

**Review of  
Semi-Independent Agency Reports**



**Legislative Fiscal Office  
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## TABLE OF CONTENTS

Review Authority and Purpose of Report.....	1
Semi-Independent Agencies History and Background .....	1
Review Process .....	3
Review Findings .....	3
Recommendations for Future Reporting.....	6
Other Semi-Independent Agencies .....	6
Appendix A: Operations Summary for 2015-17 Biennium	
Appendix B: Budget to Actual Summary	
Appendix C: Sample of Licensing and Enforcement Activity Spreadsheet	
Appendix D: Reporting Guidelines 2020	



## **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:

[www.oregon.gov/transparency/Pages/Quasi-Public\\_Entities.aspx](http://www.oregon.gov/transparency/Pages/Quasi-Public_Entities.aspx)

## **REVIEW PROCESS**

This review is focused on the provisions of ORS 182.472 and covers reports submitted by the April 1, 2018 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.

As part of this review, Legislative Fiscal Office (LFO) staff met with the reporting agencies 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 is currently nonoperational due to a lack of funding 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, 2017. The Board of Examiners for Engineering and Land Surveying submitted a financial audit from Pauly, Rogers, and Co., P.C., for the biennium ending June 30, 2017.

All financial reviews 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. All agencies submitted responses to the review findings with plans for strengthening internal controls.

In 2016, LFO recommended that the Oregon Patient Safety Commission contact the Secretary of State Audits Division regarding whether the agency should move from a financial review to an audit. In accordance with OMB Circular A-133, organizations that expend \$750,000 or more in federal awards must undergo an audit, not a financial review. Because the Commission contracts with the Oregon Health Authority and does not directly receive federal funds, it plans to continue with financial reviews. The Commission will continue to periodically revisit the decision.

### **Budget and Fund Analysis**

All agencies provided: 1) a balance sheet for the 2015-17 biennium; 2) a comparison of budgeted to actual revenues and expenditures for the 2015-17 biennia; 3) a projected/adopted budget for the 2017-19 biennium; and 4) a forecasted balance sheet for the 2017-19 biennium. In general, agencies clearly identified beginning and ending balances, and variances between reported and audited numbers were adequately explained.

### 2015-17 Biennium

Overall, these agencies operated within their budgets for the 2015-17 biennium. Where there were variances, the agencies provided reasonable explanations.

The 2015-17 budgets for reporting agencies ranged from \$428,103 for the Landscape Architect Board to \$4.8 million for the Oregon Wine Board. Nine of the reporting agencies performed under budget for the biennium. The Landscape Contractors Board and the Physical Therapist Licensing Board spent more than originally budgeted, but both agencies held public hearings to amend their budgets, and increased revenues covered the unanticipated expenses for both agencies.

Additionally, for the 2015-17 biennium, revenues exceeded budgeted projections for eight of the agencies. These revenue increases were most often the result of an increase in the number of applications, exams, or license registrations. Two of the agencies with lower than projected revenue, the Appraiser Certification and Licensure Board and the Board of Geologist Examiners, continued a multi-year trend of declining license renewals as licensees are retiring. The Oregon Wine Board continues to see an increase in revenue generated from assessment of wine grapes, reflecting the continued growth of the Oregon wine industry.

### 2017-19 Biennium

Ten reporting agencies had budget increases between 2015-17 and 2017-19. Changes above the inflationary increases to agency budgets most often included rising costs of employee salary and benefits. A few of the agencies had budget increases in order to transition to an online licensing database and renewal system. Other reasons for budget increases included compensating for rising legal fees for 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 2015-17 and 2017-19 biennia, as well as a brief budget analysis for each of the twelve agencies.

### **Public Hearing Process**

Each agency provided a description of the public hearing process used to establish the adopted 2017-19 budget, including dates and descriptions of actions taken.

### **Permanent Rules**

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

### **Fees**

During the 2015-17 biennium, five agencies implemented fee changes:

- Landscape Architect Board – Added two new fees: an Inactive/Emeritus status and a Statement of Responsibility fee.
- Landscape Contractors Board – Had four fee increases: \$5 increase (\$95 to \$100) for both new and renewal licensing of both individuals and businesses.
- Board of Massage Therapists – Increased the Active Biennial License Fee from \$150 to \$155, the Inactive Biennial License Fee from \$50 to \$75, and the application processing fee from \$50 to \$100.



- Board of Optometry – Increased the Active License Renewal Fee from \$298 to \$300, and the Inactive License Fee from \$98 to \$100 to cover Workforce Survey Fees that are a pass-through to the Oregon Health Authority.
- Physical Therapist Licensing Board – Decreased renewal fees by shifting from a one-year to a two-year renewal cycle. The agency also established two new fees (Online Jurisprudence Exam at \$48 and Early Eligibility Fee at \$25) for two new services.

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

- 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 from \$250 to \$325, the individual renewal fee from \$250 to \$325, the business registration fee from \$112.50 to \$225, the business renewal fee from \$112.50 to \$225, and the Inactive/Emeritus fee from \$25 to \$50.
- Board of Optometry – Reinstated the \$25 multiple office license.
- Physical Therapist Licensing Board – Established the new \$50 Compact Privilege.

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.

## 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 2015-16 and 2016-17 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

The findings of this review point to the following key *conclusions (in italic text)* and related **recommendations (in bold text)**:

- 1) *LFO has revised the reporting guidelines for 2020 (See Appendix D) to include LFO recommendations from previous reviews.* **LFO recommends that agencies follow the updated guidelines for the 2020 reporting cycle.**
- 2) *Each board would benefit from maintaining at least one board member with significant financial or accounting expertise to monitor financial transactions and assist with budget development.* **LFO recommends that the agencies subject to this review consider including candidates with financial expertise (i.e. experience as a public accountant or auditor, or a principal financial officer, comptroller, or principal accounting officer) in their recommendations to the Governor for Board appointments. The Oregon Board of Accountancy may be able to assist with a list of potential candidates for recruitment.**
- 3) *Small agencies receive complaints from all over the state. Some small agencies do not have sufficient need or revenue to support a full-time investigator. Creating a list of available investigators to be shared amongst the small licensing boards would create efficiencies and support investigative needs as they arise.* **LFO recommends that the agencies subject to this report work in conjunction with other small licensing boards to develop a list of investigators available on contract for use across geographic regions.**

## 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 1<sup>st</sup> 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 with respect to grants of \$2 million or more made by the Commission.

See page 17 of Appendix B for a brief review of the agency's use of transient lodging tax for the 2015-17 and 2017-19 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, 2016 and 2017, along with its budget for 2017-19.

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 2015-17 and 2017-19 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 2015-17 Biennium**

	Pos.	FTE	Board Members	2015-2017 Board Meetings	Approximate # Licensees	Director Monthly Salary as of 6/30/2017	2015-2017 Actual Expenditures	2017-2019 Budgeted Expenditures	
			Industry	Public	Individuals	Firms/ Business	Board Stipend		
Board of Architect Examiners	5	3.81	5	2	3,357	821	\$60/day	\$1,061,813	\$1,248,270
Appraiser Certification and Licensure Board	6	6.00	7	1	1,411	135	\$0/day	\$1,369,200	\$1,906,609
Board of Examiners for Engineering and Land Surveyors	16	16.00	9	2	29,000	-	\$30/day	\$3,072,423	\$3,230,000
Board of Geologist Examiners	2	2.00	4*	1	1,193	-	\$100/day	\$561,508	\$690,465
Landscape Architect Board	◆	◆	4	3	513 ◊	200	\$50/day	\$343,741	\$455,523
Landscape Contractors Board	5	4.50	5	2	1,362	1,175	\$100/day	\$1,298,008	\$1,448,332
Board of Massage Therapists	5	5.00	4	3	8,838	190	\$100/month	\$1,781,956	\$1,910,000
Board of Optometry	3	2.20	4	1	1,245	-	\$100/day	\$733,238	\$773,044
Physical Therapist Licensure Board	3	2.80	6	2	6,787	-	\$150/day	\$1,069,714	\$1,183,000
Oregon Patient Safety Commission	14	13.50	17	0	□	□	None Paid	\$4,016,455	\$4,353,196
Oregon Wine Board	7	7.00	9	0	□	□	None Paid	\$4,771,081	\$6,009,185
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**

	2015-2017	2015-2017	2015-2017	2015-2017	2015-2017	2015-2017	2015-2017	2015-2017	2015-2017	2015-2017	2017-2019	2017-2019	2017-2019	2017-2019
	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	Adopted Budgeted Revenues	Adopted Budgeted Expenditures	Adopted Budgeted Revenues	Adopted Budgeted Expenditures	Budgeted Ending Fund Balance
Board of Architect Examiners	\$1,050,943	\$1,002,505	\$1,028,859	\$1,156,384	\$1,061,813	\$897,064	\$1,017,989	\$1,087,300	\$1,248,270	\$1,087,300	\$1,248,270	\$1,087,300	\$1,248,270	\$857,019
Appraiser Certification and Licensure Board	\$1,056,620	\$1,763,229	\$1,545,303	\$1,763,229	\$1,369,200	\$876,776	\$1,232,723	\$1,906,608	\$1,906,609	\$1,906,608	\$1,906,609	\$1,906,608	\$1,906,609	\$1,232,722
Board of Examiners for Engineering and Land Surveyors	\$1,738,970	\$2,786,600	\$2,976,623	\$3,250,000	\$3,072,423	\$1,404,489	\$1,643,170	\$3,449,800	\$3,230,000	\$3,449,800	\$3,230,000	\$3,449,800	\$3,230,000	\$1,862,970
Board of Geologist Examiners	\$314,522	\$614,050	\$513,890	\$613,625	\$561,508	\$314,947	\$266,904	\$683,080	\$690,465	\$683,080	\$690,465	\$683,080	\$690,465	\$259,519
Landscape Architect Board	\$234,410	\$321,901	\$325,766	\$428,103	\$343,741	\$128,208	\$216,435	\$451,250	\$455,523	\$451,250	\$455,523	\$451,250	\$455,523	\$212,162
Landscape Contractors Board	\$449,792	\$1,244,507	\$1,320,158	\$1,241,561	\$1,298,008	\$452,738	\$471,942	\$1,387,870	\$1,448,332	\$1,387,870	\$1,448,332	\$1,387,870	\$1,448,332	\$411,480
Board of Massage Therapists *	\$357,691	\$1,782,205	\$1,792,825	\$1,865,000	\$1,781,956	\$274,896	\$368,560	\$1,861,452	\$1,910,000	\$1,861,452	\$1,910,000	\$1,861,452	\$1,910,000	\$320,012
Board of Optometry	\$357,691	\$630,480	\$658,414	\$768,021	\$733,238	\$220,150	\$282,867	\$656,980	\$773,044	\$656,980	\$773,044	\$656,980	\$773,044	\$166,803
Physical Therapist Licensing Board	\$939,076	\$1,022,000	\$1,152,118	\$1,022,000	\$1,069,714	\$939,076	\$1,021,480	\$1,183,000	\$1,183,000	\$1,183,000	\$1,183,000	\$1,183,000	\$1,183,000	\$1,021,480
Oregon Patient Safety Commission	\$65,944	\$4,456,918	\$4,341,051	\$4,343,881	\$4,016,455	\$178,981	\$390,540	\$4,353,196	\$4,353,196	\$4,353,196	\$4,353,196	\$4,353,196	\$4,353,196	\$390,540
Oregon Wine Board	\$818,052	\$4,525,682	\$4,953,861	\$4,816,051	\$4,771,081	\$527,683	\$1,000,832	\$5,655,122	\$6,009,185	\$5,655,122	\$6,009,185	\$5,655,122	\$6,009,185	\$646,769
Citizens' Initiative Review Commission														

## BOARD OF ARCHITECT EXAMINERS

	2013-15 Budget	2013-15 Actual	2015-17 Budget	2015-17 Actual	2017-19 Budget
<b>Total Funds</b>	<b>\$1,144,449</b>	<b>\$937,367</b>	<b>\$1,156,384</b>	<b>\$1,061,813</b>	<b>\$1,248,270</b>
Positions	5	5	5	5	5
FTE	3.65	3.65	3.65	3.81	4.13

### Overview

The mission of the Board of Architect Examiners is to protect the public through licensing and regulating the practice of architecture in Oregon. The Board administers the examinations and licenses individual architects and firms. The Board is responsible for investigating complaints, renewing licenses, and monitoring the continued 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, examination, and license fees. Other miscellaneous sources include civil penalties, late fees, and interest income. The Board has not had a fee increase in 16 years and does not anticipate implementing a fee increase in 2017-19.

### Budget Environment / Licensing and Enforcement Activities

The Board currently regulates nearly 4,200 active licensees, between individuals and firms. This is up approximately 300 registrants from the previous biennium. The number of applications for registration from individuals more than doubled from 336 in 2013-15 to 719 in 2015-17. The Board anticipates the base of licensees to continue to increase as the housing and construction markets continue to experience growth. The number of active licensees (both individuals and firms combined) was up nearly 8% from 2013-15 to 2015-17.

The number of complaints received and investigated more than doubled from 23 in 2013-15 to 58 in 2015-17. The Board reports that the total average number of days to investigate complaints and reach a resolution decreased over that same period, from 93 days to 87.

### 2015-17 Budget to Actual

The Board's 2015-17 actual revenue was \$1,028,859, a 2.6% increase from budgeted revenue. This is a result of the increase in the overall number of applications. The Board's 2015-17 actual expenditures were \$1,061,813, 8.2% less than budgeted. This is primarily the result of vacancy savings from staff turnover.

### 2017-19 Budget

The 2017-19 Board adopted budget of \$1,248,270 represents an 8% increase from the 2015-17 adopted budget. The Board has implemented an online licensing database that has significantly reduced license registration and renewal processing time. It is unclear at this time if the new registration efficiencies will result in reduced need for staff.

Revenue in 2017-19 is projected to be \$1,087,300, which is 5.7% more than 2015-17 actual revenue. This increase is largely due to an anticipated continued increase in registrations and renewals. The projected ending cash balance of \$926,330 equals approximately 18 months of operating costs.



## APPRAISER CERTIFICATION AND LICENSURE BOARD

	2013-15 Budget	2013-15 Actual	2015-17 Budget	2015-17 Actual	2017-19 Budget
<b>Total Funds</b>	<b>\$1,603,227</b>	<b>\$1,334,780</b>	<b>\$1,763,229</b>	<b>\$1,369,200</b>	<b>1,906,609</b>
Positions	7	7	6	6	7
FTE	6.50	6.25	6.00	6.00	7.00

### Overview

The mission of the Appraiser Certification and Licensure Board is to protect the public through regulating the practice of real estate appraisal in Oregon. This includes the regulation of appraisal management companies conducting business in Oregon, a program previously regulated by the Department of Consumer and Business Services and transferred to the Board by HB 2499 (2011). The eight-member board is composed of five appraisers, one representative of a financial institution, one representative of appraisal management companies, and one public member.

### Revenue Sources

The Board is funded by revenue generated primarily from licensure application and renewal fees. While new individual licensee numbers increased from 80 in 2013-15 to 218 in 2015-17, renewals continued to decrease, though less significantly than in previous years.

### Budget Environment / Licensing and Enforcement Activities

The Board currently regulates approximately 1,604 individuals, including permanent, temporary non-resident, and appraiser assistant license holders. After several years of decreases, this number is up 35% from the previous biennium due to an increase in temporary reciprocal licenses. The Board anticipates the licensing numbers to remain relatively flat for new applicants, new licensees, and renewals given the current economic climate and the decline in the appraiser assistant registration base. The number of AMCs increased 362%, from 39 registrants in 2013-15 to 134 in 2015-17.

The number of complaints filed against individual licensees has continued to decline, with complaints down 20% from the previous biennium. About 25% of investigated cases result in a sanction being imposed. Despite the reduced case load, investigations are currently taking over 365 days from filing to resolution, which puts the Board out of compliance with the federal regulatory agency. It is unclear how this non-compliance is being addressed.

### 2015-17 Budget to Actual

The Board's 2015-17 actual revenue was \$1,545,303, a 3.7% decrease from budgeted revenues; actual expenditures were \$1,369,116, which is 22.4% less than budget. Expenditures were under budget due to vacancy savings and delayed implementation of a new licensing database. Also, the Board anticipated using over \$158,000 in reserves as part of its revenue stream in order to meet budget expectations. Because of the vacancy savings, using reserves was not required.

### 2017-19 Budget

The 2017-19 Board-adopted budget of \$1,906,609 represents an 8% increase from the 2015-17 adopted budget. The Board anticipates raising its licensing renewal fee by 5% in 2019 to meet budget expectations and reduce the need to use reserves. The projected ending cash balance of \$1,125,083 equals approximately 14 months of operating costs.

## BOARD OF EXAMINERS FOR ENGINEERING AND LAND SURVEYING

	2013-15 Budget	2013-15 Actual	2015-17 Budget	2015-17 Actual	2017-19 Budget
<b>Total Funds</b>	<b>\$3,000,000</b>	<b>\$2,899,148</b>	<b>\$3,250,000</b>	<b>\$3,072,423</b>	<b>\$3,230,000</b>
Positions	15	15	15	16	16
FTE	13.00	13.00	13.00	16.00	16.00

### Overview

The mission of the Board of Examiners for Engineering and Land Surveying is to protect the public through licensing and regulating the practice of engineering and land surveying 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. Revenue in 2015-17 was \$2,976,623, which is 6.8% over the adopted budget projection. This increase is largely a result of increased revenue from Professional Engineer exam and application fees and increased civil penalty collections. The Board has seen a marked increase in professional registrations because of the change in examination criteria 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. The Board is seeing such applications come from all over the world. As a result, the adopted 2017-19 budget includes a revenue estimate of \$3,449,800, a 23% increase from the 2015-17 adopted budget.

### Budget Environment / Licensing and Enforcement Activities

The Board currently regulates approximately 29,000 individuals in the fields of Professional Engineer, Land Surveyor, Photogrammetrist, and Water Right Examiner. Complaints to the Board increased 8% from the previous biennium. Of the 113 cases closed in 2015-17, 40 resulted in some sort of disciplinary action. The Board made significant improvement in the time between beginning an investigation and reaching a resolution, from 525 days in 2013-15 to 382 days in 2015-17.

### 2015-17 Budget to Actual

The Board's 2015-17 actual expenditures were \$3,072,423, which was 5.5% less than budgeted. Most of the savings was the result of lower than expected personnel costs.

### 2017-19 Budget

The 2017-19 Board-adopted budget of \$3,230,000 represents a 0.6% decrease from the 2015-17 adopted budget. The 2017-19 budget has a projected ending cash balance of \$1,859,405, which equals approximately 13.8 months of operating costs.

## BOARD OF GEOLOGIST EXAMINERS

	<b>2013-15 Budget</b>	<b>2013-15 Actual</b>	<b>2015-17 Budget</b>	<b>2015-17 Actual</b>	<b>2017-19 Budget</b>
<b>Total Funds</b>	<b>\$557,160</b>	<b>\$505,928</b>	<b>613,625</b>	<b>\$561,508</b>	<b>\$690,465</b>
Positions	2	2	2	2	2
FTE	2.00	2.00	2.00	2.00	2.00

### Overview

The mission of the Board of Geologist Examiners 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, an interagency agreement with the Landscape Architect Board for shared administration activities, and reserve funds. The Board used reserve funds to balance its budget in 2015-17 but increased select fees in July 2017 to avoid depleting reserves for 2017-19. Revenue in 2017-19 is projected to be \$683,080, which is an 11.2% increase from 2015-17 budgeted revenue and a 33% increase over 2015-17 actual revenues. The projected ending cash balance of \$259,519 equals approximately 9 months of operating costs.

### Budget Environment / Licensing and Enforcement Activities

As of June 30, 2017, the Board regulated approximately 1,195 registrants. Total renewal registrations remain flat. License applications and new licenses issued have increased slightly, but retirements and non-renewals occur at the same pace, leaving the overall number of registrants unchanged. The Board anticipates this trend to continue. The Board increased some fees in 2017 to address increasing personal services costs attributable to increases in benefit costs and DAS statewide service charges.

The number of complaints received, and investigations conducted, continues to be very low. The Board opened three cases in 2015-17 and closed two of them. The Board emphasizes guidance and education to reach compliance and rarely issues civil penalties.

### 2015-17 Budget to Actual

The Board's 2015-17 actual revenue was \$513,890, 16.3% less than anticipated. The Board's 2015-17 actual expenditures were \$561,508, which is 8.5% less than the adopted budget. The majority of the budget savings occurred in professional services as the Board avoided any expensive legal issues.

### 2017-19 Budget

The 2017-19 budget of \$690,465 represents a 12.5% increase from the 2015-17 adopted budget. Most of the increase is due to increased costs for PERS. The Board is also budgeting for higher legal costs and potential expenses related to moving to an online renewal system.

## LANDSCAPE ARCHITECT BOARD

	<b>2013-15 Budget</b>	<b>2013-15 Actual</b>	<b>2015-17 Budget</b>	<b>2015-17 Actual</b>	<b>2017-19 Budget</b>
<b>Total Funds</b>	<b>\$388,635</b>	<b>\$316,953</b>	<b>\$428,103</b>	<b>\$343,741</b>	<b>\$455,523</b>
Positions	0	0	0	0	0
FTE	0.00	0.00	0.00	0.00	0.00

### Overview

The mission of the Landscape Architect Board 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 Board does not retain full-time staff, but contracts for administrative services with the Board of Geologist Examiners. The seven-member board is composed of four professionals and three public members.

### Revenue Sources

The Board is funded primarily from application and annual registration fees for individuals and businesses. With registrations flat and costs increasing, the Board chose to increase select fees as of July 1, 2017. The 2017-19 budget reflects this increase. New revenue in 2017-19 is projected to be \$451,250, which is a 38.5% increase over the actual revenue received in 2015-17.

### Budget Environment / Licensing and Enforcement Activities

Total registrant numbers remain flat. As of the close of the 2015-17 biennium, the Board had about 475 individual registrants and 200 business licensees.

The number of complaints and investigations conducted remains small. 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.

### 2015-17 Budget to Actual

The Board's 2015-17 actual revenue was \$325,766, a 1.2% increase from budgeted revenue. The Board used some reserve funds to balance its budget as planned, but less than anticipated due to lower-than-expected expenditures. The Board experienced most of its budget savings from lower than expected IT and legal costs.

### 2017-19 Budget

The 2017 adopted budget of \$455,523 represents a 6.4% increase from the 2015-17 adopted budget. The budget includes standard increases to personal services including increased PERS costs consistent with the Department of Administrative Services compensation package, and other inflationary adjustments for services and supplies. The projected ending cash balance of \$212,161 equals approximately 11.2 months of operating costs.

## LANDSCAPE CONTRACTORS BOARD

	<b>2013-15 Budget</b>	<b>2013-15 Actual</b>	<b>2015-17 Budget</b>	<b>2015-17 Actual</b>	<b>2017-19 Budget</b>
<b>Total Funds</b>	<b>\$1,266,185</b>	<b>\$1,191,432</b>	<b>\$1,241,561</b>	<b>\$1,298,008</b>	<b>\$1,448,332</b>
Positions	5	5	5	5	5
FTE	5.00	5.00	4.50	4.50	4.50

### Overview

The Landscape Contractors Board 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. After several years of flat income projections, licenses and renewals are beginning to pick up. Revenue for the 2015-17 biennium came in 6% higher than budgeted, however, much of this increase was due to an unanticipated payment of a civil penalty. Revenue in 2017-19 is projected to be \$1,387,870, an 11.5% increase from the 2015-17 budget.

### Budget Environment / Licensing and Enforcement Activities

As of June 2017, the Board licensed 1,362 individuals and 1,175 businesses which is about 1% higher than in June 2015. And, to add to the brighter outlook, after many years of declines, the overall number of new licenses issued in 2015-17 was up 12% from the prior biennia.

During the 2015-17 biennium, the number of consumer complaints against licensed landscape contractors increased to 79, from 58 in the 2013-15 biennium. There has been significant demand for landscaping work as the economy has improved, which is likely the cause of the increase. Additionally, fewer claims are being settled through mediation, which has negatively impacted the time it takes to close cases.

### 2015-17 Budget to Actual

Actual revenue for 2015-17 was \$1,320,158, about 6% higher than budgeted. The Board's 2015-17 actual expenditures were \$1,298,104, about 4.6% higher than budgeted. The board continues to use small amounts of reserves to make ends meet as costs rise. A fee increase adopted during the biennium should reduce the need for significant use of reserve funds going forward.

### 2017-19 Budget

The 2015-17 adopted budget of \$1,448,332 represents a 16.7% increase from the 2015-17 budget. The Board is budgeting to cover anticipated costs for DAS charges, a new state car and potential IT costs associated with information technology risk assessment. The Board's projected ending cash balance of \$367,267 equals approximately 6.1 months of operating costs.

## BOARD OF MASSAGE THERAPISTS

	2013-15 Budget	2013-15 Actual	2015-17 Budget	2015-17 Actual	2017-19 Budget
<b>Total Funds</b>	<b>\$1,746,000</b>	<b>\$1,703,762</b>	<b>\$1,865,000</b>	<b>\$1,781,956</b>	<b>\$1,910,000</b>
Positions	5	5	5	5	5
FTE	5.00	5.00	5.00	5.00	5.00

### Overview

The Board of Massage Therapists balances public safety and the needs of licensed massage therapists by developing, implementing, and maintaining the standards of professional conduct and practice. The Board prescribes qualifications, standards for the examination of applicants for licensure, continuing education requirements, and professional standards for practice. The Board issues 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 2017-19 is projected to be \$1,861,452, which is 4.5% above 2015-17 estimates, and the projected ending cash balance of \$317,066 equals approximately 3.9 months of operating costs. The Board anticipates no fee increases during the 2017-19 biennium.

### Budget Environment / Licensing and Enforcement Activities

The total number of licenses issued increased by 8.2% from 8,167 in June 2015 to 8,838 in June 2017. The Board currently regulates approximately 8,535 active individual licensees and 190 firms. This steady growth reflects a growing industry 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 an increase in complaints and investigations. The number of complaints received increased from 286 in the 2013-15 biennium to 328 in the 2015-17 biennium. The number of investigations conducted increased from 208 to 266.

### 2015-17 Budget to Actual

The Board's 2015-17 actual revenue of \$1,792,825 was slightly more (0.60%) than budgeted revenue of \$1,782,205. The Board's 2015-17 actual expenditure were \$1,781,956, which is 4.5% under the budgeted \$1,856,000 reflecting reduced costs associated with the discontinuation of the practical exam, and the fact that the online licensing project came in under budget.

### 2017-19 Budget

The 2017-19 Board adopted budget of \$1,910,000 represents a 2.4% increase from the 2015-17 Board adopted budget, due mostly to anticipated increases in state government services charges and investigation expenses.

## BOARD OF OPTOMETRY

	2013-15 Budget	2013-15 Actual	2015-17 Budget	2015-17 Actual	2017-19 Budget
<b>Total Funds</b>	<b>\$698,511</b>	<b>\$625,473</b>	<b>\$768,021</b>	<b>\$733,238</b>	<b>\$773,044</b>
Positions	3	3	3	3	2
FTE	2.20	2.20	2.20	2.20	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 2017-19 is projected to be \$656,980, which is 4.0% more than 2015-17 estimates. New licensing applications and license renewals were higher than budgeted. The Board attributes these increases to the improved economy and Oregon's population growth.

### Budget Environment / Licensing and Enforcement Activities

As of June 30, 2017, the Board had approximately 1,219 licensees. Of those, 814 were active licensees (67%) and 405 were inactive (33%). Throughout the 2015-17 biennium, the Board issued a total of approximately 2,344 licenses. That number is slightly lower than prior to the 2013-15 biennium when the Board eliminated separate licenses for additional and multiple practice locations. Although the number of consumer-initiated complaints dropped from 20 in 2013-15 to 8 in 2015-17, the number of Board-initiated complaints increased from 18 in 2013-15 to 74 in 2015-17. This increase is due to a concerted effort to investigate and educate vendors who sell cosmetic contact lenses without a prescription.

### 2015-17 Budget to Actual

The Board's 2015-17 actual revenue was \$658,414, which is 4.4% more than budgeted revenue of \$630,480. The Board's 2015-17 actual expenditures were \$733,238, which is 4.5% less than budgeted expenditures of \$768,021.

### 2017-19 Budget

The 2017-19 Board adopted budget of \$773,044 represents a 0.65% increase from the 2015-17 Board adopted budget of \$768,021. For the 2017-19 biennium, the Board went from three staff to two. Primary cost drivers were related to information technology, including the implementation of a new online licensing system and charges for desktop support.

## PHYSICAL THERAPY LICENSING BOARD

	2013-15 Budget	2013-15 Actual	2015-17 Budget	2015-17 Actual	2017-19 Budget
<b>Total Funds</b>	<b>\$1,000,000</b>	<b>\$984,137</b>	<b>\$1,022,000</b>	<b>\$1,069,714</b>	<b>\$1,183,000</b>
Positions	3	3	3	3	3
FTE	2.80	2.80	2.80	2.80	2.80

### Overview

The Physical Therapist Licensing Board 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. To address its high ending balance, effective 2016, the Board reduced renewal fees by 15% for licensees. 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. During the 2017-19 biennium, the Board instituted three new services, and consequently three new fees: 1) Privilege to Practice Fee of \$50 charged to individuals licensed by another state wishing to practice in Oregon under the Physical Therapist Interstate Compact, 2) Online Jurisprudence Assessment Module (JAM) fee of \$48 for an exam to ensure that therapists new to Oregon are educated on the rules that govern physical therapy practice in the state, and 3) Early Eligibility Fee of \$25 for students wishing to sit for the national examination up to 90 days prior to graduation. The Board is also anticipating a significant cost to address aging IT systems and other necessary infrastructure investments in the next five years.

### Budget Environment / Licensing and Enforcement Activities

The total number of licensees increased by 6.1%, from 5,236 at the end of the 2013-15 biennium to 6,202, at the end of the 2015-17 biennium. The Board estimates a smaller increase but a continued upward trend for the 2017-19 biennium.

The Board is seeing a decline in the total number of complaints and therefore also a decline in the number of investigations. This decline 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.

#### 2015-17 Budget to Actual

The Board's 2015-17 actual revenue was \$1,152,118, which is 12.7% more than budgeted revenue of \$1,022,000, reflecting an increase in licensees resulting from a change in policy allowing candidates to take the national exam prior to graduation. The Board's 2015-17 actual expenditures of \$1,069,714 was 4.7% more than the budgeted \$1,022,000 reflecting the development and implementation of a new online jurisprudence assessment module (JAM), and the implementation of a FBI background fingerprint check as mandated with the passage of the 2016 National Physical Therapy Compact. The Board promulgated a temporary administrative rule to amend its budget from \$1,022,000 to \$1,076,000 in a timely manner to address these two unanticipated expenditures.

#### 2017-19 Budget

The 2017-19 adopted budget of \$ 1,183,000 represents a 15.7% increase from the 2015-17 Board adopted budget of \$1,022,000. This increase reflects increases in personnel, computer desktop support, attorney general, and rent costs, as well as funding for the National Physical Therapy Compact membership fee, and implementation of new data base system to replace a legacy system.

## OREGON PATIENT SAFETY COMMISSION

	2013-15 Budget	2013-15 Actual	2015-17 Budget	2015-17 Actual	2017-19 Budget
<b>Total Funds</b>	<b>\$3,730,629</b>	<b>\$3,585,973</b>	<b>\$4,343,881</b>	<b>\$4,016,455</b>	<b>\$4,353,196</b>
Positions	12	12	14	14	15
FTE	12.00	12.00	14.00	13.50	15.00

### Overview

The mission of the Oregon Patient Safety Commission (OPSC) is to advance, support, and encourage patient safety in Oregon by reducing the risk of patient harm and encouraging a culture of patient safety through education, shared learning, and improved transparency. OPSC’s Patient Safety Reporting Program (PSRP) is charged with working with healthcare organizations to: 1) manage a confidential, voluntary serious adverse event reporting system in Oregon, 2) promote quality improvement techniques to reduce system errors, and 3) share evidence-based prevention practices to improve patient outcomes. The Early Discussion and Resolution (EDR) program facilitates open, constructive conversations among patients or families and healthcare professionals to reach resolution following serious adverse events. Quality improvement techniques are shared with healthcare organizations through educational offerings, learning collaboratives with peers, best-practice resources, and in-house expertise, to help those organizations advance quality and patient safety. OPSC is not a regulatory body and has no authority to review licenses, permits, certifications or registrations. 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.

### Revenue Sources

OPSC is funded by annual fees assessed on Oregon healthcare facilities, state General Fund, and contracts that support mission-driven work. The annual 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. State General Fund comes to OPSC 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 unexpectedly experiences serious physical injury or death as a result of medical care, EDR offers support and legal protections for patients and healthcare providers to have an open conversation. The Infection Prevention project team serves as a contractor to the Oregon Health Authority’s Public Health Division and depends on grant funding that the Oregon Health Authority receives.

### 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 and will continue to contract with OHA on the Infection Prevention project if the contract work aligns with OPSC’s mission

and strategic plan. In addition, OPSC constantly monitors mission- appropriate grants opportunities and works with its Board of Directors to determine strategic fit for the organization.

#### 2015-17 Budget to Actual

The Commission's 2015-17 actual revenue of \$4,341,051 was 2.6% less than the budgeted revenue of \$4,456,918. 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 Infection Prevention project. OPSC's 2015-17 actual expenditures were \$4,016,455, which is 7.5% less than budgeted expenditures of \$4,343,881 reflecting the fact that OPSC received less grant funding for the Infection Prevention project than anticipated.

#### 2017-19 Budget

The 2017-19 adopted expenditures of \$4,353,196 represents a 2.3% decrease from the 2015-17 approved expenditures of \$4,456,918. This reduction in expenditures is in anticipation of projected flat revenue streams for PSRP and the EDR program coupled with reduced contract funding from OHA for the Infection Prevention project.

**OREGON WINE BOARD**

	<b>2013-15 Budget</b>	<b>2013-15 Actual</b>	<b>2015-17 Budget</b>	<b>2015-17 Actual</b>	<b>2017-19 Budget</b>
<b>Total Funds</b>	<b>\$3,448,315</b>	<b>\$3,448,315</b>	<b>\$4,816,051</b>	<b>\$4,771,081</b>	<b>\$6,009,185</b>
Positions	7	7	7	9	9
FTE	7.00	7.00	7.00	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

Oregon currently has 769 wineries and 1,114 vineyards. Sales of Oregon wines are expanding domestically, internationally, and directly at a rate exceeding all other U.S. wine regions. 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 (\$0.77 per gallon for wines containing more than 14% alcohol by volume) 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 \$43,667 from this program during the 2015-17 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. In reviewing the annual plans and budget, the Director may consult with and receive coordinated support from the Oregon State Department of

Agriculture, the Oregon Tourism Commission, the Department of Higher Education, the Higher Education Coordinating Commission's Department of Community Colleges and Workforce Development, and the Oregon Liquor Control Commission.

#### 2015-17 Budget to Actual

The 2015-17 actual revenue of \$4,953,861 was 9.5% more than budgeted revenues of \$4,525,682. The anticipated increase in grape assessment income enabled the Board to invest in the development of marketing programs, research grant awards, and educational offerings. The 2015-17 actual expenditures of \$4,771,081 was 0.9% lower than budgeted of \$4,816,051 reflecting underspending in marketing activities. The Board invested 17.3% of its spending on educational activities; 18.0% funding research; 28.9% on administration; and 35.8% on marketing and communications.

#### 2017-19 Budget

The 2017-19 Board adopted budget of \$6,009,185 represents a 24.8% increase from the 2015-17 Board adopted budget of \$ 4,816,051. In addition to an increase in assessment revenue, the 2017 Legislature appropriated \$500,000 General Fund to the Board for the purposes of expanding market access and technical research program. This funding, along with grants from the USDA Specialty Crop Block Grant (SCBG), allowed the Board to: (1) award additional research funding to source and analyze relevant business intelligence that can be disseminated to the industry to support business planning, growth, and competitiveness; (2) fund the development of the new Grape and Wine Profitability and Sales Channel Calculator (GWPSCC) to help wineries and vineyards in Oregon analyze financial inputs and projections to make their businesses more viable; and (3) continue expanding marketing reach to promote Oregon Wine in markets outside of Oregon.

## CITIZENS' INITIATIVE REVIEW COMMISSION

	<b>2013-15 Budget</b>	<b>2013-15 Actual</b>	<b>2015-17 Budget</b>	<b>2015-17 Actual</b>	<b>2017-19 Budget</b>
<b>Total Funds</b>	<b>\$190,000</b>	<b>\$95,389</b>	<b>\$202,150</b>	<b>*</b>	<b>*</b>
Positions	0	0	0	0	0
FTE	0.00	0.00	0.00	0.00	0.00

\*The Commission is currently nonoperational 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.

### 2015-17 Budget

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

OTC Programs	2015-17 Budget	2015-17 Actual*	2017-19 Budget
Global Strategic Partnerships (GSP)			
GSP - Regional Cooperative Tourism Program	9,789,636	3,350,000	15,069,000
GSP - Competitive Grants Program	1,249,908	485,000	5,034,000
GSP - Competitive Large Grants Program	2,500,000	0	2,500,000
GSP - Industry and Visitor Services	2,809,387	1,999,860	4,199,000
Global Marketing	18,525,522	17,894,540	31,250,000
Administration and Operations	6,521,169	6,331,268	7,890,000
Global Sales	5,595,824	5,527,144	6,406,000
Destination Development	3,011,475	2,517,009	3,392,000
<b>Total Funds</b>	<b>\$50,002,921</b>	<b>\$38,104,821</b>	<b>\$75,740,000</b>
Positions	45	45	64
FTE	45.00	45.00	63.00

### 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, appointed by the Governor. In addition to the Commission and the Chief Executive Officer, at the end of the biennium the agency operated with 45 employees and has offices in Portland and Salem.

### Revenue

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

\*According to the financial review for the biennium ended June 30, 2017 conducted by Aldrich CPAs and Advisors, OTC currently has about \$12,785,754 in future programming and fund reserves, of which \$9,428,633 (73.7%) is non-discretionary and allocated for distribution through the statutorily required Regional Cooperative Tourism Program (RCTP) and Competitive Grants Program, and \$3,357,121 (26.3%) is discretionary strategic Immediate Opportunity Fund, Marketing and Sales Development program funding, and operating reserve:

Regional Cooperative Tourism Program	6,285,755
Competitive Grants Program	642,878
Competitive Large Grants Program	2,500,000
Immediate Opportunity Fund	505,500
Marketing and Sales Development	1,280,182
Operating Reserve	1,571,439
<b>TOTAL Future Programming and Fund Reserves</b>	<b>\$12,785,754</b>

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 goes to 1.5%. According to the Legislative Revenue Office, the new higher rate is expected to generate an additional \$12.7 million in the 2015-17 biennium and \$27.4 million in the 2017-19 biennium after allowance for collection costs. The agency 2019-21 budget will decrease when the state lodging tax rate is reduced in 2020. The estimated impact of that reduction on OTC programs has not been estimated for this report.

Reporting Requirements and OTC Programs

ORS 284.148 requires OTC to submit a report to LFO by October 1<sup>st</sup> 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*

Prior to July 2015, OTC received funds from DOR on a quarterly basis. For the 2013-15 biennium, OTC received \$28,980,792 in actual state transient lodging tax revenues. OTC reported the following actual quarterly revenue receipts from DOR:

Quarter	Actual
July 2013 – September 2013	3,506,500
October 2013 – December 2013	5,043,391
January 2014 – March 2014	2,948,896
April 2014 – June 2014	1,973,206
July 2014 – September 2014	3,900,418
October 2014 – December 2014	5,598,417
January 2015 – March 2015	2,975,215
April 2015 – June 2015	3,034,749
<b>TOTAL</b>	<b>\$28,980,792</b>

For the 2015-17 biennium, OTC budgeted \$51,005,525 in revenues from transient lodging tax, and received \$50,236,124 in actual transient lodging tax revenues. OTC reported the following actual revenue receipts from DOR by region:

Region	2015-16 Actual	2016-17 Actual
North, Central, and South Coast	3,976,687	6,540,296
Willamette Valley	2,288,184	3,995,979
Portland Metro	8,008,903	13,014,571
Southern Oregon	1,632,468	2,620,852
Central Oregon	1,854,297	3,185,032
Mount Hood/Columbia River Gorge	799,004	1,116,979
Eastern Oregon	641,890	986,748
DOR Admin Fees & Other Adjustments	(394,085)	(734,827)
DOR Admin Fee Adjustment		186,254
Transient Lodging Tax Accrual		516,894
<b>TOTAL Transient Lodging Tax</b>	<b>\$18,807,347</b>	<b>\$31,428,777</b>



For the 2017-19 biennium, OTC projects \$76,567,086 in revenue from lodging tax. OTC reported the following actual and projected revenue receipts from the state lodging tax:

Region	2017 -18 Actual	2018-19 Budgeted
North, Central, and South Coast	8,138,605	8,589,864
Willamette Valley	4,492,279	4,741,361
Portland Metro	15,204,673	16,047,723
Southern Oregon	3,209,402	3,387,353
Central Oregon	3,802,917	4,013,777
Mount Hood/Columbia River Gorge	1,437,465	1,517,168
Eastern Oregon	1,360,544	1,435,981
DOR Admin Fees and Other Adjustments	(387,731)	(794,353)
Reversal/Accrual	758,932	(388,874)
<b>TOTAL Transient Lodging Tax</b>	<b>\$38,017,086</b>	<b>\$38,550,000</b>

Prior to the 2017-19 biennium, ORS 284.131 required OTC to spend transient lodging tax revenue as follows:

- At least 80% must be used to fund state tourism marketing programs.
- As much as 15% must be distributed to regional cooperative tourism programs using a regional allocation formula that distributes revenue to regions in proportion to the amount of lodging tax revenues collected in each region.

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 provisions 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. OTC is mandated to base grant awards on demonstrated return on investment, geographic equity, and community support.

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:

- 2016-17, and 2017-18 Annual Reports
- 2015-17 Profit & Loss Budget V. Actual statement
- 2015-17 Financial Review
- 2015-17 and 2017-19 Adopted and Amended Budgets
- 2017-19 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*

For the 2015-17 Biennium, OTC budgeted \$6,439,636 for RCTP. During the 2015-17 biennium, as part this program, OTC awarded \$3,350,000 to the following regions:

Region	Amount
North, Central, and South Coast	650,000
Willamette Valley	450,000
Portland Metro	850,000
Southern Oregon	350,000
Central Oregon	350,000
Mount Hood/Columbia River Gorge	350,000
North Eastern and South Eastern Oregon	350,000
<b>TOTAL RCTP</b>	<b>\$3,350,000</b>

For the 2017-19 biennium, OTC budgeted \$15,069,000 for RCTP.

- *Competitive Grants Program*

For the 2015-17 biennium, OTC budgeted \$3,219,818 for the competitive grants program. During the 2015-17 biennium, as part of its competitive grants program, OTC received 50 applications requesting a total of \$1,408,582 in grant funding. OTC awarded 20 grants totaling \$485,000 (1% of 2014-16 state lodging tax receipts of \$34,315,147) to the following organizations:

Organization	Amount
Central Oregon Air Service Team (COVA)	20,000
City of Redmond	7,500
City of St. Helens	40,000
Community Service Center, University of Oregon	25,000
Discover Klamath Visitor and Convention Bureau	5,000
Eastern Oregon Visitors Association - Path of Totality	30,000
Eastern Oregon Visitors Association - Agritourism Marketing Plan	46,450
Emerald Art Center	10,000
Friends of the Oregon Caves & Chateau	75,000
Greater Bandon Association	5,000
Joseph Center for Arts and Culture	6,300
Klamath Trails Alliance	50,000
Lan Su Chinese Garden	15,000
Lincoln City Visitors & Convention Bureau	6,500
Main Street Oregon City	50,000
Oregon Trail Preservation Trust	22,000
Portland Center Stage	13,750
Portland Japanese Garden	22,500
Tillamook Forest Heritage Trust	25,000
City of Gold Beach	10,000
<b>TOTAL Competitive Grants</b>	<b>\$485,000</b>

For the 2017-19 biennium, OTC budgeted \$7,534,000 for its Competitive Grant Program.

- *Competitive Large Grants Program*

Competitive Grants of \$2 million or more anticipated in the 2017-19 biennium budget includes \$5 million to Oregon21 to host the International Association of Athletics Federation (IAAF) World Championships, as approved at the December 5, 2017 Commission Meeting. OTC further chose to designate \$2.5 million dollars from the 2017-18 fiscal year and an additional \$2.5 million dollars over the course of the 2017-19 biennium to initially fund this program. This award totaling \$10 million to Oregon 21, based in Eugene, will support a 10-day world competition for track and field.

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. At its public meeting on Tuesday, Oct. 3, 2017, OTC voted to open their Competitive Large Grants program for applications. During a meeting of the Large Grants Review Committee on Nov. 27, 2017, it was determined that out of 15 applications received, a single applicant, Oregon 21, would move forward as a finalist to present to the Oregon Tourism Commission on December 4, 2017.

- *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 Oregon 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:

2013-15 Proceeds from the Wine Country License Plates Program

Fiscal Year 2013-14	Fiscal Year 2014-15	<b>2013-15 Biennium Total</b>
\$193,151	\$263,136	<b>\$456,287</b>

2015-17 Proceeds from the Wine Country License Plates Program

Fiscal Year 2015-16	Fiscal Year 2016-17	<b>2015-17 Biennium Total</b>
\$281,939	\$347,143	<b>\$629,082</b>

2015-17 Wine Country Tourism Promotion Awards – During the 2015-17 biennium, OTC distributed a total of \$367,865 (49.83% of \$738,224 in available Wine Country License Plates Program proceeds) to tourism promotion agencies representing the following four regions:

<b>Organization (Region)</b>	<b>Award Amount</b>
Willamette Valley Visitors Association (Region 1 - Mid)	208,887
Willamette Valley Visitors Association (Region 2 - Willamette)	68,857
Southern Oregon Visitors Association (Region 3 - South)	57,551
Eastern Oregon Visitors Association (Region 4 - East)	32,570
<b>TOTAL</b>	<b>\$367,865</b>

2015-17 Wine Country Matching Grant – During the 2015-17 biennium, OTC received 28 applications requesting a total of \$459,490 in Wine Country Matching grant funding. OTC awarded 17 grants totaling \$234,982 (31.83% of the \$735,730 in available Wine Country License Plates Program proceeds) to the following organizations:

<b>Organization</b>	<b>Award Amount</b>
Yamhill County Wineries Association (dba Willamette Valley Wineries Assoc.)	40,000
Heart of Willamette Winery Association	2,500
Mid-Columbia Economic Development District	3,000
Travel Yamhill Valley	20,000
Travel Lane County	9,905
Oregon Wine Board	43,667
Chehalem Valley Chamber of Commerce (dba Oregon Wine Education Center)	12,500
Eastern Oregon Visitors Association	10,000
Cottage Grove Area Chamber of Commerce	2,500
Eola-Amity Hills Winegrowers Association	20,000
Southern Oregon Visitors Association / Travel Southern Oregon	10,000
Aurora Colony Historical Society	20,910
Oregon Brewers Guild	2,717
North Willamette Vinters Association	2,500
Oregon Cheese Guild	16,500
Travel Salem	10,000
Lincoln City Visitors Bureau	8,283
<b>TOTAL</b>	<b>\$234,982</b>

### Budget Environment

- *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 RCTP program and 28% for competitive grants. Of the remaining 16% of the GSP budget, 41% is budgeted for sponsorships and partnerships (Brand USA, ORLA, OSA), 34% for payroll.

- *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 41% 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 CEO and CSO 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 work 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 32% of its total budget to payroll; 31% to in-country representation and promotions (including work with Brand USA); and 16% 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 58% of its total budget to payroll, as this team's staff develop 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%
<b>(a) The number of license applications;</b>	<b>382</b>	<b>557</b>	<b>46%</b>	<b>700</b>	<b>26%</b>
Individual licenses	203	281	38%	415	48%
Business licenses	179	276	54%	285	3%
<b>(b) The number of licenses issued; (total)</b>	<b>292</b>	<b>505</b>	<b>73%</b>	<b>399</b>	<b>-21%</b>
Individual licenses	108	206	91%	122	-41%
Business licenses	184	299	63%	277	-7%
<b>(c) The number of examinations conducted;</b>	<b>2145</b>	<b>4754</b>	<b>122%</b>	<b>4087</b>	<b>-14%</b>
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%
<b>(d) The average time between application for and issuance of licenses (months);</b>					
Landscape Construction Professional (individual)	3.7	8.6	57%	5.6	-54%
Landscape Contracting Business	0.3	0.3	0%	0.4	25%
<b>(e) The number and types of complaints received about persons holding licenses; (total)=&gt; CLAIMS (complaints from consumers):</b>					
<b>Dispute Resolution</b>	<b>123</b>	<b>182</b>	<b>32%</b>	<b>219</b>	<b>17%</b>
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%
<b>(f) The number and types of "CLAIM" investigations conducted;</b>	<b>123</b>	<b>182</b>	<b>32%</b>	<b>219</b>	<b>17%</b>
Onsite Investigation Owner Claims)	59	97		37	
Administrative (Office process investigaton-includes mediation)	64	85		182	
<b>(g) The number and types of resolutions of complaints (Claims);</b>	<b>126</b>	<b>160</b>	<b>27%</b>	<b>198</b>	<b>24%</b>
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%
<b>(g-2) The number of days between beginning a CLAIM investigation and reaching a resolution (in days)</b>	<b>90.05</b>	<b>150.6</b>	<b>67%</b>	<b>133.98</b>	<b>-11%</b>
<b>(h-1) The number and type of COMPLIANCE sanctions imposed against Licensed; (total)</b>	<b>132</b>	<b>420</b>	<b>218%</b>	<b>614</b>	<b>46%</b>
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%
<b>(h-2) The number and type of COMPLIANCE sanctions imposed against Un-Licensed (total)</b>	<b>157</b>	<b>455</b>	<b>190%</b>	<b>451</b>	<b>-1%</b>
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%
<b>(i-1) The number of days between beginning a Compliance investigation and reaching a resolution: Licensed (in days)</b>	<b>40.63</b>	<b>35</b>	<b>-14%</b>	<b>31.5</b>	<b>-10%</b>
<b>(i-2) The number of days between beginning a Compliance investigation and reaching a resolution: Un-Licensed (in days)</b>	<b>59.23</b>	<b>73</b>	<b>23%</b>	<b>59.5</b>	<b>-18%</b>

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 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





## **APPENDIX D**

### **Semi-Independent Agencies: Reporting Guidelines 2020**

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](mailto:kim.to@oregonlegislature.gov) or Meg Bushman Reinhold at [meg.bushmanreinhold@oregonlegislature.gov](mailto:meg.bushmanreinhold@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, 2020 should include actual data for the 2017-19 biennium, and projected revenue, adopted budget, and proposed fee change information for the 2019-21 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 2020 reporting period, LFO requests that agencies provide a copy of the audit or review for the biennium ended June 30, 2019, 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 2020 should include actual numbers for the 2017-19 biennium and the adopted budget for the 2019-21 biennium.

Agencies should include copies of the following documents:

- 1) Balance sheet for the 2017-19 biennium
- 2) Forecasted balance sheet for the 2019-21 biennium
- 3) Projected/Adopted budget forecast for the 2019-21 biennium
- 4) Line item comparison of budget to actual revenues and expenditures for 2017-19 biennia
- 5) Line item comparison of material changes between 2017-19 and 2019-21 budgets

Example: Line Item comparison of revenues and expenditures

	2017-19 Adopted Budget	2017-19 Adjusted (Approved) Budget	2017-19 Actual	% Change Budget to Actual	2019-21 Adopted Budget	% Change 2017-19 Adopted to 2019-21 Adopted
Revenue						
Licensing Fees						
Other Fees						
<b>Total Revenue</b>						
Expenses						
Payroll						
Services and Supplies						
Travel						
Telecommunications						
Professional Development						
Attorney General Fee						
Audit Charges						
Facilities Rent						
<b>Total Expenses</b>						
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

<b>Beginning and Ending Balances</b>	<b>2017-19 Actual/Reported</b>	<b>2019-21 Projected/Adopted</b>
Beginning Balance (2011-13 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 2017-19 biennium (including any budget adjustments).
- A discussion of material changes between 2017-19 Approved Budget and 2019-21 Adopted Budget.

In providing this information, it may also be appropriate to discuss unanticipated expenditures that emerged during the 2019-21 biennium that are not reflected as material changes in the 2017-19 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

<b>Fee Type</b>	<b>Fee as of 6/30/15</b>	<b>Fee as of 6/30/17</b>	<b>Fee as of 6/30/19</b>	<b>Anticipated Fee 6/30/21</b>
<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

<b>Description of Change</b>	<b>Public Notification and Hearing Dates</b>	<b>Board Action Date</b>	<b>SOS Filing Date</b>	<b>LC Filing Date</b>	<b>OAR Number(s)</b>
<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 2020 report should include actual licensing data for the 2009-11, 2011-13, 2013-15, 2015-17, and 2017-19 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%
<b>(a) The number of license applications;</b>	<b>382</b>	<b>557</b>	<b>46%</b>	<b>700</b>	<b>26%</b>
Individual licenses	203	281	38%	415	48%
Business licenses	179	276	54%	285	3%
<b>(b) The number of licenses issued; (total)</b>	<b>292</b>	<b>505</b>	<b>73%</b>	<b>399</b>	<b>-21%</b>
Individual licenses	108	206	91%	122	-41%
Business licenses	184	299	63%	277	-7%
<b>(c) The number of examinations conducted;</b>	<b>2145</b>	<b>4754</b>	<b>122%</b>	<b>4087</b>	<b>-14%</b>
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%
<b>(d) The average time between application for and issuance of licenses (months);</b>					
Landscape Construction Professional (individual)	3.7	8.6	57%	5.6	-54%
Landscape Contracting Business	0.3	0.3	0%	0.4	25%
<b>(e) The number and types of complaints received about persons holding licenses; (total)=&gt; CLAIMS (complaints from consumers):</b>					
<b>Dispute Resolution</b>	<b>123</b>	<b>182</b>	<b>32%</b>	<b>219</b>	<b>17%</b>
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%
<b>(f) The number and types of "CLAIM" investigations conducted;</b>	<b>123</b>	<b>182</b>	<b>32%</b>	<b>219</b>	<b>17%</b>
Onsite Investigation Owner Claims	59	97		37	
Administrative (Office process investigaton-includes mediation)	64	85		182	
<b>(g) The number and types of resolutions of complaints (Claims);</b>	<b>126</b>	<b>160</b>	<b>27%</b>	<b>198</b>	<b>24%</b>
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%
<b>(g-2) The number of days between beginning a CLAIM investigation and reaching a resolution (in days)</b>	<b>90.05</b>	<b>150.6</b>	<b>67%</b>	<b>133.98</b>	<b>-11%</b>
<b>(h-1) The number and type of COMPLIANCE sanctions imposed against Licensed; (total)</b>	<b>132</b>	<b>420</b>	<b>218%</b>	<b>614</b>	<b>46%</b>
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%
<b>(h-2) The number and type of COMPLIANCE sanctions imposed against Un-Licensed (total)</b>	<b>157</b>	<b>455</b>	<b>190%</b>	<b>451</b>	<b>-1%</b>
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%
<b>(i-1) The number of days between beginning a Compliance investigation and reaching a resolution: Licensed (in days)</b>	<b>40.63</b>	<b>35</b>	<b>-14%</b>	<b>31.5</b>	<b>-10%</b>
<b>(i-2) The number of days between beginning a Compliance investigation and reaching a resolution: Un-Licensed (in days)</b>	<b>59.23</b>	<b>73</b>	<b>23%</b>	<b>59.5</b>	<b>-18%</b>

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.)

