

OREGON REAL ESTATE AGENCY



2023-2025 Budget Presentation Reference Document

Agency Mission, Goals & Historical Perspective

Mission

The Oregon Real Estate Agency's mission is 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 atmosphere.

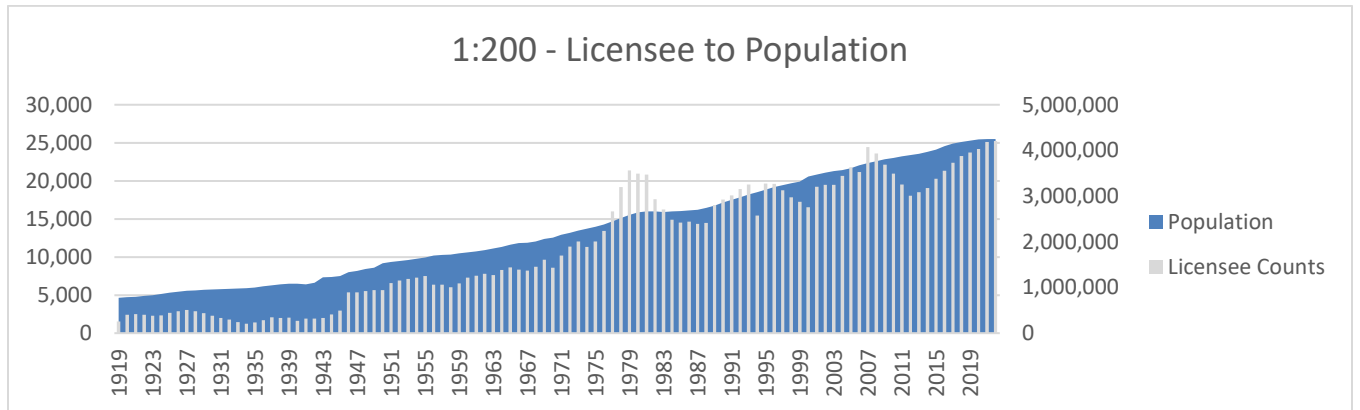
Historical Context

The Agency's authority is prescribed in ORS Chapter 696, which outlines real estate, property management, escrow and real estate telemarketing licensing and regulation. The Agency also oversees the approval of Subdivision outlined in Chapter 92, Membership Campgrounds and Timeshares in Chapter 94, and Condominium filings in Chapter 100.

The first real estate licensing law in the nation was established in Oregon in 1919. Notable changes in law and the market environment have shaped the Agency, its mission and the real estate industry since that time include:

- The passage of Fair Housing Laws in the 1950s, the first step toward dismantling barriers and preventing housing discrimination in the state. Fair housing violations are under the jurisdiction of the Bureau of Labor and Industries in Oregon, but these laws are core to licensee education, industry practice, and the Agency's regulatory standard of care.
- The expansion of the Agency's authority to include Escrow and Subdivision laws in the 1960s-70s.
- The savings and loan crisis of the 1980s and the resultant Financial Institutions Reform, Recovery and Enforcement Act of 1989. In response, the Oregon Legislature called for a reorganization of the Agency and the creation of a new regulatory body for appraiser licensing in 1991.

- The Great Recession of 2008 to 2012, which resulted in a 30% licensee count attrition followed by a rebuilding of reserves over the long recovery period. ay marks the highest number of real estate licensees in Oregon history. The pattern of rising and falling real estate cycles, against upward directional growth at the pace of Oregon’s population, with about 200 people for every real estate licensee, is shown below.



Goals

The Oregon Real Estate Agency’s management team continually reviews and revises the strategic plan, measuring progress toward goals and assessing achievements against benchmarks to evaluate success. Over the last decade the Agency has focused on efficiency and effectiveness within existing resources, in an effort to build reserves for necessary investments in the future. The goals set forth in this budget mark the time for execution of these planned investments. The 2023-2025 biennium goals are proactive and forward looking, a response to stakeholder priorities, and are expected to have a long-term impact on the regulated environment.

#1 Improve Customer Service & User Experience

The Agency has historically maintained high standards for customer service. While customer service related KPMs are exceeding expectations, there remains sizeable opportunities to improve the user experience for those doing business with the Agency.

We take a people-centered approach to resolving issues and do so in a timely manner. The Agency’s outstanding Education & Licensing team provide live telephone support to callers and same day email responses to general inquiries. Members of the public experience brief hold times when contacting the Agency and are grateful for being greeted by a knowledgeable, well trained staff member that can assist them through the resolution of their issue. There is no phone tree for callers to navigate and, in most cases, there is no need for a call to be transferred or the caller to have to leave a voicemail. Callers are assisted quickly and thoroughly, and they appreciate it.

However, there remains a tremendous opportunity to improve customer service for licensees processing applications and members of the public making complaints. The point of impact to make this improvement is upstream from the public contacting Agency staff. It is in the online experience by preventing the need for a phone call to begin with. Currently, the Agency receives approximately two thousand calls per month. The nature of these calls range in scope but the overall theme is needing information on the status of a license application or assistance in navigating an online application or process. Through an improved online experience, we estimate that calls can be reduced by up to 30%, saving many from the administrative and time burden of contacting the Agency at all.

Our goal is to improve customer service by improving the online user experience. We expect that by allowing the customer to navigate their licensing- related business efficiently and more intuitively, we will also free staff time to support compliance and regulatory functions, ultimately having a greater impact on the public.

#2 Enhance Consumer Protection

The second goal is to enhance the Agency's consumer protection effectiveness in the greatest area of vulnerability to the public — property management and clients' trust accounts. The Agency conducts reconciliation reviews of bank accounts operated by licensees conducting property management. These are accounts with security deposit and rent funds, held by property managers and principal brokers in trust, for owners and tenants. With more than 10,000 bank accounts in Oregon within the Agency's oversight, there is considerable risk to consumer funds. Too often the Agency finds egregious harm during an investigation after theft or mismanagement has already occurred and the consumer has been impacted. We see an opportunity to work at a preventative level through increasing the numbers of audits we conduct and ensuring all companies are participating in an audit on a regular rotation of every three to five years.

#3 Expand Diversity, Equity, and Inclusion Efforts

The third goal is to continue to increase the Agency's impact in Diversity, Equity, & Inclusion and Affirmative Action by urgently work toward reducing barriers in services and eliminate potential for bias within operations. This has been among Commissioner Strode's top priorities since joining the Real Estate Agency in 2019. The Agency has made progress since that time by developing educational materials in Spanish and designating select staff positions as Spanish speaking, participating in Oregon Realtors Diversity Committee, and attending Oregon Realtists events.

The Agency has also modified position requisitions to encourage more diversity in the hiring process and instituted the Agency's first DEI plan. However, significant work remains. This goal is specifically to embed DEI work within our operations, moving from a project-based approach, like the tasks or events identified, to an operational method where it is enmeshed within all program delivery. We have established a vision and a set of short- and long-range

goals but require additional dedicated resources to champion and maintain accountability and vitality in our commitments going forward.

Associated Investments

To successfully accomplish the Agency's goals of improved customer service, increased consumer protection, and enhanced Diversity, Equity & Inclusion, investments are needed.

Policy Option Package 101

This package is an upgrade to the Agency's Licensing & Regulatory database. This system manages all licensing applications, public search, license records, regulatory cases, and auditing tracking for the Agency. It is the primary system for both internal staff and public and licensee users. The product used today was implemented in 2012 and catapulted the Agency forward. From our previous state of manual processes, long production times, and highly limited reporting capabilities, we brought forth a fully online system that overcame countless issues and modernized operations.

That system is now reaching the end of its asset lifecycle and the end users' experience is proving outdated, operating much as it was 10 years ago. Because real estate licensees are early adopters of new, leading-edge technologies, their experience with the current system is cumbersome and disjointed. For example, the Agency currently takes hundreds of calls each month to help folks with resetting their system passwords.

With a modernized system, a user would have access to a fully capable self-reset option using an SMS verification code or their Apple ID or a Gmail account. This would save the user the frustration and forgoing the resource time spent with phone support. The password reset is an isolated example among many that illustrate the lack of intuitive tools and features with the current system and the need for a modernized application. A more complete list of pain points can be found in the [project business case](#).

In the 2017-2019 Governor's Budget, the previous Commissioner Gene Bentley made a request to the Oregon State Legislature to grant the Agency its first licensing fee increase in 30 years. The need, he explained, was to restore reserve funds, to finance an updated system in a timely manner, and to ensure that the Agency was prepared to endure any market downturns. Commissioner Bentley explained that licensees were demanding a suitable update to the licensing and regulatory system that they rely on to manage their license and business organizations. With testimony from the industry in support, the Legislature approved the request.

Since that time leadership has maintained this commitment to stakeholders and put forward Policy Option Package 101 - eLicense System Upgrade at \$2,307,803 for consideration. A suite of customizations allowing for tailored tools specific to the needs of the industry and Agency, and project management, business analysis and communications services are included within this package. If funded, we expect a system launch in the upcoming biennium.

Policy Option Package 102

This package is an investment of three full-time staff in the Agency's Compliance & Audits Division.

This will include one Fiscal Auditor who will be responsible for analyzing and improving existing practices related to clients' trust accounts, identifying key indicators related to potential fraud, and recommending program changes related to escrow financial reviews and audits. This position will bring much needed expertise in financial auditing specific to escrow and property management. Escrow cash volume has more than doubled since 2018, from \$54 billion in transaction processing through escrow companies in Oregon to more than \$111 billion in 2021. The growth in the market activity and licensee volume demands additional resources to maintain adequate regulatory oversight.

In this package we are also seeking two Compliance Specialist 1 positions which will serve to increase capacity for the number of audits completed annually. There are more than 3,000 companies conducting licensed property management in Oregon. The Agency's goal is to routinely review clients' trust accounts on a three- to five- year basis, which requires more staff to accomplish.

Policy Option Package 103

This package includes an investment of one position under the Administrative Services Division. This will be an HR Consultant Advisor and DEI/Affirmative Action Specialist.

The Agency has historically outsourced human resources for support in recruitments, onboarding, disciplinary, and other routine HR-related functions. The Affirmative Action plan has historically been developed by Agency management. In 2020, the Agency implemented its first DEI Plan.

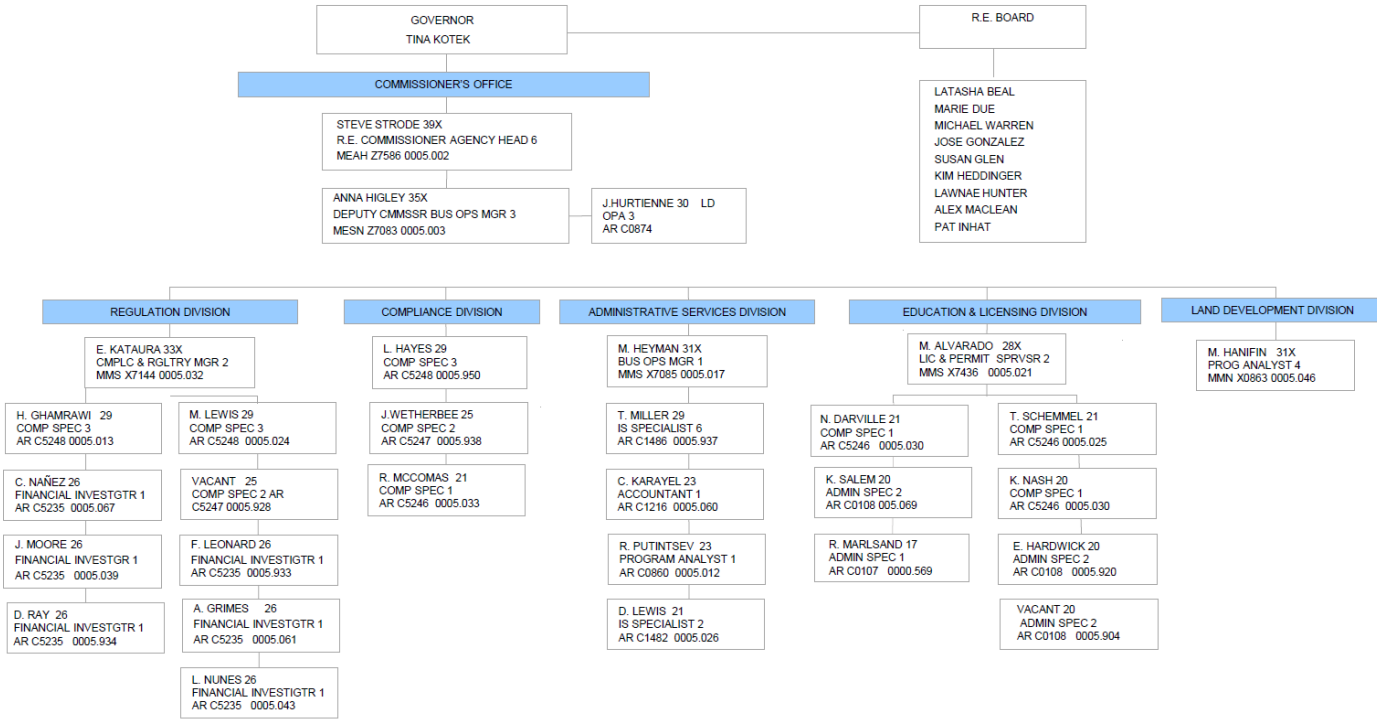
However, to support the Agency's and the Governor's priority to create a culture of inclusion, retain current employees of color, build a diverse network of job candidates, and establish a pipeline for recruitments, management succession planning, board representation, and executive leadership, we need internally dedicated resources that are embedded within the Agency and connected specifically to our mission and values.

To do this most effectively, we are seeking to add a Human Resources professional to our team. This person will be responsible to ensure that our DEI goals are firmly and uniformly rooted in all our service delivery programs and throughout our internal operations. With the growing demands of the Agency and increased staffing, it is prudent to provide full-time human resources services to personnel from within the Agency, allowing for better alignment with strategic planning while embodying the Agency's mission fully. This person will represent the Agency's needs and perspectives directly in statewide HR/AA/DEI coordinated efforts.

Without adequate staffing and resources, ambitious goals can be deprioritized. By seeking this funding for a full-time dedicated position, we are guarding against failing to meet this need.

Agency Programs, Services, and Organizational Structure

2021-23 REAL ESTATE AGENCY ORGANIZATION
CHART (01.17.2023)



Real Estate Board

The Real Estate Board is appointed by the Governor and serves in an advisory role. It has several statutory responsibilities.

- Advising the Commissioner and the governor regarding real estate matters.
- Approving requests from license applicants to waive the three-year experience requirement to obtain a principal broker license.
- Reviewing and approving the qualifications of continuing education provider applicants who don't meet the criteria in statute.
- Reviewing proposed administrative rules.
- Approving the mandatory and optional topics of the required curriculum for the Law and Rule Required course each biennium.

Real Estate Commissioner

The Real Estate Commissioner stays informed of the needs and issues within the regulated environment through ongoing stakeholder engagement. This work is done by connecting and collaborating with public officials, trade associations, and the brokerage and property management industry. Also, the Commissioner is responsible for determining disciplinary action against licensees.

At the direction of the Commissioner, the Deputy Commissioner oversees the operations of the Agency by setting the strategic plan executed by the management team.

Education & Licensing

Led by manager Madeline Alvarado, the Education & Licensing Division offers solution-based support to Oregon consumers, educators, and real estate professionals, evaluates candidates for licensure, and facilitates complaint intake.

For the Education program, the division administers pre- and post-license course development guidelines, approves content and instructors, and manages the continuing education required for real estate licensees. Upon direction from the Real Estate Board, this team also develops the course outlines for the Law & Rule Required Course. The division responds to public inquiries and conducts the initial processing and review of complaints to determine if there are reasonable grounds to open an investigation.

For the licensing program, this division provides customer service support to new license applicants and current licensees of all types, including real estate brokers, principal brokers, property managers, and escrow agents. Staff process registered business name, pre-license real estate school, and continuing education provider applications. They also provide support to real estate developers in submitting condominium filings online. In total this team was responsible for over 50,000 online transactions last year.

Administrative Services

Led by manager Mesheal Heyman, the Administrative Services Division provides quality business services to the Agency and the public in a data driven, people centric manner. The scope of this division includes human resources, payroll, budget, accounting, IT, procurement, and facilities management.

As noted above, the Agency's POP 103 seeks to add one full-time Human Resources Analyst 3 to this division. Effectively this will move HR delivery from out-sourced services on an as needed basis to an inhouse full-time position.

Land Development

The Land Development Division, led by manager Michael Hanifin, performs regulatory review and approval of condominium, timeshare, membership campground, and subdivision projects created in Oregon or marketed to Oregonians. The land development manager provides review services for developers of subdivisions, condominiums, timeshare estates, conversions of mobile home parks into subdivisions of mobile homes with an HOA, and membership campgrounds.

We work closely with attorneys representing members of the public, licensees, and developers with questions on the application of the law.

Regulation

Led by Elli Kataura, the Regulation Division conducts fact-based, unbiased investigations and, if warranted, proposes disciplinary action through the administrative process. For the minority of cases where a settlement isn't reached, the respondent can present their case before an Administrative Law Judge from the Office of Administrative Hearings.

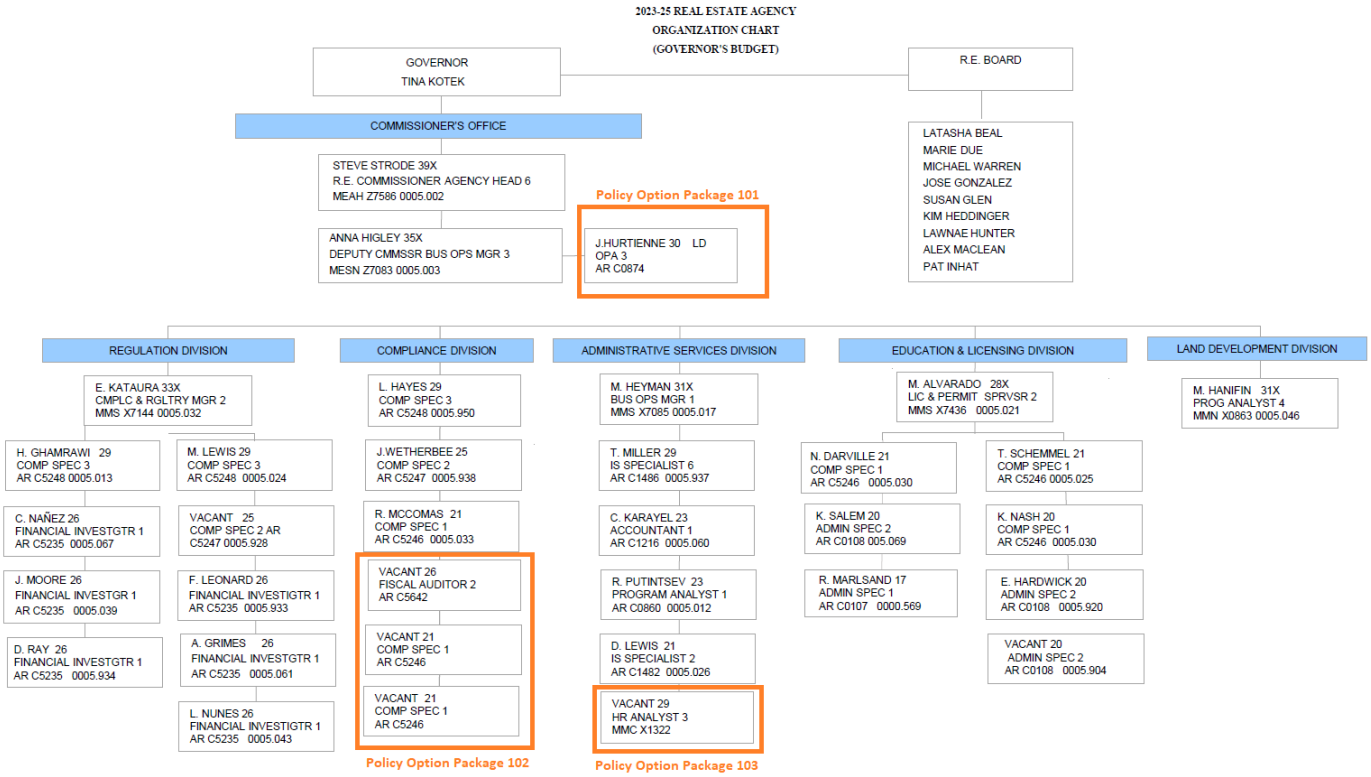
Compliance & Audits

The Compliance & Audits Division, led by lead compliance coordinator Liz Hayes, is a newly established division that ensures that licensees meet their fiduciary and administrative responsibilities through review of financial and administrative records.

This team conducts clients' trust account reconciliation reviews. They identify if a licensee is compliant with the laws related to trust accounts. If not, they can refer the case for investigation. The Agency seeks to make a major staffing investment of three FTE in this division with POP 102. We aim to substantially increase the Agency's impact in consumer protection by nearly tripling our annual review count by 2025.

It is important to note that this body of work is not new to the Agency. It has had many owners over the past decade, shifting between divisions. At the direction of Commissioner Strode, a new division was formed with a concentration on consumer harm prevention. This work requires a dedicated and narrow focus to execute effectively without distraction or competing priorities. This division was initially staffed by reorganizing within our existing position authority by eliminating the Executive Assistant position in the Commissioner's office and reallocating one vacant position from each the Regulation Division and the Education & Licensing Division.

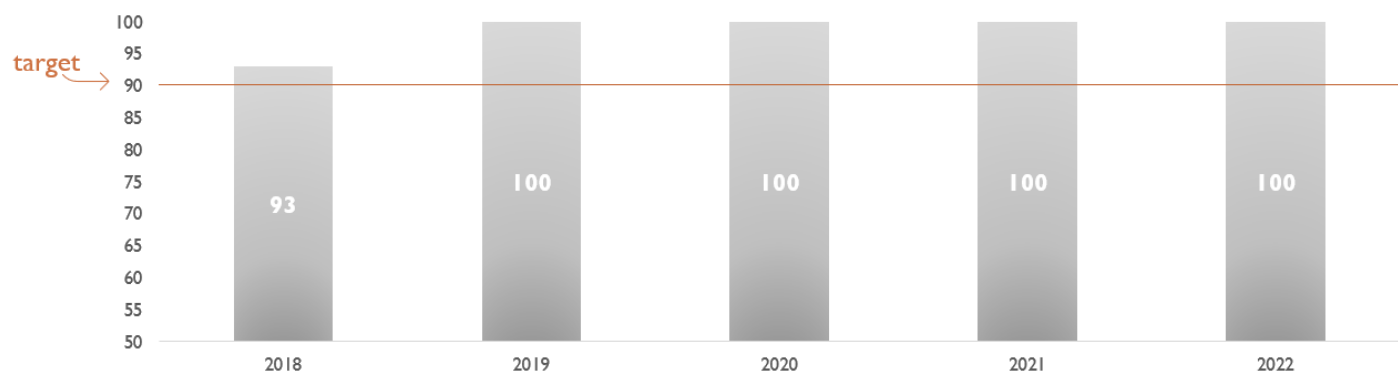
Proposed Organization Chart 2023-2025



Overview of Agency Performance and Outcome Measures, How Measures Are Used by the Agency, and Progress toward Achieving Performance Goals

#1

KPM #1 is “Percent of property managers and principal brokers reviewed who met compliance within 45 days of a compliance review.”



The target for this KPM is 90%. In the most recent reporting period, the result is 100%. This KPM evaluates the effectiveness of the Agency’s efforts in the compliance review process. While we are meeting target at a 100% result, there is room for improvement by increasing the number of participants. Currently, this is a voluntary review program that receives very few participants each month. Those that do elect to participate are often licensees who are either extremely risk averse or are confident in their established practices and organizational methods but seek the free continuing education credits awarded for participating. In effect, we are not reaching the audience of licensees that can meaningfully impact consumer protection.

We observe many licensees through clients’ trust account reviews or investigations who would have benefitted from Agency assistance. In these cases, a compliance review might have even prevented harm to a consumer. With the additional staffing requested in POP 102, we intend to move to a proactive approach. The Agency will be establishing mandatory compliance reviews, prioritizing property management and newer licensees in practice, the population frequently facing compliance and regulatory issues.

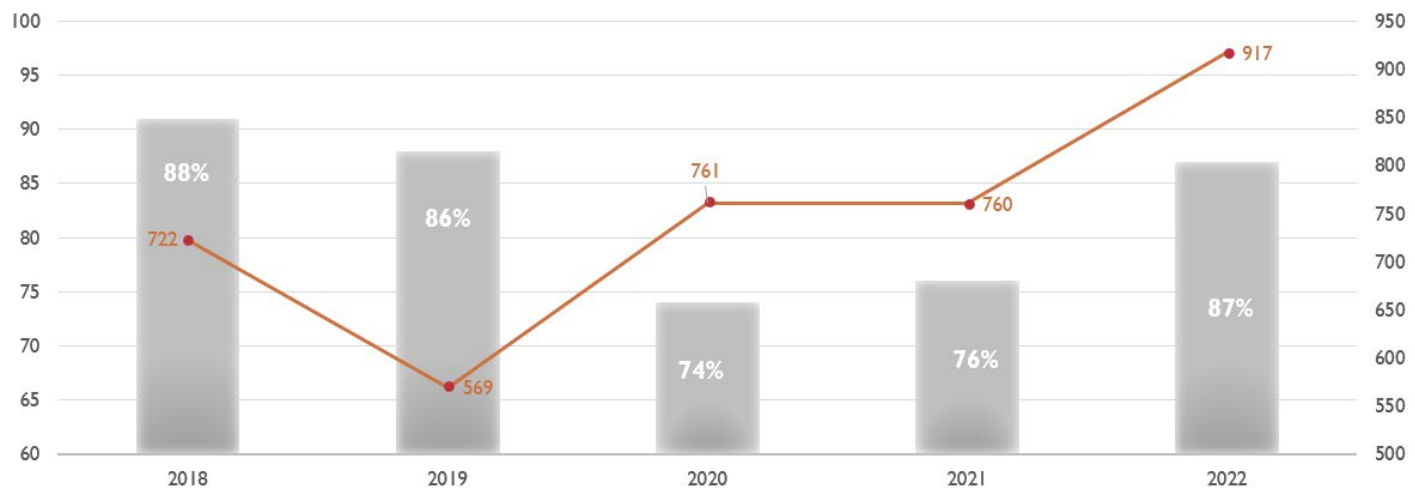
Upon implementation, we anticipate the performance of this KPM will fall below target in the next biennium. But by reaching more licensees with compliance assistance, we believe this will better align with the intent of this KPM and bring us closer to effectively executing our mission. We will expect the Agency to reach target again in the longer-range term of 2 to 3 biennia.

#2

KPM #2 is the “Percent of investigations completed within 150 days of receipt of complaint.”

In 2020 and 2021, performance in this measure was down from historic averages. This was addressed in our last budget hearing. However, for context, Commissioner Strode called for an internal audit of case processing in 2019. The result of that review found approximately 100 cases that had aged significantly. These were cases that had been investigated and were pending in the manager’s review queue for two or more years.

Under new management, a new structure of case oversight was created, with several new internal measures as well as checks and balances to ensure that a case could not be withheld from oversight by any single individual within the Agency. With the assistance of DOJ, the old cases were reassessed and concluded over the following years, impacting both the 2020 and 2021 data sets due to the high volume of very old cases added to those reporting periods. All impacted cases have now been resolved and as projected in the last budget presentation performance has rebounded above target in 2022.



Of note, the Agency handled 722 cases in 2018 with 88% completed within 150 days but, only a few years later, was able to handle 917 cases within the 150-day target in 2022, within similar results. There have been a series of process changes made that allowed for this increase in workload by more than 20 percent while attaining similar results.

Through the 2019 internal review of case management, a key finding was the many bottle necks through the lifecycle of a case. Cases were waiting in long queues to be assigned, sometimes sitting for months before anyone had time to review them. Then, when assigned to an investigator, they were handled on a first in, first out basis. Effectively this resulted in needless case extensions. If a case would inherently take an investigator about 30 days to complete, but it happened to be received behind a more complex investigation that would take about 120 days to investigate, then the 30-day case aged needlessly, becoming a 150-day

case. Further, with only the manager handling the administrative review and settlement process, cases piled up and waited again.

This forced us to think about case management differently. The Commissioner felt it was important for participants in a case to feel confident that, should they contact the Agency about their case, there would be an investigator, lead or manager informed about the situation.

This imperative resulted in a new management structure coined the “Investigation Management Accountability Model.”

After each case is opened for investigation, investigators are required to review the documents within seven days and assess if there is any additional documentation needed from the participants.

Then, within 14 days, a lead worker will meet with the investigator for a strategic planning session to agree on investigation strategy, scope, and estimate the complexity and timeline of the case. Then at 60 days there will be another check-in with a lead, where progress is assessed and barriers to completion are discussed.

If the case remains open at 90 days, the manager will meet with the lead and the investigator to discuss issues and strategize opportunities for completion or reassignment.

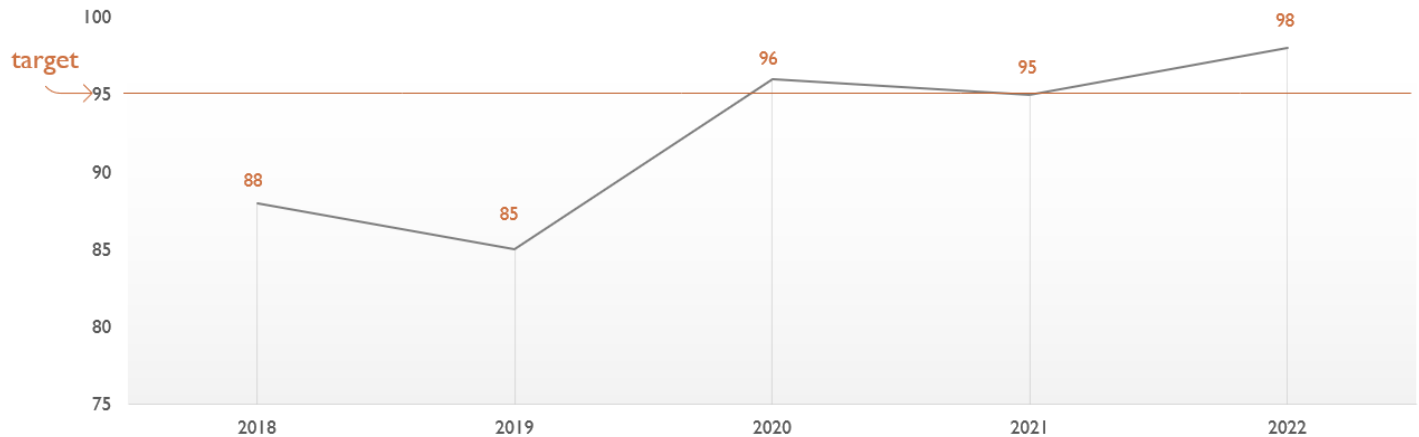
Over the most recent six months, investigation days are averaging around 65 days.

With this new model in place, we’ve removed the bottle necks and all cases are actively being worked. We’ve fully eliminated all pending queues and created a system of layered accountability and clear expectations.

We’ve only fully realized this structure within the last 18 months and believe the Agency will be well prepared to weather any reasonable influxes in caseload.

#3

KPM #3 is the “Percent of contested case actions that are resolved through informal settlement resolution and prior to a formal hearing before the office of Administrative Hearings.”



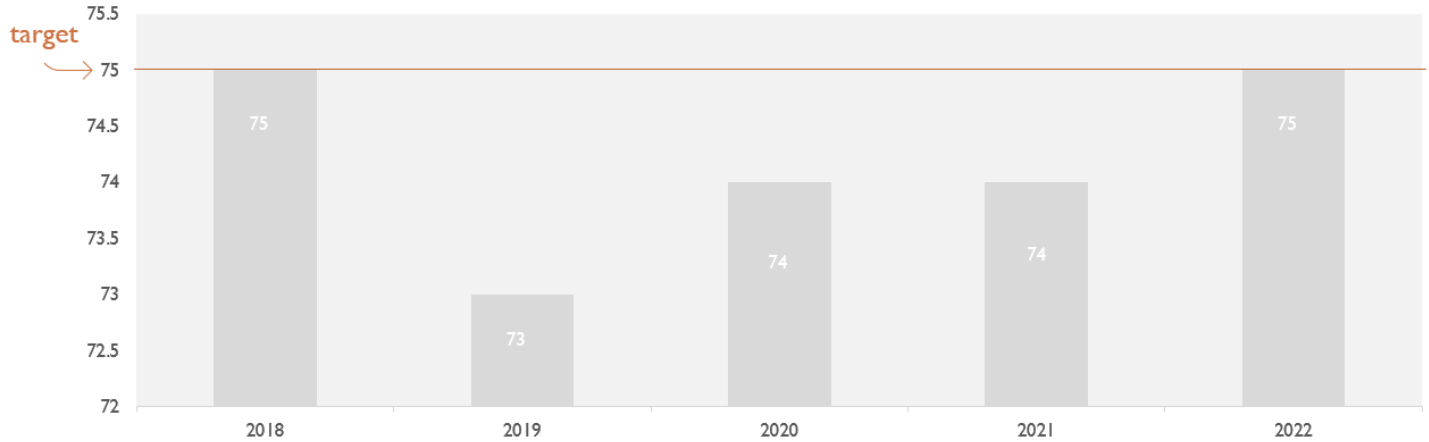
The target is 95% and the Agency has exceeded that target, reaching 98% for the current period. Since 2020, we’ve taken a new approach to the case settlement process where we state the proposed sanction in the settlement letter, provide the case investigation for the respondent’s review, and invite them to a settlement conference. We are using the settlement conference as an opportunity for the respondent to bring new mitigating information not otherwise captured in the investigation process. We are no longer using the settlement conference as a place to inform them of the intended sanction without warning or preparation.

We believe that this offers much clearer communication from the Agency and better prepares the respondent for the settlement conference. Most importantly, we see this as an opportunity for more equitable outcomes, avoiding individual bias into the settlement process.

Overall, respondent’s rights are emboldened; in fact, the option to decline a settlement agreement and take the case to a hearing remains unchanged.

#4

KPM #4 is the “percent of licensees who rate the board-administered exam as ‘good’ or ‘excellent’ as an effective screen for competent and ethical professionals.”



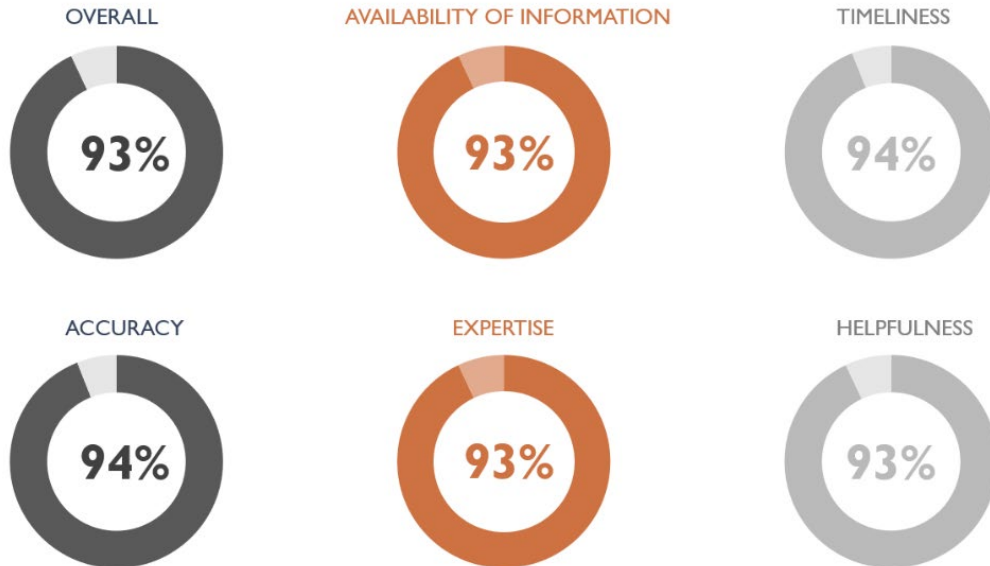
The Agency is currently meeting the target of 75%. In 2020, we hosted two workgroups comprised of Agency staff and external stakeholders to update the examination content. The exam vendor began testing the new exam questions October 2020, which could have contributed to the minor improvements in this KPM from the low in 2019.

Most of the negative survey responses to this KPM relate to factors not related to the exam content but, instead, about the education or exam’s effectiveness for preparing new licensees for success in the industry.

The Agency is looking at including explanatory language to aid in licensees’ understanding of the intent of this KPM without changing any content in the measure itself. Following this update, the Agency will continue to closely monitor the comments associated, as well as explore alternatives to better capture performance related data.

#5

KPM #5 is the “percent of customer who rate service as ‘good’ or ‘excellent’ in Overall, Availability of Information, Timeliness, Accuracy, Expertise, and Helpfulness.”



The Oregon Real Estate Agency strives to provide outstanding customer service to licensees and the public. Agency staff are available by telephone and email, Monday through Friday, 8:00 a.m. to 5:00 p.m. The Agency’s physical office is open to the public during business hours. All applications are available through the Agency’s eLicense system and conducted online. License applications are processed through automated workflows, based on business rules, in real-time as requirements are met and do not require staff intervention outside of the background review. Business applications are completed within three business days.

The Agency handles approximately 2,000 phone calls per month, with hold times averaging approximately 45 seconds. Agency email is responded to within the same day. Comments from the customer service survey are monitored monthly and are overwhelmingly positive, heaping praise on the well-deserving front line customer service staff. Our overall customer service is at its highest ever recorded with a rating of 93% cumulatively across all measures.

Summary of Programs, Clients, Numbers Served and Key Partners

The Oregon Real Estate Agency is overseen by the Office of the Real Estate Commissioner, business functions (Accounting/Budget, HR/Payroll, IT, Procurement) are managed by the Administrative Services Division and service is delivered through five key program areas, including Regulations, Compliance, Licensing, Education, and Land Development.

Regulatory Program

The Regulation Division investigates complaints about real estate brokers, property managers, escrow agents, and individuals engaged in unlicensed activity. After an investigation, the Agency may engage in dispute resolution with the respondent through a stipulated order. When an agreement is not made the case may be taken to a contested case hearing. Investigators work with the Agency's Assistant Attorney General to prepare contested cases for hearing and, if necessary, assist other criminal justice agencies in investigations, court testimony, and case preparation. This program serves Oregon consumers of real estate, including both sales and property management, by offering a thorough investigation process for alleged license violations.

Education and Licensing Programs

Staff support external customers through telephone and email support in license processing and compliance-related inquiries as well as complaint intake. This division also offers internal customer service through mail handling, scanning, and invoicing for Agency services.

Education

The purpose of this program is to oversee the administration of license examinations and education services provided to applicants and real estate licensees. The program collects and analyzes information about the educational needs of the real estate industry and reviews certain educational courses. The program collaborates with the Commissioner and the Board to improve the OREA's external educational efforts.

The Education program carries out the Agency's mission by increasing the quality, format, and number of educational opportunities for licensees that will, in turn, increase the professionalism among licensees. This program strives to provide excellence in education-related services for the Agency, including creating educational opportunities that meet the needs of the industry and the consumer, researching and utilizing technology and other tools to effectively deliver information, and developing and implementing effective licensing examinations.

Functions include:

- Coordinating the development and maintenance of examinations and test items.

- Coordinating the development and periodic review of real estate educational guidelines.
- Approving pre-license courses and instructors.
- Reviewing and approving post-license education courses.
- Maintaining and promoting escrow education requirements.

Licensing

The purpose of this program is to administer the licensing of real estate brokers, principal brokers, property managers, and escrow agents, the registration of business names, pre-license education providers, and unit owners' associations, the online submissions of condominium filings, and the certification of continuing education providers.

Land Development Division

The Land Development Division reviews and approves filings related to condominiums, timeshares, subdivisions, manufactured home subdivisions, and membership campgrounds. The section reviews and approves the foundational documents creating these types of properties, as well as later amendments to those documents, to verify compliance with statutory requirements. The Division issues Disclosure Statements required for sales of these interests to Oregonians.

Key Partners

Key partners include:

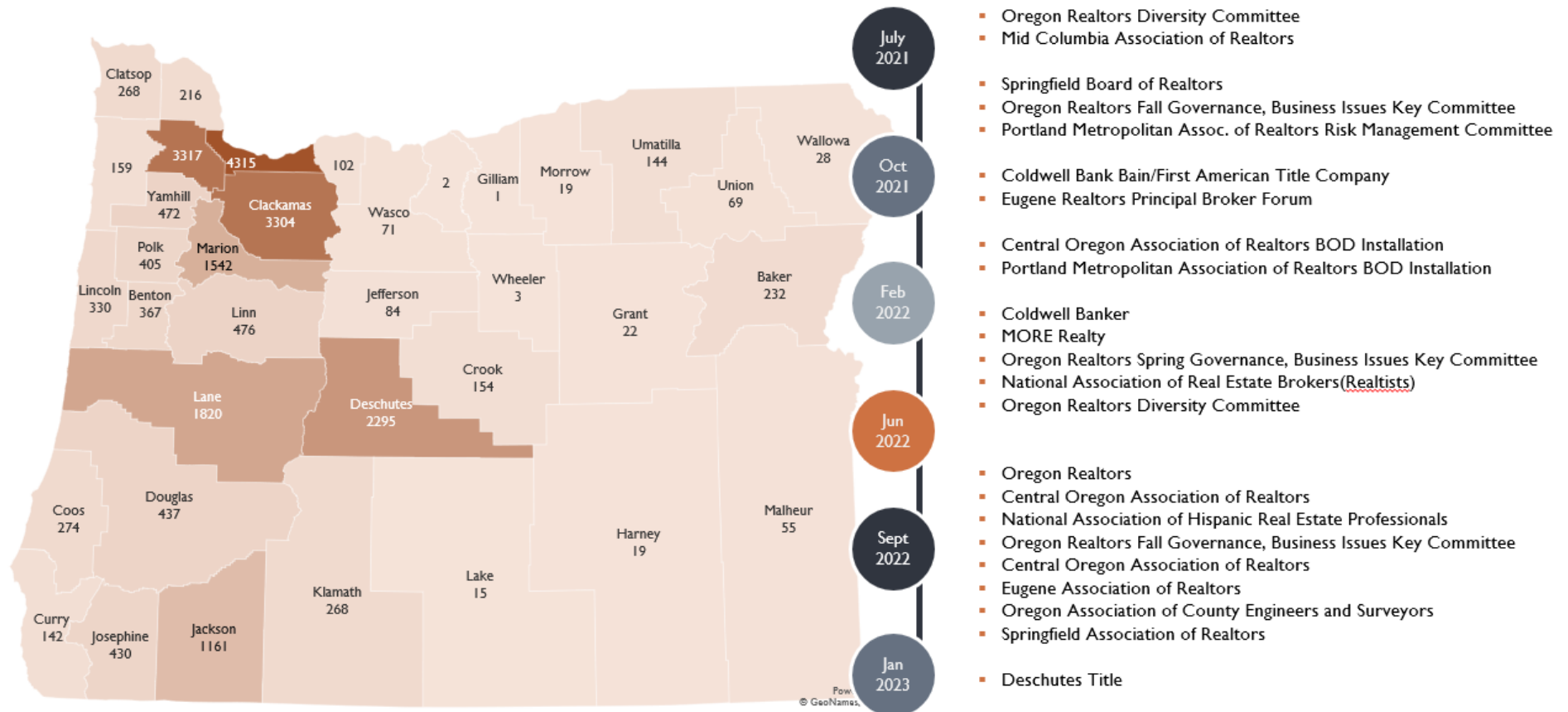
- The Oregon State Legislature
- The Real Estate Board
- Industry organizations such as the National Association of Realtors, Oregon Realtors, local associations, Oregon Realtists (as seen in the picture above), the Portland chapter of the Asian Real Estate Association, and the National Association of Hispanic Real Estate Professionals
- Real Estate Educators
- Multiple Listings Services
- The Association of Real Estate Licensed Law Officials
- The Council on Licensure, Enforcement & Regulation.

We engage with these groups for:

- Rule writing work groups
- Exam development in Oregon
- User feedback for the licensing system

These relationships are vital to our effectiveness as the real estate licensing and regulatory body in Oregon.

Stakeholder engagements in the current biennium are identified in this graphic against a heat map of licensees by Oregon counties. This visual tool provides useful analysis as the Agency initiates travel and schedules in person board meetings next biennium. By exposing these underserved areas outside of the Willamette valley, the Agency expects to be making appearances in southern and coastal Oregon in the upcoming 2023-2025 biennium.



Significant Issues That Remain Unresolved for 2021-2023

None

Major Agency Changes, Budget Drivers, Risks and Information Technology Projects Affecting 2023-2025 Budget, Such as Caseloads, Fee Revenue Changes, Cost per Case Issues, New Investment, Etc.

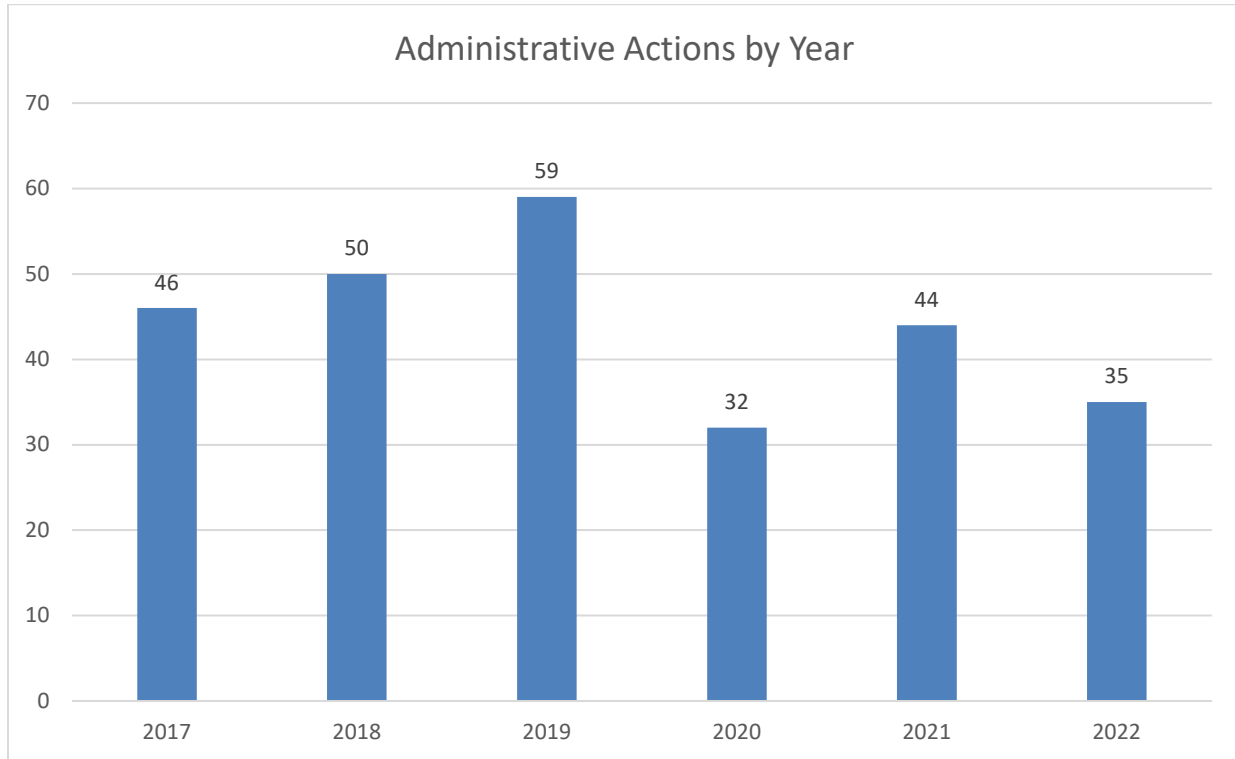
Changes in case management were discussed in KPM#2.

Budget Drivers

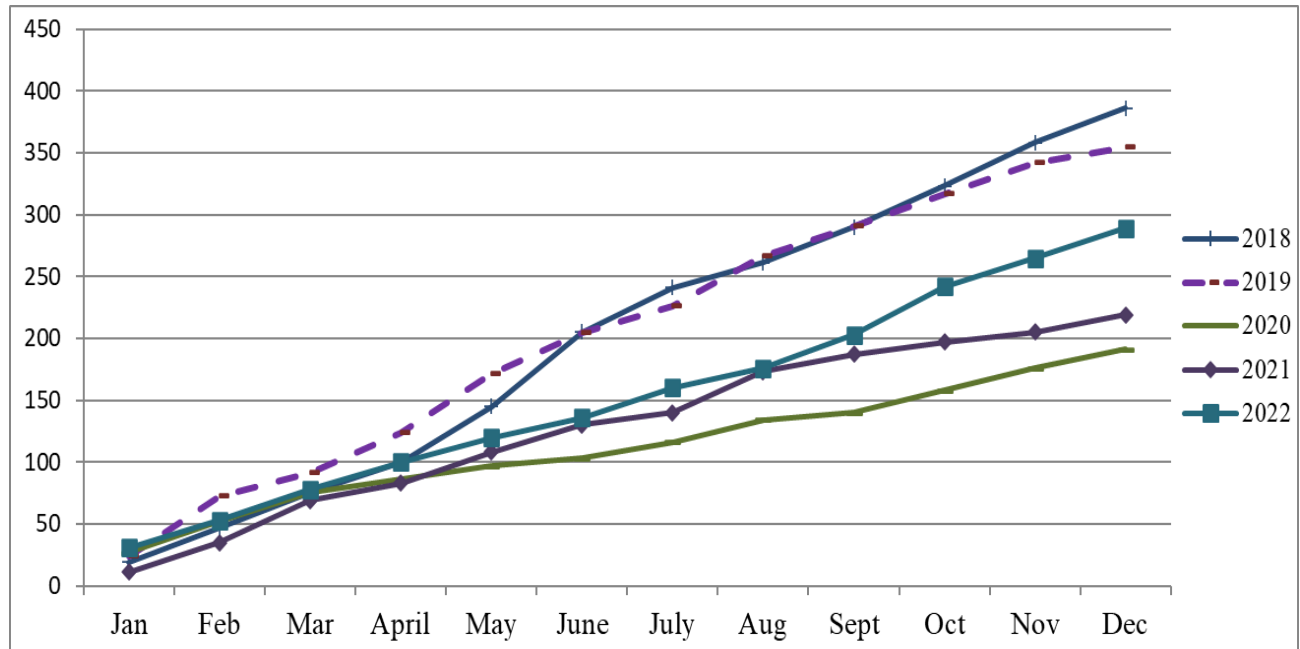
The following data reflects licensing related activity and applications processed in 2022.

Application Type	Count
Address	3,168
Application	5,690
Client Trust	1,037
License Status Change	666
Online Invoice	370
Reinstatement	418
Renewal	15,772
Transfer of License Supervision	8,087

The following data outlines sanctions administered by year between 2018 and 2022. Cases reaching administrative action require the greatest investment of investigative time, administrative review resources, and often consultation with the Oregon Department of Justice.

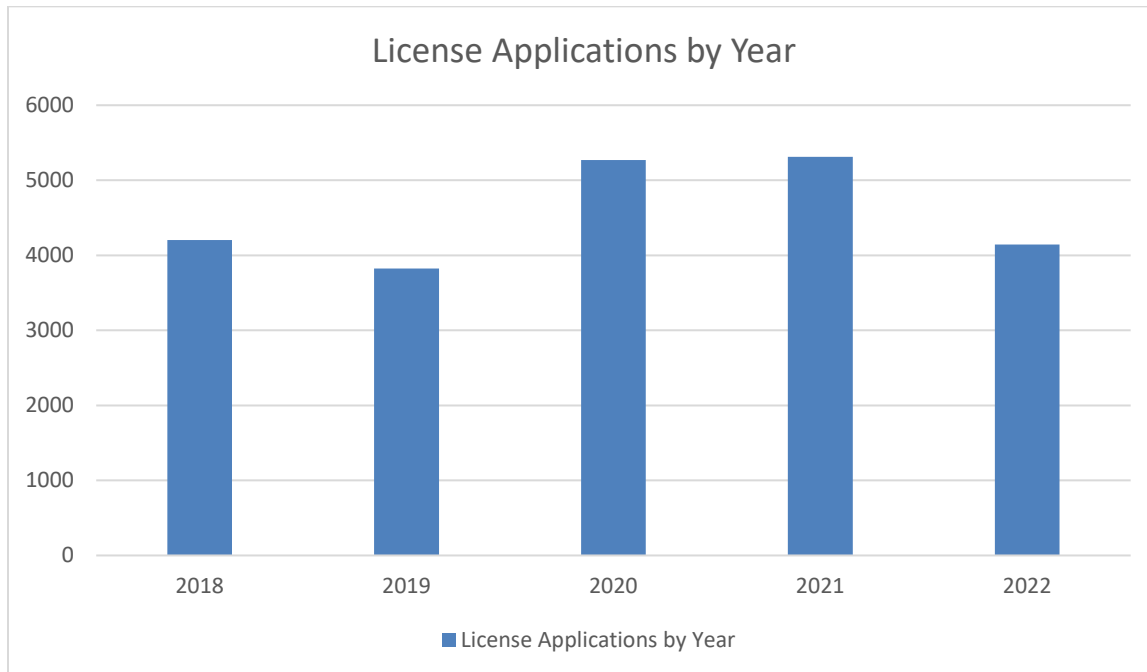


Land Development services represent a small share of the Agency’s work overall. As this section primarily processes condominium filings, the pandemic and subsequent market changes have affected the volume of workload significantly in 2020 and 2021. The condominium market, centralized mostly in the Portland metro area, suffered in those years as home buyers sought single-family homes outside of urban centers. Given those factors, developers delayed new projects until mid-year 2022 where an increased pace in development was observed. Overall filings in 2022 appear equidistant between the high of 2018 and the low of 2020. Expectations are for an increase in 2023-2025.



Summary of Revenues

The Agency is wholly other funded by licensing and filing related fees. The real estate market and the perceived attractiveness of the industry as a profession remain the primary revenue driver. In recent years, the increased activity of the real estate market has driven many new entrants to the profession. Following the earliest stages of the pandemic, and early phase re-openings, the real estate market flourished. With especially attractive interest rates coupled with rising home prices, an urgency set in amongst buyers. The already supply-constrained market added to the frenzy. This buoyancy has been a boon to the professional and has been rather attractive as a new professional option for those seeking alternative career paths. Applications climbed in 2020 to heights and continued to do so in 2021 through midyear 2022. With a newly reached record number of licensees and an overall cooling in the real estate market, the Agency anticipates flattened revenue in 2023-2025.



The Agency’s 2023-25 projections anticipate flattened revenue in new applications and renewals and an increase in the number of lapsed licenses. This trend has already begun with a slight decrease new applications and steady increases in license lapse rate. We expect this decline to potentially impact the following budget period should the economy go into recession but do not anticipate a downturn as severe as was seen in the years following the Great Recession.

Renewal

Nearly two-thirds of Agency revenue is derived from license renewals. Brokers, principal brokers, and property managers renew their license every other year at \$300 per renewal.

Broker License

Individual license applications for brokers, principal brokers, and property managers make up around one-quarter of all revenue, with an average of 345 new applications issued per month in 2022. The application fee is \$300.

Land Development

Land Development filing fees make up just 3.5% of total Agency revenue. Revenue from this category rebounded from pandemic lows in new urban housing developments. This body of work is expected to continue to increase in the 2023-2025 biennium.

Transfer/Changes

The Agency processes several thousand transfer applications annually though the cost for this service individually and the revenue accrued on the whole remains low. As this is a relatively

automated process that requires Agency intervention in special cases, this fee is intentionally set at just \$10 per transfer.

Other Business License & Fees

Registered business names, name changes, continuing education providers, and other low-quantity applications comprise this small miscellaneous revenue category.

Escrow Licenses

With only 84 active escrow organizations and 167 active escrow branch offices in Oregon, this revenue category of licensure makes up approximately .08% of overall revenue.

Important Changes to the Agency's Budget and/or Operations in the Past Six Years, Broken Down By Biennia, with an Emphasis on Programs Initiated in 2021-23

The Agency has not had any significant or important changes to the budget in the previous six years. The most significant changes are within the current budget with the addition of four permanent FTE and one limited duration project manager position for the eLicense upgrade investment in policy option package 101.

Budget Issues Related to COVID-19, Wildfires and/or Other Natural Disasters, and Emerging Issues Not Captured in the Governor's Budget, If Applicable

None.

Legislation Necessary to Implement the Governor's Budget Proposals for the Agency

The Agency is currently unaware of any legislation affecting operations.

Summary of 15% Reduction Options and Impact of Any Reductions Included in the Governor's Budget

OREGON REAL ESTATE AGENCY															
2023 - 2025 Biennium															
Detail of Reductions to 2023-25 Current Service Level Budget															
1	2	3	4	5	8	9	10	11	12	13	14	15	16		
Priority (ranked most to least preferred)	Agency	SCR or Activity Initials	Program Unit/Activity Description	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Used in Gov. Budget Yes / No	Impact of Reduction on Services and Outcomes			
Dept	Prgm/ Div														
Administration	OREA	91900-050-01-00-00000	Temporary Appointments	16,849				\$ 16,849							Management and remaining staff would absorb duties. work product, customer service ratings, and delivery time at risk.
Administration	OREA	91900-050-01-00-00000	Travel	14,229				\$ 14,229							Reduce travel. Retain all board meetings in the videoconference environment, reduce conference attendance in and out of state.
Administration	OREA	91900-050-01-00-00000	Training	32,165				\$ 32,165							Reduce staff training by 80%. Significantly reduce training for all staff including management, technical, regulatory certification, and professional development for investigative, compliance, and audit staff. May impact retention, morale and impair quality of service delivery.
Compliance & Audits	OREA	91900-050-01-00-00000	Staff Reductions	319,416				\$ 319,416							Eliminate two Compliance Specialist I positions. Remaining staff would absorb duties. Work product, client funds, and delivery time at risk.
Education & Licensing	OREA	91900-050-01-00-00000	Staff Reductions	319,416				\$ 319,416							Eliminate two Compliance Specialist I positions. Management and remaining staff would absorb duties. Work product, customer service ratings, and delivery time at risk.
Regulation	OREA	91900-050-01-00-00000	Staff Reductions	708,292				\$ 708,292							Eliminate one Compliance Specialist III and two Financial Investigator I positions. Management and remaining staff would absorb duties. Work product, regulatory effectiveness, and delivery time at risk.
Administration	OREA	91900-050-01-00-00000	Simplified Licensing System Upgrade	691,722				\$ 691,722							Reduce system upgrade features to focus on baseline functionality and a user experience upgrade alone. No significant process improvements. Timeline and product quality at risk.
				2,102,089	-	-	-	\$ 2,102,089	0	0.00					

Summary of Long-Term Vacancy Information Requested by LFO, Including Number of Vacancies, Related Budget by Fund Source, and Length of Time Vacant

None.

OREGON REAL ESTATE AGENCY																				
Vacant Position Information													Vacancies as of December 31, 2022							
Agency Initial	SCR	DCR	Pos No	Position Class Comp	Position Title	Pos Type	GF Fund Split	LF Fund Split	OF Fund Split	FF Fund Split	FTE	2023-25 GF PS Total	2023-25 LF PS Total	2023-25 OF PS Total	2023-25 FF PS Total	2023-25 Total Bien PS BUDGET	Vacant Date	Position eliminated in GRB? Y/N	Reason for vacancy	
												-								
												-								
												-								
												-								
												-								
												-								
												-								
												-								
												-								
												-								
												-								
												-								
												-								
												-								
												-								
												-								
												-								
												-								
												-								
Total							Pos	GF	LF	OF	FF	FTE	GF	LF	OF	FF	AF			
							0	0.00	0.00	0.00	0.00	-	0	0	0	0	0			

Actions the Agency Is Taking or Plans to Take to Create Savings, Contain Costs and Improve Service, or Create Other Efficiencies Without Affecting Services

The Agency had created a significant amount of storage through lengthy retention policies for Land Development-related documents. The associated archives costs to hold those records was approximately \$33,000 per year and consisted mainly of condominium and timeshare filing documentation. Most of the critical information stored in these files were either housed in duplicate in the Agency filing database or at the county level, such as the plat or recorded documents.

In partnership with State Archives, the Agency reduced the retention schedule from a period of seven years after a condominium has terminated to 10 years from the document's creation date. This allows the Agency to destroy documents that are not unique and no longer relevant to the public or the Agency. This process will drastically reduce the remaining storage footprint.

Following that activity, the Agency converted a little used conference room to house the remaining documents from Archives storage within the Agency thus fully eliminating all document storage costs in the upcoming biennium. This project was completed at the end of 2022.

Other costs savings measures that the Agency will be evaluating in the upcoming biennium include:

- conducting a commercial office space analysis to determine if a more optimal space is available that better meets staff and stakeholder access needs regarding location, parking, and safety at a lower rate.
- examining opportunities to reduce costs associated with case management and DOJ billing.

Summary of the Governor’s Budget by Fund Source, Policy Option Package, Reductions, and Other Major Changes

Governor’s Budget – Other Funds	2023-25	FTE
2021-2023 Leg Approved Budget Base	\$10,141,433	29.00
Base Adjustments	\$320,888	-
Packages:		
<ul style="list-style-type: none"> - 010 Non-PICS Svc/Vacancy Factor - 030 Inflation & Price List Adj. - 092 Statewide AG Adj. - 093 Statewide DAS Chgs Adj. - 101 eLicense Upgrade - 102 Cmplnc & Audits Div. Staffing - 103 HR/DEI Staffing 	\$6,089 \$559,049 (\$17,992) (\$71,754) \$2,307,803 \$529,146 \$239,266	 1.00 3.00 1.00
2023-2025 Governor’s Budget	\$14,013,928	34.00

Requested Changes to KPMs or Any KPM That the Agency Is Not Achieving

The Agency does not seek to make any changes to the key performance measures.

The Agency is meeting or exceeding target for all key performance measures.

Governor’s Budget

Governor’s budget document is in development pending Statewide Audit and Budget Reporting review and approval.

Results of, and Agency Responses to, All Audits on the Agency Conducted by the Secretary of State Under ORS 297.070 During the Current Biennium and/or an External Audit Firm

There have been no recent audits conducted by the Oregon Secretary of State or an external audit firm.

Description of How Recent Changes to Agency Budget and/or Management Flexibility Affected Agency Operations

There have been no recent changes to agency budget or management flexibility affecting agency operations.



Business Case for *eLicense Upgrade Project*

**Oregon Real Estate Agency,
Office of the Commissioner**

Date: January 2023
Version: 2.0
Author: Jaden Hurtienne

Agency Contributors

Agency Head			
Name	Steve Strobe	Title	Commissioner
Phone	971-301-0822	Email	Steve.strobe@rea.oregon.gov
Agency Executive Sponsor			
Name	Anna Higley	Title	Deputy Commissioner
Phone	971-719-0348	Email	Anna.higley@rea.oregon.gov
Agency Business Manager			
Name	Mesheal Heyman	Title	Administrative Services Division Manager
Phone	971-719-3544	Email	Mesheal.L.heyman@rea.oregon.gov
Agency Quality Assurance, Systems Integration and Technical Lead			
Name	Tiffani Miller	Title	Systems Administrator
Phone	971-719-0733	Email	Tiffani.m.miller@rea.oregon.gov
Business Case Author			
Name	Jaden Hurtienne	Title	Project Manager/Business Analyst
Phone	971-719-0501	Email	Jaden.t.hurtienne@rea.oregon.gov

Table of Contents

Agency Contributors	2
Table of Contents	3
Executive Summary	4
Overview and Background	5
Problem and Opportunity	5
Project Objective	7
Measurable Business Benefits	9
Assumptions & Constraints	10
Alternatives	11
Alternative 1 – Do nothing	12
Alternative 2 – Procure a vendor managed SaaS solution through RFP.....	14
Alternative 3 – Amend our current vendor contract to upgrade system.....	17
Conclusions	19
Conclusions	19
Recommendations and Next Steps.....	19

Executive Summary

The Oregon Real Estate Agency (OREA) seeks to upgrade our existing licensing and regulatory software in the 2023-2025 biennium. Originally launched in 2012, with a UX upgrade in 2015, eLicense (by Tyler Technologies) is the principal platform in conducting business with OREA. eLicense serves as the core repository for licensee data, license and business application processing, and audit/case management tracking, with all work being administered in an electronic environment. As this system is now approaching the intended replacement stage in its asset life cycle, it is imperative to execute the replacement work timely and avoid extending the product beyond its optimized use. The Agency is in the planning stages and aims to seize this opportunity to deliver a tool that improves service, meets the expectations of stakeholders, and creates efficiencies wherever possible.

The purpose of this document is to establish the business needs and resources required for development and implementation of an upgraded version of the system. This project will be known as the “eLicense Upgrade Project.”

OREA’s primary external stakeholders are real estate licensees, who tend to be early adopters and heavy users of technology for business. Their expectation in engaging with the Agency is for a seamless, fluid experience, done with ease from a mobile device and without high-touch customer service support. In 2017, the Oregon State Legislature approved real estate licensing fee increases of 30%. The industry testified in support of the increase with an understanding and expectation it would rebuild the Agency’s reserve funds in time to upgrade the existing system as planned and maintain a current, user-focused licensing and regulatory software product that serves the stakeholder body and protect Oregon consumers.

If granted Enterprise Information Services (EIS) Stage Gate authorization, and funding expenditure limitation by the legislature, the Agency will contract for the upgrade of the existing eLicense system into a modernized SaaS solution. The upgraded system will eliminate the pain points listed in this business case and align with the following initiatives (examples provided for each, as well as elaborated throughout):

- 2020 - 2023 | OREA Strategic Plan
 - Stay up to date with market and technology trends.
 - Fully online functionality for all regulation activities.
 - Intelligent fraud auditing capabilities.
 - Intelligent document upload validity scanning.
- EIS - Cloud Forward

- The upgraded system will align with several the guiding principles in this initiative, specifically “Cloud-First”, SaaS, please”, and “Business Enablement”, by upgrading to a cloud-based SaaS solution that will be managed and hosted by a trusted vendor. State of Oregon - Diversity, Equity and Inclusion Action Plan
 - To align with the “Accessibility” action in this plan, the upgraded system will, at a minimum, comply with all ADA requirements.
- EIS - Modernization Playbook
 - Put People First.
 - Aligned and Enabled: User-friendly, reliable, and secure.
 - Data and Privacy-Informed: Modernized data governance management.
- EIS - Strategic Framework 2020-2023
 - Legacy system modernization.
 - Data Governance and Transparency.

The Agency estimates that the eLicense Upgrade Project will be a two-year effort (Project Close end-of-year 2024) with costs be two million dollars (other funds limitation).

Failure to act compromises the Agency’s ability to conduct business efficiently, meet the expectations of the industry, and maintain alignment with the Agency’s strategic plan and statewide modernization initiatives.

Overview and Background

The mission of OREA is to *provide quality protection for Oregon consumers of real estate, escrow, and land development services, balanced with a professional environment conducive to a healthy market atmosphere.*

Led by the Oregon Real Estate Commissioner, the Agency accomplishes this work through the administration of professional real estate licenses and regulation under Oregon real estate license law (ORS Chapter 696). Through five primary divisions, Education and Licensing, Compliance and Audits, Regulation, Land Development, and Administration, OREA oversees the activity of 31,000 licensees and business registrants across more than 100 billion dollars in real estate transactions in the state annually, equivalent to 20% of Oregon’s gross domestic product.

Problem and Opportunity

Ten years beyond initial deployment and seven years following the last user-interface upgrade, the current system is approaching its intended legacy retirement. Agency business

and front line/end-user staff helped with a gap-analysis and have identified limitations of the current product and opportunities for new features, increased streamlining, and process refinement. We also recognize that external users' expectations have evolved as the ways in which they conduct business has changed significantly in the last ten years, and this gives us an opportunity to take a people-centered approach to developing project requirements, which will put us in alignment with the EIS - Modernization Playbook. A few examples of this would be, but not limited to:

1. Widely used and understood UX features for all user types, such as contextual public licensee search (fuzzy search) where it returns useful results even if the name is not spelled quite correctly, or if the licensee has multiple last names or goes by a middle name.
2. Public complaints will be fully online and can be submitted anywhere there is an internet connection by anyone with almost any device; making it easier than ever for users with disabilities or those needing additional language options to submit complaints.
3. Scalable Agency-programmable business intelligence that allows for more efficiency in managing and reviewing documents related to investigations and financial/education audits.
4. Saving users time and reducing input errors with automated continuing education imports, even with a mobile device, instead of requiring manual entry of individual class.
5. Visually intuitive workflow dashboards for staff and users to expedite the momentum of task completion and increase the speed of application processes.
6. Automated export of data to interest groups, such as:
 - a. Oregon Transparency
 - b. Association of Licensed Law Officials-Disciplinary Database and Licensee Data Sharing
 - c. Oregon Association of Realtors
 - d. Multiple other Listing Services.

Professionals in the real estate industry rely heavily on technology and conduct their work, such as texting clients, advertising on social media, administering records in transaction management software apps, and finalizing contracts with DocuSign, primarily from mobile devices today. Licensees may need to engage with the licensing system more than once in a two-year renewal cycle and, therefore, expect their interaction with the Agency to be as

intuitive as the other tools used in their industry. eLicense is no longer able to meet that demand, and the need for customer service support by the Agency is ever increasing.

Outlined in the 2020 - 2023 OREA Strategic plan, OREA operates with the core values of Regulatory Effectiveness (Appropriateness & Adaptability to Change), Operational Excellence (Innovation & Stewardship), Service Drive (Customer Service Excellence, Equity, & Transparency), and Professionalism (Accountability & Respect).

These guiding principles are brought to every aspect of our charge, but the eLicense Upgrade Project will allow the Agency to measurably realize these commitments to our stakeholders, demonstrating value from the investment of their licensing fees. For example:

To align with our values of Adaptability, Innovation, Stewardship, and Customer Service (2020 - 2023 OREA Strategic Plan, Pg. 4 - "We value"), OREA must stay up to date with market and technology trends that our users and staff expect, such as dynamic system UX, fully online functionality for all regulation activities, and visually intuitive indications of workflow and task status for multi-step processes.

Also planned in the upgraded system are innovations that can enhance our stewardship and customer service, like real-time document scanning to ensure the validity of uploads into the system, significantly reducing errors and the time intensive back and forth communication to resolve them, as well as the ability to programmatically audit and compare financial information from businesses to proactively identify indicators of fraud or non-compliant business practices before they cause public harm.

Project Objective

The Project's objective is to eliminate the pain-points in this business case and improve the compliance, regulation, education, administration, land development and licensing experience for Oregon real estate licensees, Agency staff, and the public by upgrading our aging eLicense system. The upgraded eLicense system will be a future-focused, vendor managed SaaS solution built around the needs, requests, and expectations of our stakeholders.

The elimination of the pain points in the following table will help drive the development of our project requirements.

Table 1: Pain-Points

Pain-Points for the Current eLicense System	
Item	Description
Document management	<ul style="list-style-type: none"> • Document management is antiquated, making it difficult for staff to organize and locate data quickly. • Retention policies are difficult to adhere to. • It was not originally configured around remote work.
Continued Education (CE) module	<ul style="list-style-type: none"> • It requires manual input of all CE information. • It lacks automation and integration with external sources.
Case management	<ul style="list-style-type: none"> • The case management module is cumbersome and unintuitive. • There is no visual representation of case status for Case Participants. <ul style="list-style-type: none"> ○ Visual workflows so users know where they are at on any given case. ○ Making the case management process uniform for disparate investigators.
Automation and integration	<ul style="list-style-type: none"> • There is no system integration with Continued Education providers. • There is no system integration for background check data. • There is no automated scheduling reminders or integrations with calendar applications, providing action item due date reminders for staff or supervisors. • There is no Business intelligence developed for compliance auditing and fraud detection. <ul style="list-style-type: none"> ○ Data collected/scanned from uploaded documents.
Communication capabilities	<ul style="list-style-type: none"> • It lacks communication receipt options. • It does not allow alternative email options. Currently there can only be one email per contact which can cause problems if email address is incorrect or changes. • There are no SMS (text) capabilities.
System information searching	<ul style="list-style-type: none"> • It does not have intelligent-search capabilities; relies on left to right exact entry. • It does not use context to pull up relevant search results. • It requires complete accuracy or search will return nothing, e.g., correct spelling or hyphenation of customer name, business name, and locations.
Dashboards and Reports	<ul style="list-style-type: none"> • Vendor support or programming knowledge is typically required to create or modify dashboards and reports. • There is no GUI interface for report editing.
Complaint Module	<ul style="list-style-type: none"> • It does not have a secure online complaint intake module. • Is currently a manual process, increasing the likelihood of errors. • Current submission process requires sending mail, fax, or emailing PDFs. • Without automated workflows, manually initializing and tracking complaints can be time consuming, and delays are common. • There is no visible indicator to inform staff or complainants what the status of a complaint is.
Platform Accessibility	<ul style="list-style-type: none"> • According to system-use data, over 10% of our users access the system with their mobile devices. • It does not dynamically adjust to mobile platforms. • All system applications are provided exclusively in English.

Self-Service features.	<ul style="list-style-type: none"> • Password resets can require help desk if user has incorrect email on record. • There is no programable live-chat or FAQ chat assistant.
Payment Module	<ul style="list-style-type: none"> • Payment options are limited to credit card and check only. • There are no options to save payment information.
Land Development	<ul style="list-style-type: none"> • The Land Development division did not incorporate their workflows and processes into the original eLicense system when it was being developed. • Still requires many manual processes and tracking outside of the system.
System Age	<ul style="list-style-type: none"> • eLicense is coming to the end of its originally projected lifecycle and should be replaced with a modern cloud-based solution. • The requirements for the original project stated that the system would be upgraded in 10-12 years.
User Experience	<ul style="list-style-type: none"> • Users' baseline expectations of a modern system are not being met. • The data input methods and navigation are unintuitive and burdensome. <ul style="list-style-type: none"> ○ Many users are opting to call the help desk for assistance rather than attempt to navigate the system themselves. • Per an OREA audit of help desk support calls in 2022, over 50% of calls are: <ul style="list-style-type: none"> ○ Simply walking users through their entire system sessions ○ Password resets ○ Checking status of applications
Revenue Recording	<ul style="list-style-type: none"> • The recording of revenue from eLicense to the State Accounting system is a manual process.

Measurable Business Benefits

The following table lists the intended high-level benefits that can be expected from the eLicense Upgrade Project. All measurements were developed from analysis of system-use statistics, time to completion metrics, and help desk call audits.

Table 2: Measurable Business Benefits

Benefit	Measurement
Improved Customer Satisfaction: Easily provides the actionable information a user needs to complete any given task without the need to call our help desk	Reduce the number of technical support calls due to unintuitive system functionality.
Improved Submission and Status Progress of Complaints: Enable customers to efficiently submit and view the progress of complaints online, instead of submitting pdfs, faxing, mailing, or emailing documents <ul style="list-style-type: none"> • Currently, customers have no real way to view the status of their complaints. 	Reduces the number of days it takes for OREA to initiate or enter a complaint and reduces the number of support calls.

<p>Improved System-Use Time: Minimize manual processes for staff, increase automation throughout, and provide context-branching step-by-step instructions for users, as well as adding the following features:</p> <ul style="list-style-type: none"> • Intelligent system search • Easily modified system functionality, such as dashboards and reports. • Modern visual case workflow status. • Modern document management. <ul style="list-style-type: none"> ○ Allows for multiple document uploads at one time. ○ Configurable upload-type restrictions. 	<p>Reduces the time it takes to complete tasks for Agency staff and users throughout the system.</p>
<p>Improved Mobile Experience: According to Agency data use-statistics, over 10% of our users will benefit from being able to efficiently use our system with their mobile devices.</p>	<p>Reduce complaints or help desk calls from mobile users, even if mobile use increases.</p>
<p>Align with the EIS Cloud Forward initiative.</p>	<p>Implementing a vendor-managed SaaS solution.</p>
<p>Improved Document Upload Accuracy: Reject invalid documents uploaded to the system using programmable smart scan technology.</p>	<p>Reduces the time spent resolving inaccurate or invalid document uploads, by moving document validation to the entry point rather than the acceptance point.</p>

Assumptions & Constraints

Project Assumptions:

- OREA can support any process or architecture changes that will be required.
- Business resources will be available at the time needed.
- Business case is accepted.
- Project is in alignment with 2020 - 2023 OREA Strategic Plan and drives the vision of the agency.
- Solution will meet the requirements and future-state vision.
- Project will go through EIS Oversight.
- The Legislature grants funding for a solution that can meet all project requirements.
- The solution will be compliant with regulatory audits for IT security.
- The Project Manager position is staffed for the duration of the project.
- Vendor contract is signed, and development can begin as soon as expenditure limitation is granted by the legislature on or around July 1st, 2023.

Project Constraints:

- Limited staff availability due to already established Agency roles, responsibilities, and workloads.
 - Critical Roles:
 - Sponsor - Also the OREA Deputy Director
 - QA - Also the OREA System Administrator
 - Communications - Also the OREA Admin Services Manager
 - Steering Committee - Made up of OREA management.
- Expenditure limitation to be granted by the legislature in the Agency's 2023-2025 budget. Legislative approval is required if further funding is needed.
- The solution needs to be finished by end-of-year 2024, due to the commitment made to licensees in the 2018 fee increase, where the Agency promised to upgrade the licensee and regulatory system in the near-term, the commissioner decided that 6 years was the upper limit for project completion.

Alternatives

Listed below are three solution alternatives under consideration.

- **Alternative 1: Do Nothing** - Continue using our current ten-year-old system and retaining all pain points listed in this business case, with the likelihood of no additional feature updates to the system, and reduced support priority by the vendor over time.
- **Alternative 2: Procure a vendor managed SaaS solution through RFP:** Work with DAS Procurement to initiate an RFP and award the vendor who most aligns with the business needs outlined in this business case.
- **Alternative 3: Upgrade with current vendor:** Amend our contract with Tyler Technologies to upgrade to their most advanced regulatory suite, which improves our current system in almost every measurable way.

The table below indicates the criteria on which our alternatives are evaluated.

Criteria	Desired Outcome
Benefits	Solution provides the benefits as described in the "Measurable Benefits" section
Risks	Minimization of risks identified for the project and implemented system and to the agency overall related to our business processes.

Budget	Estimated cost of baseline system implementation does not exceed a quarter of our available project budget, including the cost of procurement. <ul style="list-style-type: none"> • Baseline defined as: All items listed in the OREA Process Catalogue, which describes all current eLicense system capability, or the minimum functionality for OREA to conduct their current level of business. • For reference and comparison purposes, Tyler Technologies has provided a soft quote for a baseline-capability upgrade to their new system that would not exceed a quarter of our project budget. • We plan to use the remaining three-quarters of the project budget to develop new feature, enhancements, or special system customizations.
Schedule	Meets timeframe that supports business needs as identified in the "Assumptions and Constraints" section.
Pain Points	Solution eliminates all pain points listed in the "Pain Points for the Current eLicense System" table under the "Project Objectives" section.
Security	Solution will conform to government and industry security standards as defined in ORS 192, pertaining to PII up to level 3.
Diversity, Equity, Inclusion, and Accessibility (DEIA)	The solution should meet and exceed Oregon Accessibility Standards, Section 508 of the Rehabilitation Act of 1973, and Universal Design (accessible to people with a wide range of abilities, disabilities, and other characteristics).
Maintainability	System must be maintainable with current OREA and/or vendor resources, specifically: <ul style="list-style-type: none"> • Vendor provides training for OREA staff to configure and personalize the system (forms, reports, logic, pages, fields, etc..) in a similar manner to vendor staff. • Hosted and updated by vendor for the entire system lifecycle. • Vendor has a proven track record of quality support and is capable of addressing issues or changes as they arise.

Each criterion was judged on the following scale:

- **Low:** Criterion meets less than 30% of expectations.
- **Medium:** Criterion meets greater than 30%, but less than 70% of expectations.
- **High:** Criterion meets greater than 70% of expectations.

Alternative 1 – Do nothing

With this alternative, we would simply continue using our current ten-year-old system and retain all of the pain points listed in this business case, with the likelihood of no additional feature updates to the system, and reduced support priority by the vendor over time.

The system is dated and becoming less efficient for the needs of our staff and customers every day. The vendor has stated that they will be dedicating a small team to the continual patching of the system, but, as is common in technology enterprises, most of their resources

have moved to the newer, more modern solutions that they offer, with the likely deprecation of the legacy software at some point in the future.

Benefits

- No measurable benefits will be realized with this approach.
- Will not align with any of our values listed in the 2020 - 2023 OREA Strategic Plan

Risks

- Basic support from the vendor will remain, but no major features or enhancements are expected. Deprecation possible.
- OREA will have to explain the rationale to our stakeholders for disregarding the commitment we made to upgrade to a modern eLicense system in exchange for increasing licensees' fees by 30%
- Over time, system complaints will likely increase, and customer service will likely decrease as user expectations rise.
 - Our legislative KPMs will likely fall below target ratings.

Budget

- Doing nothing would not be utilizing our reserve funds specifically built for this project.

Schedule

- Doing nothing will have no impact on project schedule.

Pain Points

- No pain points will be eliminated or even reduced with this approach.

Security

- The current system generally meets security requirements, but there are areas of improvement that will go unrealized with this approach, such as:
 - The current method of sending in complaints by mail, email, or fax may have high levels of PII in them and are relatively unsecure methods for sending these types of data.

DEIA

- There are no enhancements to DEIA with this approach.
- Applications will remain primarily in English.
- No text-based system support will be implemented.
- Users without computers will have to continue using a mobile-inefficient system.

Maintainability

- Our current eLicense system will continue to be hosted and maintained
- Configurability of the system by staff is moderate, not user friendly, and time consuming.

- Only a couple Agency members are capable of system configuration.
- Minimal vendor staff have been dedicated to supporting legacy systems which could increase the time it takes to resolve issues in the future.

This alternative does not align with OREA's business needs and will produce no benefits to the Agency.

Criteria	Alternative 1 (Do Nothing)
Benefits	Low
Risks	Low
Budget	High
Schedule	High
Pain Points	Low
Security	Medium
(DEIA)	Medium
Maintainability	Low

As you can see, failing to act will keep us in a state of significantly reduced performance and usability. It will be detrimental to our ability to perform customer service long-term due to the need to maintain operations on a continually depreciating system at a time where modern expectations are higher than ever.

This alternative does not align with OREA's business needs and will produce no benefits to the Agency.

Alternative 2 – Procure a vendor managed SaaS solution through RFP

With this alternative, we would work with DAS Procurement to identify, contract, and award a new vendor that is able to deliver an e-regulation SaaS system that has the greatest alignment with our business needs, specifically the elimination of all pain points listed in this business case.

In 2022 the project team engaged with and viewed demos from six of the leading regulation software companies and agreed that moving from Tyler Technologies to another vendor would require small to large compromises when it came to removing the pain points in this business case, since only Tyler's upgrade could guarantee a system that delivered the baseline functionality that we already had, as well as including all the enhancements listed in this business case.

Benefits

- Of the six vendors we received demos from in 2022 (and potential examples of participants in a RFP), only our current vendor was likely able to provide all measurable benefits listed in this business case. All other vendors would require compromises.
 - E.g.: Has a fully online complaint module that fulfills our needs but lacks visualized case workflow status for staff or the ability to send notifications by text message
- All of the systems we demoed were customizable to some extent, but the willingness or ability of each vendor to add or develop features beyond their default configuration, in order to provide our desired measurable benefits, is unknown.

Risks

- OREA is satisfied with the regulation ecosystem and service delivery of Tyler Technologies. This alternative creates the potential of having to replace our system with a substandard product that puts baseline functionality at risk and fails to eliminate all of the pain points listed in this Business Case.

Budget

- According to the DAS Procurement price sheets an RFP can cost as much as \$150,000. This would reduce our project allowance for the baseline build to around \$350,000, which would not cover our projected costs and would require us to decrease our features, enhancements, and special development budget.
- If we use the Tyler Technologies quote for a baseline upgrade (~\$400,000), we can assume similar costs from other vendors of similar system capabilities; but, as stated in the "Benefits" section above, no other vendor had a baseline build that met our baseline needs. This would require immediate, and unknown, development costs simply to achieve our current capabilities.
- The likely cost of development combined with the cost of an RFP makes this a very unattractive option as far as budget is concerned.

Schedule

- We were given a time-to-complete estimate of around twelve months for an RFP from the DAS Procurement Administrator. In a best-case scenario this would allow us to begin development around March of 2024, which is nine months later than our desired timeline for beginning development.
- Assuming at least a year to develop, test, train, and implement a system we are looking at a best-case project close of March 2025, which is three months past our required project close timeframe.
 - Any project delays would exacerbate this undesirable situation even further.

Pain Points

- If we do not take any schedule, budget, or maintainability considerations into account, we can assume that the awarded vendor of an RFP would have the ability to add enough features and enhancements to eliminate most or all our listed pain points.

Security

- We can assume that the awarded vendor of an RFP would implement a modern system that would meet or exceed the necessary security requirements for the project.

DEIA

- We can assume that the awarded vendor of an RFP would implement a modern system that would meet or exceed the necessary DEIA requirements for the project.

Maintainability

- Although it is likely that the awarded vendor would fulfill some of our maintainability. Requirements, such as hosting, updates, patching, etc., the fulfillment of other important factors such as staff training, easy-to-perform system configuration by agency staff, and support quality for fixes or future enhancements are unknown.

Criteria	Alternative 2 (DAS Procurement RFP)
Benefits	Medium
Risks	Low
Budget	Low
Schedule	Low
Pain Points	High
Security	High
(DEIA)	High
Maintainability	Medium

Alternative 3 – Amend our current vendor contract to purchase the logical upgrade to our eLicense system

Amend our contract with Tyler Technologies (Tyler) to increase the “do not exceed” amount in order to pay for an upgrade to their most advanced regulatory suite, which improves our current system in almost every measurable way.

Benefits

- We created our measurable benefits section based on our analysis of the modern eLicense upgrade from Tyler Technologies and the anticipated enhancements to our baseline capabilities.
- If implemented, all listed measurable benefits would be achieved.

Risks

- Barring any contractual complications, or disagreements between OREA and Tyler Technologies, there are no major additional risks associated with this method.

Budget

- Our project budget was created based on an upgrade quote from Tyler Technologies.
- If this option is implemented, our project budget will be utilized exactly as planned, and will likely leave a buffer for post-project enhancements.

Schedule

- We were given a time-to-complete estimate of three months for a contract amendment from the DAS Procurement Administrator. In a best-case scenario this would allow us to have a complete contract and begin development July 2023, which is our desired timeline for beginning development.
 - In this scenario, we would have approximately two additional months to either continue to negotiate or iron out contract details, or work with the vendor and agency staff to pre-plan and prepare for a potentially expedited development kick-off, come July.
 - Either option is highly desirable.
- Upgrading with Tyler will also likely be the fastest development and implementation option since they are intimately familiar with our data, agency needs, workflows, and processes.
- Tyler Technologies has given us a development estimate of eight months, which would put our project close around March of 2024, giving us a schedule buffer of nine months to add-to or enhance the system, or a significantly early project close.

Pain Points

- We have shared our list of pain points with Tyler Technologies and have been assured that all pain points will be eliminated with the upgraded system.

Security

- The upgraded system will meet or exceed all security requirements for the project.

DEIA

- The upgraded system will meet or exceed all DEIA requirements for the project.

Maintainability

- Tyler Technologies will host, update, patch, and support the upgraded system.
- The upgraded system is highly configurable by agency staff, and a significant improvement in ease-of-use. This should allow for an expanded group of agency staff to make adjustments to the system when necessary.
- Tyler Technologies offers one of the most comprehensive training programs on the market, allowing staff members to go through the exact same training as Tyler’s support staff. This can take place during development and will reduce our dependence on Tyler should we choose to resolve issues ourselves.
- OREA has been generally satisfied with Tyler’s support on the current system and this support is likely to improve with the move to their modern system and a larger pool of dedicated staff.

As shown in the table below, contract amendment has high alignment in all project factors.

Criteria	Alternative 3 (Amend Current Contract)
Benefits	High
Risks	High
Budget	High
Schedule	High
Pain Points	High
Security	High
(DEIA)	High
Maintainability	High

Conclusions

Conclusions

OREA recognizes that in order for us to maximize consumer protection, meet the needs of stakeholders and conduct business in the most efficient manner, we must be equipped with technology that is both powerful and intuitive.

After analyzing and comparing OREA's business needs against the stated alternatives, we conclude that amending our current contract with Tyler Technologies and upgrading our 2012 eLicense system to Tyler's latest regulation SaaS suite will address each of the pain points listed in this business case and best align with our measurable criteria of success for this business including:

- Improved customer satisfaction.
- Improved submission and reviewing of complaints.
- Improved system-use time.
- Improved mobile experience.
- Improved document upload accuracy.

As well as the following project benefits:

- Continued relationship with a leading and trusted partner.
- Expedited data migration, process, and workflow development.
- Minimized communication misunderstandings, due to an in-depth historical knowledge of OREA's business practices, specifically pertaining to our eLicense system.
- Reduced training time for staff, due to the intuitive and logical upgrade of our current system.

We will be partnering with EIS Stage Gate Oversight to guide us through the various stage gates which will help reduce risk and increase the odds of project success.

Recommendations and Next Steps

Based on planning from the eLicense Upgrade Project team, we recommend that OREA move forward with the following activities:

- Finalize and submit a Project Charter and this Business Case to EIS Stage Gate Oversight for their guidance and endorsement.
- Initiate a contract amendment with Tyler Technologies to upgrade to their latest regulation suite.
- Engage with internal and external stakeholders to elicit, verify, and trace project requirements.
- Generate and submit project planning documents based on EIS Stage Gate Oversight requirements.
- Begin development of the eLicense upgrade when Stage Gate endorsement is obtained, contract is finalized and signed, and requested limitation is granted.

Program prioritization for 2023-25 (form 107BF23)

Program Prioritization for 2023-25													
Agency Name: OREGON REAL ESTATE AGENCY											Agency Number: 91900		
2023-25 Biennium											Program/Division Priorities for 2023-25 Biennium		
1	2	3	5	6	7	10	14	15	16	17	18	19	20
Priority (ranked with highest priority first)	Agency Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program Activity Code	OF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	
Agcy	Prgm/ Div												
91900	Compliance & Audits	OREA	Compliance & Audits (Clients' Trust Account Reconciliation Reviews, Compliance Reviews, Escrow Audits)	1	3	2,473,046	\$ 2,473,046		6.00	Y	Y	S	Chapter 696
91900	Education & Licensing	OREA	Customer Service (Complaint intake, Background Investigations, Licensing: Applications, Renewals, Business and Branch Office Registrations.) Education Licensee Outreach (Pre/Post License Education and Exam Development.) Education (Prelicense Education Course Approval, Exam Development & Maintenance, Continuing Education Provider Applications & Renewals)	4, 5	3	3,297,395	\$ 3,297,395		8.00	N	Y	S	Chapters 100, 94, 92
91900	Regulation	OREA	Regulation and Enforcement (Complaints, Investigations, Administrative Actions, Civil Penalty Enforcement)	2, 3	3	4,121,744	\$ 4,121,744		10.00	N	Y	S	Chapter 696
91900	Administrative Services	OREA	Budget, Accounting, Information Technology, Personnel & Payroll, Contracts & Procurement	None	4	2,473,046	\$ 2,473,046		6.00	Y	N	S	Chapter 696
91900	Land Development	OREA	Condominium, timeshare, membership campgrounds registrations, and Real Estate Marketing Organization licensing & regulation	None	3	412,174	\$ 412,174		1.00	N	N	S	Chapters 100, 94, 92
91900	Commissioner's Office	OREA	Commissioner and Deputy Commissioner's office, Real Estate Board and Advisory Group Support, Administrative Rule Reviews and Legislative Concept Development	All	3	1,236,523	\$ 1,236,523		3.00	Y	N	S	Chapter 696
						14,013,928	\$ 14,013,928	0	34.00				

