

State Real Estate Department

JLBC: Justin Narducci
 OSPB: Monica Seymour

DESCRIPTION	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 JLBC	FY 2007 JLBC
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	65.4	65.4	65.4	65.4
Personal Services	1,959,300	2,103,300	2,329,700	2,329,700
Employee Related Expenditures	583,500	640,700	654,700	654,700
Professional and Outside Services	17,300	8,600	8,600	8,600
Travel - In State	40,900	43,500	43,500	43,500
Travel - Out of State	3,000	0	0	0
Other Operating Expenditures	422,100	412,300	412,300	412,300
Equipment	86,100	0	9,600	0
AGENCY TOTAL	3,112,200	3,208,400	3,458,400	3,448,800
FUND SOURCES				
General Fund	3,112,200	3,208,400	3,458,400	3,448,800
SUBTOTAL - Appropriated Funds	3,112,200	3,208,400	3,458,400	3,448,800
Other Non-Appropriated Funds	180,700	290,500	290,500	290,500
TOTAL - ALL SOURCES	3,292,900	3,498,900	3,748,900	3,739,300

CHANGE IN FUNDING SUMMARY	FY 2005 to FY 2006 JLBC		FY 2005 to FY 2007 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	250,000	7.8%	240,400	7.5%
Total Appropriated Funds	250,000	7.8%	240,400	7.5%
Non Appropriated Funds	0	0.0%	0	0.0%
Total - All Sources	250,000	7.1%	240,400	6.9%

AGENCY DESCRIPTION — The department issues licenses for real estate, cemetery, and membership campground sales. The department also regulates the real estate industry, including licensees, developers, subdividers, and real estate schools. The department collects various filing and licensing fees, which are deposited into the state General Fund. The revenues derived from these fees are required by law to be between 95% and 110% of the department's state General Fund appropriation.

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2005	FY 2006
	Actual	Actual	Estimate	JLBC
• Average days from receipt to approval of continuing education course	7.4	11.9	7.4	--
• Average days from receipt to issuance of license reports	3.1	4.8	3.1	4.5
• % of surveys from licensees indicating "good" to "excellent" service	99.0	99.6	99.0	99.7
• Average days to issue a public report (NEW)	--	35.5	--	30.0
• Average days from receipt of complaint to resolution	104.5	141.3	104.5	104.5
• % of licensees with disciplinary action	0.3	0.4	0.3	--
• Administration as a % of total cost	17.4	19.4	17.4	--

Comments: The agency attributes an increase in the average days to issue a license to a combination of increasing license applications and license division understaffing. The customer satisfaction rating by licensees for the State Real Estate Department consistently remains at, or above, 99.0%. The agency also reports the average days from receipt of complaint to resolution increased significantly between FY 2003 and FY 2004 because of complex cases that required more time to process.

RECOMMENDED CHANGES FROM FY 2005

Operating Budget

The JLBC recommends \$3,458,400 from the General Fund for the operating budget in FY 2006 and \$3,448,800 in FY 2007. These amounts would fund the following adjustments:

		<u>FY 2006</u>	<u>FY 2007</u>
Investigation Division	GF	\$121,400	\$115,700

The JLBC recommends an increase of \$121,400 from the General Fund in FY 2006 and an increase of \$115,700 in FY 2007 to fill 3 vacant Investigator FTE Positions. The recommended funding would decrease the average caseload quantity per investigator from 74 to 55. The FY 2006 recommendation includes \$5,700 in one-time equipment monies.

Subdivision Division	GF	77,400	74,700
-----------------------------	-----------	---------------	---------------

The JLBC recommends an increase of \$77,400 from the General Fund in FY 2006 and an increase of \$74,700 in FY 2007 to fill 2 vacant Subdivision FTE Positions. The recommended funding would decrease the processing time associated with issuing a public report from 50 days to 30 days. The FY 2006 recommendation includes \$2,700 in one-time equipment monies.

License Division	GF	51,200	50,000
-------------------------	-----------	---------------	---------------

The JLBC recommends an increase of \$51,200 from the General Fund in FY 2006 and an increase of \$50,000 in FY 2007 to fill 1.5 vacant License FTE Positions. The recommended funding would decrease the workload per license processor from approximately 7,200 to 6,200, despite a projected increase of 2% in the total quantity of license applications received. The FY 2006 recommendation includes \$1,200 in one-time equipment monies.

* * *

JLBC RECOMMENDED FORMAT — Lump Sum by Agency

JLBC RECOMMENDED STATUTORY CHANGES

For FY 2006 and FY 2007, the JLBC recommends suspending the statutory requirement that fee revenue remain between 95% and 110% of the department's appropriation. The department is likely to collect fee revenue in excess of 110% of the recommended budget in both fiscal years. Fee revenue is deposited into the General Fund. Without this provision, the department would have to lower its fees, which would result in a loss of General Fund revenue. In FY 2004, previous year's revenue relative to the department's appropriation equaled 125%. Projections for FY 2006 and FY 2007 are 141% and 143%, respectively.

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
Education Revolving (REA4011/A.R.S. § 32-2107)		Non-Appropriated
Source of Revenue: Sale of the department's educational publications, primarily the <u>Real Estate Lawbook</u> .		
Purpose of Fund: To cover the department's costs of printing real estate regulation books and other public information publications, and to cover the department's costs for other educational efforts. All monies in excess of \$25,000 at the end of the fiscal year shall revert to the General Fund.		
Funds Expended	22,700	56,600
Year-End Fund Balance	25,000	18,900
Recovery (REA3119/A.R.S. § 32-2186)		Non-Appropriated
Source of Revenue: A fee of \$20 for brokers and \$10 for salespersons, paid upon application for an original real estate or cemetery license. A surcharge on license renewals is assessed if the fund balance on June 30 of any year falls below \$600,000. The fund also consists of restitution paid by persons convicted of real estate fraud and ordered to repay a judgement awarded out of the Recovery Fund.		
Purpose of Fund: To compensate persons who have been defrauded in a real estate transaction and subsequently suffered monetary losses. Those persons may seek a court order for an award from the Recovery Fund if the person who committed the fraud has no assets. Monies also provide for the department's cost of administering the fund.		
Funds Expended	158,000	233,900
Year-End Fund Balance	1,111,200	1,007,300

[Click here to return to the Table of Contents](#)