

ANNUAL PERFORMANCE PROGRESS REPORT

Agency: Construction Contractors Board	
Contact: Craig P. Smith, Administrator	Phone: 503-378-4621 x 4010
Alternate: Linda Teet, Manager	Phone: 503-378-4621 x. 4000

1. INTRODUCTION:

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:

- Contractor Education and Testing
- Licensing and Customer Service
- Enforcement (allegations of license law violations)
- Dispute Resolution (claims involving contract disputes)

In addition to the above, the agency continues to expand its efforts to provide consumers with information on selecting and working with a contractor.

CCB's mission, vision and goals are:

Mission Statement: 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.

Vision Statement: A fair, honest, and competitive construction industry in Oregon providing improvements to real property in a manner that ensures consumer rights.

Goals and Objectives:

1. Protect Oregon consumers of construction related services.

- a. Licensing: To efficiently maintain and share, on request, public records for licensed contractors.
- b. Contractor Education: To ensure that all licensed contractors have an adequate level of business competency.
- c. Consumer Education: To educate consumers of their rights and responsibilities and the services and authority of the CCB.
- d. Enforcement: To provide timely and effective investigations of unlawful acts and sanction appropriately.
- e. Dispute Resolution: To hold contractors financially accountable for their business practices.

2. Provide excellent customer service to all who wish to use our services.

- a. Dispute Resolution: To efficiently process claims.
- b. Dispute Resolution: To maximize participant's perception of fairness given the requirements of due process under the law.
- c. Information Technology: To facilitate public access to Construction Contractors Board information as efficiently as possible.
- d. Information Technology: To provide and maintain appropriate equipment and technology for the efficient operation of the Construction Contractors Board.

- e. Human Resources: To empower staff with knowledge to do their jobs well within a changing industry, legal, and work environment.
- f. Human Resources: To hire the best applicants possible and manage and motivate to the highest level of professionalism possible.

3. Regulate in a manner that supports a fair, honest, and competitive business climate in the construction industry.

- a. Licensing: To efficiently license and renew all construction businesses required by law in a business friendly manner.

2. PERFORMANCE ACCOMPLISHMENTS:

- Further maturation of data and reporting techniques to facilitate timely and accurate performance measure reports.
- Expansion of customer service surveys and better use of survey results for agency management purposes.
- Continued progress towards meeting agency goals regarding the swift and efficient processing of licensing, enforcement and dispute resolution files.
- Steady progress towards meeting 1.2 million customer contacts by 2005.

3. DEGREE AND TYPE OF AGENCY INFLUENCE ON CHOSEN HIGH LEVEL OUTCOMES (HLOS):

In consultation with the Oregon Progress Board, the agency determined that its programs do not directly contribute to current Oregon Benchmarks. The agency identified two HLO:

- HLO 1: Percent of all licensed contractors that discharged CCB claims (dispute resolution) orders in bankruptcy which significantly (monetarily) damage Oregonians.
- HLO 2: Percent of homeowners who understand and highly rate the value of hiring properly licensed contractors.

The agency has an influence on both of these HLOs. Oregon's economic condition also has a significant impact on HLO 1. CCB revenue shortfalls during the 2001-03 biennium reduced/eliminated the agency's efforts to provide consumer outreach and perform the random survey it planned to do to measure HLO 2.

4. FUTURE CHALLENGE:

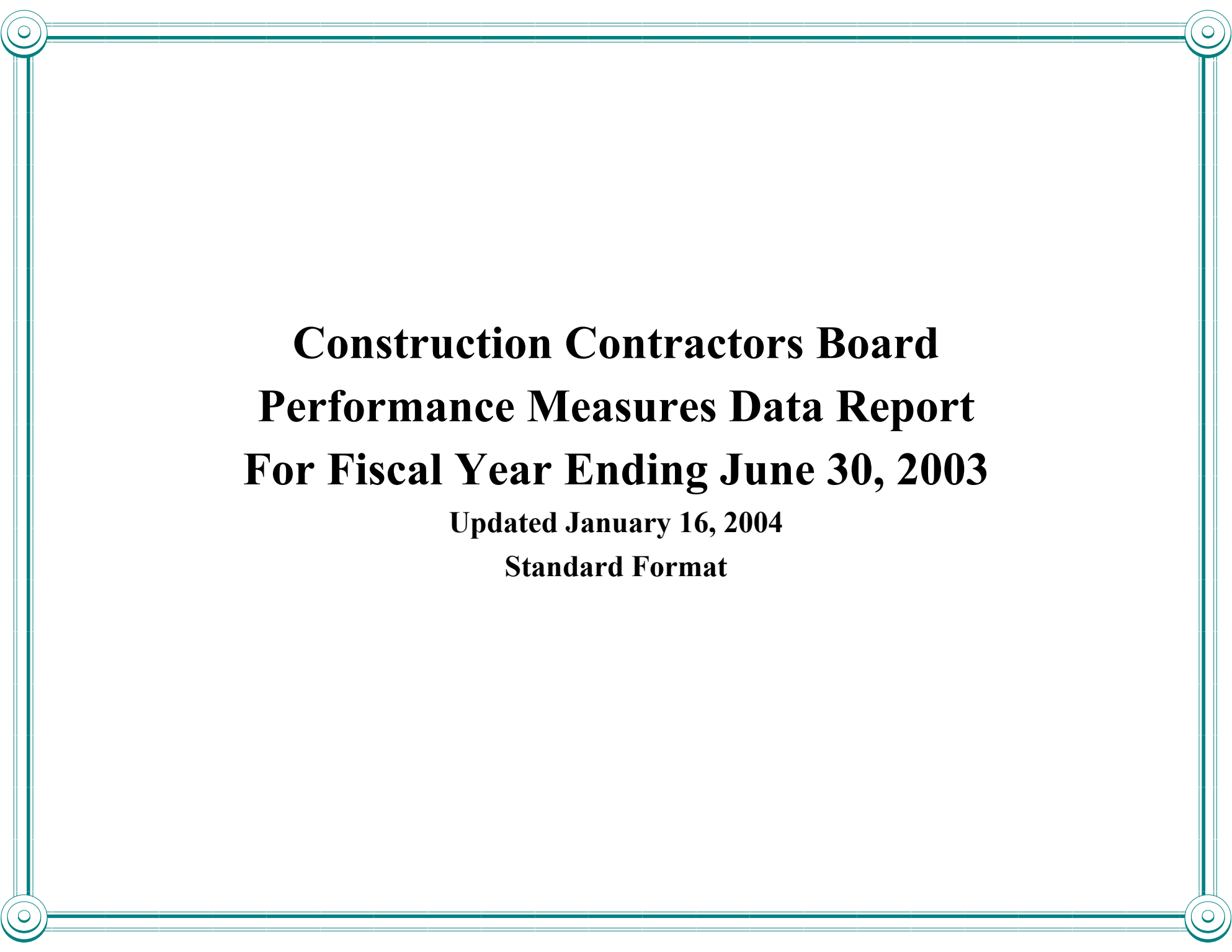
- Funding and development of contract with a research company to provide scientific random sample survey to measure HLO 2 and performance measure 91500-3.
- Analysis and fine tuning of current performance measures to perfect or substitute more effective and relevant performance measures to help develop the agency's efforts to build results-based management capacity within its business plan.

5. IMPROVED DATA DEFINITION AND REPORT:

During the last 12 months, the agency has improved its definitions, computer codes reporting techniques, and data analysis. Some of our measures have been updated and/or refined. Some past reported data was replaced with more accurate and reliable data. These efforts will serve to better perfect the agency's efforts to comply with its mandates to develop and report accurate relevant performance measures. When past historical data in this report differs from previously reported data, it has been marked with (). Persons wishing further information on these improvements should contact the agency by phone at the numbers listed at the beginning of this report.

PART I, MANAGING FOR RESULTS

<p>The following questions shed light on how well performance measures and performance data are leveraged within your agency for process improvement and results-based management.</p>	
<p>1 How were staff and stakeholders involved in the development of the agency's performance measures?</p>	<p>The agency management team worked with the Oregon Progress Board in 2002 to examine the agency's past mission, goals and performance measures. Working in concert with stakeholders and Board members, revised agency mission and vision statements were developed, which were central to the development of a diverse set of agency high level outputs and performance measures. The process stretched out over the last several months of 2002 and included a multitude of meetings focused on the development of appropriate agency performance measures.</p>
<p>2 How are performance measures used for management of the agency?</p>	<p>The agency uses its performance measures to gauge agency progress, effectiveness, efficiencies, and levels of customer satisfaction. Program managers review individual section's 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.</p>
<p>3 What training has staff had in the use performance measurement?</p>	<p>Agency staff participated in training offered by the Oregon Progress Board. 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.</p>
<p>4 How does the agency communicate performance results and for what purpose?</p>	<p>Each agency program's quarterly report reflects statistical data relating to its program. Statistics are reviewed to determine if the measure indicates cost-effectiveness.</p> <p>Agency web address: www.ccb.state.or.us</p>
<p>5 What important changes have occurred in the past year?</p>	<p>The agency has developed faster, more reliable means of data collection. Better definitions and computer codes have assisted in pointing out some previously unknown weaknesses in the agency's procedures for acquiring and reporting data needed to report agency performance measures. The agency's revenue shortfalls prevented it from performing its random survey in 2003. Other customer service surveys were improved and proved to be valuable tools to gauge agency's performance.</p> <p>Based upon customer feedback, it was determined that agency customers needed to reach a live person sooner. FAQs, voice mail system and automated voice response systems, were simply ineffective in servicing agency customer's needs. The Administrator rearranged work duties and created a Customer Service Unit consisting of five front-line staff who are responsible for answering general calls relating to the four program areas: Licensing, Claims, Education/Testing and Enforcement. This has resulted in callers being helped almost immediately or being on hold for less than one minute. Customer satisfaction surveys indicate that customers are happy with this change.</p> <p>The agency discovered that data collection criteria for 91500-4 was inaccurate and adjusted the criteria in order to collect accurate data relating to offenders who recidivate.</p>



**Construction Contractors Board
Performance Measures Data Report
For Fiscal Year Ending June 30, 2003**

Updated January 16, 2004

Standard Format

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 claims final orders in bankruptcy, which significantly damage other Oregonians.

Type of Performance Measure: High Level Outcome (results of CCB program)

Trend: Down

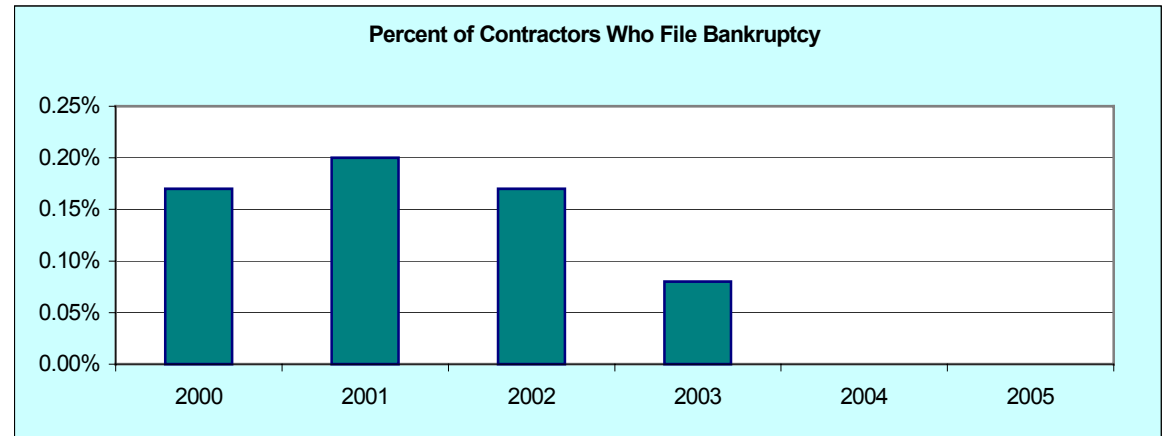
Data Source: New information being gathered by CCB Dispute Resolution (Claims) Section: number of bankruptcies divided by the number of licensees as of the end of a fiscal year (FY).

Discussion: The CCB performance measures were developed during the summer of 2002. Data for FYs 2000 and 2001 were developed with old data. Some of the older data may not be as thorough and accurate as desired. Effective in the fall of 2002, better procedures have been implemented to capture this data. Future data will be more accurate and reliable.

We believe the turbulent economic conditions of the last two years, coupled with the testing requirement of new contractors has contributed in a reduction of “weak” contractors and a consequent reduction in the number of contractors who have been forced to file bankruptcy in the last fiscal year.

Fiscal Year Ending	6/30/00	6/30/01	6/30/02	6/30/03	6/30/04	6/30/05
Percentage of Contractors that Discharged CCB Orders in Bankruptcy (closed date)*	.17%	.20%	.17%	.08%		

* Data revised January 2004



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

Type of Performance Measure: High Level Outcome (results of CCB program)

Trend: N/A. Revenue and budgetary cutbacks during the 2001-03 biennium prevent the timely gathering of this information. No survey was performed during calendar year 2003. A scientific random sample survey will be completed by June 30, 2004. CCB was forced to cut its public outreach budget by nearly \$100,000 during 2001-03 biennium. This cutback may adversely affect this HLO.

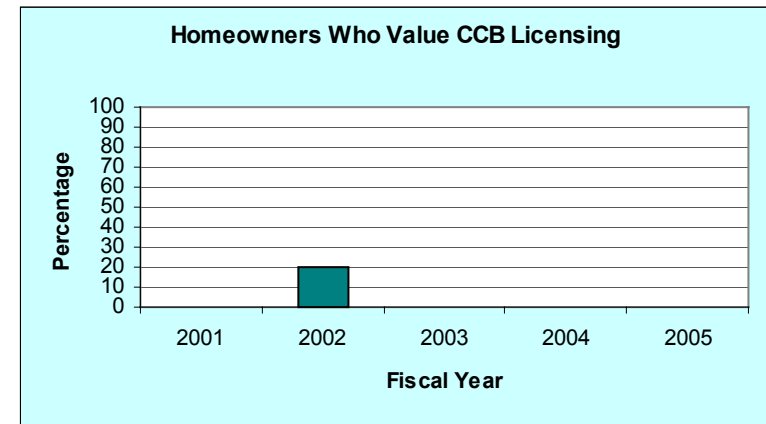
Data Source: CCB-sponsored scientific random sample survey among Oregon homeowners.

No definitive data is available on this matter until after the next random sample survey (June 30, 2004).

Discussion: This high level outcome is the product of the agency's consumer education/outreach program. It is vital that consumers understand the value of hiring a properly licensed contractor for two important reasons:

- To increase the likelihood that they will verify a contractor's license status prior to conducting business with a contractor, thereby benefiting from the safeguards provided by the contractor's bond and insurance, and the agency's dispute resolution service.
- To decrease the market for (and thereby the number of) unlicensed contractors. Consumers thereby help to eliminate unlicensed illegal contractor activity.

6/30/00	6/30/01	6/30/02	6/30/03	6/30/04	6/30/05
N/A	N/A	20%	N/A		



91500-1: Customer Contact Index: Total number of customer contacts (web site hits, telephone calls, IVR calls, packets of mail requested, home show contacts, and speech contacts).

2005 Goal: 1,200,000

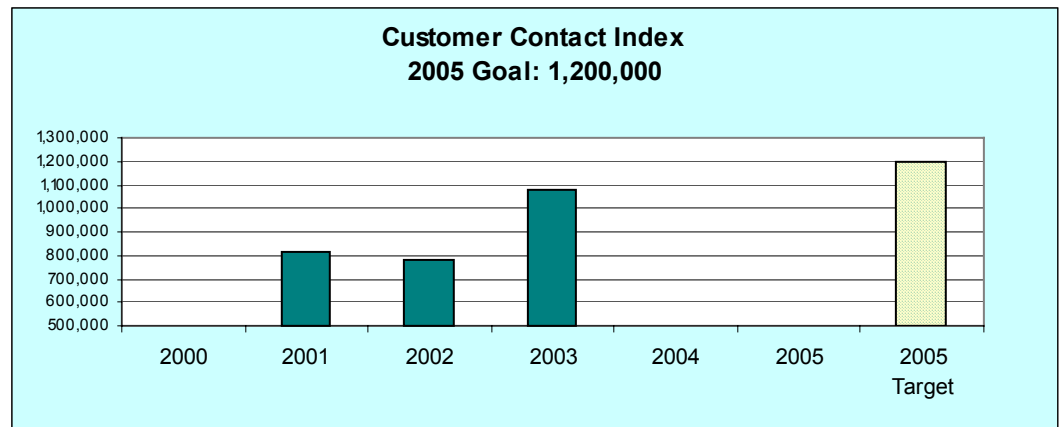
Type of Performance Measure:
Outcome/effectiveness (workload)

Data Source: CCB database records (customer contacts per month.xls (LJT)).

Trend: Up. The agency is on target to reach its 2005 goal of 1.2 million customer contacts.

Discussion: Due to a requirement for CCB to move its web page to DAS IRMD, CCB temporarily lost its ability to track all individual license inquiries. This has artificially depressed the number of contractor “look ups” since August 2001. We have corrected this problem. The data shows that the agency is steadily improving its number of customer contacts and should be able to meet its goal of 1.2 million contacts per year by 2005. Consumers are choosing to contact the agency and access our services by use of personal computers over the Internet in steadily increasing numbers. The agency must continue to automate its services to meet this demand and control its costs.

DATA							GOAL
Fiscal Year Ending	6/30/00	6/30/01	6/30/02	6/30/03	6/30/04	6/30/05	2005 Target
Total	N/A	816,897	777,694	1,075,643			1,200,000



91500-2: Percent of CCB tested contractors that file bankruptcy. (Tested contractors are a subset of “all licensed contractors” referred to in HLO1. CCB has a greater degree of influence on this subgroup.)

2005 Goal: .125% or 1.25/1000

Type of Performance Measure: Outcome (results of CCB program)

Data Source: New statistics to be gathered by CCB Education Section. (CCB contractor failure/damages report.)

Trend: Up. Improved data and reporting procedures allowed the agency to more accurately measure bankruptcies.

While the rate in 2003 (.113%) has increased dramatically compared to 2002 (.023%) it:

- Is likely the result of the adverse economy.
- Represents less than 50 percent of the rate of non-tested contractor (.325%).

Future measurement of this matter will become more reliable as the number of tested contractor increases.

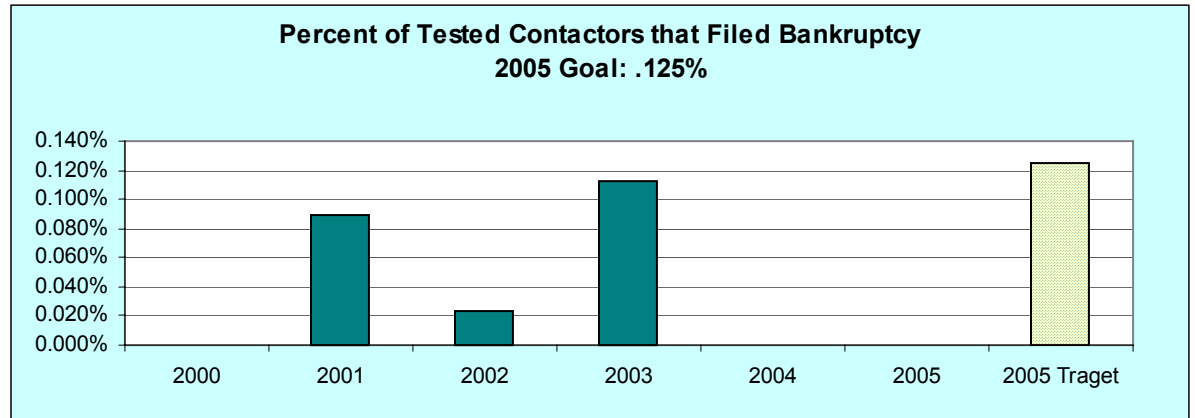
Discussion: While the CCB has been registering/licensing contractors since 1972, its contractor testing programs began on July 1, 2000. Since then new license applicants have been required to complete a business practices test prior to obtaining their license.

Oregonians suffer unrecoverable losses from CCB licensees that file bankruptcy. Debts discharged in bankruptcy are never paid. Those losses are often passed on to future customers.

DATA							GOAL
Fiscal Year Ending	6/30/00	6/30/01	6/30/02	6/30/03	6/30/04	6/30/05	2005 Target
Percent of Tested Contractors That Filed Bankruptcy *	0% **	.089%	.023%	.113%			.125%

* Data improved January 2004

** There were no tested contractors 6/30/00 because testing did not start until 7/1/00.



(91500-2 Con't)

This performance measure relies on the assumption that that CCB business practices education and test will have a positive impact on business failures by lowering the number of contractors that seek to discharge debts under the United States Bankruptcy Code.

The CCB's education program is only one factor that will affect a licensee's decision to file bankruptcy. Over all economic factors and personal issues (divorces, health, etc.) likely play a larger role than CCB education or testing in the success of a contracting business.

Notwithstanding the above, it is the agency's belief that the outcome sought by the contractor education program is a successful contracting business—one that does not have to file bankruptcy.

We believe we are able to inversely measure this favorable outcome by the degree to which CCB tested licensees fail by having to file bankruptcy.

91500-3: Percent of homeowners who are aware of their rights and responsibilities and the services of CCB.

2005 Goal: 60 percent

Type of Performance Measure: Outcome/effectiveness (results of CCB program)

Data Source: CCB-sponsored scientific random sample survey among Oregon homeowners.

Trend: N/A—Data available by June 30, 2004.

Discussion: In the spring of 2001, CCB contracted with DRC Research to perform a survey among Oregon homeowners; 4,500 households were called to obtain 500 successful interviews. The survey was completed June 19, 2001. Related to this measure was the following:

Fifty-three percent of homeowners had heard, or read, about the Oregon CCB.

Seventy-five percent of those correctly described CCB services (40 percent of total households).

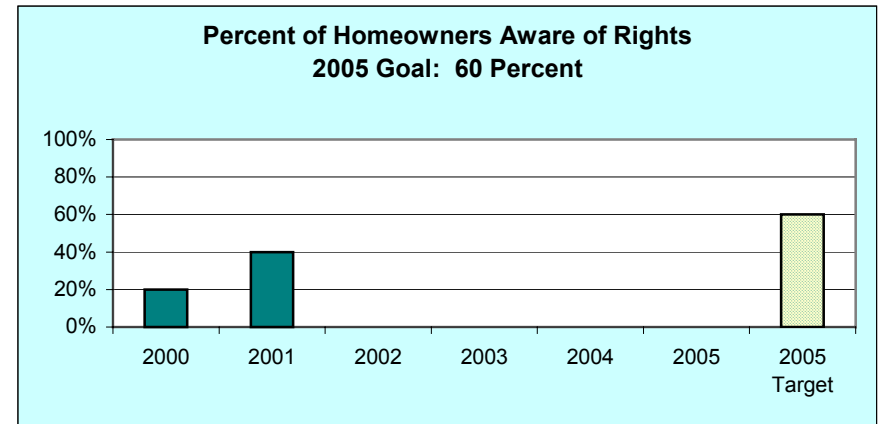
Given the above, the CCB estimates that as of July 1, 2001, 40 percent of Oregon homeowners were familiar with the CCB and the services it provides and, therefore, could logically be “aware of their rights and responsibilities and the services of the CCB.”

This survey was planned to be repeated in December 2002 with a specific function of addressing this performance measure. Revenue shortfalls prevented the agency from performing this survey.

This measure is an important component to achieving the outcome sought in the agency’s HLO-2: “The percent of homeowners who understand and highly rate the value of hiring a properly licensed contractor.” The agency selected 91500-3 as a standard “performance measure” because it believes it has a greater ability to influence this measure than that of HLO-2.

Revenue shortfalls in 2001-03 biennium resulted in the agency cutting \$100,000 from its consumer education program designed to increase the publics’ awareness of CCB, its services, and the disadvantages of contracting with an unlicensed contractor.

DATA							GOAL
Fiscal Year Ending	6/30/00	6/30/01	6/30/02	6/30/03	6/30/04	6/30/05	2005 Target
Percent	20%	40%	N/A	N/A			60%



91500-4: Percent of offenders who recidivate by performing work without a CCB license within three years of first offense.

2005 Goal: 5 percent

Type of Performance Measure:

Outcome/effectiveness (results/effectiveness of CCB Enforcement program)

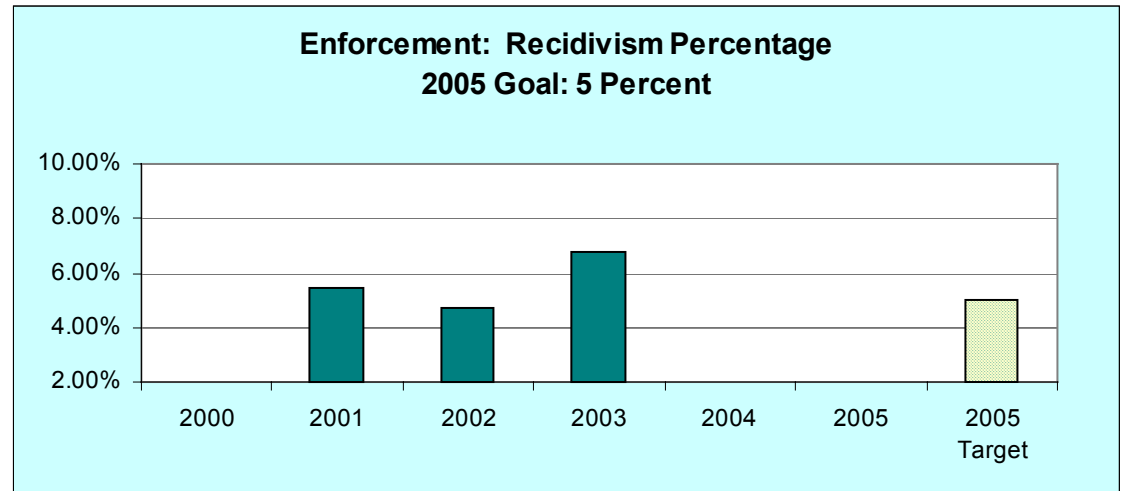
Data Source: CCB Enforcement Report: Recidivism Report.

Trend: Up.

Discussion: The agency has determined that violations of ORS 701.055(1) (working without a CCB license) are the most important CCB regulation to measure. The performance measure has been adjusted to reflect this modification. While the data shows a significant increase in the rate of repeat violations for FY ending June 30, 2003, we believe the increase is due to the poor economic condition rather than ineffective enforcement efforts.

CCB enforcement efforts in 2003 concentrating on repeat offenders likely contributed to the raise in this measure. We do not believe the goal of five percent by 2005 should be adjusted.

DATA							GOAL
Fiscal Year Ending	6/30/00	6/30/01	6/30/02	6/30/03	6/30/04	6/30/05	2005 Target
Percentage	N/A	5.42%	4.68%	6.75%			5.00%



91500-5: Percent of licensed contractors operating in Oregon that fail to pay in full final Dispute Resolution (claims) final orders for damages.

2005 Goal: .50 percent (one half of one percent)

Type of Performance Measure:
Outcome/effectiveness (results of CCB program)

Data Source: CCB claims statistics. By measuring the number of contractors per year that fail to pay in full Dispute Resolution (claims) final orders for damages divided by the number of CCB licensees per year at the end of the fiscal year.

Trend: Down. FY 2003 results reflect a six-point drop in the number of contractors that failed to pay, compared to FY 2002.

Discussion: All of the various CCB programs serve in concert in an effort to hold licensees financially accountable for their business practices. In so doing, contractors that cause damage are forced to compensate victims for their wrongdoing and/or be removed from the industry and market place. Failure to hold contractors financially accountable for their actions results in an inability of the free market to operate effectively by promoting responsible business practices.

The presence of the CCB licensing and dispute resolution programs serves to deter contractors from causing damage to consumers. While it is impossible to measure the number of problems that are deterred by these programs—but it is very substantial.

Fiscal Year Ending	DATA						GOAL
	6/30/00	6/30/01	6/30/02	6/30/03	6/30/04	6/30/05	2005 Target
Percent of Contractors that Failed to Pay CCB Final Order	N/A	.62%	.71%	.65%			.50%



A major purpose of the CCB dispute resolution system is to determine and assign unresolved contractor damages and to allow the debts to be the cause of suspension or revocation of that contractor's license. This process serves to eliminate poor contractors and reward responsible business practices by Oregon's construction contractors.

The subject "percentage of contractors that fail to pay final orders" is obtained by dividing 6.i (the number of contractors that fail to pay a CCB claims final order) by (1.) (the number of CCB licensees effective on July 1 of a subject fiscal year).

The inverse of the above is the percent of licensees that were held financially accountable to the citizens of Oregon and did, in fact, cause **no** unpaid damages to other Oregonians. As a point of interest those numbers are:

Year	Percent of Contractors Held Financially Accountable for Their Business Practices:
2000	N/A
2001	99.38 %
2002	99.29%
2003	99.35%

* $(6.i) \div (1.) =$ percent of contractors that fail to pay CCB final orders.

91500-06: Average days to close an enforcement investigation.

2005 Goal: 60 days

Type of Performance Measure: Efficiency

Data Source: CCB Enforcement Report.

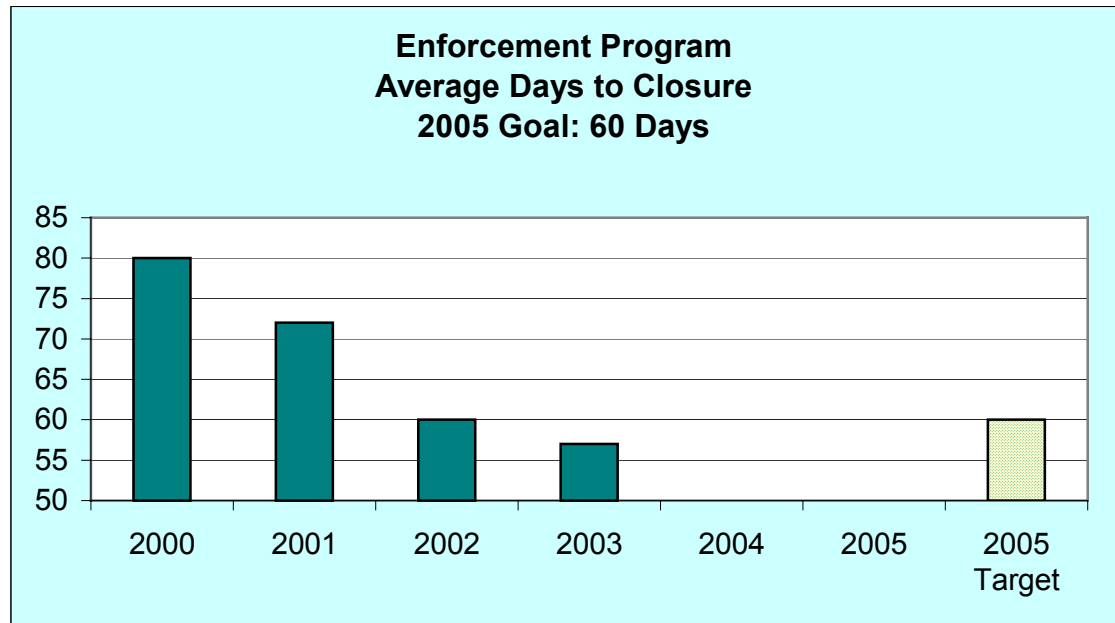
Trend: Down. Activity in the first two quarters of the 2003-05 biennium suggest that this number may increase for FY 2004. Adjustment to the 2005 goal is therefore not warranted.

Discussion: The length of time it takes to process an enforcement action is a traditional, important measure of the agency's ability to timely process allegations of unlawful activity.

Rapid processing of complaints regarding unlicensed contractors is necessary to maintain both:

- Customer satisfaction with the agency.
- An effective deterrent to illegal activity.

DATA							GOAL
Fiscal Year Ending	6/03/00	6/30/01	6/30/02	6/30/03	6/30/04	6/30/05	2005 Target
Average Days to Closure	80	72	60	57			60



91500-7: Average days to issue a dispute resolution (claims) final order.

2005 Goal: 120 days

Type of Performance Measure: Efficiency

Data Source: CCB Claims Statistics Report.

Trend: Down.

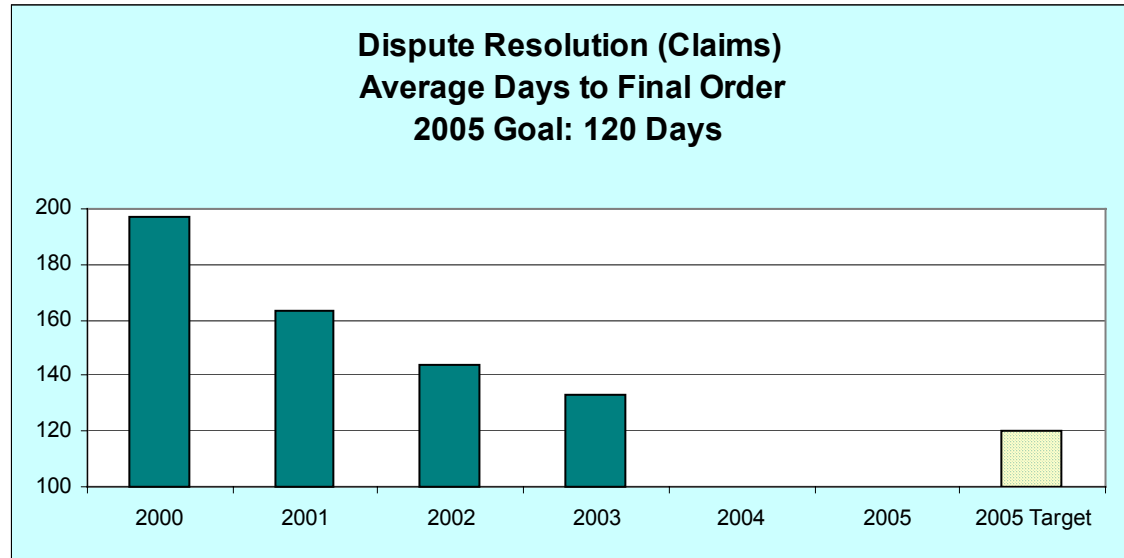
Discussion: The average number of days to resolve disputes between Oregonians and CCB licensees has been a traditional, important CCB performance measure. Here we measure the average number of days the agency takes from receipt of a claim, until disposition (through final order or until it closes).

This process takes longer compared to matters resolved through the CCB Enforcement Program. Factors that contribute to the increased time include:

- Two-party disputes
- APA due process rights
- Three different alternative dispute resolution techniques used to resolve the disputes
- Office of Administrative Hearings (OAH) process not within the control of the agency

DATA							GOAL
Fiscal Year Ending	6/30/00	6/30/01	6/30/02	6/30/03	6/30/04	6/30/05	2005 Target
Average Days to Issue a Final Order*	197	163	144	133			120

* Data revised January 2004



91500-8: Percent of parties to claims who perceive claims process to be fair and impartial.

2005 Goal: 75 percent

Type of Performance Measure: Customer Satisfaction

Data Source: CCB Claims Customer Satisfaction Survey started April 1, 2002.

Trend: N/A. New measure. The agency now has four quarters of data representing the entire fiscal year ending June 30, 2003. The agency has exceeded its 2005 goal of 75 percent. A new goal should be considered.

Discussion: The degree to which customers find the CCB process to be fair and impartial is a vital concern of the agency. Here additional data is gathered on matters that come from the agency but are heard through the Office of Administrative Hearings (OAH).

Beginning July 1, 2002, surveys were sent to both the claimants and respondents of parties to a dispute in claims that are resolved through contested case hearings or arbitration.

DATA							GOAL
Fiscal Year Ending	6/30/00	6/30/01	6/30/02	6/30/03	6/30/04	6/30/05	
Percent that Found Claims System to be Fair	N/A	N/A	N/A	79%			75%



91500-9: Percent of contractors satisfied with the agency's processing of license and renewal information.

2005 Goal: 89 percent

Type of Performance Measure: Customer Satisfaction

Data Source: Survey conducted by CCB of during license renewals.

Trend: N/A. The first credible customer satisfaction surveys were completed during FY ending June 2003. Baseline numbers must be adjusted to report 94 percent. The agency will consider adjusting its 2005 goal.

Discussion: Beginning early in 2003, the agency began surveying all renewal applicants to determine the licensee's satisfaction with the processing of their CCB license renewal. This performance measure counts the number of respondents that report they "strongly agree or agree" to Question 7 on the survey: "Overall, I was satisfied with the manner in which my application/renewal was handled by the CCB."

DATA							GOAL
Fiscal Year Ending	6/30/00	6/30/01	6/30/02	*6/30/03	6/30/04	6/30/05	2005 Target
Percent Satisfied	N/A	N/A	95%	94%			89%

* 3/30/03-6/30/03 Data

