

**Review of
Semi-Independent
Agency Reports**

April 1, 2020



Legislative Fiscal Office

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REVIEW AUTHORITY AND PURPOSE OF REPORT

ORS 182.472 directs the Legislative Fiscal Office to review reports submitted by the 12 semi-independent agencies listed below and issue a statement of findings and conclusions to the Joint Legislative Audit Committee and the Joint Committee on Ways and Means. This report fulfills this requirement.

- 1) Board of Architect Examiners
- 2) Appraiser Certification and Licensure Board
- 3) Board of Examiners for Engineering and Land Surveying
- 4) Board of Geologist Examiners
- 5) Landscape Architect Board
- 6) Landscape Contractors Board
- 7) Board of Massage Therapists
- 8) Board of Optometry
- 9) Physical Therapist Licensing Board
- 10) Oregon Patient Safety Commission
- 11) Oregon Wine Board
- 12) Citizens' Initiative Review Commission

SEMI-INDEPENDENT AGENCIES HISTORY AND BACKGROUND

The Oregon Legislature first looked at the semi-independence model in 1991 and granted the Travel Information Council, Oregon Film and Video Group, and Oil Heat Commission (now defunct) this semi-independent status. In 1997, the Board of Optometry, Board of Geologist Examiners, Board of Architect Examiners, Board of Examiners for Engineering and Land Surveying, and Landscape Architect Board were granted semi-independent status. The Board of Massage Therapists and Physical Therapist Licensing Board were added in 1999; the Landscape Contractors Board and Appraiser Certification and Licensure Board in 2001; the Oregon Tourism Commission, Oregon Patient Safety Commission, and Oregon Wine Board in 2003; and the Citizens' Initiative Review Commission in 2011.

Funding

All twelve agencies subject to this reporting requirement are self-funded. The first nine boards are supported by income such as application, examination, license fees, and other program revenue. The Oregon Patient Safety Commission is funded by annual fees assessed on Oregon healthcare facilities and by state General Fund that comes to the Commission as pass-through funding from the Oregon Health Authority to administer the Early Discussion and Resolution (EDR) program. In addition, the Commission serves as a contractor to the Oregon Health Authority's Public Health Division to implement a defined scope of work that is a part of federal grant funding that the Oregon Health Authority receives. The Oregon Wine Board is funded primarily through an assessment on grapes harvested for wine production and a privilege tax imposed on manufacturers and distributors of wine. Other revenue sources include program fees and grants. The Citizens' Initiative Review Commission has been solely dependent on charitable foundations and donations from individuals.

Statutory Differences

The semi-independent agencies subject to this reporting requirement are exempt from statutes regulating state agencies in the following areas:

- Personnel relations (except for temporary appointments and collective bargaining)
- Use of state facilities and printing
- Public contracting and purchasing (except for surplus property and products of the disabled)
- Interagency services
- Financial Administration (except for writing off uncollectible debts)
- Disbursing and investing of funds
- Salaries and expenses of state officers and employees

Semi-independent agencies subject to this reporting requirement must maintain tort liability coverage, adhere to public records and meeting laws, use the services of the Department of Justice for advice and counsel, use the services of the Secretary of State Audits Divisions for financial control through audit or review, and maintain continual participation in the state Public Employees Retirement System (PERS).

Fiscal Accountability

Semi-independent agencies subject to this reporting requirement must establish financial accounts in FDIC-insured banks and ensure that deposits in excess of FDIC limits are collateralized. The agencies must follow generally accepted accounting principles (GAAP) and accurately disclose their financial condition and financial operations through this reporting requirement. Biennially, these agencies are subject to external independent audits or financial reviews conducted according to governmental audit and review standards. These audits or financial reviews are scrutinized and published by the Secretary of State Audits Division. Semi-independent agencies are required to prepare and adopt a biennial operating budget using the public hearing and administrative rule processes. Prior to the adoption or modification of a budget, a notice of public hearing is sent to all interested parties and licensees of the boards to allow opportunity to present testimony concerning the budget. After the hearing process, if no substantial changes are required, the budget is adopted, and an administrative rule is filed which defines the agency's budget for the upcoming biennium. If substantial changes are required, the budget must go through the hearing and rule adoption process again.

Administrative Accountability

In addition to meeting the reporting requirements for this review, semi-independent agencies subject to this reporting requirement must adopt personnel policies, along with contract and purchasing policies. These policies are to be submitted to the Department of Administrative Services for review and approval to make certain the proposed policies comply with applicable state and federal laws and collective bargaining contracts. HB 2946 (2017) requires the State Chief Information Officer to include on the Oregon transparency website information related to revenues, expenditures, and budgets of the twelve semi-independent agencies listed in ORS 182.454, as well as the Oregon Tourism Commission, Oregon Film and Video Office, and Travel Information Council. This information can be found on the Quasi-Public Entities page of the Oregon Transparency Website:

<https://www.oregon.gov/transparency/Pages/Quasi-Public.aspx>

REVIEW PROCESS

This review is focused on the provisions of ORS 182.472 and covers reports submitted by the April 1, 2020 deadline. Reports were reviewed for compliance with statutory requirements. This review should not be considered an audit, as findings and conclusions are limited to the information provided by agencies in response to ORS 182.472.

Because of social distancing protocols due to the pandemic, Legislative Fiscal Office (LFO) staff worked with agencies via email as well as phone and video calls to collect missing information, provide feedback on report content, and discuss proposed recommendations for future reports. In all cases, agencies were responsive to requests for information and appreciative of guidance to improve the quality of future reports. In addition, as needed, LFO contacted Powers, CPA, LLC to clarify financial review information and the Secretary of State Audits Division to ensure that agencies were in compliance with financial review and auditing requirements.

REVIEW FINDINGS

General Reporting

Eleven of the twelve agencies submitted reports that generally complied with the content requirements specified in ORS 182.472. The Citizens' Initiative Review Commission has been nonoperational due to a lack of funding since the 2015-17 biennium and, therefore, did not submit a report.

Summary of Financial Audits/Reviews

The statute requires agencies to submit "the most recent audit or financial review of the board." Ten agencies submitted a financial review from Powers, CPA, LLC., for the biennium ending June 30, 2019. The Board of Examiners for Engineering and Land Surveying (OSBEELS) submitted the results of a forensic investigation conducted by Ernst & Young LLP which spanned the period of January 1, 2014 to June 30, 2019.

The reviews conducted by Powers, CPA, LLC. included an examination of: 1) internal controls related to financial, accounting, and licensing processes; 2) cash controls; 3) revenue and expense verification, including budget to actual comparison; and 4) follow-up on prior financial review findings and recommendations. The evaluations of these agreed-upon procedures found that, generally, adequate controls were in place, but also identified opportunities for improvement. Most agencies submitted responses to the review findings with plans for strengthening internal controls; the Appraiser Certification and Licensure Board did not submit a plan to strengthen internal controls as they did not have a permanent administrator in place at the time the review was released.

The findings from the forensic investigation submitted by OSBEELS in lieu of a financial review did include a review of internal and cash controls (item numbers 1 and 2 above), but did not include a revenue and expense verification, nor a follow-up on prior financial review findings (item numbers 3 and 4). OSBEELS did submit a response to the forensic investigation findings. The forensic investigation was commissioned by OSBEELS due to potential financial mismanagement by the previous agency administrator, which had resulted in an investigation by the Department of Justice (DOJ). Neither the DOJ investigation nor the forensic investigation identified any instances of fraud.

Budget and Fund Analysis

All agencies provided: 1) a balance sheet for the 2017-19 biennium; 2) a comparison of budgeted to actual revenues and expenditures for the 2017-19 biennia; 3) a projected/adopted budget for the 2019-21 biennium; and 4) a forecasted balance sheet for the 2019-21 biennium. In general, agencies clearly identified beginning and ending balances and variances between reported and audited numbers were adequately explained.

2017-19 Biennium

Overall, these agencies operated within their budgets for the 2017-19 biennium. Where there were variances, the agencies provided reasonable explanations.

The 2017-19 actual expenditures for reporting agencies ranged from \$356,491 for the Landscape Architect Board to \$5.7 million for the Oregon Wine Board. Nine of the reporting agencies performed under budget for the biennium. The Appraiser Certification and Licensure Board, the Landscape Contractors Board, and the Board of Examiners for Engineering and Land Surveying all spent more than initially budgeted. The Appraiser Certification and Licensure Board held a public hearing and had its budget increase formally approved by the Board. Neither the Landscape Contractors Board nor the Board of Examiners for Engineering and Land Surveying held a public hearing or formally amended their adopted budgets. For the Landscape Contractors Board, this was because the total amount overbudget was not significant. For the Board of Examiners for Engineering and Land Surveying, the amount over budget was significant, however, the agency's administrator was suspended and under investigation, and a new permanent administrator had not yet been appointed. The agency's Board did approve additional spending for legal contracts related to this investigation, which were one of the contributors to the agency exceeding its approved budget. The Board of Examiners for Engineering and Land Surveying reports that it will be amending the 2019-21 budget using the appropriate processes.

Additionally, for the 2017-19 biennium, revenues exceeded budgeted projections for seven of the agencies. These revenue increases were most often the result of an increase in the number of applications, exams, or license registrations. The Board of Geologist Examiners continued a multi-year trend of declining license renewals as licensees are retiring. The Appraiser Certification and Licensure Board also had much lower revenues than projected due to the decision to postpone a planned fee increase. The Oregon Wine Board continued to see an increase in revenue generated from assessment of wine grapes, reflecting the continued growth of the Oregon wine industry.

2019-21 Biennium

All eleven reporting agencies had budget increases between 2017-19 and 2019-21. Changes above the inflationary increases to agency budgets most often included rising costs of employee salary and benefits. One agency had a budget increase in order to transition to an online licensing database and renewal system. Other reasons for budget increases included compensating for rising legal fees for hearings and Attorney General hourly rates, and higher rates for rent or lease agreements.

See Appendix B for a summary of budgeted and actual fund balance, revenue, and expenditure numbers for the 2017-19 and 2019-21 biennia, as well as a brief budget analysis for each of the reporting agencies.

Public Hearing Process

Each agency provided a description of the public hearing process used to establish the adopted 2019-21 budget, including dates and descriptions of actions taken. Some agencies did not include detailed information about the process they used to enact mid-biennium budget adjustments, but almost all agencies did hold public hearings for budgetary adjustments and fee increases, even when this information was not included in their report.

Permanent Rules

All agencies provided a “description of all temporary and permanent rules adopted by the board” and most agencies included process dates in their descriptions of board rules. Agencies are generally complying with public hearing requirements and rulemaking processes.

Fees

During the 2017-19 biennium, seven agencies implemented fee changes:

- Board of Architect Examiners – Decreased the individual registration fee from \$115 to \$100, created a new \$75 firm application fee, and created a new \$400 firm reinstatement fee. The agency also modified three minor documentation fees.
- Board of Examiners for Engineering and Land Surveying – Increased the application fee from \$360 to \$400 and biennial renewal fees from \$150 to \$190 for professional engineers, professional land surveyors, and professional photogrammetrists.
- Board of Geologist Examiners – Increased the application fee from \$75 to \$100, the Geologist-in-Training (GIT) registration/renewal fee from \$50 to \$60, the Registered Geologist (RG) registration/renewal fee from \$100 to \$155, the Certified Engineering Geologist (CEG) registration/renewal fee from \$75 to \$110, and the RG and CEG senior renewal fees from \$15 to \$30.
- Landscape Architect Board – Increased the individual registration fee and the individual renewal fee from \$250 to \$325, the business registration fee and the business renewal fee from \$112.50 to \$225, and the Inactive/Emeritus fee from \$25 to \$50.
- Landscape Contractors Board – Added a \$100 practical skills examination fee.
- Board of Massage – Adjusted its fee schedule increasing: renewal fee \$25 per biennium for an inactive license status; renewal fee by \$45 per biennium for an active license status; initial license fee by \$100 (\$50 for an initial license under 12 months); and initial permit application fee by \$150.
- Board of Optometry – instituted fee increases, including: active license annual renewal from \$300 to \$348; inactive license annual renewal from \$100 to \$123; application for examination and licensure from \$200 to \$300; reactivation/reinstatement of license from \$100 to \$150; wall display certificates from \$30 to \$40; license verification from \$20 to \$30; and late inactive renewal from \$15 to \$20.

During the 2019-21 biennium, four agencies implemented fee changes:

- Appraiser Certification and Licensure Board – Increased all but one of the 23 fees set by the agency and created three new fees. Most notably for individual appraisers, the application fee increased from \$75 to \$125, the initial two-year licensing fee from \$550 to \$600, and the individual renewal fee from \$500 to \$640. For Appraisal Management Companies, initial registration fees increased from \$1,500 to \$3,000 and registration renewal fees from \$3,000 to

\$4,250. A new \$1,000 Appraisal Management Company change of business name fee was introduced, as were two new fees for continuing education providers.

- Board of Geologist Examiners – Established a new \$50 examination processing fee if an examination candidate decides to withdraw from an exam and either receive a refund or forward approval to take the exam to the next examination date; previously neither of these options were either available or accessible. The Board also established a new temporary license and associated fees due to SB 688 (2019) and HB 3030 (2019), which require licensing boards to offer temporary licenses to military spouses posted in Oregon.
- Landscape Architect Board – Established new temporary licensing fees for military spouses posted in Oregon.
- Landscape Contractors Board – Increased almost all fees, with individual application and renewal fees up from \$100 to \$170, business application fees increased from \$150 to \$255, and business licensing and renewal fees increased from \$275 to \$345. All but one other agency fee was also increased.

Where applicable, agencies included sufficient information on the board deliberations and evaluation processes that resulted in the need for a new fee or fee increase. Fee increases ensured the continued solvency of the boards and new fees were implemented to offer new, optional, or value-added services.

Board Membership and Best Practices

Each board uses a combination of state and professional organization resources to ensure sufficient training for its board members. Financial expertise on each board varies, with most using experienced business owners for board support. See Appendix A for summary of operations.

Additional Board Actions Promoting Consumer Protection

The agencies provided consumer information and outreach through their websites, newsletters, email alerts, training, speaking engagements, and attendance at conferences. Agencies also collected survey data to identify ways to better serve their licensees and customers. In addition, agencies developed partnerships with other organizations, educators, and practitioners to foster ethical behavior and professional conduct.

Licensing and Enforcement Activities

In general, agencies are answering complaints and conducting investigations in a timely manner. The Legislative Fiscal Office continues to recommend that each agency better document its data collection process and include this documentation in its reporting. Agencies can improve the quality of their reporting by providing analysis of the collected data. Documentation of the data collection process is especially necessary with many of the agencies migrating to new licensing information systems. Several agencies reported difficulty finding investigative staff. Due to the small size of many of these licensing boards, staff may not be able to backfill when an investigatory position is vacant for any period of time, which can lead to a backlog of cases.

Other Performance Indicators

The Oregon Wine Board, Oregon Patient Safety Commission, and Citizens' Initiative Review Commission do not provide licensing services. The Oregon Wine Board and Citizens' Initiative Review Commission do not have professional licensing as part of their mission. In accordance with Legislative Fiscal Office recommendations, the Oregon Wine Board provided information that enabled LFO to

review agency performance in line with the expectations of ORS 182.472. The Oregon Wine Board submitted its 2017-18 and 2018-19 Annual Reports. The Oregon Patient Safety Commission has a statutory obligation (ORS 442.837) to publicly report aggregate data from its voluntary Patient Safety Reporting Program. Oregon Patient Safety Commission staff review reports submitted by participating facilities (i.e., hospitals, ambulatory surgery centers, nursing homes, and retail pharmacies) according to the quality criteria defined in its administrative rules (e.g., OAR 325-010-0035 Oregon Patient Safety Reporting Program for Hospitals: Commission Review of Reports).

RECOMMENDATIONS FOR FUTURE REPORTING

LFO has revised the reporting guidelines for 2022 (See Appendix D) to assist agencies in submitting accurate and useful information. LFO recommends that agencies follow the updated guidelines for the 2022 reporting cycle.

OTHER SEMI-INDEPENDENT AGENCIES

Oregon Tourism Commission (Travel Oregon)

ORS 284.126 requires the Oregon Tourism Commission to file copies of its adopted or modified budget and financial statements with the Legislative Fiscal Office not later than five days after these documents are prepared or adopted. In addition, ORS 284.148 requires the Commission to submit a report to LFO by October 1st of each year that identifies:

- Funds received by the Commission from transient lodging tax.
- The awards and commitments approved by the Commission of these funds for the fiscal year.
- Other information requested by LFO including information on grants of \$2 million or more made by the Commission.

See page 25 of Appendix B for a brief review of the agency's use of transient lodging tax for the 2017-19 and 2019-21 biennia.

Oregon Travel Information Council and Oregon Film and Video Office

ORS 377.838 requires the Oregon Travel Information Council (OTIC) to file with the Governor, Legislative Assembly, and Legislative Fiscal Office an annual report of its activities and operations. OTIC submitted financial reviews performed by Moss Adams for the periods ending June 30, 2018 and 2019, along with its budget for 2019-21.

ORS 284.335 requires the Oregon Film and Video Office to file with the Governor, Legislative Assembly, and Legislative Fiscal Office a biennial report of its activities and operations. The Office submitted its budget and legislative briefings for the 2017-19 and 2019-21 biennia.

Because the Oregon Travel Information Council and Oregon Film and Video Office are required to present their budgets and agency operations information to a legislative committee, this report does not include a detailed review.

APPENDIX A
Semi-Independent Agencies: Operations Summary for 2017-19 Biennium

| | 2017-2019 | | Board Members | | 2017-2019 | Approximate # Licensees | | | Director | 2017-2019 | 2019-2021 | 2019-2021 | |
|---|-----------|-------|---------------|--------|----------------|-------------------------|--------------------|---------------|--------------------------------|---------------------|-----------------------|-----------|-------|
| | Pos. | FTE | Industry | Public | Board Meetings | Individuals | Firms/ Business | Board Stipend | Monthly Salary as of 6/30/2019 | Actual Expenditures | Budgeted Expenditures | Pos. | FTE |
| Board of Architect Examiners | 5 | 4.13 | 5 | 2 | 14 | 3,617 | 801 | \$60/day | \$10,277 | \$1,113,401 | \$1,459,467 | 5 | 4.13 |
| Appraiser Certification and Licensure Board | 7 | 7.00 | 7 | 1 | 8 | 1,454 | 114 | \$0/day | \$7,837 | \$1,963,025 | \$2,173,751 | 7 | 6.50 |
| Board of Examiners for Engineering and Land Surveying | 16 | 16.00 | 9 | 2 | 20 | 30,000 | - | \$30/day | \$10,087 | \$3,502,759 | \$3,510,370 | 16 | 16.00 |
| Board of Geologist Examiners | 2 | 2.00 | 4* | 1 | 10 | 1,171 | - | \$100/day | \$8,882 | \$628,832 | \$717,360 | 2 | 2.00 |
| Landscape Architect Board | ◆ | ◆ | 4 | 3 | 8 | 521 ^o | 215 | \$50/day | ◆ | \$356,491 | \$468,289 | ◆ | ◆ |
| Landscape Contractors Board | 5 | 4.50 | 5 | 2 | 13 | 1,448 | 1,250 | \$100/day | \$8,223 | \$1,458,240 | \$1,778,957 | 5 | 4.50 |
| Board of Massage Therapists | 6 | 6.00 | 4 | 3 | 12 | 8,076 | 266 | \$100/month | \$7,243 | \$2,090,683 | \$2,417,000 | 6 | 6.00 |
| Board of Optometry | 2 | 2.00 | 4 | 1 | 8 | 1,152 | - | \$100/day | \$8,223 | \$734,898 | \$839,561 | 2 | 2.00 |
| Physical Therapist Licensing Board | 3 | 2.80 | 6 | 2 | 20 | 6,978 | - | \$150/day | \$9,992 | \$1,241,551 | \$1,616,173 | 3 | 2.80 |
| Oregon Patient Safety Commission | 14 | 14.00 | 17 | 0 | 24 | □ | □ | None Paid | \$9,030 | \$3,368,725 | \$4,363,661 | 11 | 11.00 |
| Oregon Wine Board | 9 | 9.00 | 9 | 0 | 18 | □ | □ | None Paid | \$15,500 | \$5,698,264 | \$6,072,958 | 9 | 9.00 |
| Citizens' Initiative Review Commission * | | | | | | | | | | | | | |

+ Plus one *ex officio* member (State Geologist)
◆ Contracted services from Board of Geologist Examiners
● Emeritus Status no longer included in count
□ Not a licensing agency
* Deactivated

APPENDIX B
Semi-Independent Agencies: Budget to Actual Summary

| | 2017-2019 | 2017-2019 | 2017-2019 | 2017-2019 | 2017-2019 | 2017-2019 | 2017-2019 | 2019-2021 | 2019-2021 | 2019-2021 |
|---|-------------------------------|----------------------------|-----------------|--------------------------------|---------------------|------------------------------|----------------------------|---------------------------|-------------------------------|------------------------------|
| | Actual Beginning Fund Balance | Approved Budgeted Revenues | Actual Revenues | Approved Budgeted Expenditures | Actual Expenditures | Budgeted Ending Fund Balance | Actual Ending Fund Balance | Adopted Budgeted Revenues | Adopted Budgeted Expenditures | Budgeted Ending Fund Balance |
| Board of Architect Examiners | \$1,050,943 | \$1,087,300 | \$1,067,691 | \$1,248,270 | \$1,113,401 | \$889,973 | \$1,005,233 | \$1,068,065 | \$1,459,467 | \$613,831 |
| Appraiser Certification and Licensure Board | \$1,174,481 | \$1,997,390 | \$1,629,726 | \$1,997,390 | \$1,963,025 | \$1,174,481 | \$841,182 | \$2,178,624 | \$2,173,751 | \$846,055 |
| Board of Examiners for Engineering and Land Surveying | \$1,639,605 | \$3,449,800 | \$3,412,339 | \$3,230,000 | \$3,502,759 | \$1,859,405 | \$1,549,185 | \$3,536,200 | \$3,510,370 | \$1,575,015 |
| Board of Geologist Examiners | \$266,905 | \$683,080 | \$659,135 | \$690,465 | \$628,832 | \$259,520 | \$297,207 | \$666,400 | \$717,360 | \$246,247 |
| Landscape Architect Board | \$216,434 | \$451,250 | \$461,929 | \$455,523 | \$356,491 | \$212,161 | \$321,872 | \$470,950 | \$468,289 | \$324,533 |
| Landscape Contractors Board | \$428,858 | \$1,387,870 | \$1,409,484 | \$1,448,332 | \$1,458,240 | \$368,396 | \$380,102 | \$1,852,540 | \$1,778,957 | \$453,685 |
| Board of Massage Therapists | \$479,243 | \$1,861,452 | \$1,959,155 | \$2,280,000 | \$2,090,683 | \$60,695 | \$347,715 | \$2,417,000 | \$2,417,000 | \$262,913 |
| Board of Optometry | \$294,967 | \$678,181 | \$683,383 | \$770,655 | \$734,898 | \$202,493 | \$243,452 | \$786,000 | \$839,561 | \$189,891 |
| Physical Therapist Licensing Board | \$998,864 | \$1,183,000 | \$1,203,759 | \$1,258,000 | \$1,241,551 | \$923,864 | \$961,072 | \$1,219,710 | \$1,616,173 | \$564,609 |
| Oregon Patient Safety Commission | \$376,438 | \$4,462,320 | \$4,469,132 | \$4,353,196 | \$3,368,725 | \$485,562 | \$1,476,845 | \$4,363,661 | \$4,363,661 | \$1,476,845 |
| Oregon Wine Board | \$958,718 | \$5,287,600 | \$5,722,354 | \$5,846,095 | \$5,698,264 | \$400,223 | \$982,808 | \$5,570,042 | \$6,072,958 | \$479,892 |
| Citizens' Initiative Review Commission | | | | | | | | | | |

Italicized numbers denote where agency-reported ending balance and actual biennial ending balance differ; further information included in the text of the report.

BOARD OF ARCHITECT EXAMINERS

| | 2015-17 Budget | 2015-17 Actual | 2017-19 Budget | 2017-19 Actual | 2019-21 Budget |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Funds | \$1,156,384 | \$1,061,813 | \$1,248,270 | \$1,113,401 | \$1,459,467 |
| Positions | 5 | 5 | 5 | 5 | 5 |
| FTE | 3.65 | 3.81 | 4.13 | 4.13 | 4.13 |

Overview

The mission of the Oregon State Board of Architect Examiners (OSBAE) is to protect the public through the registration and regulation of the practice of architecture in Oregon. The Board administers examinations; registers individual architects and firms; and is responsible for investigating complaints, renewing registrations, and monitoring the continued education of its registrants. The seven-member board is composed of five professionals and two public members.

Revenue Sources

OSBAE is primarily funded by revenue from application, registration, and renewal fees for individuals and firms. Other miscellaneous revenue sources include civil penalties, late fees, and interest income.

The Board has not increased registration renewal fees, their primary source of funding, since 2002. Other fees have been modified over the years, most recently to include the creation of a uniform fee for applications and registrations, instead of charging different amounts based on registrant type. The Board does not anticipate a fee increase in 2019-21.

Budget Environment / Registration and Enforcement Activities

The Board currently regulates approximately 4,400 active registrants, between individuals and firms, an increase of over 200 registrants from the previous biennium. The number of individual registration applications has increased in recent biennia, with 621 individual applications received in 2017-19; much higher than the average of 232 applications received between 2009 and 2015. The number of active registrants (both individuals and firms) increased by close to 25% in the past decade.

The Board's Investigator position was held vacant for seven months during the 2017-19 biennium while the Board recruited a new Executive Director, which led to longer cases and fewer case resolutions. In 2015-17, the Board received and resolved 58 complaints, with a case clearance time of 87 days. In 2017-19, the Board received 47 complaints, but resolved only 24 of these complaints, with a case clearance time of 273 days. The Board reports that the Investigator position is now filled and that the backlog of cases resulting from that vacancy is at a manageable level.

2017-19 Budget to Actual

The Board's 2017-19 actual revenue was \$1,067,691, a 1.8% decrease from budgeted revenue. The Board's 2017-19 actual expenditures were \$1,113,401, 10.8% less than budgeted, due primarily to vacancy savings from staff turnover.

2019-21 Budget

The 2019-21 Board adopted budget of \$1,459,467 represents a 16.9% increase from the 2017-19 adopted budget. This increase is largely due to increased Personal Services costs.

Revenue in 2019-21 was initially projected at \$1,068,065, with a projected ending cash balance of \$613,831, equivalent to approximately 10 months of operating costs. The ending balance included here differs from the agency-reported ending balance, as the agency calculations exclude outstanding liability, items which are billed and paid in different biennia. These projected revenues do not account for an anticipated decrease in renewals during the next registration period, due to the COVID-19 pandemic.

APPRAISER CERTIFICATION AND LICENSURE BOARD

| | 2015-17 Budget | 2015-17 Actual | 2017-19 Budget | 2017-19 Actual | 2019-21 Budget |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Funds | \$1,763,229 | \$1,369,200 | \$1,906,609 | \$1,963,025 | \$2,173,751 |
| Positions | 6 | 6 | 7 | 7 | 7 |
| FTE | 6.00 | 6.00 | 7.00 | 7.00 | 6.50 |

Overview

The mission of the Appraiser Certification and Licensure Board (ACLB) is to protect the public through regulating the practice of real estate appraisal in Oregon. The eight-member board is composed of five appraisers, one representative of a financial institution, one representative of appraisal management companies (AMCs), and one public member.

Revenue Sources

The Board is funded by revenue generated primarily from license application and renewal fees, with additional funding from interest earnings and civil penalties. The Board increased almost all fees in the Appraiser and AMC programs, and introduced three new fees, as of July 2019. Most notably for individual licensees, the application fee was increased from \$75 to \$125; the initial license fee was increased from \$550 to \$600; and the biannual license renewal fee was increased from \$500 to \$640. For AMCs, the application fee remained at \$1,000, while the registration fee increased from \$1,500 to \$3,000 and the biannual registration renewal fee increased from \$3,000 to \$4,250. Fees were last increased in 2008.

Budget Environment / Licensing and Enforcement Activities

The Board currently regulates approximately 1,450 active individual licensees and 114 AMCs. Individual licensee numbers hit a low of 1,184 licenses in 2013-15 but have increased in the years since. Licensee numbers are reliant on the strength of the real estate market, so the Board may see changes in licensing numbers if the real estate market is affected by the COVID-19 pandemic.

The number of complaints filed against individual licensees has continued to decline each biennium, with 76 total complaints filed in 2017-19, down 17.4% from the previous biennium. In 2017-19, 37 complaints were resolved, with 21 cases resulting in a sanction being imposed. Case numbers for AMCs remain relatively flat, with 16 complaints received in 2017-19, and 14 received in 2015-17. Of the AMC complaints filed in 2017-19, 50% resulted in a final order or other settlement, with the remainder either closed after an investigation or dismissed. The Board does have a backlog of cases related of staff vacancies in 2017 and 2018 that they have been working through; as of September 2020, 27 of 71 active cases were more than a year old.

The Board is monitored by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council, a federal Board, which ensures all state appraiser board programs and activities conform with federal law. ACLB most recently received a “needs improvement” rating from the Appraisal Subcommittee in 2018. As a result of that review, the Board sent their Assistant Attorney General to investigator training courses and approved a new Investigator position in order to resolve complaints in a timely manner. The next Appraisal Subcommittee review was scheduled to take place in 2020 but has been delayed due to the COVID-19 pandemic.

ACLB has a new Board Administrator as of June 2020, who previously served as an ACLB Investigator. The Board has contracted with an outside consultant to assist with compliance cases until the Investigator position is filled. Of note, the Board has fillable PDF licensing forms on their website, but does not have an online licensing system.

2017-19 Budget to Actual

The Board's 2017-19 actual revenue was \$1,629,726, an 18.4% decrease from budgeted revenues. Revenue projections were based on a fee increase that was planned to go into effect during the 2017-19 biennium. The Board ultimately decided to hold on the fee increase until 2019-21 and use existing ACLB financial reserves as backfill for 2017-19, leading to a large discrepancy between budgeted and actual revenues. License renewals in 2017-19 were also lower than projected, and the Board did not collect as many outstanding civil penalties as projected.

Actual expenditures for 2017-19 were \$1,963,025, which is 1.7% less than the modified Board budget; the Board budget was increased mid-biennium from \$1,906,609 to \$1,997,390, largely to accommodate the costs of moving to a new office location in 2017.

2019-21 Budget

The 2019-21 Board-adopted budget of \$2,173,751 represents an 8.8% increase from the 2017-19 adopted budget. The projected ending cash balance of \$846,055 equals approximately 9.3 months of operating costs.

BOARD OF EXAMINERS FOR ENGINEERING AND LAND SURVEYING

| | 2015-17 Budget | 2015-17 Actual | 2017-19 Budget | 2017-19 Actual | 2019-21 Budget |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Funds | \$3,250,000 | \$3,072,423 | \$3,230,000 | \$3,502,759 | \$3,510,370 |
| Positions | 15 | 16 | 16 | 16 | 16 |
| FTE | 13.00 | 16.00 | 16.00 | 16.00 | 16.00 |

Overview

The mission of the Oregon State Board of Examiners for Engineering and Land Surveying (OSBEELS) is to protect the public through licensing and regulating the practices of engineering, land surveying, photogrammetric mapping, and certified water right examination in Oregon. The Board is responsible for administering examinations, issuing licenses, investigating complaints, and renewing licenses. The eleven-member board is composed of nine professionals and two public members.

Revenue Sources

The Board is funded primarily through application and registration fees, with additional revenue from civil penalties and other miscellaneous income. Revenue in 2017-19 was \$3,412,339, 1.1% less than the adopted budget projection. License renewals came in 7.2% lower than projected, but this was partially offset by increased exam and application fee revenue across almost all licensing types.

Professional registrations through OSBEELS have increased substantially since 2015, due to a change in the process to obtain the minimum requirements for licensure established by SB 297 (2015). Under this law, an individual who has passed all the required examinations through the National Council of Examiners for Engineering and Surveying (NCEES), and has met the other minimum requirements for Oregon licensure, may submit a complete application package and applicable fee for professional registration in Oregon. This streamlined the process for licensure from a two application process, where the applicant had to meet the licensure requirements in a particular order, to a single application process for licensure after the applicant obtained the education, experience, and testing requirements. As a result, the Board is seeing such applications come from all over the world. Approximately 2,300 new registrations were issued in 2017-19, eclipsing the previous 10-year high of around 1,700 new registrations.

Fees for registration applications and the biennial renewal fees for professional engineers, land surveyors, and registered photogrammetrists were all increased in 2017-19. Registration application fees increased from \$360 to \$400, and biennial renewal fees increased from \$150 to \$190. Renewal fees were last increased in 2008.

Budget Environment / Licensing and Enforcement Activities

The Board regulates approximately 30,000 individuals in the fields of engineering, land surveying, photogrammetry, and water right examination. Complaints to the Board increased 8.2% from the previous biennium. Of the 181 cases closed in 2017-19, 60 resulted in some sort of disciplinary action.

The Board saw a variety of managerial, accounting, and operational issues during the 2017-19 biennium. The Board's previous administrator was let go in early 2019 due to potential financial mismanagement, and a forensic investigation commissioned by OSBEELS identified a lack of many recommended financial controls. Additionally, the Board's database lost most functionality in early

2019, leaving most licensing processes to be done manually by staff using spreadsheets. The loss of database functionality has led to delays in issuing licenses and inconsistent data. The Board has a new administrator in place who is working on these identified issues, and OSBEELS is on track to have a new database in place by early 2021; this will be followed up on during the next reporting period.

2017-19 Budget to Actual

The Board's 2017-19 actual expenditures were \$3,502,759, which was 8.4% more than budgeted. The Board saw substantial unanticipated legal fees due to investigation of the previous administrator and a lawsuit regarding title and practice requirements administered by the Board. The Board also had numerous Personal Services expenses that exceeded projections. The Board did not have a public hearing to formally increase their budget due to the previously mentioned leadership turnover, but plans to follow this process when updating their budget during the 2019-21 biennium.

2019-21 Budget

The 2019-21 Board-adopted budget of \$3,510,370 represents an 8.7% increase from the 2017-19 adopted budget. The 2019-21 budget has a projected ending cash balance of \$1,575,015, which equals approximately 10.8 months of operating costs.

BOARD OF GEOLOGIST EXAMINERS

| | 2015-17 Budget | 2015-17 Actual | 2017-19 Budget | 2017-19 Actual | 2019-21 Budget |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Funds | 613,625 | \$561,508 | \$690,465 | \$628,832 | \$717,360 |
| Positions | 2 | 2 | 2 | 2 | 2 |
| FTE | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |

Overview

The mission of the Oregon State Board of Geologist Examiners (OSBGE) is to protect the public through licensing and regulating the practice of geology in Oregon. The Board is responsible for administering examinations, issuing licenses, investigating complaints, and renewing licenses. The six-member board is composed of four professionals and one public member. The Oregon State Geologist serves as an ex-officio member.

Revenue Sources

The Board is funded by revenue generated from annual renewal fees for registrants, initial registration fees, and application review fees. Other miscellaneous sources include civil penalties, late fees, interest income, and an interagency agreement with the Oregon State Landscape Architect Board (OSLAB) for shared administration activities. The Board has seen an increased number of licensees qualify for reduced-fee license which automatically applies at a certain age, leading to a slight negative impact on revenues.

The Board increased some fees as of July 2017. Application fees increased from \$75 to \$100; Geologist-in-Training, Registered Geologist, and Certified Engineering Geologist annual registration and renewal fees all increased (from \$50 to \$60, \$100 to \$155, and \$75 to \$110 respectively); and senior renewal fees increased from \$15 to \$30. Fees were last increased in 2007.

Budget Environment / Licensing and Enforcement Activities

The Board regulates approximately 1,170 registrants. License applications and new licenses increased in recent biennia, but overall registration numbers remain relatively flat due to retirements and non-renewals. OSBGE is staffed by a Board Administrator and a Registration Specialist, each working as 0.50 FTE (a total of 1.00 FTE) for OSBGE. Staff spend the remaining 0.50 FTE portion of their time working for OSLAB through an interagency agreement (see OSLAB section below).

OSBGE opened three cases in 2017-19 and closed all of them. A continued low number of complaints has led to concern that licensees are reluctant to report infractions, perhaps due to a lack of anonymity when reporting, among other reasons. A lack of external reporting could undercut the Board's regulation abilities.

The Board was unable to offer national licensure exams for new licensees in spring 2020 due to the COVID-19 pandemic, but has not seen other major impacts as a result of the pandemic.

2017-19 Budget to Actual

The Board's 2017-19 actual revenue was \$659,135. This was 3.5% less than projected, due to a combination of non-renewals and miscalculation of licensing types. OSBGE's 2017-19 actual

expenditures were \$628,832, which is 8.9% less than the adopted budget; this was due to IT and legal expenses that came in lower than anticipated.

2019-21 Budget

The 2019-21 budget of \$717,360 represents a 3.9% increase from the 2017-19 adopted budget. While Board expenditures for 2017-19 were well under budget, the Board retains certain budget line items in case of contingencies, such as an increase in their compliance caseload. The projected ending cash balance of \$246,247 equals approximately 8.2 months of operating costs.

LANDSCAPE ARCHITECT BOARD

| | 2015-17 Budget | 2015-17 Actual | 2017-19 Budget | 2017-19 Actual | 2019-21 Budget |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Funds | \$428,103 | \$343,741 | \$455,523 | \$356,491 | \$468,289 |
| Positions | 0 | 0 | 0 | 0 | 0 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Overview

The mission of the Oregon State Landscape Architect Board (OSLAB) is to protect the public through licensing and regulating the practice of landscape architecture in Oregon. The Board approves candidates for examinations, issues and renews licenses, investigates complaints, and monitors the continuing education of its licensees. The seven-member board is composed of four professionals and three public members.

Revenue Sources

The Board is funded primarily by application and annual registration fees for individuals and businesses. Revenue for 2017-19 was 2.4% higher than projected, due to an unanticipated increase in new individual and business registrations. New revenue in 2019-21 is projected to be \$470,950, which is a 2.0% increase over the actual revenue received in 2017-19.

The Board increased some fees as of July 2017, with individual registration and renewal fees both increasing from \$250 to \$325 annually; business registration and renewal fees both increasing from \$112.50 to \$225 annually; and the inactive and inactive emeritus fee increased from \$25 to \$50 a year. Fees were last increased in 2005.

Budget Environment / Licensing and Enforcement Activities

The Board has approximately 520 active individual registrants and 215 business licensees. The Board cites some concerns about a decreasing pipeline of license candidates, due to low examination application numbers and overall aging of licensees.

The number of complaints and investigations conducted remains small, totaling just three complaints in 2017-19. Most cases involve improper advertising of landscape architect services and are quickly resolved through education and proper registration. Very few cases result in formal disciplinary actions. The Board uses a private firm for contract investigation services.

The Board staff include a contract Administrator and contract Registration Specialist who are employed by the Oregon State Board of Geologist Examiners but work part-time (totaling 1.0 FTE) at OSLAB through an interagency agreement that is subject to renegotiation each biennium.

2017-19 Budget to Actual

The Board's 2017-19 actual revenue was \$461,929, a 2.4% increase from budgeted revenue. The Board's expenditures came in at \$356,491, 21.7% under budget, with unrealized costs for legal and investigative services due to the low number of compliance cases over the course of the biennium.

2019-21 Budget

The 2019-21 adopted budget of \$468,289 represents a 2.8% increase from the 2017-19 adopted budget. While Board expenditures for 2017-19 were well under budget, the Board retains certain budget line items in case of contingencies, such as an increase in their compliance caseload. The projected ending cash balance of \$324,532 equals approximately 16.6 months of operating costs.

LANDSCAPE CONTRACTORS BOARD

| | 2015-17 Budget | 2015-17 Actual | 2017-19 Budget | 2017-19 Actual | 2019-21 Budget |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Funds | \$1,241,561 | \$1,298,008 | \$1,448,332 | \$1,458,240 | \$1,778,957 |
| Positions | 5 | 5 | 5 | 5 | 5 |
| FTE | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |

Overview

The Landscape Contractors Board (LCB) regulates the landscape industry in Oregon, to protect the public by promoting a fair and competitive business environment through education, licensing, dispute resolution, and enforcement. The Board is responsible for administering examinations, issuing and renewing licenses, investigating complaints, and monitoring the continuing education of its licensees. The seven-member board is composed of five professionals and two public members.

Revenue Sources

The Board is funded by revenue generated from application and annual licensure fees for individuals and businesses. Other miscellaneous sources include civil penalties, late fees, and interest income. New revenue in 2019-21 is projected at \$1,852,540, a 31.4% increase from 2017-19 actual revenues.

All but one license and renewal fee was increased for the 2019-21 biennium. Notably, individual application and renewal fees were increased from \$100 to \$170; business application fees were increased from \$150 to \$255; and business licensing and renewal fees were increased from \$275 to \$345.

Budget Environment / Licensing and Enforcement Activities

The Board licenses around 1,450 individuals and 1,250 businesses. In 2019, the Board created a new "Modified License" for licensees that perform small jobs with a limited dollar value, to better serve landscape maintenance businesses and entrants to the industry. This was one factor that led to an approximately 38% increase in new individual and business licenses, as compared to the 2015-17 biennium; though this growth was partially offset by renewals coming in lower than projected. In total, business and individual licensee numbers increased by approximately 6% from the prior biennia. LCB anticipates that there will be fewer applications and renewals in 2019-21 as a result of the COVID-19 pandemic, which will impact Board revenues.

There were 94 consumer complaints against licensed landscape contractors in 2017-19, up from 76 in 2015-17 and 58 in 2013-15. There has been more demand for landscaping work as the economy has improved, which is likely the cause of the increase. A significant number of these claims are now going to hearings, leading to an increase in LCB's hearings and legal counsel costs.

2017-19 Budget to Actual

Actual revenue for 2017-19 was \$1,409,484, about 1.6% higher than budgeted. The Board's 2017-19 actual expenditures were \$1,458,240, about 0.7% higher than the \$1,448,332 budgeted. This was due partially to an unbudgeted increase in employee benefits, increased legal costs, and the decision to make a bulk discounted purchase of examination training materials. The Board was made aware that LCB would be overbudget for the biennium, but did not increase LCB's budget or hold a public meeting to address the budget overage since the amount was relatively small.

2019-21 Budget

The 2019-21 adopted budget of \$1,778,957 represents an 22.8% increase from the 2017-19 adopted budget. The increased budget reflects an anticipated increase in claims that result in hearings and related legal expenses; increased Personal Services costs; and a placeholder amount for database replacement, which will allow licensees to renew and pay for licenses online. The Board's projected ending cash balance of \$453,686 equals approximately 6.1 months of operating costs. The 2019-21 ending balance of \$380,971 included in the report submitted by LCB does not account for the one month's worth of operating capital that the Board holds in reserve.

BOARD OF MASSAGE THERAPISTS

| | 2015-17 Budget | 2015-17 Actual | 2017-19 Budget | 2017-19 Actual | 2019-21 Budget |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Funds | \$1,865,000 | \$1,781,956 | \$2,280,000 | 2,090,683 | 2,417,000 |
| Positions | 5 | 5 | 5 | 5 | 6 |
| FTE | 5.00 | 5.00 | 5.00 | 5.00 | 6.00 |

Overview

The Board of Massage Therapists balances public safety with the needs of licensed massage therapists by regulating and monitoring the practice of massage therapy in Oregon. The Board develops, implements, and maintains the standards of professional conduct and practice, prescribing qualifications, standards for the examination of applicants for licensure, and continuing education requirements. In addition to issuing licenses to those who qualify, the Board also has the authority to revoke licenses and assess civil penalties against unregistered individuals practicing professional massage therapy without authority, as well as against those licensed professionals practicing improperly. The Board consists of seven members appointed by the Governor for four-year terms. Four members are licensed massage therapists and three members are public citizens.

Revenue Sources

The agency is funded by revenue generated from application and license fees. Other sources include civil penalties, late fees, and the sale of mailing lists. Revenue in 2019-21 is projected to be \$2,417,000 which is 29.8% above 2017-19 estimates, and the projected ending cash balance of \$356,187 equals approximately 3.5 months of operating costs. To keep up with expenses, the Board adjusted its fee schedule increasing: renewal fee \$25 per biennium for an inactive license status; renewal fee by \$45 per biennium for an active license status; initial license fee by \$100 (\$50 for an initial license under 12 months); and initial permit application fee by \$150.

Budget Environment / Licensing and Enforcement Activities

Currently, the Board has approximately 8,139 individual licensees and 272 firms. The industry continues to grow partly propelled by an increased use of massage therapy in tandem with sports training, and for medical or health reasons such as pain management, injury rehabilitation, and palliative care, as well as for relaxation and stress reduction. With increased growth in licensees, the Board has seen a corresponding increase in complaints and investigations. The number of complaints received increased from 328 in the 2015-17 biennium to 442 in the 2017-19 biennium. The number of investigations conducted increased from 266 to 442.

2017-19 Budget to Actual

The Board's 2017-19 actual revenue of \$1,959,155 was more (5.25%) than budgeted revenue of \$1,861,452, reflecting an increase in the number of new applications from out of state, as well as the collection of civil penalties with the establishment of a new compliance position and the transfer of collections efforts to the Department of Revenue. The Board's 2017-19 actual expenditure was \$2,090,683, which is 8.3% under the budgeted \$2,280,000 reflecting less than anticipated legal costs, vacancy savings resulting from a change in director, and a delay of a move to new offices from 2019 to May 2020.

2019-21 Budget

The 2019-21 Board adopted budget of \$2,417,000 represents a 6.0% increase from the 2017-19 Board approved budget of \$2,280,000, due mostly to anticipated increases in state government services charges, as well as audit, banking, security, and facilities expenses.

The Board anticipates 2019-21 budget adjustments to respond to the effects of Covid-19 related regulations and shutdowns, including costs to address a potential increase in computer related expenses to allow staff and board members to work remotely. The Board is seeing a reduction in complaints and enforcement activities during the shutdown, which could result in a reduction in disciplinary fines. Board also anticipates a decrease in revenue as a result of waiver of fees and extension of renewal periods. The Board predicts that the number of licensees and new applications may decrease with the initial closure of massage practices statewide, coupled with many facilities closing permanently.

BOARD OF OPTOMETRY

| | 2015-17 Budget | 2015-17 Actual | 2017-19 Budget | 2017-19 Actual | 2019-21 Budget |
|--------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Total Funds | \$768,021 | \$733,238 | \$770,655 | \$734,898 | \$839,561 |
| Positions | 3 | 3 | 2 | 2 | 2 |
| FTE | 2.20 | 2.20 | 2.00 | 2.00 | 2.00 |

Overview

The Board of Optometry is responsible for the licensure of doctors of optometry (optometrists/optometric physicians), and the enforcement of statutes and administrative rules governing the practice of optometry in Oregon. The Board prescribes qualifications for the practice of optometry, standards for the examination of applicants for licensure and certification, and continuing education requirements. The Board has the authority to issue licenses to those who qualify, and to revoke licenses and assess civil penalties against unlicensed individuals practicing optometry without authority, as well as those licensed professionals practicing improperly. The Board consists of five members appointed by the Governor for three-year terms. Four members are licensed doctors of optometry, and the fifth member is a public citizen representing health consumers.

Revenue Sources

The Board is funded by revenue generated from application, examination, and license fees. Other sources include civil penalties, late fees, and interest income. Revenue in 2019-21 is projected to be \$786,000 which is 15.9% more than 2017-19 estimates. While active license fee income was 3% less than budgeted, new license application income was 17% higher than budgeted. The Board attributes new license application increases to the number of Pacific University optometry new graduates, as well as out of state optometry graduates, entering into residency programs in Oregon after they completed their degree. Students are required to get licensed in order to complete their residency even if they don't always stay in the state after the residency. During the 2017-19 biennium, the Board instituted fee increases, including: active license annual renewal from \$300 to \$348; inactive license annual renewal from \$100 to \$123; application for examination and licensure from \$200 to \$300; reactivation/reinstatement of license from \$100 to \$150; wall display certificates from \$30 to \$40; license verification from \$20 to \$30; and inactive renewal late fee from \$15 to \$20.

Budget Environment / Licensing and Enforcement Activities

During the 2017-2019 biennium, the Board had approximately 1,152 licensees. Of those, 831 were active licensees (72%) and 321 were inactive (28%). Over the last five biennia the number of active licensees has remained relatively flat. The Board receives a low number of complaints (66 during 2017-19). Most cases are closed with no action or an educational letter. Few cases merit penalties or sanctions. The majority of issues are related to continuing education audit compliance. There is little unlicensed practice in the optometry profession. The primary risk continues to be the sale and use of cosmetic contact lenses, which are sold without a prescription, proper fitting, or education about maintenance and use.

2017-19 Budget to Actual

The Board's 2017-19 actual revenue was \$683,383, which is 0.8% more than budgeted revenue of \$678,181. The Board's 2017-19 actual expenditures was \$734,898, which is 4.6% less than budgeted expenditures of \$770,655. The Board passed an amended biennial budget, which included fee

increases as of January 1, 2019. The primary cost drivers for the Board are personnel and related costs, as well as IT and related services. The Board implemented an online licensing system in the 2017-19 biennium. The Board partnered with the Oregon Physical Therapy Board in developing the contract with Thentia Global Systems, sharing the Department of Justice costs for the contract development.

2019-21 Budget

The 2019-21 Board adopted budget of \$839,561 represents a 0.65% increase from the 2017-19 Board approved budget of \$770,655. With the exception of IT costs, the Board's expenses remain flat after accounting for inflation.

OREGON BOARD OF PHYSICAL THERAPY

| | 2015-17 Budget | 2015-17 Actual | 2017-19 Budget | 2017-19 Actual | 2019-21 Budget |
|--------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Total Funds | \$1,022,000 | \$1,069,714 | \$1,258,000 | \$1,241,551 | \$1,616,173 |
| Positions | 3 | 3 | 3 | 3 | 3 |
| FTE | 2.80 | 2.80 | 2.80 | 2.80 | 2.80 |

Overview

The Oregon Board of Physical Therapy regulates the practice of physical therapy in Oregon. The Board protects the public by establishing professional standards of practice which assure that physical therapists and physical therapist assistants are properly educated, hold valid/current licenses, practice within their scope of practice, and continue to receive ongoing training throughout their careers. Physical therapy practice is governed by state statutes and rules. The Board issues licenses, promulgates rules, monitors continuing competency, investigates complaints, issues civil penalties for violations, and may revoke, suspend, or impose probation on a licensee or limit practice. The Board is comprised of eight volunteer members: five physical therapists, one physical therapist assistant, and two public members. Each member is appointed by the Governor, confirmed by the Senate, and may serve a four-year term.

Revenue Sources

The Board is funded by revenue generated from application, examination, and license fees. Other sources include civil penalties and interest income. The Board had experienced an increase in income in recent years due to the growth in licensing and examination activity because out of state recruiting companies took advantage of filling short-term demands or temporary assignments for therapists in Oregon, and because of a policy change allowing candidates to take the national examination prior to graduation. The Board expects this level of activity to taper off in future years. Although there is no fee increase being proposed for the 2019-2021 Biennium, the Board may need to consider raising licensing fees in the 2021-2023 or 2023-2025 biennium. License and application fees have not been raised since 2004 and were reduced by 15% in 2015-2017 to address a high ending balance. During the 2017-19 biennium, the Board also moved from a one-year renewal cycle to a two-year renewal cycle. In addition to implementing fee reductions, the Board has taken other actions to lower reserves such as absorbing certain costs, including the Oregon Healthcare Workforce survey, instead of passing the costs on to licensees.

Budget Environment / Licensing and Enforcement Activities

The total number of licensees increased by 3.0%, from 6,787 at the end of the 2017-19 biennium to 6,978, at the end of the 2017-19 biennium. The total number of applications received and licenses issued has held fairly flat since the 2015-17 biennium. The Board migrated from an annual renewal period to a biannual renewal period in 2016, decreasing the number of physical renewal applications and licenses issued by approximately 5,000. The number of examinations administered saw an 8% decline overall, driven mostly by a decline in physical therapist exam applicants. This decline reflects the fact that there is less of an advantage for applicants registering for the Oregon exam who do not otherwise intend to practice in Oregon. In the past, since Oregon was an early exam state (meaning, applicants could sit for the exam prior to graduation), applicants would apply in order to sit for the exam but then never complete the Oregon application process. While this does translate to a

reduction in revenue, it also reduces related workload, and better represents the number of Oregon exam applicants.

Although the Board is seeing a decline in the total number of complaints, the number of investigations and resolutions during the 2017-19 biennium have increased 22% due to a concerted effort by the Board to focus on completion of the case backlog carried forward from past biennia. The decline in complaints is attributed to the fact that over the past two biennia the Board has increased its public outreach and education programs in professional schools and in local professional forums. These outreach efforts include presentations regarding changes to Board statutes and rules, the complaint and investigative process, common violations seen by the Board and how to avoid the same or similar violations, and Board resources available to the licensee and the public when practice questions or concerns arise. In addition, the Board developed and introduced a new jurisprudence examination (JAM) that is required for initial licensure. The new exam is a more thorough review of the laws and rules governing the practice of physical therapy in Oregon.

2017-19 Budget to Actual

The Board's 2017-19 actual revenue was \$1,203,759, which is 1.8% more than budgeted revenue of \$1,183,000, reflecting higher percentage of renewals now that renewal period is every two years. The Board's 2017-19 actual expenditures of \$1,241,551 was 1.3% more than the budgeted \$1,258,000. The agency amended its budget to account for payroll costs, including a tenure overlap for the departing executive director with the current executive director for a couple of months to ensure a smooth transition.

2019-21 Budget

The 2019-21 adopted budget of \$ 1,616,173 represents a 36.7% increase from the 2017-19 Board approved budget of \$1,183,000. A large portion of this increase includes funding for a new IT position effective July 1, 2019. While this position is homed and budgeted within the Board's budget, the position is shared with six other boards, making the Board's share of the position approximately .2 FTE. The Board will receive offset revenue of \$121,443 from the six boards that comprise the Health Related Licensing Board (HRLB) for services provided to those entities by the IT position. The remainder of the increase in expense can be attributed to increases in the costs of services used by the Board, such as Attorney General fees, as well as increased costs related to employee benefits, medical premiums, and PERS administration contributions.

OREGON PATIENT SAFETY COMMISSION

| | 2015-17 Budget | 2015-17 Actual | 2017-19 Budget | 2017-19 Actual | 2019-21 Budget |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Funds | \$4,343,881 | \$4,016,455 | \$4,353,196 | \$3,368,725 | \$4,363,661 |
| Positions | 14 | 14 | 15 | 14 | 11 |
| FTE | 14.00 | 13.50 | 15.00 | 14.00 | 11.00 |

Overview

The Oregon Patient Safety Commission (OPSC) was created by the Legislature to help make Oregon’s healthcare safer through administration of patient safety programs. OPSC’s work is guided by its mission—to reduce the risk of adverse events in Oregon’s healthcare system and to encourage a culture of patient safety. The OPSC Board of Directors is comprised of 17 members appointed by the Governor for four-year terms. The Board represents a cross-section of diverse healthcare interests in the state. OPSC’s body of work includes two legislated patient safety programs and other mission-appropriate initiatives that include:

- 1) The Patient Safety Reporting Program (PSRP). OPSC works with healthcare organizations to: manage a confidential, voluntary serious adverse event reporting system in Oregon; promote quality improvement techniques to reduce system errors; and share evidence-based prevention practices to improve patient outcomes.
- 2) The Early Discussion and Resolution (EDR) program. EDR encourages open, constructive conversations between patients and families and healthcare professionals following serious medical harm events to work toward reconciliation.
- 3) Quality Improvement Initiatives (QII). These initiatives include working with Oregon healthcare organizations to improve their infection prevention programs through participation in learning collaboratives, by sharing quality improvement techniques and best-practice resources, and by providing educational programming and in-house expertise.

OPSC is not a regulatory body and has no authority to review licenses, permits, certifications, or registrations.

Revenue Sources

During the 2017-19 biennium, OPSC had three funding sources:

- 1) Annual fees assessed on Oregon healthcare facilities. The fees are used to operate PSRP and provide additional opportunities for patient safety education and quality improvement statewide. Although PSRP is voluntary, annual fees are mandatory; this allows the costs of patient safety activities to be shared equitably and removes a potential barrier to participation in the reporting program.
- 2) State General Funds. OPSC receives State Legislature-Appropriated General Funds as pass-through funding from the Oregon Health Authority (OHA) to administer the EDR program that was established by Oregon Laws 2013, Chapter 5. If a patient experiences serious physical injury or death as a result of medical care, EDR offers legal protections for patients and healthcare providers to encourage open conversation.
- 3) Contracts that support mission-driven work. OPSC served as a subcontractor to OHA’s Public Health Division for specific infection prevention related deliverables, which make up OPSC’s QII work. OHA receives grant funding from the Centers for Disease Control and Prevention (CDC) for this work.

Budget Environment / Activities

The Legislature authorized the assessment of fees on healthcare organizations—including hospitals, long-term care facilities, pharmacies, ambulatory surgical centers, outpatient renal dialysis facilities, freestanding birthing centers, and independent professional healthcare societies or associations—to fund the operating costs of Oregon’s voluntary Patient Safety Reporting Program. HB 4020 (2018) added extended stay centers to the list of healthcare organizations eligible for participation in PSRP. OPSC is authorized to adjust fees based on the annual average Consumer Price Index. OPSC anticipates continued pass-through funds from OHA to support the EDR program. OPSC is authorized to seek mission-appropriate grant funding to support the implementation of patient safety best practices throughout Oregon. In the past two biennia (2015 to 2019), OPSC served as a subcontractor to OHA who receives CDC grant funding and was able to provide on-site assessments and consultation to educate and improve infection prevention practices in a variety of healthcare settings across the state. In May of 2019, OPSC’s Board decided not to pursue further grant funding following completion of the current grant cycle ending in July 2019. The Board wanted to focus all resources on implementation of the EDR and PSRP programs. OPSC will monitor mission-appropriate grant opportunities and work with its Board to consider other grant funding opportunities in the future.

2017-19 Budget to Actual

OPSC’s 2017-19 actual revenue of \$4,469,132 was 0.15% more than the budgeted revenue of \$4,462,320 reflecting a nominal amount of additional grant and interest income. The largest source of income for OPSC was \$1.9 million (44.9% of total revenues) from OHA for the EDR program. OPSC collected \$1.4 million (32.7%) in fees for PSRP; and received \$0.9 million (20.3%) in grant funding for the QII program. OPSC’s 2017-19 actual expenditures were \$3,368,725, which is 22.61% less than budgeted expenditures of \$4,353,196, mostly driven by vacant staff positions and budgeted relocation costs that did not materialize.

2019-21 Budget

The 2019-21 adopted expenditures of \$4,363,661 represents a 0.24% increase from the 2017-19 approved expenditures of \$4,353,196. Expenses for the 2019-21 adopted budget are expected to remain the same as the 2017-19 approved, with increases projected for personnel costs in anticipation of filling staff vacancies.

OREGON WINE BOARD

| | 2015-17 Budget | 2015-17 Actual | 2017-19 Budget | 2017-19 Actual | 2019-21 Budget |
|--------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Total Funds | \$4,816,051 | \$4,771,081 | \$5,846,095 | \$5,698,264 | \$6,072,958 |
| Positions | 7 | 9 | 9 | 9 | 9 |
| FTE | 7.00 | 9.00 | 9.00 | 9.00 | 9.00 |

Overview

The Oregon Wine Board (OWB) supports marketing, research, and education on behalf of all Oregon wineries and independent wine grape growers throughout the state's diverse winegrowing regions. The Board was established to advance enological, viticultural, and economic research for the development of high-quality wine products and for promotion activities to drive sustainable business models for wine grape growing and wine making in Oregon. The Board is comprised of nine members appointed by the Governor with staggered three-year terms for each member. Among other qualifications, Board members must be actively engaged in wine grape growing or wine making and have a demonstrated interest in the positive development of the Oregon Wine industry.

Revenue Sources

The Board is funded primarily by revenue generated from assessment fees on licensees who hold a Winery or Growers Sales Privilege license with the Oregon Liquor Control Commission (OLCC): 1) an assessment of \$25 per ton imposed on wine grapes harvested in Oregon or imported into the state; (2) \$25 per ton on juice or juice concentrate used to make wine; (3) \$12.50 per ton on wine grapes sold to businesses outside of Oregon; and 4) an assessment of \$0.021 per gallon imposed on wine made from other agricultural products (e.g. cider). In addition, a privilege tax of \$0.67 per gallon (the first 40,000 gallons are exempt for wineries producing less than 100,000 gallons annually) is imposed on manufacturers and distributors of wines. Of this tax, \$0.02 per gallon is paid into the account established by the Oregon Wine Board. All assessment fees are collected by OLCC and passed onto the Oregon Wine Board. In addition, the Board charges a fee (from \$155 to \$900 per winery depending on the country and event) to wineries participating in the export program.

Senate Bill 442 (2011) established a wine country license plate program with proceeds going to the Oregon Tourism Commission to distribute to tourism-promoting agencies to promote wine and culinary tourism. The Wine Board received \$31,239 from this program during the 2017-19 biennium. Other revenue sources include program fees and grants, including the United States Department of Agriculture's (USDA) Market Access Program (MAP) export grants, Value-Added Producer Grants (VAPG) and Rural Development Rural Business Enterprise Grants (RBEG).

Budget Environment / Licensing and Enforcement Activities

The Board is required to adopt budgets on an annual basis. The Board may adopt or modify a budget only after holding a public hearing and must give notice of budget hearings to all constituents. In addition, the Board circulates a draft budget and strategic plan to the industry to obtain public comment. The Board is required to submit its annual plans and budget to the Director of the Oregon Business Development Department for review.

2017-19 Budget to Actual

The 2017-19 actual revenue of \$5,722,345 was 8.2% more than budgeted revenues of \$5,287,600. The increase reflects a 13% greater receipt of grape assessment income and ticket sales for the first Oregon Wine Trail marketing event. The 2017-19 actual expenditures of \$5,698,264 was 2.5% lower than budgeted of \$5,846,095 reflecting underspending in marketing activities, including efficiencies in marketing research and data collection. The Board invested 18.4% of its spending on educational activities; 18.4% on funding research; 30.5% on administration; and 32.7% on marketing and communications.

2019-21 Budget

The 2019-21 Board adopted budget of \$6,072,958 represents a 3.9% increase from the 2017-19 Board adopted budget of \$ 5,846,095. The budget reflects funding for viticulture and enology research grants; a new online collection point for technical research and resources; learning and training opportunities to maximize vineyard and winery production, sales and management.

The 2017 Legislature appropriated \$500,000 General Fund to the Board for the purposes of expanding market access and technical research program. In fiscal year 2017-18, \$24,100 was used to provide professional sales training to winery staff. In fiscal year 2018-19, \$232,432 was used to fund domestic and international trade tastings, technical research grants and additional professional sales training. In fiscal year 2019-20, \$147,500 will be used to fund domestic trade tastings and technical research programs. This leaves \$95,986 for future use.

CITIZENS' INITIATIVE REVIEW COMMISSION

| | 2015-17 Budget | 2015-17 Actual | 2017-19 Budget | 2017-19 Actual | 2019-21 Budget |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Funds | \$202,150 | * | * | * | * |
| Positions | 0 | 0 | 0 | 0 | 0 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

*The Commission is currently nonoperational since 2015-17 due to a lack of funding.

Overview

Established in 2011, the eleven-member Citizens' Initiative Review Commission (CIRC) became a semi-independent state agency in 2013. The Commission provides oversight for the Citizens' Initiative Review program, which has as its mission to publicly evaluate ballot measures in order to provide voters with easy access to clear, useful, and trustworthy information at election time. The Commission selects measures for review and brings volunteer panels of Oregonians from across the state to evaluate ballot measures. The Commission is made up of former panelists, former moderators, and appointees from the Governor and bipartisan Senate leadership.

The Commission operated with no staff and addressed its administrative and program needs on a contract basis. The Commission contracted with the Policy Consensus Initiative (a nonpartisan nonprofit organization that helps state leaders develop collaborative systems of governance) to provide administrative support. It has contracted with Healthy Democracy (a nonpartisan nonprofit organization committed to fostering public engagement in the democratic process) to run the reviews.

Revenue Sources

The Commission is funded entirely by charitable foundations and donations from individuals. The Commission may not receive moneys or assistance from political committees, for-profit corporate treasuries, or union treasuries. The Commission documents on its website any contributions from any individual in aggregate total of \$100 in a calendar year. The entirety of the Commission's 2013-15 and 2017-19 revenue has come from Healthy Democracy, which in turn has received contributions from the following sources: Meyer Memorial Trust, Ford Family Foundation, Samuel S. Johnson Foundation, Nobel and Lorraine Hancock Family Foundation, The Carol and Velma Saling Family Foundation, The Carpenter Foundation, and The Omidyar Network.

Budget Environment

The 2015-17 Commission adopted budget of \$202,150 was anticipated to cover the costs of administrative staff, moderator training, panelist stipends and reimbursements, voter pamphlet publications, and program administration costs for two citizens' initiative reviews in 2016, with each review lasting five days and made up of 24 citizen panelists. However, the Commission only had sufficient funding for one citizens' initiative review in 2016, with the review lasting 3.75 days and made up of 20 citizen panelists.

OREGON TOURISM COMMISSION

| Oregon Tourism Commission (OTC) Programs | 2017-19 Budget | 2017-19 Actual* | 2019-21 Budget |
|---|---------------------|---------------------|---------------------|
| Global Strategic Partnerships (GSP) | 4,199,000 | 4,043,180 | 2,458,774 |
| GSP – Regional Cooperative Tourism Program (RCTP) | 15,069,000 | 12,567,655 | 11,020,000 |
| GSP – Competitive Grants Program | 2,534,000 | 1,618,508 | 3,010,000 |
| GSP – Competitive Large Grants Program | 5,000,000 | 5,000,000 | 2,500,000 |
| Global Marketing | 31,250,000 | 26,647,747 | 23,655,408 |
| Administration and Operations | 7,890,000 | 7,338,084 | 7,237,811 |
| Global Sales | 6,406,000 | 6,250,079 | 3,808,318 |
| Destination Development | 3,392,000 | 3,214,283 | 2,719,689 |
| Total Funds | \$75,740,000 | \$66,679,535 | \$56,410,000 |
| Positions | 64 | 61 | 46 |
| FTE | 63.0 | 60.6 | 46.0 |

Overview

The Oregon Tourism Commission (OTC), doing business as Travel Oregon, is a semi-independent agency operating under Chapters 284, 320, and 182 of the Oregon Revised Statutes (ORS). Created in 1995, OTC became semi-independent in 2003. The agency serves to drive economic growth and job creation by strengthening tourism in Oregon. The Commission is composed of nine members: one representing the public-at-large, five representing the lodging sector, and three representing the tourism industry-at-large (not including lodging). Each commissioner is appointed by the Governor, confirmed by the Senate, and may serve up to two four-year terms. In addition to the Commission and the Chief Executive Officer, at the end of the biennium the agency operated with 61 employees and had offices in Portland and Salem. OTC adopts its budget on a biennial basis.

Revenue

OTC is primarily funded by revenue generated from the state transient lodging tax. HB 2267 (2003) established a state transient lodging tax imposed at a rate of 1% to provide funds for the promotion of Oregon’s tourism programs. ORS 320.335 authorizes the Department of Revenue (DOR) to collect and retain up to 2% of gross tax for administrative expenses. DOR reports and distributes revenues to OTC monthly. HB 4146 (2016) increased the transient lodging tax rate from 1% to 1.8% for the period July 1, 2016 to July 1, 2020. On July 1, 2020, the rate decreased to 1.5%.

In addition to the transient lodging tax, OTC also receives revenues from the Governor’s Conference on Tourism attendee registration and sponsorship fees, interest income, federal grants, and the Welcome Center Brochure program.

*According to the financial review for the biennium ended June 30, 2019 conducted by Aldrich CPAs and Advisors, OTC currently has approximately \$36,001,253 in future programming and fund reserves, of which \$13,594,170 (37.8%) is non-discretionary and allocated for distribution through the statutorily required Regional Cooperative Tourism Program (RCTP) and Competitive Grants Program.

In addition, to lessen the impact of revenue decreases resulting from the COVID-19 pandemic, \$7,892,983 from FY 2020 Transient Lodging Tax is budgeted for use in FY 2021. Other reserve funds approved by the Commission are included in the following table:

| | |
|--|---------------------|
| Regional Cooperative Tourism Program (RCTP) for FY2021 | 7,935,800 |
| Regional Cooperative Tourism Program (RCTP) for FY2022 | 1,399,145 |
| Competitive Grants Program – awarded | 639,713 |
| Competitive Large Grants Program – awarded | 2,500,000 |
| Competitive Grants Program – to be awarded | 1,119,513 |
| Operating Reserve | 3,148,422 |
| Immediate Opportunity Fund | 1,450,000 |
| Funding for FY2021 Budget | 7,892,983 |
| Unanticipated TLT from FY2020 | 429,888 |
| Marketing and Sales Development, WAC Oregon22 | 7,431,484 |
| Other OTC Programs, unspent funds for FY2021 | 2,054,305 |
| Total Future Programming and Fund Reserves | \$36,001,253 |

Reporting Requirements and OTC Programs

ORS 284.148 requires OTC to submit a report to LFO by October 1st of each year that identifies funds received by OTC from state lodging tax. OTC reported the following numbers which LFO verified with the Department of Revenue.

Transient Lodging Tax Receipts

OTC reported the following actual and projected revenue receipts from the state lodging tax:

| Region | FY 2017 Actual | FY 2018 Actual | FY 2019 Actual | FY 2020 Actual |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| North, Central, and South Coast | 6,540,296 | 8,138,605 | 9,031,970 | 9,075,792 |
| Willamette Valley | 3,995,979 | 4,492,279 | 5,105,357 | 4,830,997 |
| Portland Metro | 13,014,571 | 15,204,673 | 16,777,408 | 15,518,226 |
| Southern Oregon | 2,620,852 | 3,209,402 | 3,568,502 | 3,381,531 |
| Central Oregon | 3,185,032 | 3,802,917 | 4,284,473 | 4,425,516 |
| Mount Hood/Columbia River Gorge | 1,116,979 | 1,437,465 | 1,618,716 | 1,557,987 |
| Eastern Oregon | 986,748 | 1,360,544 | 1,317,131 | 1,376,331 |
| DOR Admin Fees | (734,827) | (387,731) | (351,495) | (736,098) |
| Accruals and Other Adjustments | 703,148 | 758,932 | (772,365) | 283,843 |
| Total Transient Lodging Tax | \$31,428,778 | \$38,017,086 | \$40,579,697 | \$39,714,125 |

Starting with the 2017-19 biennium, ORS 284.131, as modified by HB 4146 (2016), requires OTC to spend transient lodging tax revenue as follows:

- At least 65% must be used to fund state tourism programs. HB 4146 (2016) removes the provision that funds can only be used for marketing programs.
- 10% must be used for a competitive grant program which may include tourism-related facilities and tourism-generating events, including sporting events.
- 20% must be used to implement a regional cooperative tourism program using a regional allocation formula that distributes revenue to regions in proportion to the amount of lodging tax revenue collected in each region.

To provide some predictability to the regional entities designated to develop and execute plans for use of state lodging tax dollars, OTC determines RCTP grant awards based on prior calendar year transient lodging tax collections and disburses the state lodging tax during the following fiscal year.

ORS 284.126 requires the Oregon Tourism Commission (OTC) to file copies of the agency’s adopted or modified budget, and financial statements, with the Legislative Fiscal Officer not later than five days after these documents are prepared or adopted. To comply with this statute, for this review cycle, OTC submitted:

- 2017-18, 2018-19, and 2019-20 Annual Reports
- 2017-19 Profit & Loss Budget v. Actual statement
- 2017-19 Financial Review
- 2017-19 and 2019-21 Adopted and Amended Budgets
- 2019-21 Strategic Plan

In addition, ORS 284.148 requires OTC to include information that identifies the awards and commitments approved by OTC utilizing funds from the transient lodging tax; and additional information with respect to any grants of \$2 million or more. In compliance with this requirement, OTC submitted the following information regarding its spending of state lodging tax revenue:

Regional Cooperative Tourism Program (RCTP)

During the 2017-19 biennium, as part the Regional Cooperative Tourism Program, OTC disbursed \$12,302,815 to the following regions:

| Region | FY 2018 Actual (CY 2017) | FY 2019 Actual (CY 2018) | Total 2017-2019 Actual (CY 2017-2018) | FY 2020 Actual (CY2019) |
|---------------------------------|--------------------------|--------------------------|---------------------------------------|-------------------------|
| North, Central, and South Coast | 1,011,845 | 1,529,000 | 2,540,845 | 1,638,100 |
| Willamette Valley | 575,583 | 902,000 | 1,477,583 | 907,900 |
| Portland Metro | 1,943,769 | 2,908,000 | 4,851,769 | 3,037,400 |
| Southern Oregon | 400,278 | 614,000 | 1,014,278 | 644,500 |
| Central Oregon | 486,340 | 732,000 | 1,218,340 | 776,300 |
| Mount Hood/Columbia River Gorge | 300,000 | 300,000 | 600,000 | 300,000 |
| Eastern Oregon | 300,000 | 300,000 | 600,000 | 300,000 |
| Total RCTP Distribution | \$5,017,815 | \$7,285,000 | \$12,302,815 | \$7,604,200 |

ORS 284.131, as modified by HB 4146 (2016), requires OTC to use 20% of transient lodging tax revenue on the RCTP program using a regional allocation formula that distributes revenue to regions in proportion to the amount of lodging tax revenue collected in each region the prior calendar year. OTC reports the following distribution by calendar year (CY), administrative expenses, and funds for future years:

RCTP Distributions

| Lodging Tax Revenue Basis for Distribution | Jan 1, 2016 - Dec 31, 2016 | Jan 1, 2017 - Dec 31, 2017 | Jan 1, 2018 - Dec 31, 2018 | Jan 1, 2019 - Dec 31, 2019 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Funds Distribution Date | July 2017 (FY 2018) | July 2018 (FY 2019) | July 2019 (FY 2020) | July 2020 (FY 2021) |
| CY Lodging Tax | 23,678,101 | 37,988,750 | 39,673,864 | 41,262,070 |
| 20% of CY Lodging Tax | 4,735,620 | 7,597,750 | 7,934,773 | 8,252,414 |
| Less CY Administration | | 379,750 | 396,773 | 316,614 |
| Calculated Distribution | 4,735,620 | 7,218,000 | 7,538,000 | 7,935,800 |
| Additional distribution * | 282,196 | 67,000 | 66,200 | 44,900 |
| Total RCTP Disbursed | \$5,017,815 | \$7,285,000 | \$7,604,200 | \$7,980,700 |

* In 2017, the Commission adopted a minimum regional funding level of \$300,000 for the Regional Cooperative Tourism Program. These amounts represent additional distribution to Eastern Oregon and Mount Hood/Columbia River Gorge regions.

RCTP Fund Balance

| | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---|------------------|------------------|------------------|------------------|
| FY TLT | 31,428,776 | 38,017,086 | 40,579,697 | 39,714,125 |
| Beginning Fund Balance – July 1 | 1,675,000 | 6,285,755 | 8,773,382 | 9,438,420 |
| Less distributions (July) | 1,675,000 | 4,735,620 | 7,218,000 | 7,538,000 |
| Additions – 20% FY TLT | 6,285,755 | 7,494,908 | 8,225,412 | 7,948,764 |
| Less Administration | 0 | 271,661 | 342,374 | 514,239 |
| Addition – Administration adjustment | | | 171,932 | |
| Ending Fund Balance – June 30 th (funds required for distributions in future years) | 6,285,755 | 8,773,382 | 9,438,420 | 9,334,945 |
| Amount needed for distribution – July (based on prior CY TLT) | 4,735,620 | 7,218,000 | 7,538,000 | 7,935,800 |
| Fund Balance after July distribution = funds for next FY | 1,550,135 | 1,555,382 | 1,900,420 | 1,399,145 |

Competitive Grants Program

ORS 284.131, as modified by HB 4146 (2016), requires OTC to use 10% of transient lodging tax revenue on its competitive grant program. OTC has established a program to make grant awards “to eligible applicants for projects that contribute to the development and improvement of communities throughout the state by means of the enhancement, expansion and promotion of the visitor industry.”

OTC announces all its grant opportunities on its website and promotes this information through its industry email list of approximately 4,500 subscribers. OTC works directly with the Regional Destination Marketing/Management Organizations to distribute the grant guidelines and application through their various marketing channels. In addition, OTC participates in an annual “Conversation with Funders and Partners” series of roundtable discussions presented by the Oregon Cultural Trust. Applications for the grant programs are submitted online through an online portal found on the Travel Oregon Industry site.

Grant awards for the 2017-19 biennium totaled \$6,611,296 and administrative expenses totaled \$392,984, total programming of \$7,004,279, 10% of transient lodging tax for FY 2017 and FY 2018. Grant funds are disbursed as grantees meet the requirements of the award; grant funds awarded in one biennium may be disbursed the following biennium. The table below is a summary of grants awarded and disbursed by grant type:

| 2017-19 Competitive Grants | % of TLT | Awarded | Disbursed | % of TLT |
|-----------------------------------|-----------------|--------------------|--------------------|-----------------|
| Small Grants | | 748,296 | 538,260 | |
| Mid-Sized Grants | | 853,000 | 429,234 | |
| Rural Tourism Studio | | 10,000 | 5,000 | |
| Large Grants | | 5,000,000 | 5,000,000 | |
| Total Awarded/Disbursed | 9.52% | \$6,611,296 | \$5,967,494 | 8.60% |
| Administrative Costs | 0.57% | \$392,984 | | |

The following is a detailed list of individual grants by grant type.

Small Grants: During the 2017-19 biennium, as part of its competitive grants program, OTC received 294 applications requesting a total of \$4,592,187 for its small grants program. OTC awarded 52 grants totaling \$748,296. Funds totaling \$538,260 were disbursed during the 2017-19 biennium to the following organizations:

| 2017-19 Small Grants Recipients | Award Amount | Disbursed Amount |
|--|---------------------|-------------------------|
| Applegate Trails Association | 19,370 | 19,370 |
| Association of Oregon Counties | 20,000 | 20,000 |
| Baker County | 13,150 | - |
| Baker County | 10,780 | - |
| Butte Creek Mill Foundation | 20,000 | 20,000 |
| Cape Blanco Heritage Society | 13,500 | - |
| Cascade Pacific RC&D | 13,000 | 13,000 |
| Chehalem Valley Chamber of Commerce | 20,000 | 20,000 |
| City of Canby | 13,500 | - |
| City of Cascade Locks | 20,000 | - |
| City of Dunes City | 1,775 | 1,750 |
| City of Independence | 20,000 | 10,000 |
| Columbia River Maritime Museum | 12,000 | - |
| Cottage Theatre | 20,000 | 10,000 |
| County of Douglas | 20,000 | 20,000 |
| Discover Your Northwest dba Discover Your Forest | 16,000 | 16,000 |
| Eastern Oregon Regional Theatre | 20,000 | 18,000 |
| Eastern Oregon Visitors Association | 7,500 | 7,500 |
| Educate Ya, Inc. | 20,000 | 20,000 |
| Eugene Civic Alliance | 20,000 | - |
| Friends of Rogerson Clematis Collection | 11,980 | 11,980 |
| Friends of the Columbia Gorge | 19,500 | 19,500 |
| Friends of the Sumpter Valley Dredge | 20,000 | 10,000 |

| | | |
|---|------------------|------------------|
| Go Wild American Adventures | 3,295 | 3,295 |
| Hanthorn Cannery Foundation | 600 | 600 |
| Joseph Center for Arts and Culture | 20,000 | 20,000 |
| Klamath Trails Alliance | 20,000 | 20,000 |
| Lake County Chamber of Commerce | 8,630 | 8,630 |
| Marshfield High School | 2,880 | - |
| Maupin Area Chamber of Commerce | 6,250 | 6,250 |
| Mid-Columbia Economic Development District | 10,000 | 10,000 |
| Neighborhood Economic Development Corp | 20,000 | 14,000 |
| Oregon Adaptive Sports | 9,000 | 9,000 |
| Oregon Coast Visitors Association | 20,000 | 20,000 |
| Oregon Electric Railway Museum | 7,000 | 10,000 |
| Oregon Electric Railway Museum | 20,000 | - |
| Oregon Environmental Council | 17,000 | 17,000 |
| Oregon International Port of Coos Bay | 12,750 | 12,750 |
| Oregon State Parks Foundation | 12,500 | 12,500 |
| Port of Columbia County | 20,000 | 10,000 |
| Portland Playhouse | 15,000 | 15,000 |
| Restore Oregon | 15,000 | 15,000 |
| Salem Brewery Association | 12,136 | 12,135 |
| Sunset Empire Park & Recreation District | 9,000 | 9,000 |
| TORTA | 20,000 | 10,000 |
| Trailkeepers of Oregon | 20,000 | 10,000 |
| Trans-Cascadia Backcountry Guiding & Outfitters | 5,000 | 5,000 |
| Travel Medford | 5,000 | 5,000 |
| Umatilla Chamber of Commerce | 16,000 | 16,000 |
| Umatilla County Historical Society | 10,000 | 10,000 |
| Visit McMinnville | 20,000 | 20,000 |
| Wallowa Mountains Hells Canyon Trails Association | 19,200 | - |
| Total Small Grants | \$748,296 | \$538,260 |

Mid-Sized Grants: During the 2017-19 biennium, as part of its competitive grants program, OTC received 61 applications requesting a total of \$4,102,027 for its mid-sized grants program. OTC awarded the following 12 grants totaling \$853,000. Funds totaling \$429,234 were disbursed during the 2017-19 biennium to the following organizations:

| 2017-19 Medium Grants Recipients | Award Amount | Disbursed Amount |
|---|---------------------|-------------------------|
| Association of Oregon Counties | 100,000 | 82,400 |
| Butte Creek Mill Foundation | 60,000 | 54,000 |
| Cascades Raptor Center | 30,000 | 15,000 |
| City of Amity | 20,000 | - |
| City of St Helens | 75,000 | - |
| Coos County Oregon | 100,000 | 50,000 |
| Friends of the Oregon Caves & Chateau | 100,000 | 53,449 |

| | | |
|------------------------------------|------------------|------------------|
| Lane Council of Governments | 88,000 | 34,385 |
| Liberty Theatre Foundation Inc. | 100,000 | 50,000 |
| Portland Parks Foundation | 50,000 | 25,000 |
| Salem's Riverfront Carousel | 30,000 | 15,000 |
| Warm Springs Community Action Team | 100,000 | 50,000 |
| Total Mid-Sized Grants | \$853,000 | \$429,234 |

Rural Tourism Studio (RTS) Grants: The RTS Grants are awarded to communities who qualify for Travel Oregon's Rural Tourism Studio. The Rural Tourism Studio is a training program designed to help rural communities develop and offer high-value, authentic experiences to travelers—in a sustainable, manageable way. Participating communities build a team committed to tourism and create a shared vision and a big-picture strategy for tourism. Participating communities leave the program with a strong team and a solid plan to advance their goals—plus ongoing coaching and the opportunity to apply for a grant up to \$20,000 from Travel Oregon's Grant Program to support the implementation of priority projects. To be eligible for this program, communities must be prepared to make a significant and long-term commitment to leadership and participation. During the 2017-19 biennium, OTC awarded funds totaling \$10,000 and disbursed \$5,000 through the Rural Tourism Studio Program to the following programs:

| Recipients | 2017-19 Awarded | 2017-19 Disbursed |
|--|------------------------|--------------------------|
| Travel Lane County | 5,000 | 2,500 |
| Ontario Chamber of Commerce | 5,000 | 2,500 |
| Total Rural Tourism Studio Grants | \$10,000 | \$5,000 |

Large Grants: Competitive Large Grant applications are for grants greater than \$100,000 and must demonstrate at least a 50% cash match. Large grant awards are intended to create statewide impacts or impact multiple regions. Eligible projects must provide for the improvement or expansion of the tourism economy in Oregon by showcasing the state on a national or global stage or as a world-class asset. Eligible projects may be funded over more than one biennium. OTC Competitive Large Grants are only made eligible at the discretion of the Oregon Tourism Commission. The Oregon Tourism Commission approved, at its December 5, 2017 Commission Meeting, an award totaling \$10 million to Oregon21, a Eugene-based Limited Liability Corporation, to support the International Association of Athletics Federation (IAAF) World Championships, a 10-day world competition for track and field. Oregon21 received its first award of \$2.5 million during the 2015-17 biennium. The 2017-19 biennium actual expenditures include \$5 million, and the 2019-21 biennium budget includes an additional \$2.5 million for this purpose. Note that after the postponement of the 2020 Summer Olympics, this even has been rescheduled for 2022, and is now referred to as the World Athletic Championships Oregon22.

For the 2019-21 biennium, OTC budgeted \$5,510,000 for its Competitive Grant Programs, which is 10% of the budgeted transient lodging tax for FY 2019 and FY 2020 of \$55,100,000.

Wine Country License Plates Program

SB 442 (2011) created the Wine Country License Plates. After the Oregon Department of Motor Vehicles collects payment for the cost of production of the wine country registration plates, including

administrative marketing expenses, the balance of all sales for each month is transferred to OTC. The Oregon Tourism Commission is directed to distribute these funds as follows:

- 50% to be used for a matching grant program to tourism promotion agencies for the promotion of wine and culinary tourism.
- 50% to be distributed to tourism promotion agencies. Distribution of funds are required to be in proportion to the amount of acreage in each region used for wine grape production.

Sales of Wine Country License Plates began during the 2013-15 biennium, and the award programs launched in May 2015. OTC determines award amounts based on proceeds received from the Department of Transportation (ODOT) the prior calendar year. OTC administers the Wine Country License Plates Program separate from its budget. OTC retains no administrative payment or costs relative to administering the Wine Country License Plates Program. OTC reported the following revenue information, which LFO verified with ODOT, regarding the Wine Country License Plates Program:

2017-19 Proceeds from the Wine Country License Plates Program:

| | | |
|--|--|--|
| Fiscal Year 2017-18 Actual | Fiscal Year 2018-19 Actual | Total 2017-19 Biennium Actual |
| \$360,549 | \$401,290 | \$761,839 |
| Calendar Year 2017 Actual for FY2018 awards | Calendar Year 2018 Actual for FY2019 awards | Total 2017-2018 CY Actual for 2017-19 Biennium Awards |
| \$316,753 | \$353,144 | \$669,897 |

During the 2017-19 biennium, OTC received 24 applications requesting a total of \$414,988 in Wine Country Matching grant funding. OTC awarded 15 grants totaling \$394,740 (50% of the \$669,897 available Wine Country License Plate Program proceeds plus unawarded proceeds from prior periods) to the following organizations. OTC disbursed \$303,899 during the 2017-19 biennium to the following organizations:

| Recipients | Award Amount | Disbursed Amount |
|--|---------------------|-------------------------|
| Central Oregon Visitors Association | 50,000 | 50,000 |
| Chehalem Valley Chamber of Commerce | - | 1,299 |
| Columbia Gorge Winegrowers Association | 30,000 | 30,000 |
| Dallas Area Visitors Association | 4,240 | 4,240 |
| Dundee Hills Winegrowers Association | 7,500 | 7,500 |
| Eastern Oregon Visitors Association | 10,000 | 10,000 |
| Lincoln City Visitors Bureau | 15,000 | 19,142 |
| North Willamette Vinters Association | - | 875 |
| Oregon Brewers Guild | - | 1,354 |
| Oregon Cheese Guild | - | 8,250 |
| Oregon Coast Visitors Association | 10,000 | 10,000 |
| Oregon Trail Electric Consumers Coop | 13,000 | - |
| Oregon Wine Board | 50,000 | 31,239 |
| Rogue Valley Vintners | 50,000 | - |
| Travel Salem | - | 5,000 |
| Umpqua Valley Winegrowers Association | 17,500 | 17,500 |

| | | |
|--|------------------|------------------|
| Visit McMinnville | 7,500 | 7,500 |
| Visit Tillamook Coast | 25,000 | 25,000 |
| Willamette Valley Wineries Association | 100,000 | 70,000 |
| Yamhill Enrichment Society | 5,000 | 5,000 |
| Total | \$394,740 | \$303,899 |

During the 2017-19 biennium, OTC awarded a total of \$334,935 (50% of the available \$669,897 in Wine Country License Plate Proceeds) for tourism promotion:

| Regional Tourism Promotion – Awarded | 2017-2019 Total |
|---|------------------------|
| Mid-Willamette (Travel Salem) | 182,301 |
| Willamette Valley | 31,733 |
| Southern Oregon | 71,699.00 |
| Eastern Oregon | 22,319 |
| Portland Metro | 22,761 |
| Mt Hood/Columbia River Gorge | 3,369 |
| Central Oregon | 645 |
| Oregon Coast | 108 |
| Total Awarded | \$334,935 |

Because OTC’s Wine Country License Plates Program guidelines states that, “in all cases, money will not be distributed to a regional designee until OTC receives the prior year annual year-end report and receipt of final wine and culinary tourism promotion plan for use of new funds,” during the 2017-19 biennium, OTC disbursed a total of \$260,180 to the following regions:

| Regional Tourism Promotion – Distributions | Award Amount |
|---|---------------------|
| Clackamas County Tourism | 1,593 |
| Eastern Oregon Visitors Association | 10,553 |
| Southern Oregon Visitors Association | 34,000 |
| Travel Salem | 182,301 |
| Willamette Valley Visitors Association | 31,733 |
| Total Disbursed | \$260,180 |

For the 2019-21 biennium, the Department of Transportation projects the following proceeds from the Wine Country License Plates Program:

| Fiscal Year 2019-20 Actual | Fiscal Year 2020-21 Projected | Total 2019-21 Biennium Projected |
|----------------------------|-------------------------------|---|
| \$362,897 | \$432,470 | \$795,367 |

Budget Environment

OTC took the following actions in response to an anticipated 40% to 52% decrease in statewide transient lodging tax (TLT) revenue due to the COVID-19 pandemic along with the scheduled reduction in the statewide TLT rate reverting from 1.8% to 1.5% effective July 1, 2020:

- Developed budget modeling and ultimately reduced the agency's FY2021 budget by 54%, which was reflective of forecast projections from tourism industry economic research.

- Formally reduce the agency budget by \$22,130,000 at its regularly scheduled June 2020 public meeting. Year two (FY21) was reduced by \$20,600,000 (from \$36.6M to \$16M).
- Laid off or furloughed 30% of staff effective May 31, 2020. The 22 staffing cuts agency-wide were as follows:
 - 16 FT staff positions from executive to entry level were eliminated
 - 1 PT staff position was eliminated
 - 3 FT staff positions were placed on furlough
 - 2 FT staff positions that were budgeted but unfilled were eliminated
- Salaries for all remaining employees were reduced 5% to 15% effective June 1, 2020.
- Reduce Travel Oregon's CEO pay by 25% retroactively (to March 1, 2020).
- Reduce all members of the Travel Oregon leadership team's salaries retroactively (to March 1, 2020) by 15%.
- No COLA, step increases, or salary increases budgeted to agency staffing in FY21.
- Closed the Salem office and negotiated a deferral of lease payment for its Portland office to reduce immediate facilities costs.
- Reduced, suspended or terminated contractors that were not essential to supporting the agency's COVID-19 response and recovery plan.

The agency's five departments work to implement strategies and carry out its mission to inspire travel that drives community enhancement and economic development as outlined below.

Global Strategic Partnerships: The Global Strategic Partnerships (GSP) team's duties includes the administration of the Wine Country License Plates, Regional Cooperative Tourism Program, and Competitive Grants programs. In addition, the team is responsible to convene an annual Oregon Governor's Conference on Tourism. The team works to develop strong partnerships with local businesses and international organizations by leveraging state resources to improve consumer reach and marketing channels, as well as offering industry partners training in public relations, online content development, social media strategies, and increasing international tourism. The GSP division allocates 56% of its total budget for the Regional Cooperative Tourism Program, 28% for competitive grants, 8% for sponsorships and partnerships.

Global Marketing: The Global Marketing (GM) team uses consumer research and market trends to develop advertising campaigns that inspire travel from high yield consumers in key drive and fly markets. The Global Marketing Department teams are clustered around creative services, communications, integrated and digital content, marketing insights, research, and visitor services. Like all other OTC departments, the Global Marketing team serves as a resource for industry partners. The team oversees the TravelOregon.com website, the Oregon Tourism Information System, as well as the seven State Welcome Centers. More than 40% of the GM budget is in support of consumer advertising campaigns, including production and media buys.

Administration and Operations: The Administration and Operations team functions to serve the agency staff, vendors, and industry partners through accounting, human resources, facilities management, procurement, and contracting, as well as general organizational support. This budget area also includes the Chief Executive Officer and Chief Strategy Officer and their support staff. The Administration and Operations division allocates 47% of its total budget for payroll; the remainder is for facilities (including office leases), IT and other general organizational administration.

Global Sales: The Global Sales team works with international tour operators and media in Oregon's key target markets (Europe, Asia, Oceania, and North America) to increase international inbound group and leisure travel to Oregon. OTC's global sales efforts include focusing on shoulder and low seasons, as well as increasing winter flight capacity, and monitoring growth in emerging markets. The Global Sales division allocates 36% of its total budget to payroll; 38% to in-country representation and promotions (including work with Brand USA); and 16% to tradeshow.

Destination Development: The Destination Development team collaborates with Oregon communities and businesses to realize their tourism potential and better participate in Oregon's growing tourism industry, including working with partners to develop sustainable tourism economies in outdoor recreation, bicycle tourism, and culinary and agritourism. The Destination Development division allocates 51% of its total budget to payroll, as this team's staff develops and lead programs across the state.

APPENDIX C

Semi-Independent Agencies: Sample of Licensing and Enforcement Activity Spreadsheet

| Section 5 | June 2005 | June 2007 | % Change | June 2009 | % Change |
|---|--------------|--------------|-------------|---------------|-------------|
| Actively licensed landscape construction professional individuals | 1462 | 1590 | 9% | 1630 | 3% |
| Actively licensed landscape businesses | 1174 | 1227 | 5% | 1240 | 1% |
| (a) The number of license applications; | 382 | 557 | 46% | 700 | 26% |
| Individual licenses | 203 | 281 | 38% | 415 | 48% |
| Business licenses | 179 | 276 | 54% | 285 | 3% |
| (b) The number of licenses issued; (total) | 292 | 505 | 73% | 399 | -21% |
| Individual licenses | 108 | 206 | 91% | 122 | -41% |
| Business licenses | 184 | 299 | 63% | 277 | -7% |
| (c) The number of examinations conducted; | 2145 | 4754 | 122% | 4087 | -14% |
| Laws and rules | 382 | 751 | 97% | 674 | -10% |
| General A exam | 373 | 906 | 143% | 711 | -22% |
| General B exam | 318 | 691 | 117% | 518 | -25% |
| General C exam | 211 | 464 | 120% | 415 | -11% |
| General D exam | 309 | 743 | 140% | 588 | -21% |
| Backflow | 253 | 572 | 126% | 570 | 0% |
| Irrigation | 299 | 627 | 110% | 611 | -3% |
| (d) The average time between application for and issuance of licenses (months); | | | | | |
| Landscape Construction Professional (individual) | 3.7 | 8.6 | 57% | 5.6 | -54% |
| Landscape Contracting Business | 0.3 | 0.3 | 0% | 0.4 | 25% |
| (e) The number and types of complaints received about persons holding licenses; (total)=> CLAIMS (complaints from consumers): | | | | | |
| Dispute Resolution | 123 | 182 | 32% | 219 | 17% |
| Employee | 0 | 2 | 100% | 3 | 33% |
| Material Supplier | 30 | 39 | 23% | 88 | 56% |
| Owner (Breach of Contract/Negligent work) | 88 | 132 | 33% | 121 | -9% |
| Lien (new ability to accept 2007) | | | | 1 | 100% |
| Subcontractor | 5 | 9 | 44% | 6 | -50% |
| (f) The number and types of "CLAIM" investigations conducted; | 123 | 182 | 32% | 219 | 17% |
| Onsite Investigation Owner Claims) | 59 | 97 | | 37 | |
| Administrative (Office process investigaton-includes mediation) | 64 | 85 | | 182 | |
| (g) The number and types of resolutions of complaints (Claims); | 126 | 160 | 27% | 198 | 24% |
| Onsite Mediation Resolution | 36 | 63 | 75% | 36 | -43% |
| Dismissed/Untimely filed/Claimant failed to respond | 23 | 24 | 4% | 36 | 50% |
| Referred to OAH | 4 | 1 | -75% | 3 | 200% |
| P.O. issued; paid by Bond | 16 | 8 | -50% | 18 | 125% |
| P.O. issued; paid by Landscape Contracting Business | 3 | 25 | 733% | 38 | 52% |
| P.O. issued; Bond Exhausted | 9 | 4 | -56% | 23 | 475% |
| Claimant Withdrew | 21 | 1 | -95% | 5 | 400% |
| Parties resolved independently | 14 | 34 | 143% | 39 | 15% |
| (g-2) The number of days between beginning a CLAIM investigation and reaching a resolution (in days) | 90.05 | 150.6 | 67% | 133.98 | -11% |
| (h-1) The number and type of COMPLIANCE sanctions imposed against Licensed; (total) | 132 | 420 | 218% | 614 | 46% |
| Civil penalty | 9 | 37 | 311% | 154 | 316% |
| Settlement agreement | 34 | 68 | 100% | 90 | 32% |
| Suspended license(business or individual) | 25 | 183 | 632% | 263 | 44% |
| Withdrew | 52 | 71 | 37% | 22 | -69% |
| Closed; No violation | 3 | 15 | 400% | 64 | 327% |
| Closed; Informational letter issued | 6 | 37 | 517% | 1 | -97% |
| Refuse to renew | 3 | 9 | 200% | 19 | 111% |
| Refuse to issue | 0 | 0 | | 1 | 100% |
| (h-2) The number and type of COMPLIANCE sanctions imposed against Un-Licensed (total) | 157 | 455 | 190% | 451 | -1% |
| Civil penalty | 42 | 93 | 121% | 165 | 77% |
| Settlement agreement | 57 | 227 | 298% | 208 | -8% |
| Withdrew | 9 | 44 | 389% | 17 | -61% |
| Closed; No violation | 24 | 52 | 117% | 34 | -35% |
| Closed; Informational letter issued | 24 | 32 | 33% | 24 | -25% |
| Refuse to issue | 2 | 7 | 250% | 3 | -57% |
| (i-1) The number of days between beginning a Compliance investigation and reaching a resolution: Licensed (in days) | 40.63 | 35 | -14% | 31.5 | -10% |
| (i-2) The number of days between beginning a Compliance investigation and reaching a resolution: Un-Licensed (in days) | 59.23 | 73 | 23% | 59.5 | -18% |

moved testing to PSI => fewer exams taken, fewer in dividuals passing exam=> fewer in dividuals licensed=> fewer businesses licens ed.

Every claim has an investigation administr atively. Additional on site investigations are conducted on homeowner claims if required.

More businesses allowed claim to go to bond for payment which ends up with a Landscaping debt owed=>business license s suspended.

More businesses producing evidence of actual compliance after notice of violation is sent.

Used to issue warnings=> no statutory authority, now just information letter if no substantial proof of violation, otherwise close w/ no violation.

Trend- Quicker resolution

APPENDIX D

Semi-Independent Agencies: Reporting Guidelines 2022

ORS 182.472 requires that twelve semi-independent agencies provide reports every even numbered year to the Governor, Senate President, House Speaker, and Legislative Fiscal Office (LFO).

The following guidelines were developed by LFO to facilitate its report review and completion of the biennial summary report of findings prepared for the Legislature. Questions about these guidelines can be directed to Kim To at kim.to@oregonlegislature.gov or Haylee Morse Miller at haylee.morsemiller@oregonlegislature.gov

Reporting Time Period

The report should include actual data for the prior biennium and approved/forecasted budget and fee change information for the biennium in which the report is completed. The report that is due on April 1, 2022 should include actual data for the 2019-21 biennium, and projected revenue, adopted budget, and proposed fee change information for the 2021-23 biennium.

What to Report

The statute specifies what information agencies are required to include in their report. The following are more specific reporting guidelines intended to promote consistency in the type and level of detail of information provided:

Sample Table of Contents

- Section I: Copy of Audit or Financial Review
- Section II: Budget Comparison
- Section III: Rule Making Activities
- Section IV: Consumer Protection
- Section V: Licensing Activities and Disciplinary Actions
- Section VI: Other Board Activities

Section I: Copy of Audit or Financial Review

ORS 182.472 (1) A copy of the most recent audit or financial review of the board.

The statute directs agencies to submit their most recent audits or financial review. For the 2022 reporting period, LFO requests that agencies provide a copy of the audit or review for the biennium ended June 30, 2021, along with copies of management letters referenced in the audit or review.

The financial review should confirm that agencies are developing budgets as required by OAR 619-001-006 and ORS 576.768(2)(c) which include the requirement that board minutes approving the budget, as well as amendments to the budget, include the specific dollar value of total approved budgeted revenues and expenses. LFO recommends that the financial statements that are to be submitted by agencies to both the financial reviewer and to LFO be included as final documents as part of the financial review. By requiring them as final documents, this will ensure that the numbers provided by the financial review match what is included in the agency report to LFO.

For agencies that rely on third parties for products and services, including functions like technology or bookkeeping, LFO recommends that the agency financial review include a periodic review of contracts to ensure compliance.

In addition to the guidelines for financial reviews recommended by the Secretary of State, LFO recommends that agencies include a risk assessment and agreed-upon procedures for an appraisal of internal controls. The financial review should include, but not be limited to, the following:

- A compilation of reviewed financial statements
- Review and risk assessment of:
 - board member recruitment, appointment, training, and duties
 - information technology systems security
 - licensing processes
 - rulemaking process
 - requests for proposals
 - procurement contracts
 - vendor relationships, including contract management
 - inventory, if applicable

Agencies may choose to work with the Department of Administrative Services' Office of the State Chief Information Officer for a review and risk assessment of the agency's information technology system, instead of including it in the financial review contract.

Section II: Budget Comparison

ORS 182.472 (2) A copy of the actual budget for the prior biennium and a copy of the board’s adopted budget for the biennium in which the report is made: (a) The beginning balance and ending balance for each of the two biennia; (b) A description of material changes between the two biennia; (c) A description of the public hearing process used to establish the budget adopted for the current biennium; and, (d) A description of current fees and proposed changes to fees, along with information supporting the amounts of the current fees and any proposed changes to the fees.

The statute directs agencies to include a copy of the “actual budget for the prior biennium and a copy of the board’s adopted budget for the biennium in which the report is made.” This means that the report due in 2022 should include actual numbers for the 2019-21 biennium and the adopted budget for the 2021-23 biennium.

Agencies should include copies of the following documents:

- 1) Balance sheet for the 2019-21 biennium
- 2) Forecasted balance sheet for the 2021-23 biennium
- 3) Projected/Adopted budget forecast for the 2021-23 biennium
- 4) Line item comparison of budget to actual revenues and expenditures for 2019-21 biennia
- 5) Line item comparison of material changes between 2019-21 and 2021-23 budgets

Example: Line Item comparison of revenues and expenditures

| | 2019-21 Adopted Budget | 2019-21 Adjusted (Approved) Budget | 2019-21 Actual | % Change Budget to Actual | 2021-23 Adopted Budget | % Change 2019-21 Adopted to 2021-23 Adopted |
|--------------------------|------------------------------|---|-------------------|---------------------------------|------------------------------|---|
| Revenue | | | | | | |
| Licensing Fees | | | | | | |
| Other Fees | | | | | | |
| Total Revenue | | | | | | |
| Expenses | | | | | | |
| Payroll | | | | | | |
| Services and Supplies | | | | | | |
| Travel | | | | | | |
| Telecommunications | | | | | | |
| Professional Development | | | | | | |
| Attorney General Fee | | | | | | |
| Audit Charges | | | | | | |
| Facilities Rent | | | | | | |
| Total Expenses | | | | | | |
| Positions | | | | | | |
| FTE | | | | | | |

In addition, agencies should include the following material:

a) Beginning and ending balances for the two biennia

Beginning and ending balances represent the amount of monies that are carried over from one biennium to the next. LFO recognizes that the accounting software that most agencies use does not easily identify this information, so LFO requests that agencies prepare a simple table to communicate this information.

Example: Table of Beginning and Ending Balances

| Beginning and Ending Balances | 2019-21 Actual/Reported | 2021-23 Projected/Adopted |
|---|------------------------------------|--------------------------------------|
| Beginning Balance (previous biennia carry-over) | 200,000 | 220,000 |
| Net Income/Loss | 20,000 | 15,000 |
| Ending Balance | \$220,000 | \$235,000 |

LFO will confirm that audited values for the past biennium and actual numbers reported by the agency are the same. Variances occur for a number of legitimate reasons, many of which are related to accounting timing. ***Please discuss any amendment to the budget, and/or any other variance from the last reporting period.***

b) A description of material changes between the two biennia

A material change is any change above an inflationary increase to a budget from one biennium to another. Agencies need to provide:

- A discussion of material changes between budget and actual beginning balance, revenues, expenditures, and ending balance for the 2019-21 biennium (including any budget adjustments).
- A discussion of material changes between 2019-21 Approved Budget and 2021-23 Adopted Budget.

In providing this information, it may also be appropriate to discuss unanticipated expenditures that emerged during the 2021-23 biennium that are not reflected as material changes in the 2019-21 biennium.

c) A description of the public hearing process used to establish the adopted budget

When describing the public hearing process for approval of the budget, please include the dates and a description of actions taken. Actions covered should include:

- Information regarding who received notices about budget hearings and why (with dates).
- Information regarding budget hearings, public comments, and board actions (with dates).
- Information regarding the date the budget was filed with the Secretary of State and when a copy was submitted to Legislative Counsel.

d) A description of current fees and proposed changes, and information supporting the changes

Agencies should include a list of all current fees, any fee changes made in the previous biennium, and anticipated changes for the upcoming biennium. One suggested presentation format for this information is to use a table such as the following:

Example: Table of Fees and Changes over Time

| Fee Type | Fee as of 6/30/17 | Fee as of 6/30/19 | Fee as of 6/30/21 | Anticipated Fee 6/30/23 |
|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------------|
| <i>List of all fee types</i> | | | | |

In addition to including a list of fees, the agency should supply an explanation of changes and a justification for fee increases. Typically, the justification is a “budget shortfall.” In this case, LFO will want to confirm that the agency has appropriately forecasted anticipated revenues and expenditures and that all other avenues of potential funding were considered (such as agency efficiency

improvements or use of agency reserves) prior to approval of a fee increase. Some questions agencies might consider when preparing their justification for a fee increase are:

- What is changing in the operating environment that is negatively impacting future revenues and expenditures?
- What actions has the agency already taken to mitigate the impacts of the factors that are negatively influencing future revenues and expenditures?
- What assumptions are used when forecasting a budget shortfall?
- What options besides a fee increase were considered as a strategy for funding the budget shortfall?

(The Oregon Patient Safety Commission, Oregon Wine Board, and Citizens' Initiative Review Commission have different revenue structures than licensing boards, so LFO requests that these agencies provide information on changes in revenue sources which may include fees, contributions, tax revenues, grants, or other sources.)

Section III: Rule Making Activities

ORS 182.472 (3) A description of all temporary and permanent rules adopted by the board during the prior biennium.

The statute requests that agencies report rules adopted by the board during the prior biennium.

Agency information provided under this section needs to include sufficient information to allow LFO to quickly confirm that proper protocols were followed when revising Oregon Administrative Rules (OAR), Chapter 183. Critical elements include:

- OAR reference
- Nature of change
- Public notification and hearing dates (if applicable)
- Board action date
- Filing dates (Secretary of State and Legislative Counsel)

LFO suggests that agencies use a table format to present this information, as the following example illustrates:

Example: Table of Administrative Rules

| Description of Change | Public Notification and Hearing Dates | Board Action Date | SOS Filing Date | LC Filing Date | OAR Number(s) |
|------------------------------|--|--------------------------|------------------------|-----------------------|----------------------|
| <i>Change...</i> | <i>Dates</i> | <i>Date</i> | <i>Date</i> | <i>Date</i> | <i>Number</i> |
| <i>Repeal...</i> | <i>NA</i> | | | | |
| <i>New...</i> | | | | | |
| <i>Temporary Rule</i> | | | | | |

Note: This table might be better displayed using landscape format.

Section IV: Consumer Protection

ORS 182.472 (4) A description of board actions promoting consumer protection that were taken during the prior biennium.

LFO requests that agencies provide a description of actions taken to promote consumer protections which might include activities such as process or service delivery improvements, public outreach, education programs, industry activities, etc. It may also be appropriate to include examples of agency materials and/or publications under this section.

For agencies that do not have consumer protection as part of their mission, please include copies of annual performance reports that are prepared for industry stakeholders and other key constituents.

Section V: Licensing Activities and Disciplinary Actions

ORS 182.472 (5) If the board issues licenses, a description of the board's licensing activities performed during the prior biennium that is adequate to allow evaluation of the board's performance of its licensing responsibilities, including: (a) The number of license applications; (b) The number of licenses issued; (c) The number of examinations conducted; (d) The average time between application for and issuance of licenses; (e) The number and types of complaints received about persons holding licenses; (f) The number and types of investigations conducted; (g) The number and types of resolutions of complaints; (h) The number and type of sanctions imposed; and (i) The number of days between beginning an investigation and reaching a resolution.

The intent of collecting and reporting the data required by ORS 182.472 (5) is to provide reliable and accurate indicators of workforce (licensees) and performance data (exams proctored, processing time, complaints received, investigations conducted, backlog risk, sanctions imposed), in order to evaluate each agency's responsiveness to its constituents and market forces. LFO recommends that agencies include multiple years of data (10 years or 5 biennia) so trending would be possible. To help ensure that multiple years of data are provided, LFO has provided a standardized template for reporting data under this section. Agencies should retain 10 years (5 biennia) of historical data. The inclusion of historical data enables the agency to discuss performance trends and potential issues such as case backlogs in their narrative, which facilitates LFO's efforts to evaluate the board's performance of licensing and enforcement responsibilities. The January 2022 report should include actual licensing data for the 2011-13, 2013-15, 2015-17, 2017-19, and 2019-21 biennia.

Understandably, data collection and processing methods may change over time. Various activity status codes are added or removed by semi-independent agencies, and, at times, a determination may be made to begin to count licensees with a particular license or status code which may not have been counted in previous years. Conversely, at times, a determination is made to cease including licensees with a particular license or status code. Although these adjustments may make sound business sense and result in more accurate data at that specific time, they skew the trend lines when doing an analysis over a period of time when different collection methods were used. To prevent faulty analysis resulting from these types of changes, LFO recommends the inclusion of:

- 1) A detailed description of your agency's data collection process, wherein you:
 - Document the procedures used to ensure that data are accurate and internally consistent.
 - Are clear about the date or time period of collected data.
 - Provide a glossary of terms. For example, define each type and status of licensing/certification, exams conducted, complaints, investigations, sanctions.
 - Ensure that definitions of data elements are consistent from biennium to biennium. Any deviations in data collection process or definition of terms should be explained.
 - Document the reasons for significant changes in data from one year to the next.

2) The following Licensing and Enforcement Activity Spreadsheet (template provided by LFO):

| Section 5 | June 2005 | June 2007 | % Change | June 2009 | % Change |
|---|--------------|--------------|-------------|---------------|-------------|
| Actively licensed landscape construction professional individuals | 1462 | 1590 | 9% | 1630 | 3% |
| Actively licensed landscape businesses | 1174 | 1227 | 5% | 1240 | 1% |
| (a) The number of license applications; | 382 | 557 | 46% | 700 | 26% |
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| Landscape Contracting Business | 0.3 | 0.3 | 0% | 0.4 | 25% |
| (e) The number and types of complaints received about persons holding licenses; (total)=> CLAIMS (complaints from consumers): | | | | | |
| Dispute Resolution | 123 | 182 | 32% | 219 | 17% |
| Employee | 0 | 2 | 100% | 3 | 33% |
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| Referred to OAH | 4 | 1 | -75% | 3 | 200% |
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| P.O. issued; paid by Landscape Contracting Business | 3 | 25 | 733% | 38 | 52% |
| P.O. issued; Bond Exhausted | 9 | 4 | -56% | 23 | 475% |
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| (h-1) The number and type of COMPLIANCE sanctions imposed against Licensed; (total) | 132 | 420 | 218% | 614 | 46% |
| Civil penalty | 9 | 37 | 311% | 154 | 316% |
| Settlement agreement | 34 | 68 | 100% | 90 | 32% |
| Suspended license(business or individual) | 25 | 183 | 632% | 263 | 44% |
| Withdrew | 52 | 71 | 37% | 22 | -69% |
| Closed; No violation | 3 | 15 | 400% | 64 | 327% |
| Closed; Informational letter issued | 6 | 37 | 517% | 1 | -97% |
| Refuse to renew | 3 | 9 | 200% | 19 | 111% |
| Refuse to issue | 0 | 0 | | 1 | 100% |
| (h-2) The number and type of COMPLIANCE sanctions imposed against Un-Licensed (total) | 157 | 455 | 190% | 451 | -1% |
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| Closed; No violation | 24 | 52 | 117% | 34 | -35% |
| Closed; Informational letter issued | 24 | 32 | 33% | 24 | -25% |
| Refuse to issue | 2 | 7 | 250% | 3 | -57% |
| (i-1) The number of days between beginning a Compliance investigation and reaching a resolution: Licensed (in days) | 40.63 | 35 | -14% | 31.5 | -10% |
| (i-2) The number of days between beginning a Compliance investigation and reaching a resolution: Un-Licensed (in days) | 59.23 | 73 | 23% | 59.5 | -18% |

moved testing to PSI => fewer exams taken, fewer individuals passing exam=> fewer individuals licensed=> fewer businesses licensed.

Every claim has an investigation administratively. Additional on site investigations are conducted on homeowner claims if required.

More businesses allowed claim to go to bond for payment which ends up with a Landscaping debt owed => business license suspended.

More businesses producing evidence of actual compliance after notice of violation is sent.

Used to issue warnings=> no statutory authority, now just information letter if no substantial proof of violation, otherwise close w/ no violation.

Trend- Quicker resolution

(The Oregon Patient Safety Commission, Oregon Wine Board, and Citizens' Initiative Review Commission are not licensing entities. In lieu of licensing and enforcement data, LFO recommends that the Oregon Patient Safety Commission submit a copy of the latest Public Health Officer Certification Report along with other information that illustrate performance results achieved during the reporting period, and that the Oregon Wine Board submit a copy of its latest Annual Report along with other information that illustrate performance results achieved during the reporting period.)

Section VI: Other Board Activities

ORS 182.472 (6) A description of all other actions taken during the prior biennium in the performance of the board's statutory responsibilities that is adequate to allow evaluation of the board's performance.

Please include the following information:

- 1) An Organizational Chart
- 2) A brief narrative of any change in positions and FTE
- 3) The following table (template provided by LFO)

| Biennium | Positions | FTE | Board Meetings | Approximate # Licensees on June 30 close of biennium | | Board Stipend | Director Salary \$/Month on 6/30 close of biennium |
|-------------------------------|-----------|-----|----------------|--|----------------|---------------|--|
| | | | | Individuals | Firms/Business | | |
| 2013-15 | | | | | | | |
| 2015-17 | | | | | | | |
| 2017-19 | | | | | | | |
| 2019-21 Budgeted/Projected | | | | | | | |

In addition, agencies should include additional comments about actions taken during the prior biennium which might include agency accomplishments and performance results. Examples include results from customer service surveys, improvements made or planned, etc.

(Because the Oregon Patient Safety Commission, Oregon Wine Board, and Citizens’ Initiative Review Commission are not licensing entities, they should select and report on a few key performance measures that illustrate performance results achieved during the reporting period. Ideally, these performance measures are high level, outcome-oriented measures that are aligned with mission critical work so that they are consistent over time, allowing for performance trending and analysis. The purpose of this request is to facilitate LFO’s efforts to evaluate the board’s performance.)