
MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807

To: Transportation and Economic Development Subcommittee

From: Kim To, Legislative Fiscal Office
(503) 986-1830

Date: May 2, 2013

Subject: House Bill 5045 – Oregon Real Estate Agency
Work Session Recommendations

Oregon Real Estate Agency – Agency Totals

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 LFO Recommended
Other Funds	6,722,329	7,461,430	7,276,950	7,121,715
Total Funds	\$6,722,329	\$7,461,430	\$7,276,950	\$7,121,715
Positions	33	30	30	30
FTE	31.24	30.00	30.00	30.00

The 2013-15 LFO recommended budget for the Oregon Real Estate Agency is 30 positions (30.00 FTE), and \$7,121,715 Other Funds. This is a 4.6% decrease from 2011-13 Legislatively Approved Budget. It contains the following:

Adjustments to Current Service Level:

See attached “Work Session Presentation Report” dated 4/23/2013.

- Package 091 Statewide Administrative Savings (\$36,058)
This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Executive Branch had intended for these reductions to be specified in the Governor’s 2013-15 recommended budget. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.
- Package 092 PERS Tax Policy (\$13,242)
This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

- Package 093 Other PERS Adjustments (\$105,935)
This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

Motion on the LFO Budget Recommendations:

Senator/Representative _____ move that the Transportation and Economic Development Subcommittee approve the LFO recommendations to HB 5045.

Performance Measures

See attached “Legislatively Proposed 2013-15 Key Performance Measures” form.

Motion on the LFO Key Performance Measure Recommendations:

Senator/Representative _____ move that the Transportation and Economic Development Subcommittee approve the LFO Key Performance Measures recommendations.

HB 5045 Final Subcommittee Action:

Final Motion:

Senator/Representative _____ move that the Transportation and Economic Development Subcommittee move HB 5045 to the Full Joint Committee on Ways and Means with a “do pass” recommendation.

Assignment of Carriers:

Full: Senator/Representative _____

House: Senator/Representative _____

Senate: Senator/Representative _____

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	7,461,430	-	-	-	7,461,430	30	30.00
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	7,461,430	-	-	-	7,461,430	30	30.00
2011-13 Leg Approved Budget (Base)	-	-	7,461,430	-	-	-	7,461,430	30	30.00
Summary of Base Adjustments	-	-	267,003	-	-	-	267,003	-	-
2013-15 Base Budget	-	-	7,728,433	-	-	-	7,728,433	30	30.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(34,504)	-	-	-	(34,504)	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(500,000)	-	-	-	(500,000)	-	-
030: Inflation & Price List Adjustments	-	-	83,021	-	-	-	83,021	-	-
2013-15 Current Service Level	-	-	7,276,950	-	-	-	7,276,950	30	30.00
Adjusted 2013-15 Current Service Level	-	-	7,276,950	-	-	-	7,276,950	30	30.00
Total LFO Recommended Packages	-	-	(155,235)	-	-	-	(155,235)	-	-
2013-15 Legislative Actions	-	-	7,121,715	-	-	-	7,121,715	30	30.00
Net change from 2011-13 Leg Approved Budget	-	-	(339,715)	-	-	-	(339,715)	-	-
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	(4.6%)	0.0%	0.0%	0.0%	(4.6%)	0.0%	0.0%
Net change from 2013-15 Current Service Level	-	-	(155,235)	-	-	-	(155,235)	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	(2.1%)	0.0%	0.0%	0.0%	(2.1%)	0.0%	0.0%

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2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	7,461,430	-	-	-	7,461,430	30	30.00
2011-13 Leg Approved Budget (Base)	-	-	7,461,430	-	-	-	7,461,430	30	30.00
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2013-15 Base Budget	-	-	7,728,433	-	-	-	7,728,433	30	30.00
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Package 091 Statewide Administrative Savings

Package Description This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Executive Branch had intended for these reductions to be specified in the Governor's 2013-15 recommended budget. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

LFO Recommendation Approve the package.

LFO Recommended	-	-	(36,058)	-	-	-	(36,058)	-	-
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Package 092 PERS Taxation Policy

Package Description This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

LFO Recommendation Approved the package.

LFO Recommended	-	-	(13,242)	-	-	-	(13,242)	-	-
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Package Description This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve the package.

LFO Recommended	-	-	(105,935)	-	-	-	(105,935)	-	-
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Legislatively Proposed 2013-2015 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 2014	Target 2015
- Compliance Rate Achieved - Percent of property managers/principal brokers reviewed who meet compliance within 45 days of a mail-in compliance review.		Proposed New KPM		90.00	90.00
- Percent of investigations completed within 150 days of receipt of complaint.		Proposed New KPM		60.00	60.00
- Percent of licensees who rate the board-administered exam as “good” or “excellent” as an effective screen for competent and ethical professionals.		Proposed New KPM		75.00	75.00
1 - Audits Completed – audits completed		Proposed Delete KPM	0.00		
2 - Days to Complete Investigation File Processing – average number of days to complete investigation file processing.		Proposed Delete KPM	267.00		
4 - Successful Exam applicants – percentage of applicants who pass the qualifying examination on the first attempt.		Proposed Delete KPM	78.00		
5 - Online License Renewals – percentage of online renewals compared to total renewal processed by agency.		Proposed Delete KPM	77.00		
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	98.00	95.00	95.00
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	93.00	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.	Availability of Information	Approved KPM	90.00	90.00	90.00

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Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
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	91.00	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.	Helpfulness	Approved KPM	90.00	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.	Overall	Approved KPM	91.00	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.	Timeliness	Approved KPM	88.00	90.00	90.00

LFO Recommendation:

Approve three new measures and the targets for the 2014 and 2015, and delete KPMs #1, 2, 4, 5:

DELETE KPM#5: Online License Renewals – percentage of online renewals compared to total renewal processed by agency.

This is no longer a useful measurement because since March 2012, with the successful launch of the Agency’s online system, all major licensing transactions are conducted online with a 100% electronic renewal rate.

DELETE KPM #1 AND REPLACE WITH NEW MEASURE: Compliance Rate Achieved – Percentage of property managers/principal brokers reviewed who meet compliance within 45 days of a self-administered compliance review.

This measure replaces KPM#1 – Audits Completed – ratio of audits completed to the number of offices. The Oregon Real Estate Agency (OREA) no longer conducts in-person compliance audits. The Agency reviews compliance using self-administered compliance reviews. The Agency uses these surveys to track response rates, non-compliance category and qualitative data meant to provide the Agency with education direction and cultivate performance benchmarks .

DELETE KPM #2 AND REPLACE WITH NEW MEASURE: Percent of investigations completed within 150 days of receipt of complaint.

This measure replaces KPM#2 - Days to Complete Investigation File Processing – average number of days to complete investigation file processing. The Legislature directed OREA to develop an improved investigation timeliness measure. During work sessions with DAS and LFO, the Agency reviewed the regulatory measures of other similar state licensing boards, and found that these boards have found this measure useful in improving investigation timeliness.

DELETE KPM #4 AND REPLACE WITH NEW MEASURE: Percent of licensees who rate the board-administered exam as “good” or “excellent” as an effective screen for competent and ethical professionals.

This measure replaces KPM#4 - Successful Exam Applicants - percentage of applicants who pass the qualifying examination on the first attempt. The Legislature directed the Oregon Real Estate Agency (OREA) to develop a measure that evaluates 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 needs to know in order to competently perform in a knowledgeable and ethical manner. Property managers and brokers are required to take an Advanced Practices course beginning in 2013. Educators

will provide the licensees who take this course with a survey to gauge responses. In addition, the Agency will get the survey to principal brokers. This measure will collect feedback on whether or not they feel like they were adequately prepared to become licensees.

KEEP KPM #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.

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. The Agency worked with DAS and LFO during the interim to determine if this measure could be modified to provide more meaningful information. Because a replacement measure was not determined over the course of these discussions, LFO recommends keeping this measure.

Sub-Committee Action:

House Bill 5045

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Oregon Department of Administrative Services)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Limits biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by Real Estate Agency. Declares emergency, effective July 1, 2013.

A BILL FOR AN ACT

1
2 Relating to the financial administration of the Real Estate Agency; limiting expenditures; and de-
3 claring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Notwithstanding any other law limiting expenditures, the amount of**
6 **\$7,121,715 is established for the biennium beginning July 1, 2013, as the maximum limit for**
7 **payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts,**
8 **but excluding lottery funds and federal funds, collected or received by the Real Estate**
9 **Agency.**

10 **SECTION 2. This 2013 Act being necessary for the immediate preservation of the public**
11 **peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect**
12 **July 1, 2013.**

13

Note: For budget, see 2013-2015 Biennial Budget

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.