

REAL ESTATE AGENCY

Annual Performance Progress Report (APPR) for Fiscal Year (2008-2009)

Proposed KPM's for Biennium (2009-2011)

Original Submission Date: 2009

2008-2009 KPM #	2008-2009 Approved Key Performance Measures (KPMs)
1	Audits Completed – ratio of audits completed to the number of offices
2	Days to Complete Investigation File Processing – average number of days to complete investigation file processing.
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.
4	Successful Exam applicants – percentage of applicants who pass the qualifying examination on the first attempt.
5	Online License Renewals – percentage of online renewals compared to total renewal processed by agency.
6	CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.

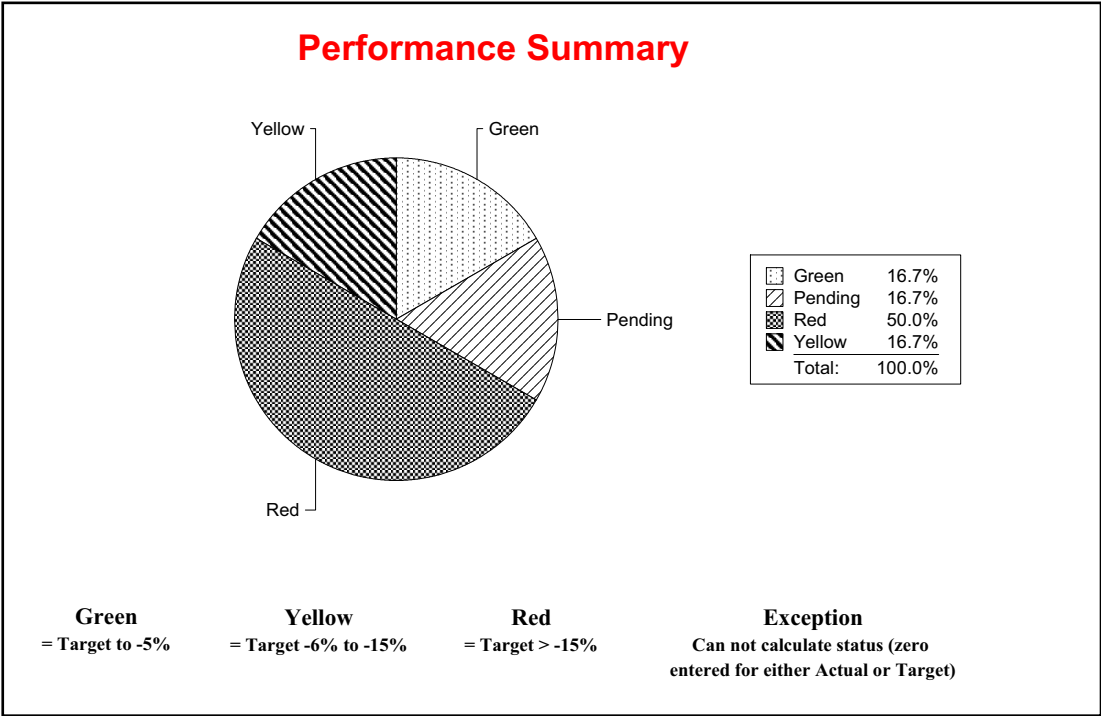
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REAL ESTATE AGENCY	I. EXECUTIVE SUMMARY
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Agency Mission: To provide quality protection for Oregon consumers of real estate, escrow and land development services, balanced with a professional environment conducive to a healthy real estate market.

Contact: Kate Nass	Contact Phone: 503-378-4170
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Alternate:	Alternate Phone:
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1. SCOPE OF REPORT

The Real Estate Agency is responsible for the licensing, education and enforcement of Oregon's real estate laws applicable to brokers, property managers, real estate marketing organizations, registration and regulation of escrow businesses, subdivisions, condominiums, timeshares, campgrounds, registration, and public report issuance. The performance measures are used as management tools in directing resources and responding to the needs of the industry and the Oregon consumer. Key Performance Measures capture agency responsiveness to the industry's needs, as well as our ability to provide customer service to both the real estate industry and the Oregon consumer.

2. THE OREGON CONTEXT

The Oregon Real Estate Agency licenses and regulates the Oregon Real Estate Industry. The Agency's performance measures are linked to the Agency mission, not to benchmarks.

3. PERFORMANCE SUMMARY

REA is making progress on two of the six KPMs. Even though the agency is not making progress on KPM #6 (Customer Service), the agency is hitting the customer service targets. Of the KPMs that the Agency is not making progress, this allows the agency to focus efforts to address these measures.

4. CHALLENGES

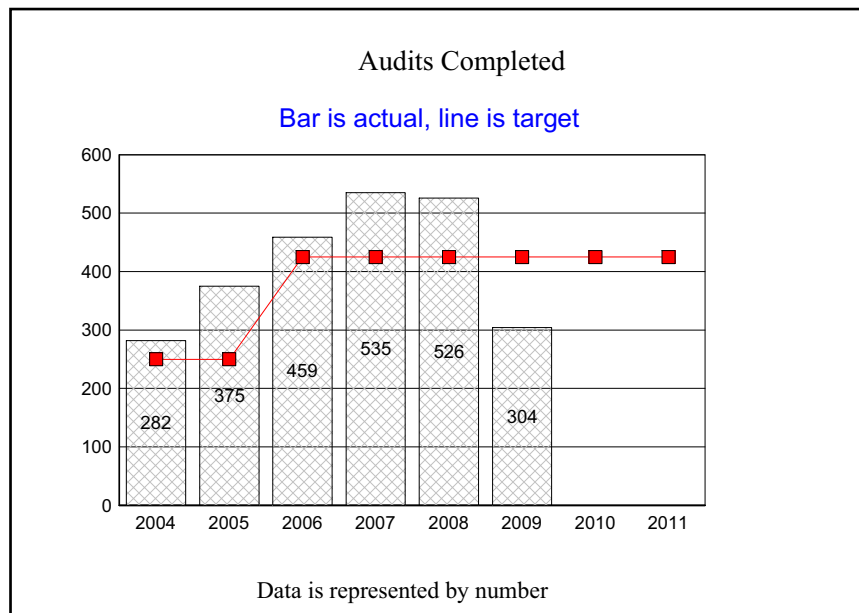
Adequate staffing levels and the improvement and implementation of new programs present challenges in most of the measures. The agency licenses and registers over 28,000 individuals and registered businesses. The agency fields about 33,500 calls annually through the licensing division and approximately 6,900 public inquiries through the education division. The ability to respond to customers needs in a responsive and knowledgeable manner is key to the agency's success. This challenge can be met with adequate staff that is trained in how to deliver high quality service and receive education that ensures they are technically competent to communicate licensing laws and rules.

5. RESOURCES AND EFFICIENCY

The agency Legislatively Adopted Budget for 2007-2009 is \$7,779,616 of Other Funds. It includes two limited duration positions to assist in providing necessary customer service in licensing, administration and land development. The approved budget improves internet technology for information available, improving the web site and online services.

REAL ESTATE AGENCY	II. KEY MEASURE ANALYSIS
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KPM #1	Audits Completed – ratio of audits completed to the number of offices	2004
Goal	Consumer Protection Provide quality protection for Oregon consumers of real estate related service	
Oregon Context	N/A	
Data Source	Oregon Real Estate Agency Regulation Division records of the number of audits completed each quarter	
Owner	OREA; Education Division; Stacey Harrison, Manager; 503-378-4170	



1. OUR STRATEGY

Mail-in audits make up the majority of the count in the performance measure. Staff members pull a random sample from the licensing database on a quarterly basis. They request licensee's records be mailed into the agency for audit. The records are then audited and usually fall into one of three categories: 1) all records are in compliance, 2) some education is needed to correct minor areas of non-compliance, and 3) records indicate non-compliance that warrants further investigation. The results of the audit are communicated to the licensee. Until May 2008, the agency conducted on-site compliance reviews which were more in-depth and much more thorough than the mail-in audits. These on-site reviews worked off a check list, involved sampling files in various areas, and covered more technical matters related to

the conduct of professional real estate or property management activity. During the 2007 Legislative Session, the agency was charged with finding a more cost-effective alternative to the in-person compliance reviews. In May 2008, the agency formed the Education Division, which has been creating and implementing the self-administered compliance review program. This program replaces the in-person reviews. The licensee will conduct a self-assessment and report the results back to the Education Division. This will allow for the Education Division to focus resources on educational opportunities that the industry is lacking.

2. ABOUT THE TARGETS

The target has increased since becoming a measure in 2004 to include mail-in audits. Currently, the number of offices (4,537) doesn't have an effect on the number of audits as workload only permits so many audits being processed efficiently. The target includes 100 mail-in audits quarterly and 150 on-site compliance reviews annually. The agency is looking that this KPM and the target with the implementation of the self-administered compliance review program with the hope that the agency can create a measure that assesses the strategies for licensee education and improvement rather than audit count.

3. HOW WE ARE DOING

In 2009, OREA did pull a random sampling of 100 individual licensees that handle client trust accounts for three quarters for the mail-in client trust account audits. With the creation of the Education Division, the agency suspended mail-in audits for one quarter during the transition given the limited resources. Additionally, the agency suspended the in-person compliance reviews while the Education Division has been creating on the self-administered reviews.

4. HOW WE COMPARE

ARELLO's Digest of Real Estate License Laws provides comparative complaint data for all states and other real estate licensing jurisdictions, but does not include data regarding ratio of audits to offices.

5. FACTORS AFFECTING RESULTS

The Education Division, which was created in May 2008, has not been at full staff while the agency has been recruiting for all positions. The agency implemented the division with current agency resources so and has been able to fill positions as vacancies occur. With the limited resources, the number of audits has decreased until the Education Division is fully staffed and ready to implement the new program.

6. WHAT NEEDS TO BE DONE

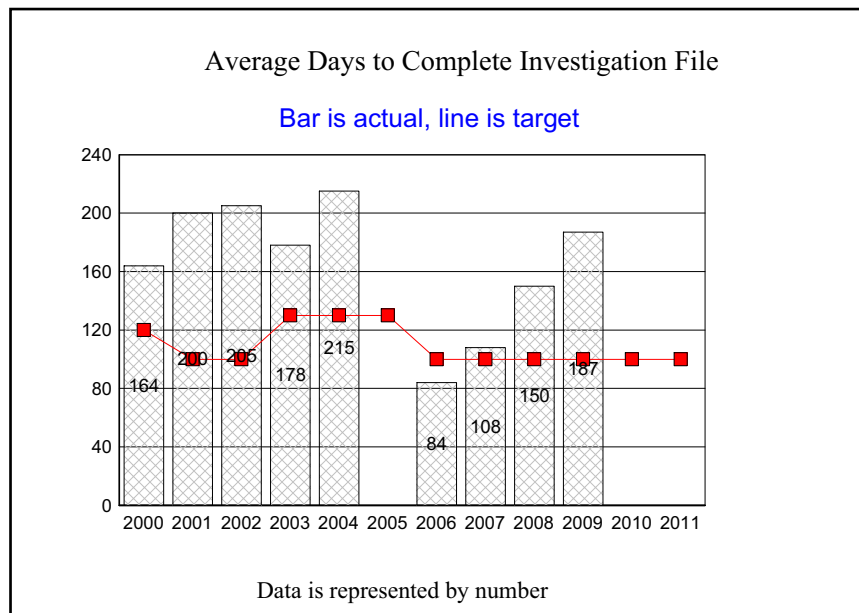
The agency will be reviewing the measure and will be working with DAS and LFO to create a measure that will more closely assess the agency's strategies for licensee improvement rather than simply an audit count. The proposal will be included as part of the agency's budget process. Additionally, the Education Division will implement the newly created self-administered compliance review program, which will reveal specific areas of common deficiencies that could be the target of more broad based education and training for a larger licensee audience.

7. ABOUT THE DATA

This data is being reported on the Oregon Fiscal Year basis.

REAL ESTATE AGENCY	II. KEY MEASURE ANALYSIS
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KPM #2	Days to Complete Investigation File Processing – average number of days to complete investigation file processing.	2000
Goal	Consumer Protection Provide quality protection for Oregon consumers of real estate related service	
Oregon Context	N/A	
Data Source	Oregon Real Estate Agency, Regulation Division records of the number of days to complete an investigation, average for the reporting period.	
Owner	OREA, Regulation Division; Selina Barnes, Manager; 503-378-4170	



1. OUR STRATEGY

Regulations Division staff have been redistributed to focus on investigations. The agency will continue to hire, train and retain investigation staff.

2. ABOUT THE TARGETS

The measure changed in the 2005-07 Biennium from 2003-05 Biennium Average number of days to close a formal complaint. Processing of a formal complaint

involved several stages, including investigation of the complaint by agency's investigator/auditor staff, a potential settlement process, and legal procedures outside the agency's control (e.g., contested case hearing request/referral to the Hearing Officer Panel, appeal to courts, etc.). The modification was intended to more accurately measure the time the agency takes to complete the complaint procedures it controls. The agency is looking at this measure and the target to develop an improved investigation timeliness measure.

3. HOW WE ARE DOING

In 2006, the KPM goal was changed to 100 days. The agency data indicated that the actual average number of days was 84. However, in 2006 the database was migrated to a new system. This system increased the number of data points so the agency can more accurately reflect the time for investigation. The old system only recorded the date the file was opened and the most recent action. Hence, the agency's ability to measure investigation time accurately is limited to the data entered since 2006. The averages were taken from the new database system, L2K, and therefore only show a portion of 2006 rather than an entire twelve month period. In 2007, the agency completed a full twelve month tracking period. The new measurements resulted in investigation time of 108 days in 2007. In 2009, the Agency had an average of 187 days and a median of 161 days. This higher average is partially due to investigator turnover. As investigators leave the division, their caseload is transferred to another investigator thus extending the length of investigation. The agency has made it a priority to ensure investigations that have been open for more than 200 days are completed quickly and effectively.

4. HOW WE COMPARE

ARELLO's Digest of Real Estate License Laws provides comparative complaint data for all states and other real estate licensing jurisdictions, but does not include data regarding the length of investigations.

5. FACTORS AFFECTING RESULTS

Retaining adequate staffing for investigations is an ongoing issue. Staff with the knowledge and expertise to investigate cases with the content of financial and real estate transaction complexity is vital to continuing to meet the performance measure. There are also factors beyond our control, such as unavailable witnesses or information. Additionally, in July 2008, the agency created an Education Division by reallocating resources from the Regulations Division to handle all post-license education and audit functions. This move allowed the Regulation Division to focus solely on investigations and in turn, will allow the Agency to measure the length of time it takes to conduct an investigation more accurately.

6. WHAT NEEDS TO BE DONE

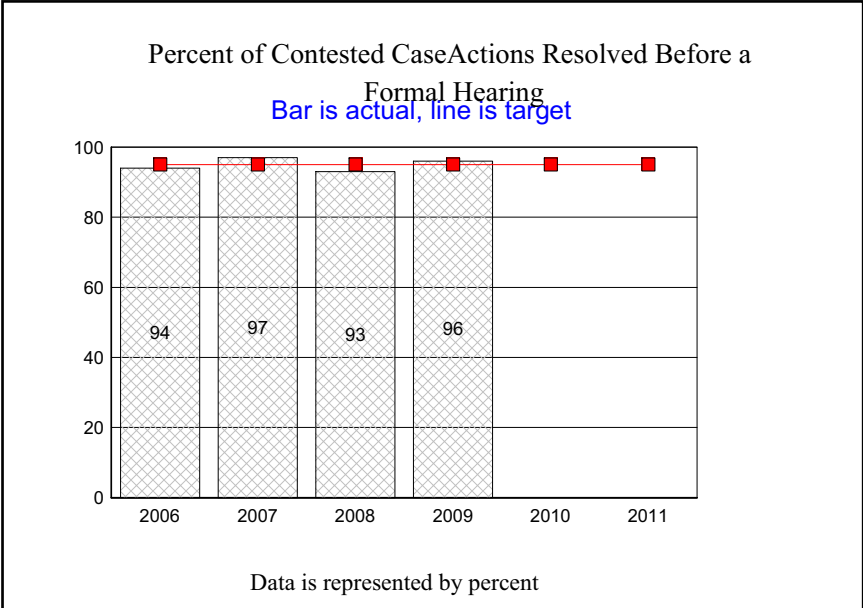
This measure helps guide workload distribution. Certain types of investigations may require a longer period of time to complete. There may also be cases that have been in process for a longer period of time due to unavailability of information or witnesses. The manager cannot necessarily assume that all cases take close to the same amount of time. However, tracking the time to close could more closely align the types of investigations with the expertise of the investigators. It can also highlight the areas that cause a stall in the process and help with an effective resolution. The agency is going to be reviewing the measure to more accurately measure timeliness of investigations taking into account the factors outside of the agency's control. Additionally, the Regulation Division is going to divide the caseload by complexity so that investigators can focus on the level of investigations for their classification. This will allow the division to have a better understanding of the timeliness of each type of case.

7. ABOUT THE DATA

This data is being reported on the Oregon Fiscal Year basis. The wording change from average days to close a formal complaint to average number of days to complete investigation file processing more accurately measure the workload that the agency can control.

REAL ESTATE AGENCY	II. KEY MEASURE ANALYSIS
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KPM #3	Contested Case Actions resolved through settlement – percent of contested case actions that are resolved through informal settlement resolution and prior to a formal hearing before the Office of Administrative Hearings.	2006
Goal	Excellent Customer Service	
Oregon Context	N/A	
Data Source	License 2000 Database - total settled contested case actions to total contested case actions	
Owner	OREA, Regulation Division Selina Barnes, Manager 503-378-4170	



1. OUR STRATEGY

Continue promoting mediation through stipulation process and achieve compliance through improved training and communication.

2. ABOUT THE TARGETS

The measure was added in 2005 and a target of 95% was set for FY 2006 through 2009. The administrative hearing process is expensive and lengthy and overall impacts other regulatory services. Efficient resolution of disciplinary actions saves both sides of the regulatory action the time and enormous expense of attorney representation in preparation for and attendance at a hearing. The agency realizes that a prudent measure leaves room for those cases where a hearing is strongly desired by the respondent.

3. HOW WE ARE DOING

In 2009, 96% of administrative orders were settled with out a contested case hearing, exceeding the 95% target. This is an improvement from 2008, which was 93%, just below the target.

4. HOW WE COMPARE

The Board of Accountancy has a similar performance measure (CONTESTED CASES RESOLVED BY CONSENT - Percentage of contested cases resolved by consent agreement prior to formal hearing). Their goal for 2007 was to achieve 60%, and the actual was 65%. The Oregon Board of Nursing had a similar measure (MINIMAL CONTESTED CASE HEARINGS - Percentage of complaints that were resolved via stipulated agreement or default on notices in lieu of contested case hearing) however this measure was deleted due to this not being outcome based and the Board has not control over the results. Their target was 97%, which they achieved in 2003 & 2004, and dropped to 96% in 2005 & 2006.

5. FACTORS AFFECTING RESULTS

The agency continues to value the importance of the stipulation process for each proposed order. The respondent has the opportunity to meet with the Regulations Division Manager after each investigation is complete to go through the settlement process. This allows each party to better understand each other, thus improving the number of cases settled without a formal administrative hearing. A higher number of cases that are taken to the formal hearing process would require training additional staff in the preparation and administrative functions necessary to represent the agency. This would also increase costs to the Agency significantly for each hearing as well as increased workload for the Office of Administrative Hearings.

6. WHAT NEEDS TO BE DONE

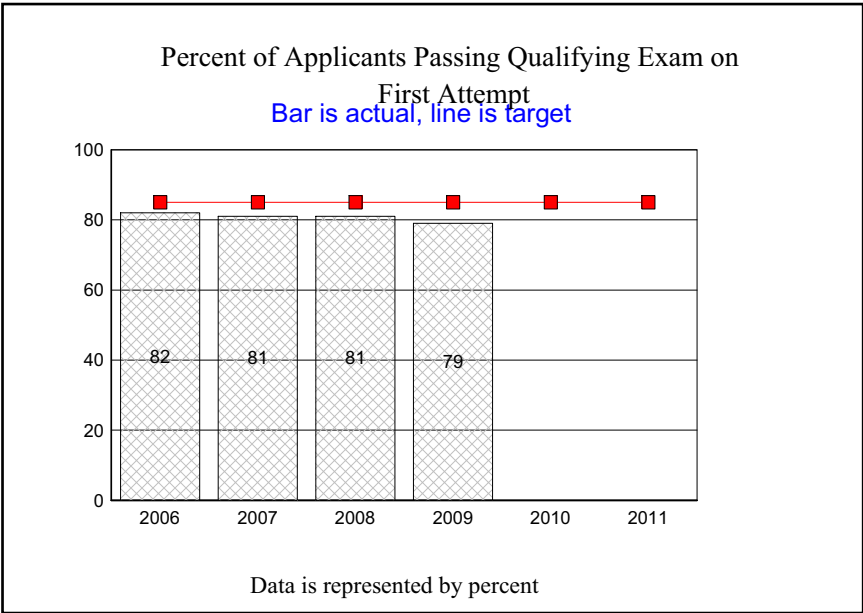
The agency needs to maintain efforts to propose disciplinary actions that are an appropriate resolution for the regulation of the Statutes and Administrative Rules that OREA is responsible for, whether the resoluion is by consent or through an adminstative hearing.

7. ABOUT THE DATA

This data is being reported on the Oregon Fiscal Year basis.

REAL ESTATE AGENCY	II. KEY MEASURE ANALYSIS
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KPM #4	Successful Exam applicants – percentage of applicants who pass the qualifying examination on the first attempt.	2005
Goal	Excellent Customer Service	
Oregon Context	N/A	
Data Source	Psychological Services, Inc (PSI) monthly exam numbers supplied from database	
Owner	Education Division; Stacey Harrison, Manager; 503-378-4170	



1. OUR STRATEGY

Education and information - Agency will work with vendor and review test questions for clarity. The agency will periodically review educational material with the OREA Board and licensees for content.

2. ABOUT THE TARGETS

The target of 85% was set using prior years data as a baseline. With the exams being administered by a contracted vendor, the agency continues to monitor the target for appropriateness.

3. HOW WE ARE DOING

For 2009, OREA shows a passing rate for first time applicants at 79%, which is a 2% decrease from 2008.

4. HOW WE COMPARE

The Oregon Board of Nursing had a similar measure, however it was deleted because the results were out of the Board's control. Their measure (RN EXAM PASS RATE - Percentage of RN programs with a passing rate above 85% on the national exam) set a goal of 100% of applicants taking exam pass on the first attempt.

5. FACTORS AFFECTING RESULTS

Ability of educators to remain up to date on pertinent topics and educational material for instructing students when preparing for the exams.

6. WHAT NEEDS TO BE DONE

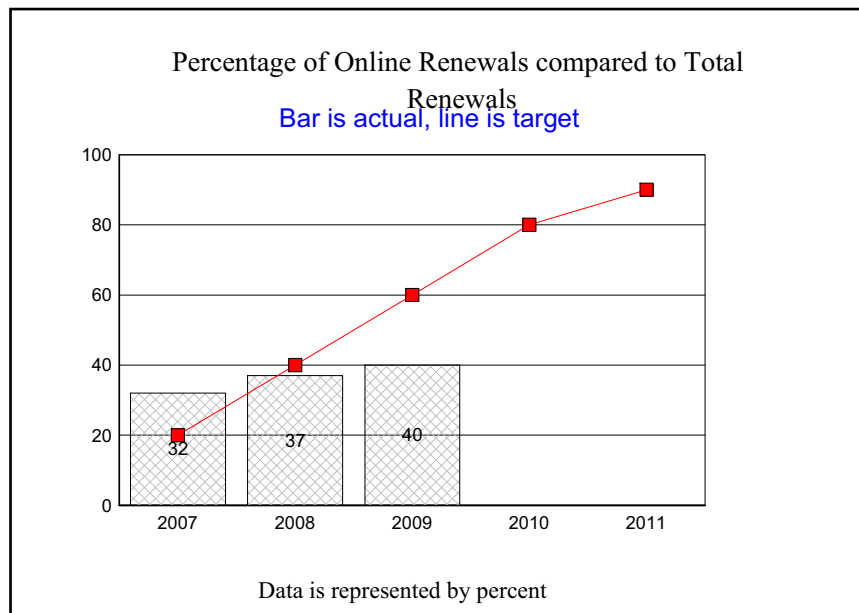
There are many topics outside the authority of OREA that are needed to adequately prepare a licensee for conducting real estate business such as ethics, Landlord Tenant Law, and mortgage lending. The agency and the OREA Board have joined with the real estate industry in evaluating the educational requirements and delivery of pertinent education under the agency's authority. They will evaluate not only the content of the educational materials but ways to improve testing performance. The agency will work with DAS and LFO to develop a measure that evaluates if an exam adequately prepares a licensee for conducting professional real estate activity, including appraising if exam questions are clear and appropriate.

7. ABOUT THE DATA

This data is being reported on the Oregon Fiscal Year basis

REAL ESTATE AGENCY	II. KEY MEASURE ANALYSIS
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KPM #5	Online License Renewals – percentage of online renewals compared to total renewal processed by agency.	2007
Goal	Excellent Customer Service	
Oregon Context	N/A	
Data Source	License 2000 Database; total number of renewals total number of online renewals	
Owner	OREA; Licensing Division; Laurie Hall, Manager; 503-378-4170	



1. OUR STRATEGY

To develop and follow a strategic marketing plan, including surveys, advertisement and possible incentives.

2. ABOUT THE TARGETS

The first year measurement of 20% with 20% increase annually comes from other agencies that have offered online license renewals. The growth rate can be gradual.

3. HOW WE ARE DOING

The Agency launched the online license renewal system in spring of 2007. In the first three complete months of renewal, April through June, the agency averaged 32% online renewal of all eligible timely renewals. Since then Agency has seen a leveling of of the number licensees that renew online at approximately 40%.

4. HOW WE COMPARE

Although there is no collective data for on-line licensing published in the Real Estate License Laws, it took Idaho four years to achieve a 44% license renewal rate and Utah achieved 66% in two years. Utah is known for their governmental licensing efforts. For Oregon agencies, achievement varies by service. Oregon Health Licensing Agency launched their online license renewals in 2006. Goals were set at 50% in 2006 and increasing to 65% in 2007. OHLAs actual online renewal rate for 2007 was 21%, citing lack of computer use among OHLA-regulated professions as a primary factor. The Oregon Board of Nursing began measuring results of online license renewals in 2005, with a target of 50% and an actual participation of 30%. In 2006, the target was 80% while participation climbed to over 80% and still increasing. OREA has been in contact with the Board of Nursing to study lessons learned, marketing strategies and implementation schedules, hoping to avoid mistakes while utilizing the expertise of a successful agency.

5. FACTORS AFFECTING RESULTS

Developing the application to fit the agency's complex licensing structure has proved challenging. The Off the Shelf product License 2000 (the database implemented to prepare for online license renewals) has required many development fixes and work arounds in order to fit the agency's business practices and licensing requirements. Even with those challenges, the agency's goal is to make the process seamless for the licensee and promote the program based on the benefits to the customer. Since implementing online renewals, feedback from the industry has reflected concerns regarding limitations to the licensing database, particularly the inability for a principal broker to monitor the licensee's renewal and continuing education requirements.

6. WHAT NEEDS TO BE DONE

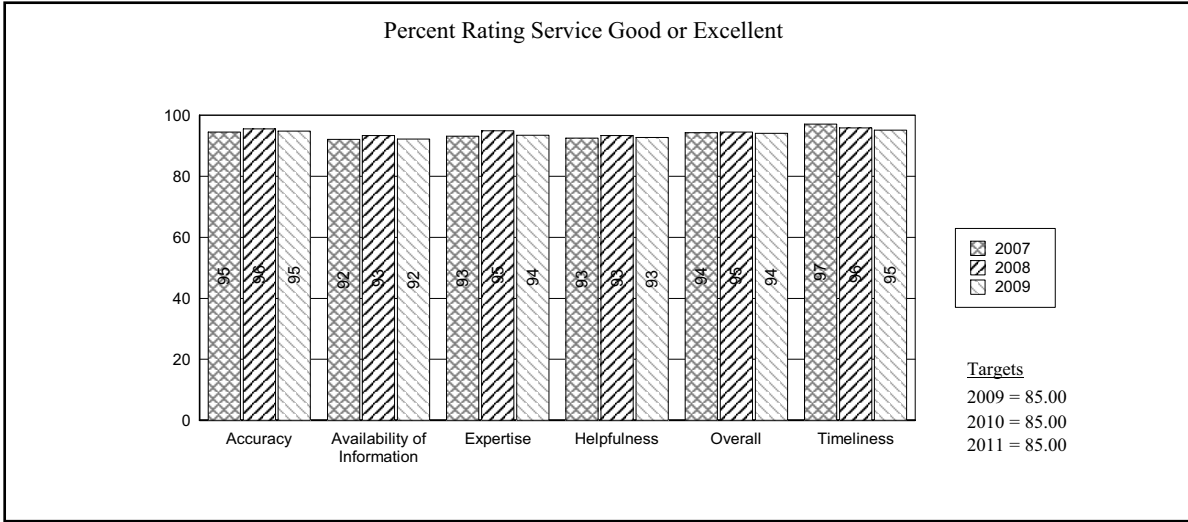
Continue to monitor the readiness and improvements to the application so the customer experiences a streamlined process. The agency will continue to market the on-line renewal program based on the benefits to the licensee. The agency is in the process of procuring a new licensing system that will allow for more supervision of the licensees by the principal broker. Additionally, this system will increase the use of e-commerce for all licensing transactions.

7. ABOUT THE DATA

This data is being reported on the Oregon Fiscal Year basis.

REAL ESTATE AGENCY	II. KEY MEASURE ANALYSIS
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KPM #6	CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	2006
Goal	To improve customer satisfaction through excellent customer service.	
Oregon Context		
Data Source	Oregon Progress Board Final Report, 2005 Oregon Real Estate Agency Customer Satisfaction Study (administered by Clearwater Research)	
Owner	OREA, Commissioner's Office; Dean Owens, Deputy Commissioner; 503-378-4170	



1. OUR STRATEGY

OREA is committed to providing high-quality, low-cost customer service. The goal is to deliver effective and efficient service to OREA members and stakeholders. The customer satisfaction surveys will help to determine areas of strength and needed improvement. OREA management will make strategic decisions based on the results to place resources and effort where improvement is needed.

2. ABOUT THE TARGETS

Based on initial results of this measure, targets are set at 85%, with the exception of Accuracy, where the expectations will continue to be 90%.

3. HOW WE ARE DOING

The agency examined and carefully analyzed the findings of Clearwater Research, the company used to conduct the survey. There are several key data points that assist the agency in making management and budget decisions. One is the breakdown of the overall rating, which separates the actual ratings by question. For example, overall satisfaction for 2008 has a rating above average or excellent of 94.5%. Of that, the rating for above average was 57.4% excellent and 37.1% good. The agency's goal is excellence in customer service, so the fastest way to achieve the goal is to focus on the areas that resulted in an above average rating, turning them into excellent ratings. In 2006, the excellent ratings for customer service ranged from 32% to 46%. In 2007, the excellent ratings ranged from 54% to 68% for the six areas of customer service measured. In 2008, the "excellent" ratings ranged from 52.3% to 67%. Most recently, in 2009, the "excellent" ratings ranged from 55% to 66%. The "excellent" rating is staying consistent since 2007.

4. HOW WE COMPARE

OREA used the Oregon Progress Board Final Report based on the information presented by Clearwater Research, Inc. Comparisons to other agencies were not included in the report from Clearwater Research. However, the agency reviewed data reported by six agencies that conduct licensing or board duties and completed the Annual Performance Report for 2008. The averages for these agencies were: Overall: 90%; Timeliness: 91%; Accuracy: 90%; Helpfulness: 87%; Expertise: 87%; and Availability of Information: 88%. OREA is above these averages in each category for 2009.

5. FACTORS AFFECTING RESULTS

Real estate licensees are, in general, mindful of regulatory requirements and seek information both on the website and from office staff. Office policies and procedures encourage staff members to provide excellent customer service in the performance of their duties.

6. WHAT NEEDS TO BE DONE

The survey asked respondents to provide feedback to the agency so we could better evaluate the areas that need improvement. Although the comments concentrated on areas of improvement, many respondents also gave praise where they felt it was justified. The areas of improvement concentrated in the following areas: Customer Service: Basic customer service skills and training that is guided by a standard for the agency. Information Provided: Accuracy and consistency of information delivered in person, over the phone and in writing by staff. Expedite the Processes: Expedite the licensing and renewal processes, it takes too long. Improve the Agency Web and Online Renewal: Web-site improvements that display accurate, informative and is easily accessed. Respondents indicated that it would be beneficial to have a confirmation page at the end of the online renewal. Respondents also indicated that it would helpful to offer more services online. These are the areas the agency will focus on to make improvements to move the customer service ratings from good to excellent. In order to better evaluate the progress, the agency will conduct ongoing customer service surveys rather than once per biennium.

7. ABOUT THE DATA

This data is being reported on the Oregon Fiscal Year basis.

REAL ESTATE AGENCY	III. USING PERFORMANCE DATA
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Agency Mission: To provide quality protection for Oregon consumers of real estate, escrow and land development services, balanced with a professional environment conducive to a healthy real estate market.

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The following questions indicate how performance measures and data are used for management and accountability purposes.

<p>1. INCLUSIVITY</p>	<ul style="list-style-type: none"> * Staff : Assists with regular review of performance measure results and development of meaningful measures. * Elected Officials: Provide input and approve agency performance measures through DAS and Legislative members. * Stakeholders: Assists the agency in setting realistic goals and directing the content of the performance measures by providing feedback through general discussionsMonthly customer service surveys direct agency responsiveness to licensees. * Citizens: The agency also provides opportunity for feedback through phone contact and via email, analyzing the information provided to determine the agencys performance achievements.
<p>2 MANAGING FOR RESULTS</p>	<p>Agency management tracks performance measures at a minimum quarterly and some are tracked monthly. Results are communicated to agency staff through the agencys intranet and topic discussions at agency and division meetings. Management accredits input from all staff on performance goal achievement, and takes into account the feedback from staff that will help strengthen the performance of the agency. Managers make decisions to allocate resources, both staff time and funding, based on quarterly results. The Agency will closely examine performance measures to determine if they are accurately measuring the impact of the agencys business practices with the interest of government and key stakeholders. If any changes need to be made, these will be recommended during the 2011-2013 budget process.</p>
<p>3 STAFF TRAINING</p>	<p>In the past year, staff have continued to be trained to use the data base application (License 2000) to input and extract critical performance data. The Public Service Representatives have had several in-house trainings on providing excellent customer services, and employee position descriptions include customer service as a primary function and responsibility. The agency and each division within the Agency have set Standards for Customer Service Delivery. These standards have been presented to every employee in the agency.</p>
<p>4 COMMUNICATING RESULTS</p>	<ul style="list-style-type: none"> * Staff : Performance measurements are a frequent topic of discussion, both directly and indirectly, during management, division, and agency-wide staff meetings to assure agency compliance with the initiatives. Quarterly reports of the performance measure results are provided at the division levels. The Regulation Division Manager discusses division workload at the division staff meetings, and process improvement suggestions are continuously encouraged. The division manager also works with individual staff in achievement of goals. Customer satisfaction survey results are provided to the Education and Licensing divisions in order to analyze and improve areas of measurement. Division staff meet as needed to discuss workload and process improvement.

* **Elected Officials:** The agency includes the Annual Performance Progress Report in each budget document for review by elected officials.

* **Stakeholders:** The Agency will include the annual progress report each year in the quarterly publication, the Oregon Real Estate News Journal and on the agency website in order to solicit feedback from the industry and the consumer. The report will be provided to the Oregon Real Estate Board annually for their review and input.

* **Citizens:** The Agencys performance measures and annual report are posted on the Agencys website: www.rea.state.or.us.