

# **REAL ESTATE AGENCY**

## **Annual Performance Progress Report (APPR) for Fiscal Year (2014-2015)**

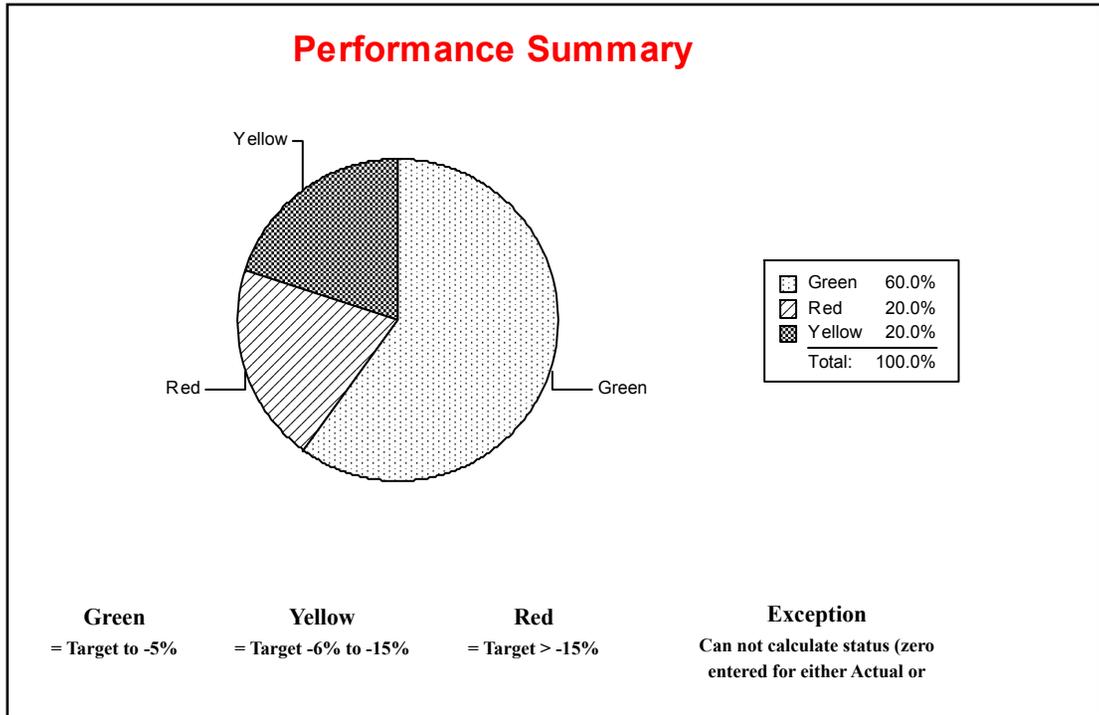
Original Submission Date: 2015

Finalize Date: 9/30/2015

2014-2015 KPM #	2014-2015 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 exam 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.

<b>New Delete</b>	<b>Proposed Key Performance Measures (KPM's) for Biennium 2015-2017</b>
	<b>Title:</b>  <b>Rationale:</b>

<b>REAL ESTATE AGENCY</b>	<b>I. EXECUTIVE SUMMARY</b>
<b>Agency Mission:</b> 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.	
<b>Contact:</b> Erica Kleiner	<b>Contact Phone:</b> 503-378-4409
<b>Alternate:</b>	<b>Alternate Phone:</b>



**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**

As an accountability tool, Agency management reviews its performance results on a weekly and in some cases monthly basis to determine if performance is in an acceptable range.

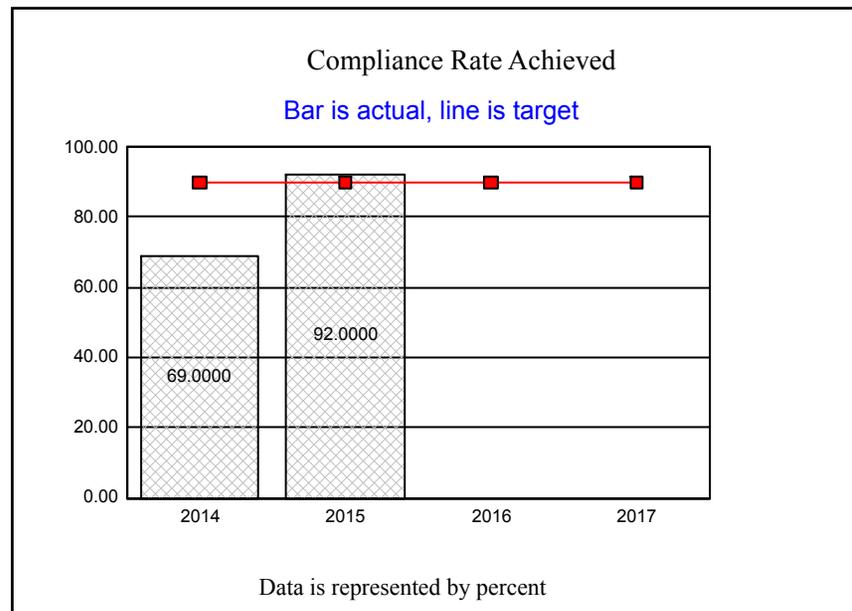
## **4. CHALLENGES**

The Agency licenses approximately 19,000 individuals. The Agency receives a high volume of phone calls and public inquiries. 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 staff members who are trained to deliver high quality service and retained to prevent the loss of knowledge associated with frequent turnover.

## **5. RESOURCES AND EFFICIENCY**

The Agency's Legislatively Approved Budget for 2013-15 is \$7,277,657 Other Funds and 29.75 FTE.

<b>KPM #1</b>	Compliance Rate Achieved - Percent of property managers/principal brokers reviewed who meet compliance within 45 days of a mail-in compliance review.	2013
<b>Goal</b>	Consumer Protection - Provide quality protection for Oregon consumers of real estate related service	
<b>Oregon Context</b>	N/A	
<b>Data Source</b>	Oregon Real Estate Agency Regulations Division records - specifically an electronic follow-up survey to compliance review participants.	
<b>Owner</b>	Selina Barnes, Regulations Division Manager, 503-378-4637	



**1. OUR STRATEGY**

This measure was developed in response to legislative direction by Budget Note, to create a measure that assesses the Agency's strategies for licensee improvement through compliance rather than simply audit count. The Agency created this measure as a response to this direction. Through this measure, the

Agency aims to focus its resources on opportunities to bring property managers and principal brokers who participate in the review into compliance with the real estate rules and laws.

## **2. ABOUT THE TARGETS**

The target of 90% was identified as the baseline for the first year of reporting. A higher percentage of compliance by property managers and principal brokers is desired.

## **3. HOW WE ARE DOING**

For 2015, 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.

## **4. HOW WE COMPARE**

The Agency reviewed the KPMs of other state regulatory agencies in Oregon and found no comparable measures.

## **5. FACTORS AFFECTING RESULTS**

For 2015, the participants were forewarned that they wouldn't complete the compliance review process until a follow-up survey was submitted. Because the data for this measure relied on the respondent's completion of the entire review process, a very low response rate occurred. In fact, only 14 real estate licensees completed the entire review. For 2015, it was made very clear during the initial email, that in order to complete this process, respondents must submit the follow-up survey.

## **6. WHAT NEEDS TO BE DONE**

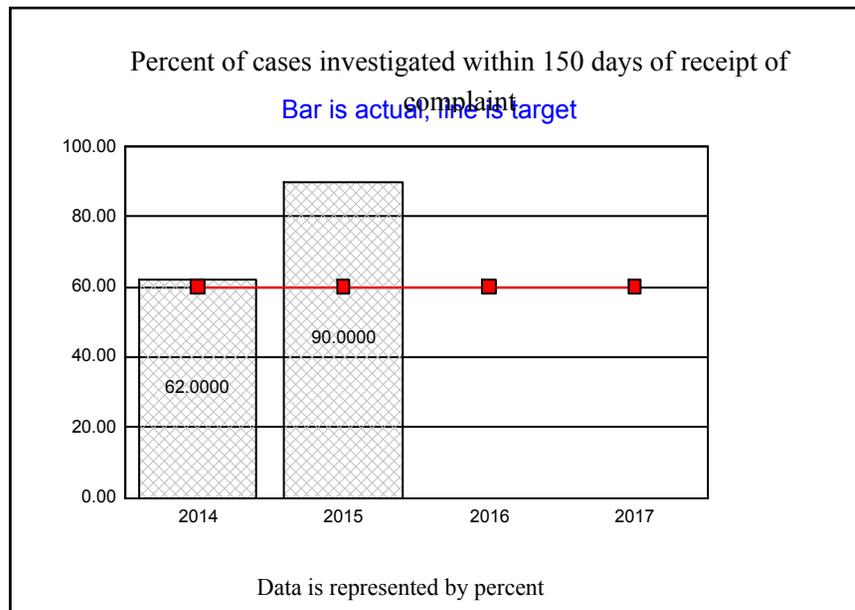
The Regulations Manager, along with the Commissioner and Deputy Commissioner, have placed this program on hold since March 2015. Currently, participation in the compliance review process is completely voluntary. Respondents self-report their compliance with the Agency's rules and laws. The Agency has no way to verify the accuracy of how respondents report. There is also a very low percentage completion rate compared to how many invitations for participation in the compliance review process are sent out (average of 5% participation out of total invitations). Options that are currently under consideration for the program include making participation mandatory or redirecting the resources to focus on the audits of Clients' Trust Accounts.

**7. ABOUT THE DATA**

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

<b>REAL ESTATE AGENCY</b>	<b>II. KEY MEASURE ANALYSIS</b>
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<b>KPM #2</b>	Percent of investigations completed within 150 days of receipt of complaint.	2000
<b>Goal</b>	Consumer Protection - Provide quality protection for Oregon consumers of real estate related service	
<b>Oregon Context</b>	N/A	
<b>Data Source</b>	Oregon Real Estate Agency, Regulation Division records.	
<b>Owner</b>	Selina Barnes, Regulations Division Manager, 503-378-4637	



## 1. OUR STRATEGY

Regulations Division investigators focus solely on investigations. This work includes gathering all information necessary (including identifying and reviewing documents and interviewing witnesses), writing a detailed investigative report and submitting the case to the Regulations Manager for review. The Agency will continue to hire, support, train and retain investigation staff.

## 2. ABOUT THE TARGETS

The measure was modified from the former measure: "Average Number of Days to Complete an Investigation". The modification is more useful in improving investigation timeliness. The target was selected through research of similarly charged state agencies (as well as licensing/regulatory entities outside of Oregon). The target is the same as is used by the Oregon State Board of Nursing for a similar measure. The target is being monitored for appropriateness as this measure is tracked by the Regulations Manager and the Commissioner on a regular basis. However, delays in receiving responses from witnesses, needed documents, and cooperation by some, as well as the complexity of the involved issues, results in a lengthier process in some cases.

## 3. HOW WE ARE DOING

Historically, the Agency reported the "Average Number of Days to Complete an Investigation". The Agency continues to monitor its outcome under both measures and acknowledges the value of considering the results of both "Average Days" and the "Percent of Cases". The Agency met its performance target for FY 2014. During FY 2015, the Agency completed 90% of cases within 150 days. The Agency's results have also improved drastically under the "Average Days" measure. The average number of days to complete an investigation was 128 days in FY 2013 and 130 days in FY 2014. To provide some historical perspective, it was taking the Agency an average of 212 days to complete an investigation in FY 2010 and 267 days to complete an investigation in FY 2011. Again, the Agency's performance in this area has drastically improved.

## 4. HOW WE COMPARE

National context: The Association of Real Estate Licensing and Law Officials (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. State context: The Oregon Board of Nursing (OBN) has been reporting on a very similar measure for many years: "Percent of cases investigated and referred to Board within 120 days of receipt of complaint." The target used by the OBN is the same as was selected by the Agency: 60%, however the number of days goal is slightly less. From 2005-08 the BON investigated between 30-40% of cases within the target. However, since 2009, they exceeded their target every year.

## 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. The Agency also has difficulty with recruiting for these positions due to specificity in the minimum qualifications. There are also factors outside of the Agency's control, such as, unavailable witnesses or information that contribute to lengthier investigations. The Regulations Division is fully staffed for the first time in several years.

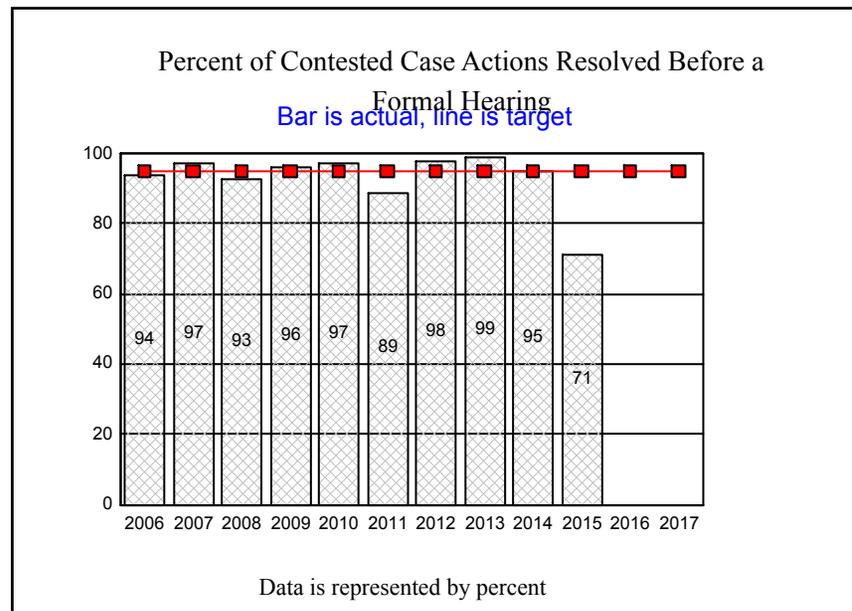
## 6. WHAT NEEDS TO BE DONE

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, or due to the large number of witnesses and the complexity of the issues involved. The manager cannot necessarily assume that all cases take close to the same amount of time. However, tracking the time to complete investigations 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.

## **7. ABOUT THE DATA**

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

<b>KPM #3</b>	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
<b>Goal</b>	Excellent Customer Service	
<b>Oregon Context</b>	N/A	
<b>Data Source</b>	Regulation's Division statistics - total settled contested case actions to total contested case actions	
<b>Owner</b>	Selina Barnes, Regulations Division Manager, 503-378-4637	



**1. OUR STRATEGY**

Continue promoting case resolution through settlement process.

## 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

The Agency continues to meet its performance target of 95% for this measure. In FY 2012, 98% of contested cases were settled without a hearing which exceeded the Agency's target (in FY 2013, the Agency achieved a 99% result). In FY 2014, 95% of contested cases were settled without the hearings process (97% were resolved without a formal hearing taking place), which meets the Agency's target. In FY 2015, 71% of contested cases were settled without the hearings process which falls below the Agency target. This can be accounted for in a change to the Agency case management software which assigns an individual case for each complainant. Of the 57 contested cases in this measure 7 were for a single respondent. The Agency is in the process of reviewing this target to account for the change in case tracking.

## 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 current target is 60%, and the actual was 87% in 2012 and 100% in 2013.

## 5. FACTORS AFFECTING RESULTS

The Agency continues to value the importance of the settlement process in the resolution of disciplinary actions. 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. However, it is not uncommon for respondents to decline a settlement agreement because they want the opportunity to present their position in a formal administrative hearing.

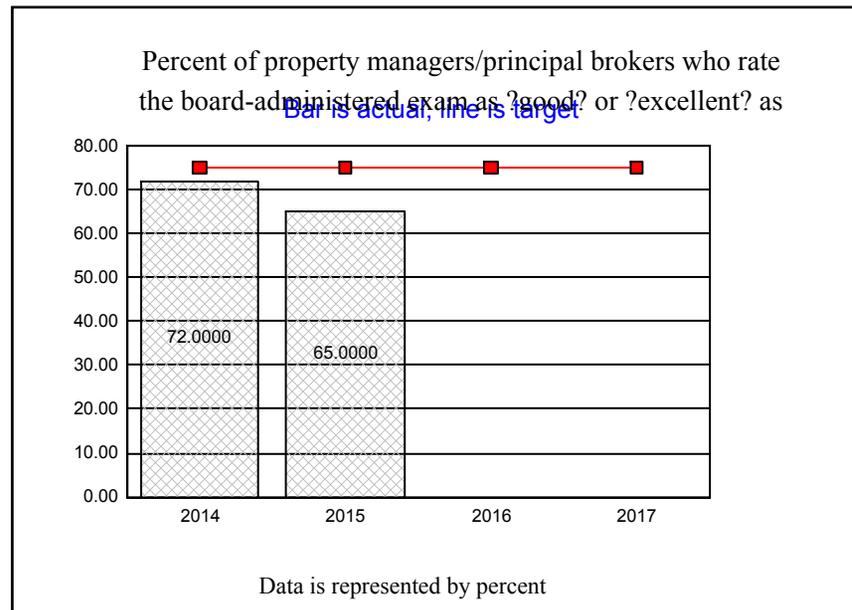
## 6. WHAT NEEDS TO BE DONE

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 resolution is through a settlement agreement or by an administrative hearing.

**7. ABOUT THE DATA**

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

<b>KPM #4</b>	Percent of licensees who rate the board-administered exam as “good” or “excellent” as an effective screen for competent and ethical professionals.	2013
<b>Goal</b>	Provide excellent customer service and consumer protection.	
<b>Oregon Context</b>	N/A	
<b>Data Source</b>	The Agency has pre-defined an automatic email event to select licensees (brokers, principal brokers, and property managers) who have been licensed for six months to receive an email with a link to this survey. The survey data is currently housed in Survey Monkey. Also included on the survey are questions about education providers.	
<b>Owner</b>	Stacey Harrison, Education Division Manager, 503-378-4585	



1. OUR STRATEGY

The Agency will continue to work with its examination vendor and review all test questions for clarity. The Agency will use the responses from this survey to evaluate the performance of its licensing test questions and its examination vendor.

## **2. ABOUT THE TARGETS**

The target of 75% was identified as the baseline for the first year of reporting. A higher percentage of "good" or "excellent" responses is desired.

## **3. HOW WE ARE DOING**

For 2015, 65% of licensees rated the examination as "good" or "excellent" as an effective screen for competent and ethical professionals.

## **4. HOW WE COMPARE**

The Agency reviewed the KPMs of similarly charged state licensing and regulatory agencies in Oregon and found no measures of the effectiveness of licensing examinations.

## **5. FACTORS AFFECTING RESULTS**

Licensees who have failed the examination tend to express negative responses to survey questions related to the examination. The Agency also suspects that licensees are more prone to provide a lower rating of the examination if they were not fully satisfied with their pre-license education provider.

## **6. WHAT NEEDS TO BE DONE**

The Agency will look at methods of ensuring all pre-license education is current. The Agency will also meet periodically with its examination vendor and the Board to improve the examinations by reviewing the test items for both accuracy and relevance.

## **7. ABOUT THE DATA**

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

<b>KPM #5</b>	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
<b>Goal</b>	To improve customer satisfaction through excellent customer service.	
<b>Oregon Context</b>	N/A	
<b>Data Source</b>	The Agency's Business and Licensing Services Manager sends the customer satisfaction survey to its licensees (brokers, principal brokers, and property managers) by email after they've renewed their license in eLicense (approximately 800 per month). The Agency maintains an active email address for all licensees. Beginning in 2013, the surveys were also electronically sent to every person who had submitted an inquiry to the Agency's general email inbox ( <a href="mailto:orea.info@state.or.us">orea.info@state.or.us</a> ). Historically the Agency didn't follow-up with this population, however the effort was started in order to expand and diversify the pool of survey respondents.	
<b>Owner</b>	Anna Higley, Business and Licensing Services Division Lead, 503-378-4671	



1. OUR STRATEGY

The Agency is committed to providing its licensing services electronically and licensees are encouraged to manage their licenses online . They can submit applications, change information, make payments, check their statuses, etc. all online without having to call the Agency . The Agency is committed to providing customer assistance and support to licensees and the public when needed. The surveys help the Agency to determine areas of strength and needed improvement . The survey responses are monitored on a weekly basis and requests for follow-up are fulfilled immediately. The results of the customer satisfaction survey are also shared with upper management on a monthly basis.

## 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%. The Agency does strive to achieve a 100% result in the "good" or "excellent" categories when it comes to customer service.

## 3. HOW WE ARE DOING

The "good" and "excellent" responses decreased slightly across response categories in FY 2013. The results in FY 2014 improved however FY 2015 did observe a minor drop. The Agency suspects the drop in response rates occurred in 2013 due to two factors: one being the implementation of the eLicense system and the dramatic changes to the Agency's licensing processes and the second being that prior to 2013, the Agency didn't solicit input from individuals that contacted the Agency with issues through its main inbox ([orea.info@state.or.us](mailto:orea.info@state.or.us)). Some individuals prefer a more manually run licensing process, allowing them to submit paper application forms and physical payments. Licensees have adjusted to the new system. They generally appreciate the flexibility and reduced processing times that the online system enables them. The Agency will continue to refine the electronic system in order to improve the user experience. In fact, the Agency launched a new version of eLicense in July of 2015, which has drastically improved the "look and feel" of the eLicense system. The goal with sending the customer satisfaction surveys to individuals who contacted the Agency through its main inbox, was to diversify the pool of survey respondents. Generally these are individuals who have some type of "issue" with either a licensing process or the Agency in general. Or they are contacting the Regulations Division with a questions. The Agency felt that only surveying individuals who had successfully renewed their licenses was not fully transparent, and may have skewed the results. Again, this diversifies the pool from which the Agency solicits input from. With the implementation of a new version of the online licensing system the Agency expects that its results will continue to improve over the next two years.

## 4. HOW WE COMPARE

Since this is a standardized measure, the Agency surveyed the results of other similarly charged state agencies in Oregon and the averages of the results achieved by these agencies are comparable to the results achieved by OREA across the categories in FY 2015.

## 5. FACTORS AFFECTING RESULTS

Real estate licensees are, in general, mindful of regulatory requirements and seek information both on the website and from Agency staff. Office policies and procedures encourage staff members to provide excellent customer service in the performance of their duties. Investment by the Agency in customer service trainings is made on an annual basis.

**6. WHAT NEEDS TO BE DONE**

The Agency will continue to solicit input regarding how to improve its electronic licensing system . Agency management will also continue to follow-up with any individual who contacts the Agency through its main email inbox within a one week period .

**7. ABOUT THE DATA**

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

<b>REAL ESTATE AGENCY</b>	<b>III. USING PERFORMANCE DATA</b>
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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><b>1. INCLUSIVITY</b></p>	<ul style="list-style-type: none"> <li>* <b>Staff:</b> Assists with regular review of performance measure results and development of meaningful measures.</li> <li>* <b>Elected Officials:</b> Provide input and approve key performance measures through DAS and Legislative members.</li> <li>* <b>Stakeholders:</b> Assists the Agency in setting realistic goals and directing the content of the performance measures by providing feedback through general discussions.</li> <li>* <b>Citizens:</b> The Agency also provides opportunity for feedback through phone contact and via email, analyzing the information provided to determine the Agency's performance achievements.</li> </ul>
<p><b>2 MANAGING FOR RESULTS</b></p>	<p>Agency management tracks performance measures quarterly and some are tracked monthly. Results are communicated to Agency staff through the Agency's intranet. Management solicits input from 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 Agency's business practices with the interest of government and key stakeholders.</p>
<p><b>3 STAFF TRAINING</b></p>	<p>In the past year, staff have been trained on how to use eLicense. The Licensing Specialists have had in-house training on providing excellent customer service, and employee position descriptions include customer service as a primary function and responsibility. The Agency and each division within the Agency has set customer service standards.</p>
<p><b>4 COMMUNICATING RESULTS</b></p>	<ul style="list-style-type: none"> <li>* <b>Staff:</b> Performance measurements are a frequent topic of discussion, both directly and indirectly, during management, division, and staff meetings to assure compliance with the initiatives. The Regulation Division Manager and the Business and Licensing Services Manager both discuss division workload at the division staff meetings, and process improvement suggestions are continuously encouraged. Division staff meet as needed to discuss workload and process improvement.</li> </ul>

\* **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 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 biennially for their review and input.

\* **Citizens:** The Agency's performance measures and annual report are posted on the Agency's website:  
<http://www.rea.state.or.us>.