

Commissioner: Sam Wercinski

JLBC Analyst: Grant Nülle

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Approved	FY 2009 Approved
<b>OPERATING BUDGET</b>				
<i>Full Time Equivalent Positions</i>	65.4	65.4	72.4	74.4
Personal Services	2,258,700	2,523,600	2,841,700	2,816,500
Employee Related Expenditures	753,000	913,000	1,059,800	1,020,200
Professional and Outside Services	59,900	24,500	37,200	31,300
Travel - In State	42,300	32,900	32,900	32,900
Travel - Out of State	8,900	6,000	6,000	6,000
Other Operating Expenditures	491,600	406,700	488,200	376,000
Equipment	101,300	80,000	148,200	155,600
<b>AGENCY TOTAL</b>	<b>3,715,700</b>	<b>3,986,700</b>	<b>4,614,000<sup>1/</sup></b>	<b>4,438,500<sup>1/</sup></b>

**FUND SOURCES**

General Fund	3,715,700	3,986,700	4,614,000	4,438,500
<b>SUBTOTAL - Appropriated Funds</b>	<b>3,715,700</b>	<b>3,986,700</b>	<b>4,614,000</b>	<b>4,438,500</b>
Other Non-Appropriated Funds	515,200	232,100	232,100	232,100
<b>TOTAL - ALL SOURCES</b>	<b>4,230,900</b>	<b>4,218,800</b>	<b>4,846,100</b>	<b>4,670,600</b>

**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.

<b>PERFORMANCE MEASURES</b>	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2008 Approved
• Average days to issue a public report	35.5	60.7	61	60.0
• Average days from receipt to issuance of license reports	4.8	8.2	9.7	9.0
• % of surveys from licensees indicating “good” to “excellent” service	99.6	96.9	94.5	95.0
• Average days from receipt of complaint to resolution	141.3	181	137	130

Comments: The agency reports the average days from receipt of complaints to resolution dropped in FY 2006 due to improved investigative techniques and improved case management. New investigations have grown from 1,000 in FY 2004 to 1,619 in FY 2006.

**Operating Budget**

The budget provides \$4,614,000 and 72.4 FTE Positions from the General Fund for the operating budget in FY 2008 and \$4,438,500 and 74.4 FTE Positions in FY 2009. These amounts fund the following adjustments:

**Statewide Adjustments**

The budget provides an increase of \$213,600 from the General Fund in FY 2008 and a decrease of \$(37,400) in FY 2009 for statewide adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details. The annualization of these adjustments for FY 2009 will be addressed in the 2008 budget process.)*

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### **Licensing Staffing**

The budget provides an increase of \$115,200 and 3 FTE Positions from the General Fund in FY 2008 and an increase of \$178,300 and 5 FTE Positions in FY 2009 for license processing. In FY 2006 and FY 2007, the Licensing Division experienced backlogs of as much as 5 months for license applications with disclosures, 2 months for applications with deficiencies, and 1 month for renewals and changes. Additional licensing personnel are expected to reduce the backlog of disclosure applications in FY 2008 to 25 days, eliminate the applications with deficiencies backlog, and reduce to 2 days the backlog for renewals and changes. In FY 2009, the additional staffing is expected to reduce the disclosure backlog to 15 days and eliminate all other licensing backlogs.

### **Complaint Processing**

The budget provides an increase of \$205,000 and 3 FTE Positions from the General Fund in FY 2008 and an increase of \$190,800 and 3 FTE Positions in FY 2009 for processing real estate complaints. Between FY 2005 and FY 2006, the number of cases sent to the Compliance and Enforcement Division increased from 391 to 801, or 105%. In FY 2007, the department expects 770 new cases and a backlog of 218 cases. The additional settlement officers will help reduce the backlog by 100 cases in FY 2008 and an additional 100 cases in FY 2009. The FY 2008 amount includes \$14,200 in one-time monies for equipment purchases.

### **Investigations Staffing**

The budget provides an increase of \$49,200 and 1 FTE Position from the General Fund in FY 2008 and an increase of \$44,500 and 1 FTE Position in FY 2009 for investigations. The total number of new investigations increased from 655 in FY 2002 to an anticipated 1,500 cases in FY 2007, a 129% increase. The department expects the addition of an investigator to help reduce the average number of days to close an investigation from 317 in FY 2007 to 298 days in FY 2008 and FY 2009. The FY 2008 amount includes \$4,700 in one-time monies for equipment purchases.

### **Information Technology Update**

The budget provides an increase of \$44,300 from the General Fund in FY 2008 and an increase of \$75,600 in FY 2009 to refresh the agency's information technology infrastructure. The upgrade will replace 32 computers, 2 servers, and 12 printers over a 2-year span. One-time monies totaling \$31,300 will be used in FY 2009 to upgrade office and network software applications. The equipment and software will be used to accommodate the anticipated volume of usage related to the implementation of Phase II of the department's Online License Renewal System, which will offer new electronic services such as late renewal, transfer of employees, and changes to broker licenses.

### **Additional Legislation**

#### **95/110 Provision**

The General Revenues Budget Reconciliation Bill (Laws 2007, Chapter 260) suspends in FY 2008 the statutory requirement that fee revenue be between 95% and 110% of the department's appropriation. The department is likely to collect fee revenue in excess of 110% of its FY 2008 appropriation. Fee revenue is deposited in the General Fund. Therefore, this provision will allow the department to collect revenue in excess of 110% in FY 2008.

This suspension would affect FY 2008 only. Unless the Legislature modifies permanent law again, the department will need to set its fees in FY 2009 so that its revenues will be between 95% and 110% of its appropriation.