

SB 5536 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Manning Jr

Joint Committee On Ways and Means

Action Date: 03/01/19

Action: Do pass with amendments. (Printed A-Eng.)

Senate Vote

Yeas: 10 - Beyer, Frederick, Girod, Hansell, Heard, Johnson, Manning Jr, Roblan, Steiner Hayward, Wagner

Exc: 2 - Thomsen, Winters

House Vote

Yeas: 9 - Gomberg, Holvey, McLain, McLane, Nosse, Piluso, Rayfield, Smith G, Stark

Prepared By: Haylee Morse-Miller, Department of Administrative Services

Reviewed By: Michelle Deister, Legislative Fiscal Office

Real Estate Agency

2019-21

Budget Summary*

	2017-19 Legislatively Approved Budget ⁽¹⁾	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 7,781,918	\$ 8,586,773	\$ 8,586,773	\$ 804,855	10.3%
Total	\$ 7,781,918	\$ 8,586,773	\$ 8,586,773	\$ 804,855	10.3%

Position Summary

Authorized Positions	29	29	29	0
Full-time Equivalent (FTE) positions	29.00	29.00	29.00	0.00

⁽¹⁾ Includes adjustments through December 2018

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Real Estate Agency is entirely supported by Other Funds. Application fees and fees paid for professional licenses by brokers, principal brokers and property managers comprise upwards of 97 percent of all revenue collected. The remaining revenue is derived from charges for services and fines and forfeitures, with all civil penalties transferred to the General Fund. The projected revenue is \$8.6 million in the 2019-21 biennium, with an ending balance of \$1.3 million, equivalent to 3.6 months of operating expenses. The agency has a projected transfer to the General Fund of \$90,000.

Summary of Transportation and Economic Development Subcommittee Action

Senate Bill 5536 (2019) is the budget bill for the Oregon Real Estate Agency. The agency is responsible for licensing, continuing education and the enforcement of Oregon’s real estate laws applicable to brokers, property managers and real estate firms. The Subcommittee approved a budget of \$8,586,773 Other Funds and 29.00 full-time equivalent positions for 2019-21, which is a 10.3 percent increase from the 2017-19 Legislatively Approved Budget.

The Subcommittee approved the following recommendation:

Package 101, Compliance Specialist Reclassification. This package reclassifies one position from an Administrative Specialist II to a Compliance Specialist I and requires no additional funding. Due to reorganization of agency divisions this position now focuses on compliance instead of license processing and customer service. The position has been working out of class since December 2016.

Summary of Performance Measure Action

See attached “Legislatively Approved 2019-2021 Key Performance Measures.”

The Transportation and Economic Development Subcommittee has directed the agency to increase the proposed target for Key Performance Measure #2: Percent of investigations completed within 150 days, from 60 percent to 80 percent.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Real Estate Agency
 Haylee Morse-Miller -- 971-301-0380

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2017-19 Legislatively Approved Budget at Dec 2018 *	\$ -	\$ -	\$ 7,781,918	\$ -	\$ -	\$ -	7,781,918	29	29.00
2019-21 Current Service Level (CSL)*	\$ -	\$ -	\$ 8,586,773	\$ -	\$ -	\$ -	8,586,773	29	29.00
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 8,586,773	\$ -	\$ -	\$ -	8,586,773	29	29.00
% Change from 2017-19 Leg Approved Budget	0.0%	0.0%	10.3%	0.0%	0.0%	0.0%	10.3%		
% Change from 2019-21 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		

*Excludes Capital Construction Expenditures

Legislatively Approved 2019 - 2021 Key Performance Measures

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Agency: Real Estate Agency

Mission Statement:

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

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
1. Compliance Rate Achieved - Percent of property managers/principal brokers reviewed who meet compliance within 45 days of a mail-in compliance review.		Approved	93%	90%	90%
2. Percent of investigations completed within 150 days of receipt of complaint.		Approved	91%	80%	80%
3. Contested Case Actions resolved through settlement - Percent of contested case actions that are resolved through informal settlement resolution and prior to a formal hearing before the Office of Administrative Hearings.		Approved	88%	95%	95%
4. Percent of licensees who rate the board-administered exam as "good" or "excellent" as an effective screen for competent and ethical professionals.		Approved	75%	75%	75%
5. CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Availability of Information	Approved	93%	85%	85%
	Overall		93%	85%	85%
	Timeliness		92%	85%	85%
	Accuracy		93%	85%	85%
	Expertise		92%	85%	85%
	Helpfulness		85%	85%	85%

LFO Recommendation:

The Legislative Fiscal Office recommends Key Performance Measures and targets as presented.

The Legislative Fiscal Office recommends adjusting the target for KPM #2 - percent of investigations completed within 150 days of receipt of complaint - from 60% to 80%. The agency has consistently improved performance in this area since shifting additional staffing resources in 2017 to assist in the coordination of investigations.

As discussed in the Ways and Means Subcommittee on Transportation and Economic Development in 2017, depending on the nature of disciplinary cases, the agency may continue to miss the target for KPM #3. This is because only a portion of agency investigations move to the contested case phase (some licensees prefer to present their position in a formal administrative hearing), and some of those that do may be more egregious cases of misconduct, which the Commissioner may not find to be suitable candidates for settlement.

SubCommittee Action:

The Subcommittee approved the Legislative Fiscal Office recommendation.