

**77<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2013 Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: HB 5045**

**JOINT COMMITTEE ON WAYS AND MEANS**

**Carrier – House: Rep. McKeown  
Carrier – Senate: Sen. Shields**

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**Action:** Do Pass

**Vote:** 23 – 0 – 3

House

**Yeas:** Barker, Buckley, Frederick, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson

**Nays:**

**Exc:** Freeman, Hanna

Senate

**Yeas:** Bates, Devlin, Edwards, Girod, Hansell, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

**Nays:**

**Exc:** Johnson

**Prepared By:** Dustin Ball, Department of Administrative Services

**Reviewed By:** Kim To, Legislative Fiscal Office

**Meeting Date:** May 10, 2013

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Agency

Oregon Real Estate Agency

Biennium

2013-15

**Budget Summary**\*

	2011-13 Legislatively Approved Budget <sup>(1)</sup>	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$\$ Change	% Change
Other Funds	\$ 7,461,430	\$ 7,276,950	\$ 7,121,715	\$(339,715)	-4.6
Total	\$ 7,461,430	\$ 7,276,950	\$ 7,121,715	\$(339,715)	-4.6

**Position Summary**

Authorized Positions	30	30	30	00
Full-time Equivalent (FTE) positions	30.00	30.00	30.00	00.00

(1) Includes adjustments through December 2012.

\* 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 revenue includes registration, auditing and publication fees. The Committee’s recommended budget will leave a projected ending balance of approximately \$0.9 million, or three months of operating expenses.

**Summary of Transportation and Economic Development Subcommittee Action**

The Subcommittee approved a budget of \$7,121,715 Other Funds and 30.00 full-time equivalent positions for 2013-15, which is a 4.6 percent decrease from the 2011-13 legislatively approved spending level.

The Subcommittee approved the following recommendations:

- Package 091, Statewide Administrative Savings, eliminates \$36,058 Other Funds expenditure limitation. This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. 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, eliminates \$13,242 Other Funds expenditure limitation. 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 percent.
- Package 093, Other PERS Adjustments, eliminates \$105,935 Other Funds expenditure limitation. 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 percent.

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 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

### **Summary of Performance Measure Action**

See attached Legislatively Adopted 2013-15 Key Performance Measures form.

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**HB 5045**

**Oregon Real Estate Agency  
Dustin Ball -- 503-378-3119**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 * \$	0 \$	0 \$	7,461,430 \$	0 \$	0 \$	0 \$	7,461,430	30	30.00
2013-15 ORBITS printed Current Service Level (CSL)*\$	0 \$	0 \$	7,276,950 \$	0 \$	0 \$	0 \$	7,276,950	30	30.00
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 050 - Real Estate Agency</b>									
Package 091: Statewide Administrative Savings									
Personal Services	\$ 0	\$ 0	(25,920) \$	0 \$	0 \$	0 \$	(25,920)	0	0.00
Services and Supplies (Instate Travel)	\$ 0	\$ 0	(10,138) \$	0 \$	0 \$	0 \$	(10,138)	0	0.00
<b>SCR 050 - Real Estate Agency</b>									
Package 092: PERS Taxation Policy									
Personal Services	\$ 0	\$ 0	(13,242) \$	0 \$	0 \$	0 \$	(13,242)	0	0.00
<b>SCR 050 - Real Estate Agency</b>									
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	(105,935) \$	0 \$	0 \$	0 \$	(105,935)	0	0.00
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>(155,235) \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>(155,235)</b>	<b>0</b>	<b>0.00</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>7,121,715 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>7,121,715</b>	<b>30</b>	<b>30.00</b>
% 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%
% 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%

## Legislatively Approved 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
1 - Compliance Rate Achieved - Percent of property managers/principal brokers reviewed who meet compliance within 45 days of a mail-in compliance review.		Approved KPM		90.00	90.00
2 - Percent of investigations completed within 150 days of receipt of complaint.		Approved KPM		60.00	60.00
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
4 - Percent of licensees who rate the board-administered exam as “good” or “excellent” as an effective screen for competent and ethical professionals.		Approved KPM		75.00	75.00
5 - 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
5 - 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
5 - 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
5 - 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

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<b>Legislatively Proposed KPMs</b>	<b>Customer Service Category</b>	<b>Agency Request</b>	<b>Most Current Result</b>	<b>Target 2014</b>	<b>Target 2015</b>
5 - 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
5 - 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
1 - Audits Completed – audits completed		Legislative Delete	0.00		
2 - Days to Complete Investigation File Processing – average number of days to complete investigation file processing.		Legislative Delete	267.00		
4 - Successful Exam applicants – percentage of applicants who pass the qualifying examination on the first attempt.		Legislative Delete	78.00		
5 - Online License Renewals – percentage of online renewals compared to total renewal processed by agency.		Legislative Delete	77.00		

**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:**

The Subcommittee approved the LFO recommendations.