

**76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5544-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Huffman
Carrier – Senate: Sen. Nelson**

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 23 – 0 – 2

House – Yeas: Beyer, Buckley, Cowan, Garrard, Komp, Kotek, McLane, Nathanson, Nolan, Richardson, G. Smith, Thatcher, Whisnant
– Nays:
– Exc: Freeman

Senate – Yeas: Devlin, Edwards, Girod, Johnson, Monroe, Nelson, Thomsen, Verger, Whitsett, Winters
– Nays:
– Exc: Bates

Prepared By: D.J. Vogt, Department of Administrative Services

Reviewed By: Kim To, Legislative Fiscal Office

Meeting Date: May 6, 2011

Agency

Oregon Real Estate Agency

Budget Page

H-31

LFO Analysis Page

207

Biennium

2011-13

Budget Summary*

	2009-11 Legislatively Approved Budget (1)	2011-13 Current Service Level	2011-13 Governor's Budget	2011-13 Committee Recommendation	Committee Change from 2009-11 Leg Approved	
					\$ change	% change
Other Funds	\$ 8,377,812	\$ 8,279,954	\$ 7,876,904	\$ 6,998,460	\$ (1,379,352)	-16.5%

Position Summary

Authorized positions	31	31	30	30	(1)
Full-time equivalent positions (FTE)	30.63	30.63	30.00	30.00	(0.63)

(1) Includes adjustments through March 2011

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Real Estate Agency is funded entirely with fees paid for professional licenses, by brokers, principal brokers and property managers. Other revenues include registration, auditing and publication fees. The Agency is not requesting a change in fees for the 2011-13 biennium and has not increased fees since the mid-1990s. The Committee's recommended budget will leave a projected ending cash balance of approximately \$1.6 million, or five months of operating expenses.

Summary of Transportation and Economic Development Subcommittee Action

The Real Estate Agency provides quality protection for consumers of real estate, escrow and land development services. The Subcommittee approved a budget for the Real Estate Agency of \$6,998,460 Other Funds and 30.00 full-time equivalents. This is a 16.5 percent decrease from the 2009-11 Legislatively Approved Budget.

The Subcommittee approved package 086 and package 087, which eliminate inflation and decrease projected personal services costs by 5.5 percent.

The Subcommittee approved package 101, Position Phase-out, a reduction of \$120,844 Other Funds. The package eliminates one permanent, part-time position created in the 2005-07 biennium, 0.63 full-time equivalent. The workload of this position has diminished since 2006. The position was originally created to assist with rewriting rules and proposing statutory changes that were occurring at the agency at the time. The work is complete and the function of the position no longer exists.

The Subcommittee approved package 102, Technology Advancement, at a cost of \$96,893 Other Funds. The package allows the agency to purchase hardware to implement server virtualization. Upon implementation, the agency will save on hardware costs and increase operational efficiency.

The Subcommittee approved package 810, LFO Adjustments, a reduction of \$100,000 Other Funds. The package represents postage \$(52,000) and publication \$(48,000) savings resulting from distributing the Oregon Real Estate News Journal (OREN-J) and other publications online.

The Subcommittee approved package 811, Pass-through Adjustment, a reduction of \$778,444 Other Funds. The agency has negotiated a new contract in which the vendor will provide examination and background check services and collect fees directly from the applicant at the test site. The package represents examination, fingerprinting and background check fees that will now go directly from applicant to vendor.

Summary of Performance Measure Action

See attached Legislatively Adopted 2011-13 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5544-A

**Real Estate Agency
D.J. Vogt -- (503) 378-3117**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2009-11 Legislatively Approved Budget at March 2011 *	\$0	\$0	\$8,377,812	\$0	\$0	\$0	\$8,377,812	31	30.63
2011-13 ORBITS printed Current Service Level (CSL)*	\$0	\$0	\$8,279,954	\$0	\$0	\$0	\$8,279,954	31	30.63
2011-13 Governor's Recommended Budget *	\$0	\$0	\$7,876,904	\$0	\$0	\$0	\$7,876,904	30	30.00
<u>SUBCOMMITTEE ADJUSTMENTS (from GRB)</u>									
Package 810: LFO Adjustments									
Postage/distribution savings	0	0	(52,000)	0	0	0	(52,000)	0	0.00
Printing/publication savings	0	0	(48,000)	0	0	0	(48,000)	0	0.00
Package 811: Pass-through Fees									
Background check fee pass-through	0	0	(378,444)	0	0	0	(378,444)	0	0.00
Examination fee pass-through	0	0	(400,000)	0	0	0	(400,000)	0	0.00
TOTAL ADJUSTMENTS	\$0	\$0	(\$878,444)	\$0	\$0	\$0	(\$878,444)	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$0	\$0	\$6,998,460	\$0	\$0	\$0	\$6,998,460	30	30.00
% Change from 2009-11 Leg Approved Budget	0.0%	0.0%	-16.5%	0.0%	0.0%	0.0%	-16.5%	-3.2%	-2.1%
% Change from 2011-13 Current Service Level	0.0%	0.0%	-15.5%	0.0%	0.0%	0.0%	-15.5%	-3.2%	-2.1%
% Change from 2011-13 Governor's Recommended Budget	0.0%	0.0%	-11.2%	0.0%	0.0%	0.0%	-11.2%	0.0%	0.0%

* Excludes Capital Construction Expenditures

Legislatively Approved 2011-2013 Key Performance Measures

Agency: REAL ESTATE AGENCY

Mission: To provide quality protection for Oregon consumers of real estate, escrow and land development services, balanced with a professional environment conducive to a healthy real estate market.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
1 - Audits Completed – audits completed		Approved KPM	401.00	425.00	425.00
2 - Days to Complete Investigation File Processing – average number of days to complete investigation file processing.		Approved KPM	214.00	100.00	100.00
3 - Contested Case Actions resolved through settlement – percent of contested case actions that are resolved through informal settlement resolution and prior to a formal hearing before the Office of Administrative Hearings.		Approved KPM	97.00	95.00	95.00
4 - Successful Exam applicants – percentage of applicants who pass the qualifying examination on the first attempt.		Approved KPM	80.00	85.00	85.00
5 - Online License Renewals – percentage of online renewals compared to total renewal processed by agency.		Approved KPM	42.00	90.00	90.00
6 - CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Accuracy	Approved KPM	95.70	85.00	85.00
6 - CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Availability of Information	Approved KPM	93.40	85.00	85.00
6 - CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Expertise	Approved KPM	94.60	85.00	85.00
6 - CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved KPM	94.80	85.00	85.00

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Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
6 - CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Overall	Approved KPM	95.50	85.00	85.00
6 - CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Timeliness	Approved KPM	95.70	85.00	85.00

LFO Recommendation:

LFO recommends approval of the Real Estate Agency’s existing KPM’s and related targets for the 20011-13 biennium.

The agency expects that meeting KPM#5 target will be an ongoing problem until the new, more robust online renewal system is in place. The agency is in the final phase of implementing this new system.

LFO recommends the following regarding KPM #1, #2, #3 and #4:

KPM #1 – Audits Completed: Currently, this target includes mail-in audits and in person reviews. LFO recommends the agency work with DAS and LFO to monitor mail-in audits and in-person reviews separately. Also, with reassignment of audit duties to the Education Division, LFO recommends the agency work with DAS and LFO to create a measure that would assess the agency’s strategies for licenses improvement rather than simply audit count.

KPM #2 – Average Number of Days to Complete Investigation: The agency indicates that case complexity and factors outside the agency’s control are factors impacting performance. LFO recommends the agency work with DAS and LFO during the interim to develop an improved investigation timeliness measure.

KPM #3 - Contested Case Actions - Consent agreements are the most efficient and cost-effective method of resolving disciplinary actions. However, it is not uncommon for licensees to decline consent agreements because they want the opportunity to present their position in administrative hearings. LFO recommends the agency work with DAS and LFO during the interim to monitor this measure to determine if it can be modified to provide more meaningful and valid information.

KPM #4 – Percent of Successful Exam Applicants: Whether an individual passes their qualifying exam will include many factors outside the agency’s control. LFO recommends the agency work with its new vendor, DAS and LFO during the interim to develop a measure that evaluate whether the exam adequately prepares a licensee for conducting real estate business, including appraising whether exam questions are clear and an appropriate assessment of information an applicant need to know in order to competently perform in a knowledgeable and ethical manner.

Sub-Committee Action:

Sub-Committee approved LFO recommendations.