this measure has steadily increased over the last several years from 75 percent (2004) to 91 percent (2009), and may be as high as, or higher than is practically obtainable under current staff levels.

**7. ABOUT THE DATA**

The data sample should be increased, if possible. The higher the surveys 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 number 7 on the survey.

<b>KPM #8</b>	License and Renewal Processing – Percent of contractors satisfied with the agency’s processing of license and renewal information.	2002
<b>Goal</b>	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.	
<b>Oregon Context</b>	HLO1 Percent of all licensed contractors that discharge CCB complaints final orders in bankruptcy, which significantly damages other Oregonians.	
<b>Data Source</b>	CCB Licensing Quarterly Reports and survey conducted by CCB during license renewals.	
<b>Owner</b>	Licensing Section, Kristie Patton, Manager, (503) 378-4621 ext. 4012.	



**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 can expect to receive their license very quickly. The strategy of the agency is to clearly explain what is needed for a contractor to obtain a license, and process applications within hours, or days, of receiving them in an effort to meet customer expectations. The agency processes an average of 1,350 license renewals per month. Licenses are renewed every two years. Today the agency serves approximately 42,000 licensed contractors (both active and inactive).

## **2. ABOUT THE TARGETS**

The higher the number score, the better. The target is 95 percent. The target has remained consistent over the last four years. While the agency strives to satisfy 100 percent of its customers, it has set an ambitious goal of 95 percent for this performance measure.

## **3. HOW WE ARE DOING**

The agency's performance on this measure slid from 97 percent (2008) to 94 percent (2009). We are concerned about this decline. The agency, however, still enjoys a very high level of customer satisfaction with this set of its customers. The agency has exceeded its targets every year since 2002 until this year. The agency raised its target to 95 percent for 2005-06 and has met, or exceeded this ambitious goal through 2007-08. The 2008-09 fiscal year brought a 94 percent customer satisfaction rate; which is one percent below its target.

## **4. HOW WE COMPARE**

There is no comparative data available at this time.

## **5. FACTORS AFFECTING RESULTS**

The cost and availability of surety bonds and liability insurance, which some contractors complain causes a barrier to entry or continuation in the market. Increased regulations that went into effect in 2008 and 2009 as a result of legislation passed in 2007 have adversely affected the agency's performance on this KPM. The license process reforms approved by the 2007 Legislature, have proved to be a significant challenge to implement. The Licensing and Education Program staff worked hard to ensure that contractors were well-informed about the license requirement changes. As of June 2009, a multitude of factors, including staff restrictions due to revenue shortfalls, have combined and resulted in a very minor (1 percent) decreased customer satisfaction.

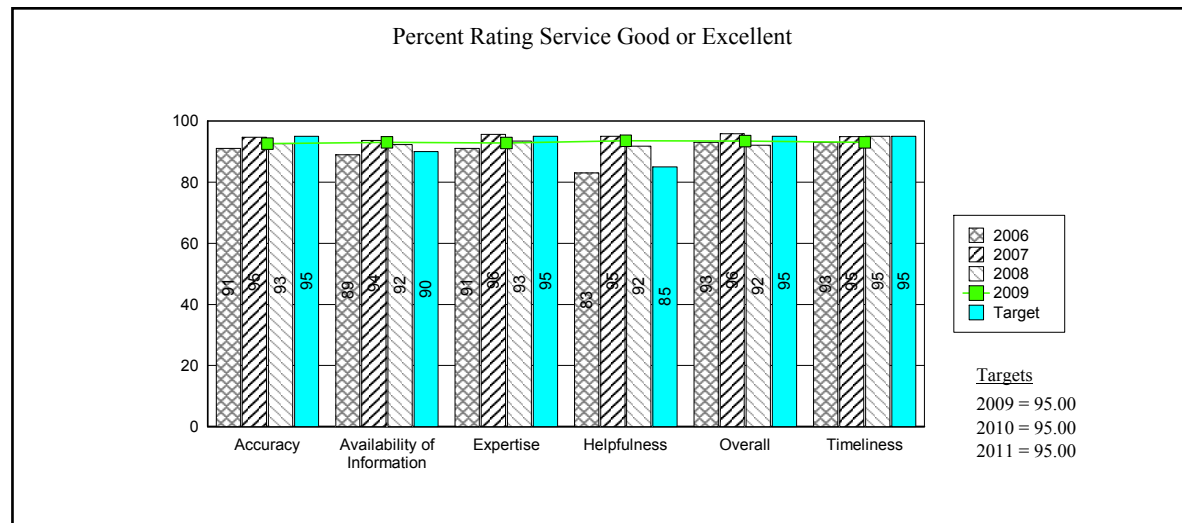
## **6. WHAT NEEDS TO BE DONE**

The agency shall look for ways to improve its services to these customers despite staffing issues.

**7. ABOUT THE DATA**

The data reflects information gathered and reported by the agency on a quarterly basis and represents fiscal years ending June 30th. 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 number 7 on the agency's licensing satisfaction survey. For FY 2004 and 2005 question 2 of the survey was inadvertently used rather than question number 7. The correct percentages should have been reported as follows: 2004 96 percent and for 2005 97 percent. The charts have not been changed to correct this mistake.

<b>KPM #9</b>	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
<b>Goal</b>	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.	
<b>Oregon Context</b>	CCB has no primary links to the Oregon Benchmarks.	
<b>Data Source</b>	Customer Service surveys completed and returned April 1 through June 30 of each year and reported in the Licensing Quarterly Report.	
<b>Owner</b>	Licensing Section, Kristie Patton, Manager, (503) 378-4621 ext. 4012.	



**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 incremented improvements sought by the agency over 2006 results.

**3. HOW WE ARE DOING**

Improving. The target, however, was not met. The agency improved its overall performance in FY 2009 by 1.3 percent. Customer satisfaction levels in some instances have declined compared to the previous fiscal year (FY). The agency, however, still enjoys a relatively high level of customer satisfaction.

**4. HOW WE COMPARE**

The agency's performance on this KPM of 93.4 percent compares favorably to that of the Department of Consumer and Business Services (DCBS) of 89 percent (2008).

**5. FACTORS AFFECTING RESULTS**

Increasing government regulation of the construction industry has adversely affected the agency customers satisfaction levels. Cost and availability of insurance and education and testing requirements complicate contractors lives and affect their overall satisfaction with the agency. The increase in regulations administered by the agency due to legislation passed by the 2007 and 2009 Legislature have created significant challenges. Many of the 2007 regulations were implemented during the 2008 fiscal year. Many contractors oppose these regulatory reforms and hold the agency accountable for these new regulations. For the fiscal years 2006-07 and 2007-08, the I dont know responses were taken out of the survey result calculations due to the fairly high instance rate of I dont know responses. This distorted the survey results. The downturn in the economy and the loss of construction market caused by the collapse of the housing market during the 2007-08 fiscal year caused many contractors to blame regulators. This dissatisfaction, with increased regulation, and government in general, is sometimes expressed on CCBs customer service surveys.

**6. WHAT NEEDS TO BE DONE**

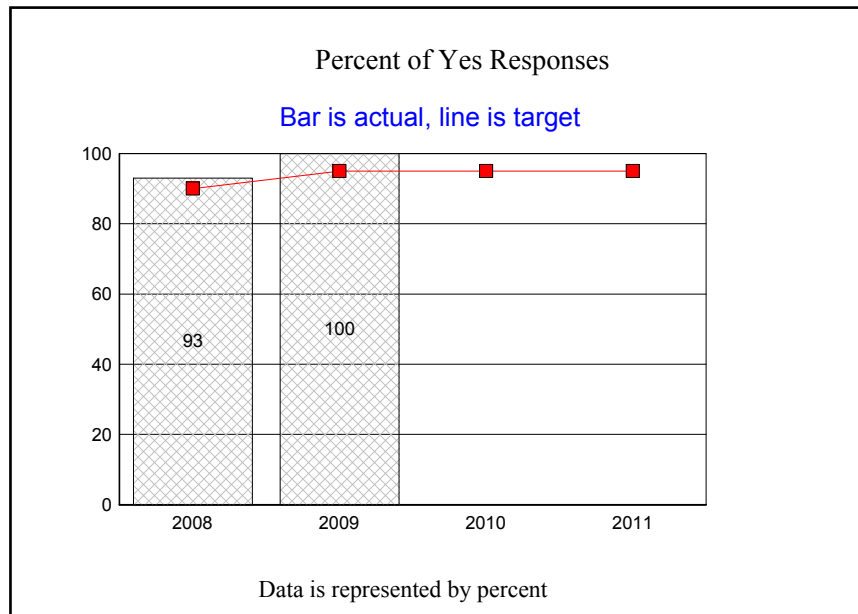
The agency must continue to find ways to improve customer service, including finding ways to help contractors comply with the current trend to increase requirements for contractors to maintain their license.

**7. ABOUT THE DATA**

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 2007.d. Population: Contractors who are receiving their contracting license during April, May, and June 2007. e. Sampling Frame: The survey form was sent to each contractor who received a license during the three-month period of April, May, and June 2007.f. Sampling Procedure: A census survey was conducted. The survey form was sent to each contractor who received a license during the three-month period of April, May, and June 2007. 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.



<b>KPM #10</b>	Best Practices – Percent of best practices met by the Board.	2007
<b>Goal</b>	Best Practices Percent of best practices met by the Board.	
<b>Oregon Context</b>	CCB has no primary links to the Oregon Benchmarks.	
<b>Data Source</b>	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.	
<b>Owner</b>	Administrator Craig P. Smith (503) 378-4621 ext. 4010.	



**1. OUR STRATEGY**

To develop and implement recommended statewide Best Practices for Boards and Commissions to improve the governance provided by the agency. This statewide measure for Boards and Commissions was instituted by the Construction Contractors Board in FY 08. The agency administrator

reviewed the measures 15 Best Practices with Board members throughout the year, and discussed each of them individually.

**2. ABOUT THE TARGETS**

The target for 2009 was 95 percent.

**3. HOW WE ARE DOING**

The agency did well, scoring 100 percent.

**4. HOW WE COMPARE**

We shall look at comparables for the FY 2009 report when they become available.

**5. FACTORS AFFECTING RESULTS**

New Board member and the press of meeting the expectations of the legislature, stakeholders, and agency customers sometime present challenges to reaching the level of performance sought by the agency.

**6. WHAT NEEDS TO BE DONE**

Maintain 100 percent performance.

**7. ABOUT THE DATA**

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 August 2009, Board Members individually voted on each of the 15 Best Practices as they perceived them for the FY 2008.

**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:** Craig P. Smith, Administrator

**Contact Phone:** 503-378-4621

**Alternate:** Linda J. Teet, Administrative Services Manager

**Alternate Phone:** 503-378-4621

**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 sections performance and customer satisfaction survey results to fine tune programs. Board members are provided with 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 and their results in an effort to fine tune the measures and guarantee that these 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](http://www.oregon.gov/CCB) Each agency programs 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 at Board meetings on a quarterly basis.