

**Oregon Real Estate Agency
Budget Presentation
Joint Committee on Ways and Means – Subcommittee on
Transportation and Economic Development
January 31, 2019**

1. Agency mission, role, goals, and historical perspective:

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.

Goals

#1. Increased efficiency within existing resources

The Agency will continue to identify available areas to optimize business processes and then implement changes using existing resources. The Agency's operational ethos is to streamline and expedite services wherever possible while maintaining high quality delivery.

Real estate professionals now expect immediate and easy access to licensing information and processes online via eLicense. Since its implementation in 2012, the Agency has transferred approximately 95% of revenue-generating processes online. This shift has greatly increased efficiency in licensing services. Licensees and educators enjoy immediate processing of renewals and other license changes, and new applicants have real time access to their application statuses. Agency staff no longer enters data manually, mails notifications, or manages file cabinets full of applications and forms.

The Agency seeks to convert the remaining 5% of processes conducted offline to eLicense and reach the goal of 100% revenue receipting online, by the end of 19-21 biennium. Services marked for transition include:

- Condominium review payments.
- Unit owners' association information reports.
- Unit owners' association annual reviews.
- Complaint submissions.
- Civil penalty receipting.
- Public records requests.

The Agency will collaborate with key stakeholders, including real estate professionals, Real Estate Board members, other state government agencies, and consumers throughout planning and implementation.

#2. Consumer protection through increased reach in Clients' Trust Account Reconciliation Review program

Over the last several years, the Agency has strengthened the effectiveness of the Clients' Trust Reconciliation Review program by increasing and targeting training for compliance staff and developing tools that more precisely identify critical areas of noncompliance. However, the Agency fell short of internal goals to consistently review a robust number of clients' trust accounts within the allocated staff resources.

In response, the Agency redistributed the program's duties between the Administrative Services and Regulations divisions. Administrative level work, such as document intake and initial correspondence, was re-assigned downward to an administrative specialist in the Customer Service section of the Administrative Services division. When the Agency receives all documents for a review, the documents are transferred to a compliance specialist in the Customer Service section for initial review. Any review showing noncompliance issues related to the financial integrity of the account or the handling of trust funds is forwarded to the Regulations division, which has the specialized training and expertise to investigate the matter thoroughly.

By moving the initial correspondence and document receipting to administrative-level staff in the Administrative Services division, the Agency has drastically increased the number of clients' trust account reconciliation reviews per month from 25 to 75. This transition is still in its infancy but may provide a model for efficiencies in other areas of business.

#3. eLicense System Replacement Planning

The new commissioner will have the opportunity to identify personal priorities in the coming biennia; however, there are known issues to be confronted. Most consequentially will be a system upgrade or replacement for our license and regulatory product, eLicense. While this system has provided enormous efficiencies internally and online, user-friendly tools externally, it is approaching a lifecycle end in 2022.

While the system operates well today, there are continual advancements in technology and ever-evolving expectations by consumers. The system is aging and will require a replacement solution in the near future. The Agency intends to continue to monitor the effectiveness of the current product against consumer expectations and peer state solutions. Though a policy option package proposal for a system upgrade/replacement is anticipated in the 2021-23 budget, it is contingent on the support of the new commissioner.

Historical Perspective

Oregon passed the first effective real estate license law in the United States on February 14, 1919. The law required brokers to pay a \$5 licensing fee annually, furnish a \$1,000 bond, and submit recommendations signed by ten freeholders certifying that the applicant was “honest, truthful, and of good character.” The Insurance Department was initially responsible for the licensing of real estate agents. The Real Estate Department was later organized within the Insurance Department. The landscape of the real estate market has changed since then, and so has the complexity of the issues facing the state entity that regulates it.

2. Overview of performance measures:

Areas of acceptable performance

KPM #1 – Compliance Rate Achieved – Percent of property managers/principal brokers reviewed who meet compliance within 45 days of a mail-in compliance review.

Target – 90%

Actual – 93% (Fiscal Year 2018)

For the 2018 reporting period, 93% of those property managers and principal brokers who completed the compliance review process, including the following up survey, came into compliance within 45 days of the review completion.

This key performance measure was implemented in reporting period 2014. In the initial cycle, results were 69%, far below the 90% target. The low compliance rate reported at that time was due to a lack of clear communications with participants regarding the time commitment, required follow up, and resulting 45-day evaluation. Licensees that participated in the initial review cycle were often not available in a timely manner to reassess compliance, so an assumption of noncompliance was factored into those results. In addition, the Agency observed that some compliance issues detected were one-time transaction-oriented issues that could not be fixed, so compliance was not possible.

KPM #2 - Days to Complete Investigation File Processing – Percent of investigations completed within 150 days of receipt of complaint.

Target – 60%

Actual – 91% (Fiscal Year 2018)

For the 2018 reporting period, 91% of cases were completed within 150 days of receipt of the complaint, well exceeding the 60% target. The Agency has steadily improved upon this benchmark, year over year, in each of the previous four reporting periods that this key performance measure has been in place.

At the beginning of the current biennium, in August 2017, the Agency shifted one position from the Administrative Services division to the Regulations division, creating a second Compliance Coordinator position. This additional resource in regulations allowed the Agency to improve upon and expedite the complaint and investigation process by instituting a second Compliance Coordinator. This position facilitates, leads, and provides direction to all investigations, as well as conducts the preliminary review of each case prior to management review. Their triaging efforts ensure quality while accelerating the overall case management process.

The Regulations division has experienced few vacancies in recent years. Retaining experienced investigators and investing in their advanced training has been a key component in the Agency's ability to meet this KPM.

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

Target – 75%

Actual – 75% (Fiscal Year 2018)

In the 2017 Legislative Session, the Agency proposed a minor change in the collection method of this measure by changing the timing in which this data is collected. Since the enactment of this measure, from Fiscal Year 2014 through Fiscal Year 2017, the Agency sent a survey to licensees six months after initial licensure. The survey requested feedback on the license exam generally and included a question asking the licensee to rate the examination as an effective screen for competent and ethical professionals. Over time, the Agency observed that comments associated with the rating were heavily focused on the lack of pre-license education in marketing and business generation. Competence in marketing or business generation is not tested by licensing exams and is not considered a measure of a competent and ethical real estate professional.

With the approval of the Legislature, the Agency began sending the survey to licensees within one month of obtaining their license in Fiscal Year 2018. Shortening the time between the exam and response to the survey increased the performance of this measure from 64% at its low to 75% for the most recent reporting period. New licensees are now reacting to the question more precisely with a more recent reflection on the examination process.

KPM #5 - Customer Satisfaction: 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.

Fiscal Year 2018

| | Target | Actual |
|-----------------------------|--------|--------|
| Overall | 85% | 93% |
| Timeliness | 85% | 92% |
| Accuracy | 85% | 93% |
| Helpfulness | 85% | 85% |
| Expertise | 85% | 92% |
| Availability of Information | 85% | 93% |

The Agency measures its delivery of effective and efficient services to licensees and other stakeholders. The Agency received high percentages of “good” and “excellent” responses across all categories. The Agency strives to provide “live-answer” phone support and “real-time” email response during business hours.

The Agency transitioned to the statewide IBM telephone system in June 2016. Prior to that, the Agency had a receptionist that answered all calls live and transferred them to available staff. With the transition, the Agency felt it was very important for customers to continue to receive excellent customer service with minimal hold times. The new system allows the Agency to more closely monitor staff availability for phone service and to better review data on call volume, length, and response. This tool helped the Agency to improve the Overall customer service rating by 3% since implementing the new system and by 13% from five years ago. Average hold times are currently under 15 seconds, and feedback continues to be very positive.

Areas of concern

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.

Target – 95%

Actual – 88% (Fiscal Year 2018)

In Fiscal Year 2018 the Agency increased the rate of settlement of contested case actions to 88% from 73% in Fiscal Year 2017, though still falling short of the 95% target.

The settlement process is an important part of the process in resolving disciplinary matters. This step provides the respondent with the opportunity to meet with the

Regulations division manager after the investigator's report is written. It allows all parties to better understand each other, thus improving the number of cases settled without an administrative hearing. In some cases, however, respondents will decline a settlement agreement because they prefer to present their position in a formal administrative hearing.

Annual Performance Progress Report

A copy of the Agency's complete Annual Performance Progress Report is included in the Appendix.

3. Summary of programs and populations served:

The Agency's primary program areas are Education, Licensing, and Regulations.

Education

The Education program oversees all pre-license education requirements for broker, principal broker and property manager license applicants, including developing course content, approving real estate classes, and approving instructors. The program manages all requirements for continuing education including certifying continuing education providers, developing course outlines, and approving specific required continuing education courses. This program collaborates with the Real Estate Board and the Agency's examination provider to develop and implement up-to-date and effective licensing examinations that set a standard for industry competency and professionalism. The Administrative Services division manages the Education program.

Licensing

The Customer Service section manages the licensing of real estate brokers, principal brokers, and property managers. This includes processing license applications and renewals, reviewing criminal backgrounds, conducting continuing education audits, initiating and performing the initial review of clients' trust account reconciliation reviews, and maintaining escrow license and surety bond files. Staff members also respond to compliance and licensing inquiries. The Customer Service section is under the umbrella of Administrative Services.

Regulations

The Regulations Division investigates complaints from the public, licensees, other governmental agencies, or upon the division's own motion, about real estate brokers, property managers, escrow agents, and unlicensed individuals engaged in professional real estate activity. After an investigation, the Agency may engage in dispute resolution with the respondent through a stipulated order or take the case 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. Finally, staff members investigate

clients' trust account reconciliation reviews with noncompliance issues and audit escrow trust accounts.

Populations served

- Consumers involved in, or having an interest in, real estate, property management, escrow, and land development activities; as complainants against licensees and registrants; and for informational requests.
- Applicants for licensure (in Fiscal Year 2017-18, approximately 205 individuals obtained real estate licenses per month, on average).
- Licensees/registrants, including real estate brokers, property managers, organizations, escrow agents, escrow branch offices, campground brokers, and telemarketing organizations (as of December 2018, there are over 23,000 active and inactive real estate licensees in Oregon).
- Developers of subdivisions, condominiums, timeshare estates, and membership campgrounds.
- Attorneys representing members of the public, licensees, and developers with questions on application of law or in matters related to a complaint or administrative sanction.
- Private career schools, colleges, community colleges, universities, and certified educators offering pre-license, post-license and continuing education. Public and private schools offering pre- and post-license real estate courses (as of December 2018, there are 29 pre-license schools and 317 certified continuing education providers).
- Professional organizations representing real estate, escrow, property management, home building, land development, timeshares, campground marketing, and educational interests.
- Governmental organizations including: local District Attorneys, police, land planning organizations, the Oregon Attorney General, Consumer Protection and Criminal Justice Divisions, State Police, Housing Agency, Department of Veterans' Affairs, Department of Administrative Services, other state agencies (both in and out of Oregon), federal HUD, Department of Veterans' Affairs, Farm Home Loan Administration, FBI, FTC, IRS, other enforcement agencies, and other state and provincial Real Estate Agencies.

4. Agency organization:

A copy of the Agency's 2018 organizational chart is included in the Appendix.

Program Delivery

The Agency's programs are delivered under the leadership and policy direction of the Real Estate Commissioner.

The Real Estate Board advises the Commissioner on real estate industry matters, reviews rulemaking proposals, and advises the Agency on testing and examination of real estate

applicants. The Board meets six times annually to review the business of the Agency, hear requests for experience waivers, approve qualifications of certified continuing education provider applicants, and recommend new actions to the Agency and the Commissioner.

The Deputy Real Estate Commissioner oversees the Agency staff and operations of the Agency. Each of the division manager reports either weekly, or monthly, to the Commissioner and Deputy Commissioner on the progress and direction of their program. The managers also report to the Board at each Board meeting.

At this time, the Commissioner position is vacant. The Deputy Commissioner is currently fulfilling the roles of both Acting Commissioner and Deputy Commissioner.

5. Major budget drivers and environmental factors:

Budget Drivers

The Oregon Real Estate Agency derives over 96% of its revenue from licensing fees. The remaining 4% comes from condominium and timeshare filings.

In the 2017 Legislative session, the Agency was granted its first licensing-related fee increase in 20 years. The legislation also introduced annual renewals with associated fees for registered business names and certified continuing education providers. The new fee schedule went in to effect on January 1, 2018. Overall, fees increased by approximately 30%, with the average license fee increasing from \$230 to \$300.

The total number of individual real estate licensees increased over 5% from July 1, 2017, to December 3, 2018, with 1,100 new licensees since the beginning of the biennium. However, the number of new license applications received in recent months have decreased by 9.5% when compared to the same months in Fiscal Year 2018. Given that the change in new applications from Fiscal Year 2017 to Fiscal Year 2018 was a 30% increase, this dip from Fiscal Year 2018 suggests a reasonable steadying of the market.

The total number of real estate-related businesses have decreased by 3.5% since January 1, 2018, falling from 5,422 to 5,231. However, new business applications increased from Fiscal Year 2017 to Fiscal Year 2018 by 20%. The Agency attributes the overall decrease of business totals to principal brokers choosing to close affiliated, secondary, or tertiary side businesses with minimal activity when confronted with having to pay for annual renewals. The decrease does not signal market changes.

Industry Environment

Economic indicators show a relative slowdown in Oregon's real estate market growth rates in recent years, leading to near term steadiness. The state's economy is projected to maintain recent growth through the continued addition of new jobs and rising wages. However, climbing interest rates and the in-migration of higher income households affect

the affordability of available housing, which in turn poses a threat to continued growth in the real estate market.

In 2018, fewer homes were sold, median sales price in some markets decreased, and days on the market trended upward over the previous year. These factors indicate a restrained environment. New construction permitting in Portland has slowed, adding constraint to an already supply-short market. Assuming continued population growth, this cooling may translate to a normalization period rather than a downturn.

The Agency projects the number of new license applications to remain flat through the next biennium. The Agency's 2019-21 revenue projection is conservative at approximately \$8,654,745 Other Funds.

Internal Environment

In July 2018, after 11 years in leadership, Commissioner Gene Bentley retired from the Oregon Real Estate Agency. During his tenure, he directed a major reorganization of the Agency, transformed the Agency's attitudes about the real estate industry, and reshaped the office culture entirely. He positioned the Agency well to rebuild revenue spent down during the Great Recession and long recovery period. The Commissioner left the Agency in a strong position overall.

His efforts resulted in a positive shift in perception by industry and improved employee morale. The real estate industry views the Agency as being fair in its regulatory approach, and it recognizes and appreciates the prioritization of customer service. Agency staff turnover remains low despite an active job market and healthy economy. The investment in staff training and flexible scheduling has proven to empower employees and encouraged many to invest in the Agency long term.

Under Commissioner Bentley's administration, the Agency implemented eLicense, resulting in hundreds of thousands in hard dollar savings. This, along with additional cost cutting measures and overall fiscal prudence, delayed a licensing fee increase by ten years beyond the historical cycle, all during an historic economic recession central to real estate.

The Agency has maintained some vacancy savings over the past two years as positions became vacant. Although the Agency plans to fill positions vacated over the next two years to meet existing workload, vacated positions will continue to be evaluated.

6. Major program changes and budget reductions:

The Agency has not implemented any new programs over the past several years. In 2016, the Agency consolidated the Education division into the Administrative Services division. This resulted in moving one position from customer service to compliance-related duties, including reviewing clients' trust account reconciliations.

Policy Option Package 101: Compliance Specialist Reclassification seeks to reclassify one Agency position from an Administrative Specialist II (20) to a Compliance Specialist I (21). This position underwent a classification analysis resulting in a Compliance Specialist I assessment and has been in a work-out-of-class since December 2016.

7. Major cost containing measures:

The Agency executed a proactive cost reduction plan as licensee revenue began to diminish in the 2009-11 biennium. Starting in 2010, the Agency initiated cost-reduction strategies rooted in the automation of administrative tasks in addition to shifting to electronic communication and streamlining processes wherever possible.

By eliminating most mailed communication, the Agency reduced office-related expenses, including postage by over half.

| | 2011-13 | 2013-15 | 2015-17 | 2017-19 |
|-----------------|---------|---------|---------|---------|
| Office Expenses | 73,755 | 40,157 | 48,815 | 8,963 |

The Agency has also streamlined and automated licensing processes that significantly reduced the need for additional temporary support positions to fill administrative gaps.

| | 2011-13 | 2013-15 | 2015-17 | 2017-19 |
|------------------------------|---------|---------|---------|---------|
| Temporary Employment Expense | 67,383 | 50,843 | 12,558 | 4,619 |

Supported by the shift to online licensing services and electronic communications, the Agency realized dramatic savings in publication expenses.

| | 2011-13 | 2013-15 | 2015-17 | 2017-19 |
|------------------------------------|---------|---------|---------|---------|
| Publication & Publicity (Printing) | 10,371 | 3,735 | 1,585 | 815 |

The Agency negotiated a new lease in a privately held building within the Salem business district at the end of the 2013-15 biennium and moved into the new office space in July 2015. The cost savings for the Agency were considerable, with a 50% rent reduction.

| | 2011-13 | 2013-15 | 2015-17 | 2017-19 |
|--------------|---------|---------|---------|---------|
| Rent Expense | 361,996 | 406,296 | 194,644 | 228,678 |

Personal services and associated costs comprise 77% of the Agency budget. They continue to increase over time with annual step increases, cost of living adjustments, and rising healthcare costs. The only options the Agency has to cut these costs is through vacancy savings or by further eliminating positions. The Agency has held positions open to the greatest degree possible. Further personnel reductions are not practical if the Agency is to continue to meet its mission and goals.

| | 2011-13 | 2013-15 | 2015-17 | 2017-19 |
|-----------|---------|---------|---------|---------|
| FTE | 30 | 29 | 29 | 29 |
| Temporary | 3.5 | 2.5 | .5 | .05 |

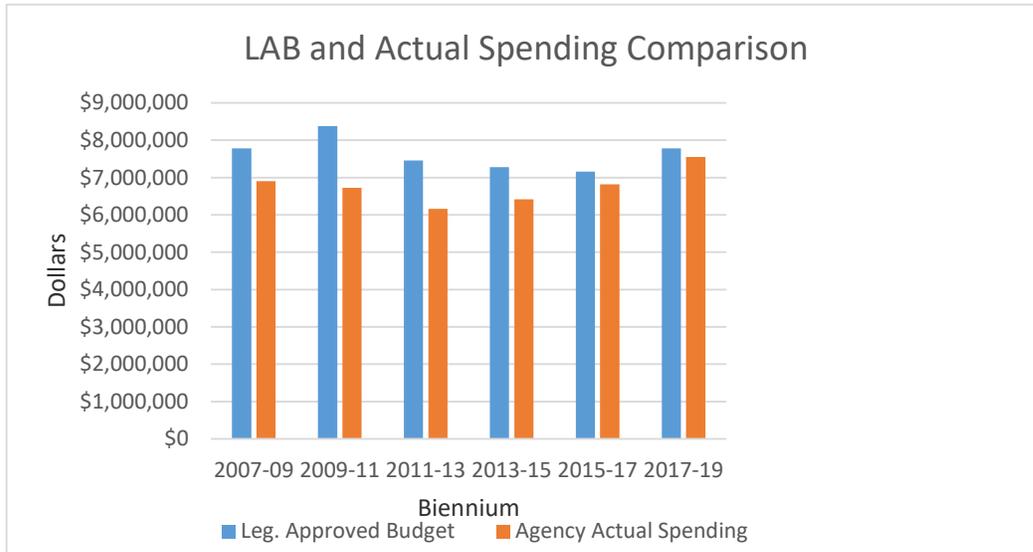
8. Major budgetary issues:

Following the 2008-2009 recession, the number of real estate licenses dropped by 30 percent. Until the licensing fee increase on January 1, 2018, the Agency’s operating costs exceeded incoming revenue. In addition to aggressive cost cutting measures, the Agency used its ending balance, built up in the mid ‘00s, to support the revenue shortfall through the economic recession and long recovery period.

The market reached its low point in 2012, from which licensure rates have gradually rebounded over time. As of December 2018, the total number of licenses is 9% below the peak in 2008. While activity associated with the real estate market in Oregon has shown consistent growth over the last six years, a slower rate of growth and possible flattening is projected in the near term.

During the economic downturn, the Agency committed to delaying fee increases for as long as reasonable. Prior to the fee increase granted in the 2017 Legislative session, the Agency cash balance was down to just two months of operating expenses.

Since the fee increase, the Agency has outpaced revenue projections and currently holds a cash balance of \$1,866,964.26, which equals almost six months of operating expenses. The Agency projects up to \$2.1 million in cash reserve by the beginning of the 2019-21 biennium. The Agency anticipates a slower rate of build through the next biennium but another fee increase is not anticipated for the next two to three budget periods.



2019-21 Governor’s Balanced Budget Summary

Revenue:

| | |
|------------------------------------|-------------|
| Beginning Balance – Other Funds | \$1,306,593 |
| Revenue | \$8,564,745 |
| Projected Transfer to General Fund | \$(90,000) |
| Total Available Revenues | \$9,871,338 |

Expenditures:

| | |
|-----------------------------|--------------------|
| Current Service Level | \$8,586,773 |
| DOJ & State Gov. Srv Charge | \$(50,011) |
| Governor’s Budget: | \$8,536,762 |

| | |
|---------------------|-------------|
| Ending Fund Balance | \$1,334,576 |
|---------------------|-------------|

9. Shared programs:

None.

10. Proposed legislation:

None.

11. 10% reduction option and long-term vacancies:

A copy of the Agency's 10% reduction options is included in the Appendix. The Agency has no long-term vacancies.

12. Appendix

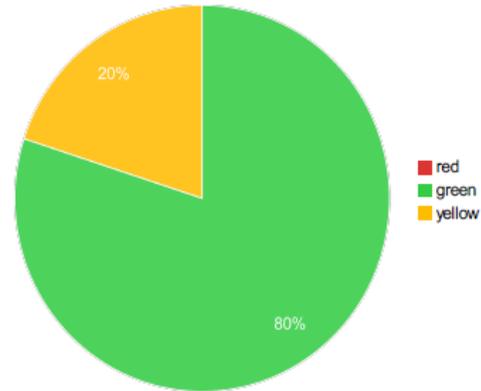
Real Estate Agency

Annual Performance Progress Report

Reporting Year 2018

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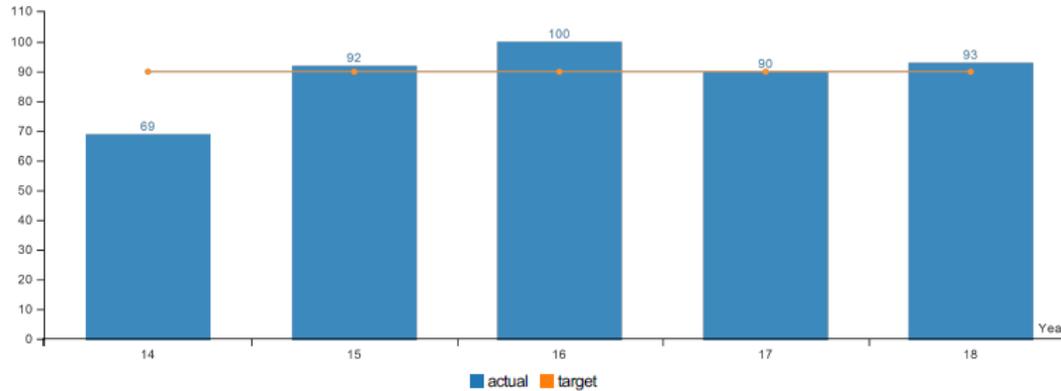
| KPM # | Approved Key Performance Measures (KPMs) |
|-------|---|
| 1 | Compliance Rate Achieved - Percent of property managers/principal brokers reviewed who meet compliance within 45 days of a mail-in compliance review . |
| 2 | Percent of investigations completed within 150 days of receipt of complaint. - |
| 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 | Percent of licensees who rate the board-administered exams as "good" or "excellent" as an effective screen for competent and ethical professionals. - |
| 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. |



| Performance Summary | Green | Yellow | Red |
|---------------------|-----------------|----------------------|-----------------|
| | = Target to -5% | = Target -5% to -15% | = Target > -15% |
| Summary Stats: | 80% | 20% | 0% |

| | |
|--------|---|
| KPM #1 | Compliance Rate Achieved - Percent of property managers/principal brokers reviewed who meet compliance within 45 days of a mail-in compliance review. |
| | Data Collection Period: Jul 01 - Jun 30 |

* Upward Trend = positive result



| Report Year | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------------------|------|------|------|------|------|
| Compliance Rate Achieved | | | | | |
| Actual | 69% | 92% | 100% | 90% | 93% |
| Target | 90% | 90% | 90% | 90% | 90% |

How Are We Doing

For the 2018 reporting period 93% of those property managers and principal brokers who completed the compliance review process, including the follow up survey, came into compliance within 45 days of the review completion.

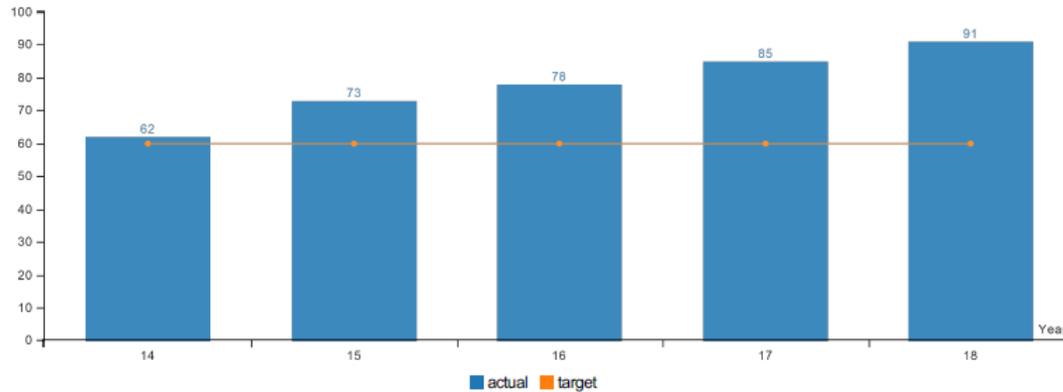
Factors Affecting Results

This key performance measure was implemented in reporting period 2014. In the initial cycle, results were far below the 90% target, at 69%. The low compliance rate reported at that time was due to a lack of clarity in the communication with participants regarding the time commitment, required follow up and 45 day resultant evaluation. Licensees that participated in the initial review were often not available in a timely manner to reassess compliance and an assumption of noncompliance was factored into those results. In addition, the Agency observed that some compliance issues detected were transaction oriented and could not be reproduced in the given period. Therefore being impossible to achieve compliance.

In response, the Agency modified the administration of the compliance review in 2015 to both clarify the process for participants and eliminate questions that could be not corrected if found noncompliant.

| | |
|--------|--|
| KPM #2 | Percent of investigations completed within 150 days of receipt of complaint. - |
| | Data Collection Period: Jul 01 - Jun 30 |

* Upward Trend = positive result



| Report Year | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|------|------|------|------|------|
| Percent of cases investigated within 150 days of receipt of complaint | | | | | |
| Actual | 62% | 73% | 78% | 85% | 91% |
| Target | 60% | 60% | 60% | 60% | 60% |

How Are We Doing

For the 2018 reporting period 91% of cases were completed within 150 days of receipt of the complaint, well exceeding the 60% target. The Agency has continued to steadily improve upon this benchmark, year over year, in each of the previous four reporting periods that this key performance measure has been in place.

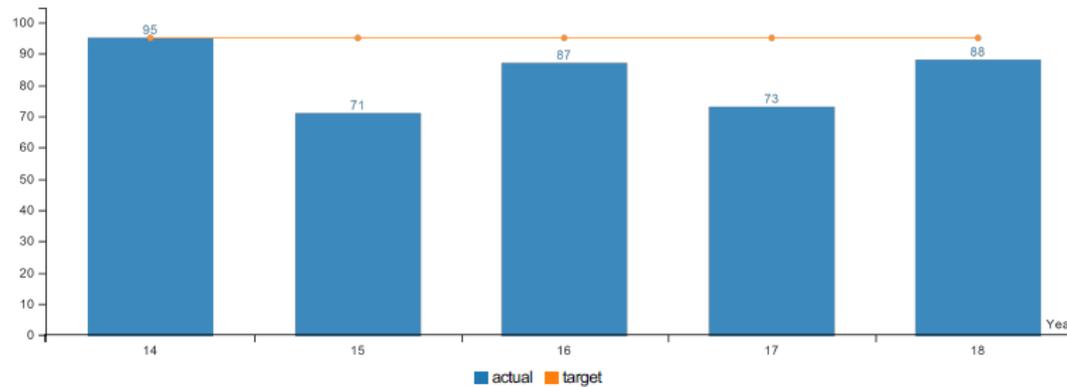
Factors Affecting Results

In August of 2017, at the beginning of the current reporting period, the Agency shifted one position (1 FTE) from the Administrative Services to the Regulations division. This additional resource in Regulations allowed the Agency to improve upon and expedite the complaint and investigation process by instituting the role of a Compliance Coordinator. This position facilitates, leads and provides direction throughout the investigation as well as conducts a preliminary review of cases prior to management review. This triaging effort has ensured quality while accelerating the overall case management process.

Further, the Agency has experienced limited vacancy in the Regulations division and has recruited new employees with extensive experience and education in investigative best practices and financial accounting. The retention of experienced investigators has been a key component in the Agency's ability to continue to meet this measure.

| | |
|--------|---|
| 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. |
| | Data Collection Period: Jul 01 - Jun 30 |

* Upward Trend = positive result



| Report Year | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|------|------|------|------|------|
| Percent of Contested Case Actions Resolved Before a Formal Hearing | | | | | |
| Actual | 95% | 71% | 87% | 73% | 88% |
| Target | 95% | 95% | 95% | 95% | 95% |

How Are We Doing

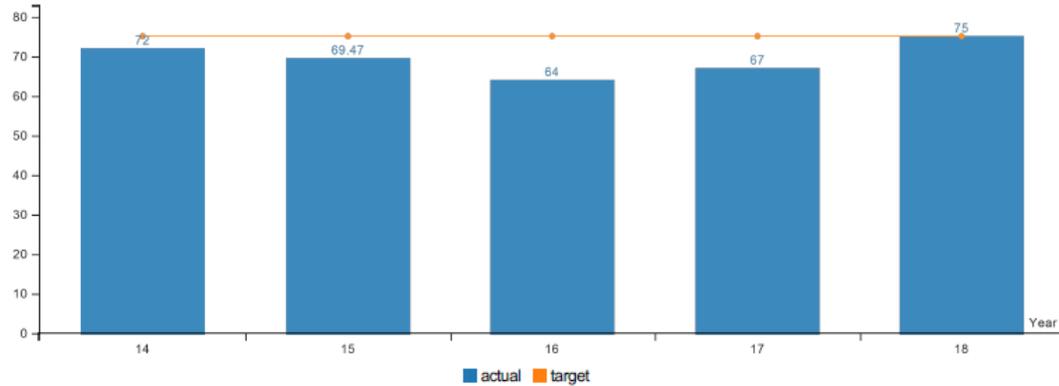
In FY 2018 the Agency increased the rate of settlement of contested case actions to 88%, from 73% in FY 2017 though still falling short of the 95% target.

Factors Affecting Results

The settlement process is an important in resolving disciplinary actions. This step provides the respondent with the opportunity to meet with the Regulations Manager after the completion of each investigation. This allows all parties to better understand each other, thus improving the number of cases settled without an administrative hearing. However, some respondents decline a settlement agreement because they prefer to present their position in a formal administrative hearing.

| | |
|--------|--|
| KPM #4 | Percent of licensees who rate the board-administered exam as "good" or "excellent" as an effective screen for competent and ethical professionals. - |
| | Data Collection Period: Jul 01 - Jun 30 |

* Upward Trend = positive result



| Report Year | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|------|--------|------|------|------|
| Percent of property managers/principal brokers who rate the board-administered exam as "good" or "excellent" as an effective screen for competent and ethical professionals. | | | | | |
| Actual | 72% | 69.47% | 64% | 67% | 75% |
| Target | 75% | 75% | 75% | 75% | 75% |

How Are We Doing

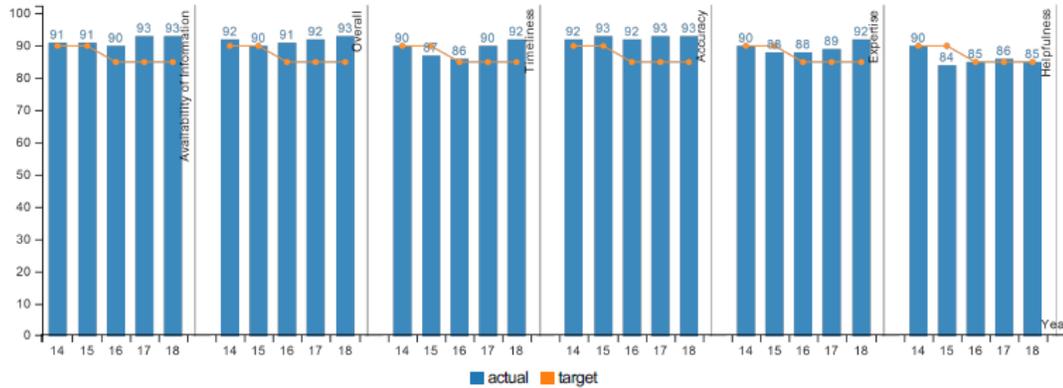
In FY 2018 the Agency met the target of 75% for the first period since the implementation of the measure in 2014.

Factors Affecting Results

In the 2017 Legislative Session the Agency proposed a minor change in the collection method of this measure by changing the timing with which the data is collected. Since the enactment of this measure, from collection periods FY 2014 through FY 2017, the Agency has sent a survey to licensees six months after initial licensure. This survey requests feedback on the examination generally and includes this measure which seeks a rating on the examination as an effective screen for competent and ethical professionals. Over time the Agency observed that comments associated with the rating were heavily focused on performance and daily practices in real estate business, such as lead generation and creating effective marketing campaigns, which are not a focus of real estate education nor the examination.

With the approval of the Legislature, in FY 2018, the Agency began sending the survey to licensees within one month of obtaining their license. The change in the timing between the exam and response to the survey has increased the performance of this measure from 64% at its low to 75%, in the most recent reporting period. New licensees are now reacting to the question more precisely with recent reflection on the examination process.

KPM #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.
 Data Collection Period: Jul 01 - Jun 30



| Report Year | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------------------|------|------|------|------|------|
| Availability of Information | | | | | |
| Actual | 91% | 91% | 90% | 93% | 93% |
| Target | 90% | 90% | 85% | 85% | 85% |
| Overall | | | | | |
| Actual | 92% | 90% | 91% | 92% | 93% |
| Target | 90% | 90% | 85% | 85% | 85% |
| Timeliness | | | | | |
| Actual | 90% | 87% | 86% | 90% | 92% |
| Target | 90% | 90% | 85% | 85% | 85% |
| Accuracy | | | | | |
| Actual | 92% | 93% | 92% | 93% | 93% |
| Target | 90% | 90% | 85% | 85% | 85% |
| Expertise | | | | | |
| Actual | 90% | 88% | 88% | 89% | 92% |
| Target | 90% | 90% | 85% | 85% | 85% |
| Helpfulness | | | | | |
| Actual | 90% | 84% | 85% | 86% | 85% |
| Target | 90% | 90% | 85% | 85% | 85% |

How Are We Doing

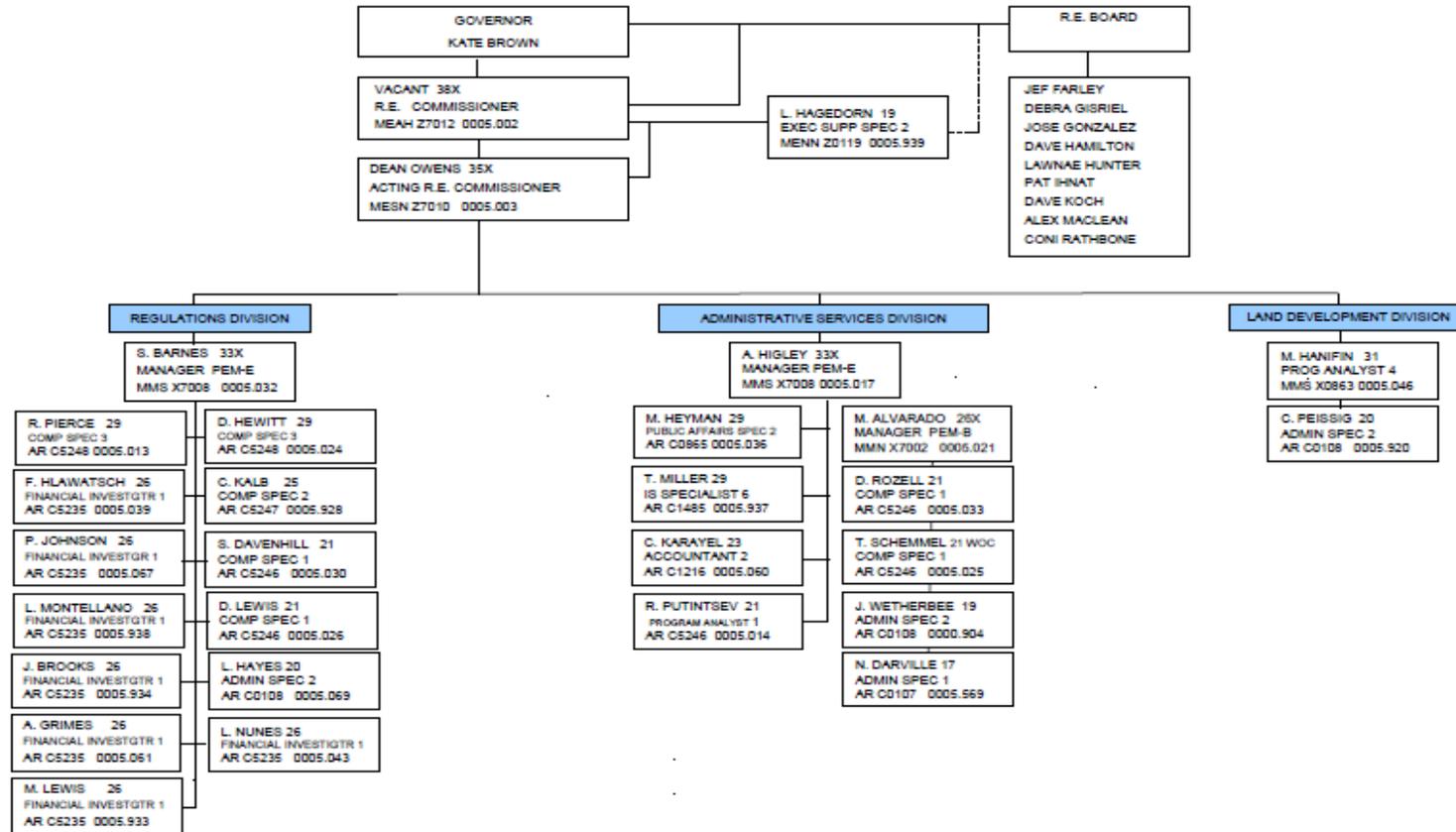
The Agency meets or exceeds all customer service targets.

Factors Affecting Results

The Agency strives to provide "live-answer" phone support and "real-time" email response during business hours. The Agency transitioned to the statewide IBM telephone system in June 2016. Prior to that time the Agency had a receptionist which answered all calls live and transferred to available staff. With this transition the Agency felt it was very important for customers to continue to receive excellent customer service with minimal hold times. The system now allows the Agency to more closely monitor staff availability for phone service and review reporting on call volume, length and response data. These tools have allowed the Agency to improve the overall Customer Service rating by 3% since implementing the new system and by 13% 5 years ago. Average hold times are currently under 15 seconds and feedback continues to be very positive.

2017-19 REAL ESTATE AGENCY ORGANIZATION CHART

(Updated 07.09.18)



BUDGET NARRATIVE

10% Reduction Options (ORS 291.216)

| ACTIVITY OR PROGRAM (WHICH PROGRAM OR ACTIVITY WILL NOT BE UNDERTAKEN) | DESCRIBE REDUCTION (DESCRIBE THE EFFECTS OF THIS REDUCTION. INCLUDE POSITIONS AND FTE IN 2019-21 AND 2021-23) | AMOUNT AND FUND TYPE (GF, LF, OF, FF. IDENTIFY REVENUE SOURCE FOR OF, FF) | RANK AND JUSTIFICATION (RANK THE ACTIVITIES OR PROGRAMS NOT UNDERTAKEN IN ORDER OF LOWEST COST FOR BENEFIT OBTAINED) |
|--|---|--|---|
| 1. Eliminate two Administrative Services Professional positions: Customer Services. | MANAGEMENT AND REMAINING STAFF WOULD ABSORB DUTIES. WORK PRODUCT, CUSTOMER SERVICE RATINGS AND DELIVERY TIME AT RISK. | \$293,805 OTHER FUNDS | (1) |
| 2. Eliminate one Regulatory Administrative Specialist and one Compliance Specialist positions. | EFFECTS LISTED ABOVE WOULD APPLY. | \$338,726 OTHER FUNDS | (2) |
| 3. Eliminate one Financial Investigator 1 positions. | EFFECTS LISTED ABOVE WOULD APPLY. | \$215,221 OTHER FUNDS | (3) |
| 4. Eliminate use of in-state and out-of-state travel. | AGENCY WOULD DECREASE OUT-OF-AREA BOARD MEETINGS AND EMPLOYEES WOULD NOT BENEFIT FROM TRAINING OFFERED OUTSIDE OF SALEM AREA. | \$10,925 OTHER FUNDS | (4) |
| | TOTAL REDUCTIONS | \$858,677 OTHER FUNDS | |