

ANALYSIS

Item 46: Real Estate Agency Licensing and Case Management

Analyst: Tim Walker

Request: Increase Other Funds expenditure limitation by \$151,083 and establish one full-time limited duration position (0.75 FTE) to plan for and implement a new online licensing and case management system.

Analysis: The Oregon Real Estate Agency (OREA) successfully implemented an online licensing and case management system in 2012 with an expected lifetime of 10 years before needing to replace the system. To prepare for system replacement, OREA began engaging stakeholders in 2017 as part of a licensing fee increase request in 2018. Stakeholders were supportive of the fee increase proposal with the understanding that the additional fee revenues would increase the ending fund balance in future biennia to provide sufficient resources to replace the system in 2021. Due to the economic uncertainty, OREA chose to put off the implementation and development of the system until 2022.

The agency is requesting an increase of \$151,083 in Other Funds expenditure limitation to establish one full-time (0.75 FTE) limited duration Operations and Policy Analyst 3 (Project Manager) position to work with the Oregon State Chief Information Office's Stage-Gate information technology project planning process to include drafting the business case for the replacement system and developing a policy package for the 2023-25 budget. This position will establish clear benchmarks and expectations for the new system, with the goals of helping OREA secure policy package approval, move into the procurement process, and launch a replacement system during the 2023-25 biennium. The agency has sufficient revenues to fund this request.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend including an increase of \$151,083 in the Other Funds expenditure limitation and authorizing the establishment of one full-time limited duration position (0.75 FTE) for the Real Estate Agency to plan for and implement a new online licensing and case management system.

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Oregon Real Estate Agency
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Request: Increase Other Funds expenditure limitation by \$151,083 and establish one full-time limited duration position (0.75 FTE) to plan for and implement a new online licensing and case management system.

Recommendation: Approve the request during the February 2022 Legislative Session.

Discussion: The Oregon Real Estate Agency (OREA) is preparing to replace its licensing and regulatory system to automate and streamline processes; advance the agency's ability to serve its customers and partners; and meet statutory obligations. To assist in this process, OREA is requesting the establishment of a limited duration Operations and Policy Analyst 3 (OPA3) position to lead and represent the Agency through the DAS Enterprise Information Services (EIS) Stage Gate Process for the replacement of the Agency's online licensing and case management software.

The Agency has been working with EIS to plan for the system upgrade and EIS recommended the Agency hire a limited duration position to help guide the Stage Gate process. The goal is to hire a limited duration position quickly, the position will work with EIS and develop a policy package for the 2023-25 Agency Request Budget. This position would likely extend into the 2023-25 biennium, if the policy package is approved.

The DAS Chief Human Resource Office has conducted a review of the position description and supports the OPA3 classification for this work. OREA anticipates the cost of the requested OPA3 position at roughly \$151,000, during the 2021-23 biennium, based on the assumption the position will be filled for 18 months. The actual cost will depend on the how soon the Agency can recruit and hire the position, as well as the pay equity analysis on a successful candidate. OREA is currently in the process of recruiting this position. The Agency has a sufficient ending balance to finance this position.

Legal Reference: Increase the Other Funds expenditure limitation established by chapter 311, section 1, Oregon Laws 2021, for the Real Estate Agency, by \$151,083 for the 2021-23 biennium.



Oregon Real Estate Agency

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December 6, 2021

Senator Elizabeth Steiner Hayward, Co-Chair

Representative Dan Rayfield, Co-Chair

Interim Joint Committee on Ways and Means

900 Court Street NE

H-178 State Capitol

Salem, OR 97301

Dear Co-Chairpersons:

This letter serves as a request to increase the Oregon Real Estate Agency's (OREA) other funds limitation for the 2021-2023 biennium by \$151,083 to fund one full-time Limited Duration Business Analyst/Project Manager (Operations & Policy Analyst 3).

Nature of the Request

The Agency successfully implemented the existing online licensing and case management system, eLicense, in 2012. At the time of implementation, eLicense was projected to reach end of life by 2022. In preparation for the replacement system, the Agency began conducting stakeholder engagement for this project in 2017 as part of a 2018 licensing fee increase request. Stakeholders supported the fee increase broadly, with industry testimony in the 2017-2019 budget hearing, understanding that the fee increase would build the reserves necessary to conduct a timely licensing system replacement. The Agency has continued engagement about this project, at state and local association meetings, Real Estate Agency Board meetings and various brokerage presentations.

The Agency had been planning to include a policy option package in the 2021-2023 budget to request funding for the replacement system and associated project management support, to meet the 10-year replacement target and launch a new system in 2022, as committed to stakeholders.

However, this request was held due to COVID related economic uncertainty in the spring of 2020, to evaluate the potential impact to OREA revenue and reserves. While severe immediate revenue reductions occurred and remained through spring 2020, revenue returned to pre-pandemic levels by the summer and have continued to grow since that time. The Agency included this project as a short-term goal in the 2021-2023 budget presentation to the legislature, indicating that the Agency will be conducting the planning and preparation work in this biennium, and requesting a policy option package for the full replacement in 2023-2025 instead.

Today, with more than 18 months of cash reserves on hand, at approximately 5.9 million, the Agency is well positioned to reinstate these plans and begin the system replacement investment by staffing the project now with a dedicated Project Manager. This position will execute the project initiation and planning steps, required in preparation for making the policy option package request, for system replacement, in the 2023-2025 budget.

Agency Action

An Administrative Limited Duration position has been established and the Agency is in the process of recruiting an Operations and Policy Analyst 3, Business Analyst/Project Manager. This position will conduct the work required to initiate this project under the oversight of the Oregon State Chief Information Office's State Gate governance process. The effort will be conducted through the remainder of the current biennium and will include drafting the replacement system business case, performing an analysis of Agency business process and establishing the requirements of a new system. This allows the Agency to prepare a complete policy option package for legislative consideration in the 2023-2025 budget, with clearly established benchmarks and expectations for a new licensing and case management system. Further, conducting this work now allows the Agency to quickly transition into procurement at the start of the next biennium and launch a replacement system early in the 2023-2025 biennium, if approved, extending the system minimally beyond the planned 10-year lifecycle end date and meeting stakeholder expectations.

Action Requested

The Oregon Real Estate Agency requests an other funds limitation increase of \$151,083, in the 2021-2023 biennium for one full-time limited duration Business Analyst/Project Manager (Operations & Policy Analyst 3) for 18 months.

Legislation Affected

Increase the Other Funds expenditure limitation established by chapter 311, section 1, Oregon Laws 2021, for the Real Estate Agency, by \$151,083 for the 2021-13 biennium.

Thank you for your consideration of our request.

Sincerely,

Anna Higley
Deputy Commissioner
Oregon Real Estate Agency

cc: Laurie Byerly, Interim Legislative Fiscal Officer
George Naughton, Chief Financial Officer
Dustin Ball, CFO Statewide Numbers Coordinator & Policy and Budget Analyst
Tim Walker, LFO Legislative Fiscal Analyst
Steve Strode, Oregon Real Estate Commissioner