

REAL ESTATE COMMISSION

FY 2021 – FY 2023 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2021 – FY 2023

	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Operating Expenditures:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	1,333,454	1,344,894	1,344,894	1,361,783	1,361,783
<i>Subtotal</i>	<u>\$ 1,333,454</u>	<u>\$ 1,344,894</u>	<u>\$ 1,344,894</u>	<u>\$ 1,361,783</u>	<u>\$ 1,361,783</u>
Capital Improvements:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
<i>Subtotal</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL	<u>\$ 1,333,454</u>	<u>\$ 1,344,894</u>	<u>\$ 1,344,894</u>	<u>\$ 1,361,783</u>	<u>\$ 1,361,783</u>
Percentage Change:					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	6.4 %	0.9 %	0.9 %	1.3 %	1.3 %
FTE Positions	12.0	12.0	12.0	12.0	12.0

For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

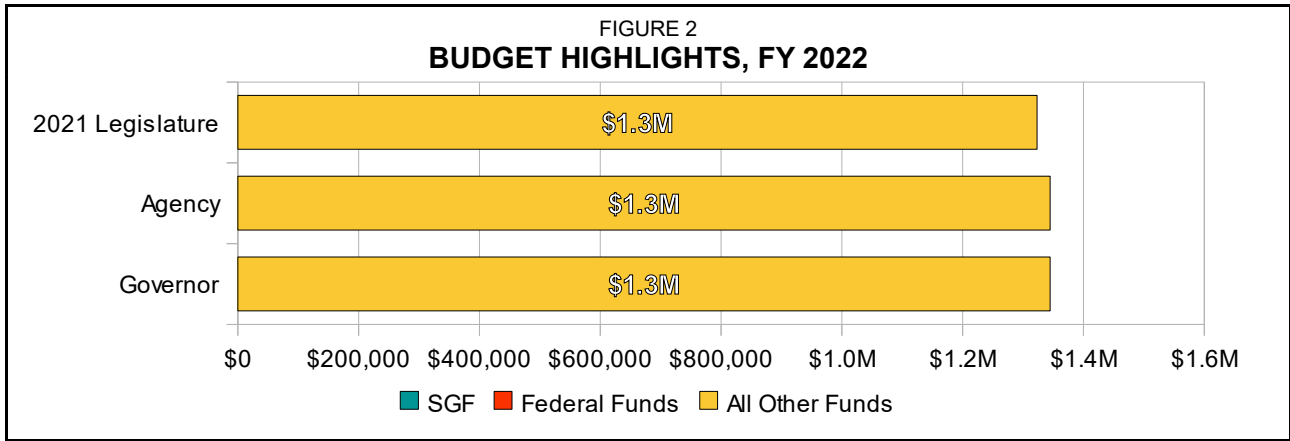
The Real Estate Commission protects the public interest in the selling, purchasing, and leasing of real estate and develops responsive policies and procedures that are customer service focused and not unduly burdensome to regulated real estate licensees.

The agency administers a program of licensure, education, and compliance relating to the transacting of real estate by salespersons and brokers in Kansas. The Commission is composed of five members appointed by the Governor for staggered four-year terms. One member is appointed from each congressional district and one member from the state at large. At least three members shall have been real estate brokers for at least five years, and at least one member shall have never been a real estate broker.

The agency operates under the authority granted by KSA 74-4201 *et seq.*; KSA 58-3034 *et seq.* prescribes licensing standards for real estate brokers and salespersons; and KSA 58-30,101 *et seq.* governs brokerage relationships between real estate salespersons, brokers, and their clients and customers.

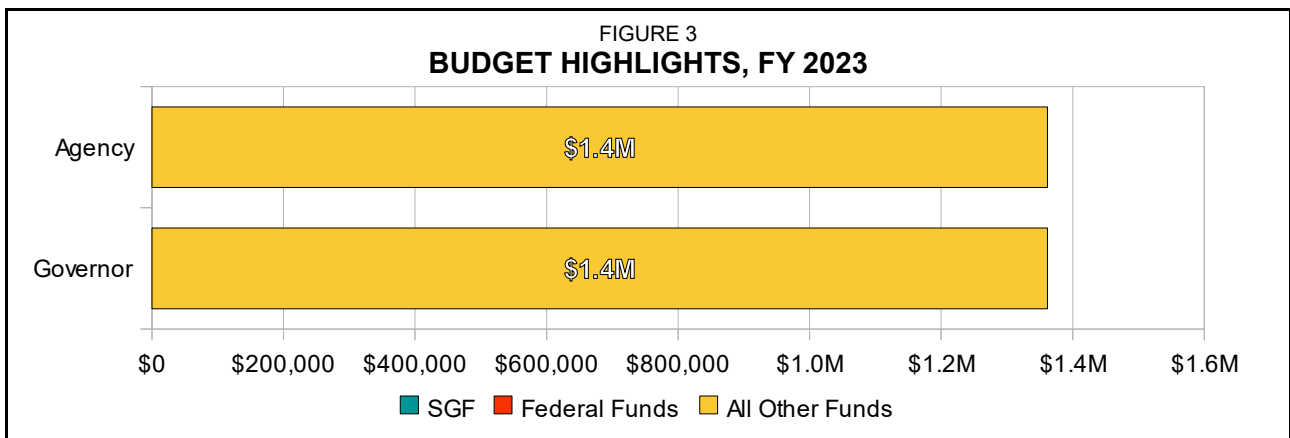
EXECUTIVE SUMMARY

The 2021 Legislature approved a budget of \$1.3 million, all from special revenue funds, for the Real Estate Commission in FY 2022. This agency does not have any expenditures from the State General Fund (SGF). There have been no subsequent adjustments to that amount.



The **agency** requests a revised estimate of \$1.3 million, all from special revenue funds, in FY 2022. This is an increase of \$21,691, or 1.6 percent, above the FY 2022 approved amount. The agency estimate also includes 12.0 FTE positions in FY 2022. This is an increase of 0.3 FTE positions above the approved amount.

The **Governor** concurs with the agency's FY 2022 revised estimate.



- The **agency** requests a revised estimate of \$1.4 million, all from special revenue funds, for FY 2023. The request is an increase of \$27,630, or 2.1 percent, above the FY 2023 approved amount. The agency requests an enhancement for legal representation by the Attorney General (\$7,100). The agency also increased contractual services expenditures by \$25,000 for the costs of administering background checks required for the original license application. The Kansas Bureau of Investigation bills the agency for fingerprinting, background checks, and criminal history reports. The increases are partially offset by a reduction in travel costs.

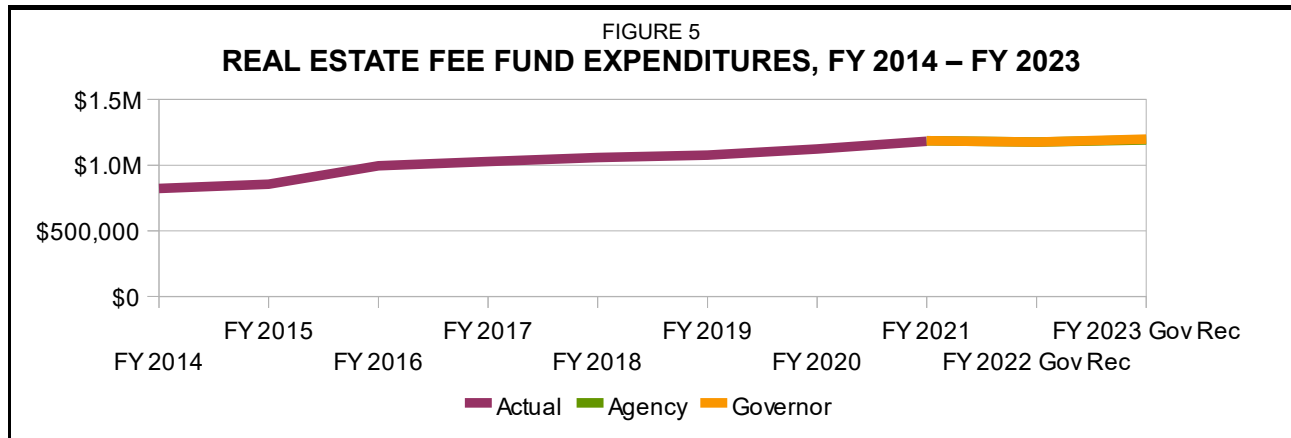
The **Governor** concurs with the agency's FY 2023 request.

EXPENDITURES AND FINANCING

FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2021 – FY 2023

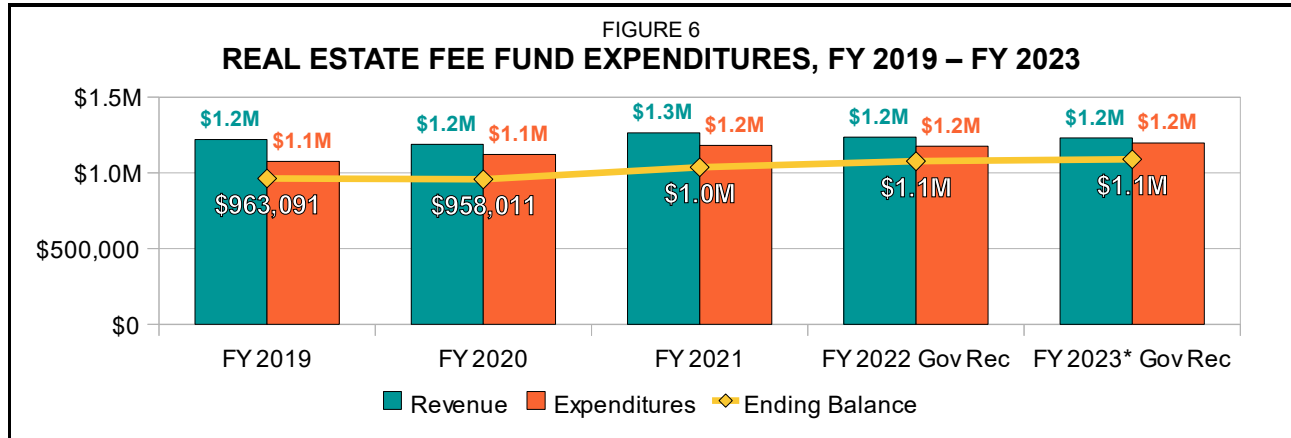
	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Category of Expenditure:					
Salaries and Wages	\$ 824,231	\$ 834,902	\$ 834,902	\$ 844,942	\$ 844,942
Contractual Services	491,986	505,742	505,742	512,341	512,341
Commodities	2,535	2,200	2,200	2,450	2,450
Capital Outlay	14,702	2,050	2,050	2,050	2,050
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<i>\$ 1,333,454</i>	<i>\$ 1,344,894</i>	<i>\$ 1,344,894</i>	<i>\$ 1,361,783</i>	<i>\$ 1,361,783</i>
Aid to Local Units	-	-	-	-	-
Other Assistance	-	-	-	-	-
<i>Subtotal—Operating</i>	<i>\$ 1,333,454</i>	<i>\$ 1,344,894</i>	<i>\$ 1,344,894</i>	<i>\$ 1,361,783</i>	<i>\$ 1,361,783</i>
Capital Improvements	-	-	-	-	-
Debt Service	-	-	-	-	-
Principal	-	-	-	-	-
TOTAL	\$ 1,333,454	\$ 1,344,894	\$ 1,344,894	\$ 1,361,783	\$ 1,361,783
Financing:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Real Estate Fee Fund	1,181,364	1,175,955	1,175,955	1,196,838	1,197,838
Federal Funds	-	-	-	-	-
All Other Funds	152,090	168,939	168,939	164,945	163,945
TOTAL	\$ 1,333,454	\$ 1,344,894	\$ 1,344,894	\$ 1,361,783	\$ 1,361,783
FTE Positions	12.0	12.0	12.0	12.0	12.0

REAL ESTATE FEE FUND



The Real Estate Fee Fund is the primary receipting and expenditure fund of the commission. The fund is where all license, application, and other fees are deposited (per KSA 58-3074). The revenue received provides financing for all agency operations, with 90.0 percent being retained by the agency and 10.0 percent being deposited into the SGF.

REAL ESTATE FEE FUND



* For FY 2023, the lowest month ending balance for the Real Estate Fee Fund will occur in July, with a balance of \$893,427.

The Real Estate Fee Fund receives fees in the amounts noted within the following fee table that are related to the licensure, education, and compliance of the transacting of real estate by salespersons and brokers in Kansas.

FIGURE 7
LICENSE FEES, FY 2022

License	Current Fee	Statutory Limit	Authority
Real Estate Broker Application	\$ 50	\$ 50	KSA 58-3063
Real Estate Broker License (Original and Renewal)	175	200	KSA 58-3063
Real Estate Salesperson Application	15	25	KSA 58-3063
Real Estate Salesperson License	125	150	KSA 58-3063
Course Approval (Provider)	75	75	KSA 58-3063
Course Approval (Licensee)	10	20	KSA 58-3063
License Reinstatement	15	15	KSA 58-3063
Background Investigation	60	Cost Recovery*	
Open Company Office (Primary and Branch)	100	100	KSA 58-3063

* Each individual applying for a new license after July 1, 2007, is required to be fingerprinted and submit to a criminal history record check through the Kansas Bureau of Investigation (KBI) or the Federal Bureau of Investigation. The fee is used to pay for the cost of the criminal history check, participation in the KBI Rap Back Program, and the Commission's administrative costs. The KBI Rap Back Program provides an update regarding new criminal arrests and dispositions for any licensees who have been fingerprinted.

FY 2022 ANALYSIS

FIGURE 8
SUMMARY OF BUDGET REQUEST, FY 2022

	SGF	Special Revenue Funds	All Funds	FTE
Legislative Approved:				
Amount Approved by 2021 Legislature	\$ -	\$ 1,323,203	\$ 1,323,203	11.7
1. No Changes	-	-	-	-
<i>Subtotal—Legislative Approved</i>	<i>\$ -</i>	<i>\$ 1,323,203</i>	<i>\$ 1,323,203</i>	<i>11.7</i>
Agency Revised Estimate:				
2. FTE position increases	\$ -	\$ -	\$ -	0.3
3. Background Checks	-	27,249	27,249	-
4. Private Vehicle Mileage	-	(3,578)	(3,578)	-
5. All Other Adjustments	-	(1,980)	(1,980)	-
<i>Subtotal—Agency Revised Estimate</i>	<i>\$ -</i>	<i>\$ 1,344,894</i>	<i>\$ 1,344,894</i>	<i>12.0</i>
Governor’s Recommendation:				
6. No Changes	-	-	-	-
TOTAL	\$ -	\$ 1,344,894	\$ 1,344,894	12.0

LEGISLATIVE APPROVED

- NO CHANGES.** Subsequent to the 2021 Session, no adjustments were made to the \$1.3 million appropriated to the Real Estate Commission in FY 2022.

AGENCY ESTIMATE

The **agency** requests a revised estimate of \$1.3 million, all from special revenue funds, in FY 2022. This is an increase of \$21,691, or 1.6 percent, above the FY 2022 approved amount. There are increased expenditures in salaries and wages of \$1,737, or 0.2 percent, and an increase of contractual services of \$20,914, or 4.3 percent. There are decreased expenditures in commodities of \$710, or 24.4 percent, and capital outlay of \$250, or 10.9 percent.

The **agency** request includes the following adjustments:

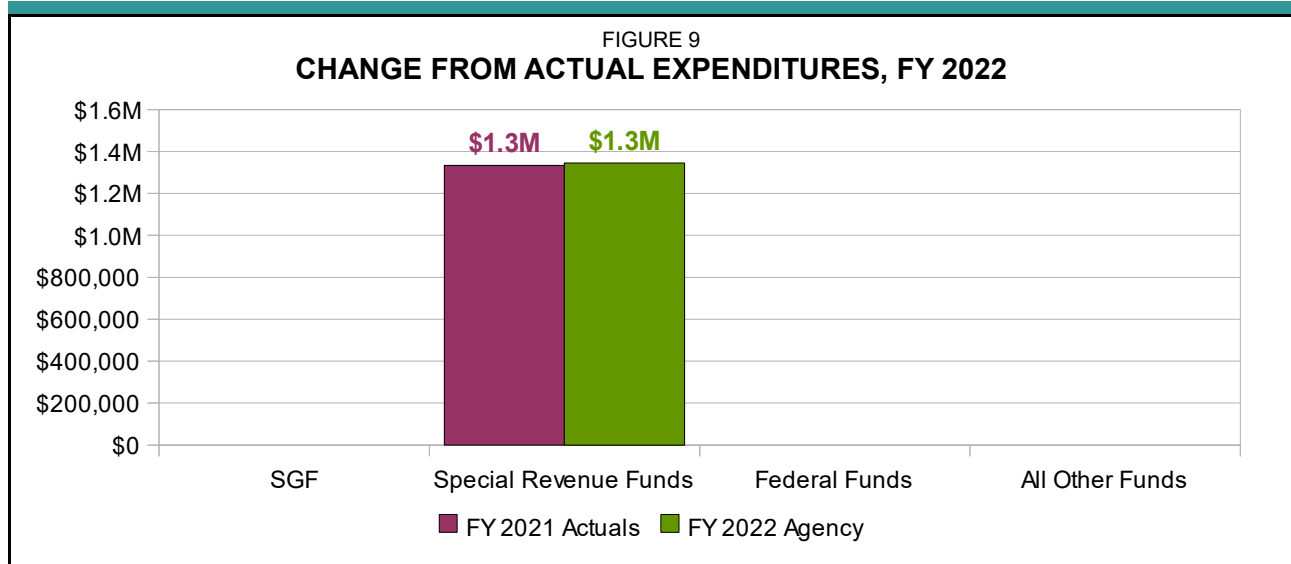
- FTE POSITIONS.** The agency estimate also includes 12.0 FTE positions in FY 2022. This is an increase of 0.3 FTE positions above the approved amount. This increase is attributable to two part-time positions being changed to full-time positions due to increased volume of work as a result of a record number of active real estate licenses.
- BACKGROUND CHECKS.** The increase in contractual services expenditures is due in part to the costs of administering background checks required for the original license application. The Kansas Bureau of Investigation bills the agency for fingerprinting, background checks, and criminal history reports.
- PRIVATE VEHICLE MILEAGE.** The agency's estimate for private vehicle mileage decreased by \$3,578.
- OTHER ADJUSTMENT.** The agency made other adjustments, deleting \$1,980 mostly in various contractual service fees. This amount is partially offset by adjustment to fringe benefit expenditures in salaries.

GOVERNOR'S RECOMMENDATION

The **Governor** concurs with the agency's FY 2022 revised estimate.

6. **NO CHANGES.** The Governor concurs with the agency's FY 2022 revised estimate.

FY 2022 CHANGE FROM ACTUAL EXPENDITURES



The agency estimates revised expenditures of \$1.3 million, all from special revenue funds, in FY 2022. This is an increase of \$11,440, or 0.9 percent, above the FY 2021 actual expenditures. The increase is attributable to salaries and wages expenditures of \$10,671, or 1.3 percent, and contractual services of \$13,756, or 2.8 percent.

Salaries and wages increases reflect costs associated with the 0.3 FTE positions increase, including employer contributions to health and retirement benefits. Contractual services primarily increased due to travel and job-related training expenditures.

FY 2023 ANALYSIS

FIGURE 10
SUMMARY OF BUDGET REQUEST, FY 2023

	SGF	Special Revenue Funds	All Funds	FTE
Legislative Approved:	\$ -	\$ 1,334,153	\$ 1,334,153	11.7
Agency Request:				
1. Enhancement– Funding for the Attorney General’s Fee Increase	\$ -	\$ 7,100	\$ 7,100	-
2. Background Checks	-	25,000	25,000	-
3. Private Vehicle Mileage	-	(3,278)	(3,278)	-
4. Meals and Lodging	-	(6,179)	(6,179)	-
5. FTE position increases	-	-	-	0.3
6. All Other Adjustments	-	4,987	4,987	-
<i>Subtotal–Agency Estimate</i>	\$ -	\$ 1,361,783	\$ 1,361,783	12.0
Governor’s Recommendation:				
7. No changes	\$ -	\$ -	\$ -	-
TOTAL	\$ -	\$ 1,361,783	\$ 1,361,783	12.0

AGENCY REQUEST

The **agency** requests a revised estimate of \$1.4 million, all from special revenue funds, for FY 2023. The request is an increase of \$27,630, or 2.1 percent, above the FY 2023 approved amount. The agency requests an enhancement for legal representation by the Attorney General (\$7,100). The agency also increased contractual services expenditures by \$25,000 for the costs of administering background checks required for the original license application. The Kansas Bureau of Investigation bills the agency for fingerprinting, background checks, and criminal history reports. The increases are partially offset by a reduction in travel costs.

The **agency** request includes the following adjustments:

- 1. ENHANCEMENT—ATTORNEY GENERAL’S FEE INCREASE.** The agency requests \$7,100, all from special revenue funds, to fund the Kansas Attorney General’s increase in their legal representation charges for FY 2023.
- 2. BACKGROUND CHECKS.** The increase in contractual services expenditures are due in part to the costs of administering background checks required for the original license application. The Kansas Bureau of Investigation bills the agency for fingerprinting, background checks, and criminal history reports.
- 3. PRIVATE VEHICLE MILEAGE.** The agency’s estimate for private vehicle mileage decreased by \$3,278.
- 4. MEALS AND LODGING.** The agency’s estimate for meals and lodging is reduced by \$6,179.
- 5. FTE POSITIONS.** The agency estimate also includes 12.0 FTE positions in FY 2022. This is an increase of 0.3 FTE positions above the approved amount. This increase is attributable to two part-time positions being changed to full-time positions due to increased volume of work as a result of a record number of active real estate licenses.

6. **OTHER ADJUSTMENTS.** The agency made other adjustments for an increase of \$4,987, which is predominantly attributable to credit card processing fees (\$2,750) and conference fees (\$3,090).

GOVERNOR'S RECOMMENDATION

The **Governor** concurs with the agency's FY 2023 request.

7. **NO CHANGES.** The Governor makes no adjustments to the agency FY 2023 request.

ENHANCEMENT REQUESTS

REQUEST 1
ENHANCEMENT REQUEST

The agency requests \$7,100, all from special revenue funds, for the increase in Attorney General's legal representation charges for FY 2023.

Item	TITLE				
	SGF	Special Revenue Funds	All Funds	FTE	
Funding for the Attorney General's Fee Increase	\$	-	\$ 7,100	\$ 7,100	-

The agency reports that there will be a 25.0 percent increase in the Attorney General's legal representation charges for FY 2023 due to a budget proviso that increased the Board of Indigents' Defense Services assigned counsel rate from \$80 an hour to \$100 an hour in FY 2022. Existing law allows the Attorney General to charge up to, but not above, the assigned counsel hourly rate.

The Governor recommends the adoption of this request.

PROGRAM AND PERFORMANCE MEASURES OVERVIEW

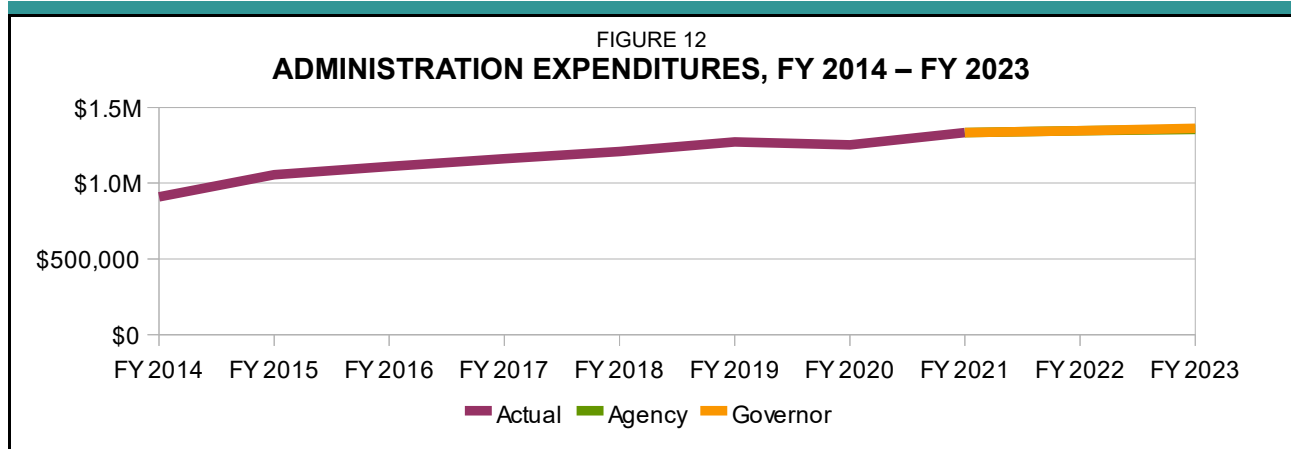
FIGURE 11
EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2021 – FY 2023

Programs	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Expenditures:					
Administration	\$ 133,454	\$ 1,344,894	\$ 1,344,894	\$ 1,361,783	\$ 1,361,783
FTE Positions:					
Administration	12.0	12.0	12.0	12.0	12.0

PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness.

ADMINISTRATION



STATUTORY BASIS: • KSA 74-4202(b)

PROGRAM GOALS:

- License only those individuals who have successfully completed all pre-licensing and continuing education requirements required by Kansas law.
- Increase licensees' knowledge of Kansas real estate practice law through education and outreach.
- Regulate real estate licensed activities to require compliance with commission statutes and regulations.

The Administration program is the agency's only budgetary program. The program is responsible for the licensure, education and compliance relating to the transacting of real estate by salesperson or brokers.

FIGURE 13
ADMINISTRATION, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
Outcome Measure:					
1. Percent of licenses renewed online	94	95	93	96	96
2. Number of compliance reviews performed	281	249	309	300	325
3. Average regulatory cost per real estate license	\$ 75.94	\$ 65.82	\$ 73.00	\$ 67.98	\$ 68.43
Output Measure:					
4. Number of Active Real Estate Licensees	16,498	16,999	16,562	17,300	17,400
5. Percentage of licenses issued within one day of completion	99.0 %	99.0 %	99.0 %	99.0 %	99.0 %
Financing					
	Actual FY 2021	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	1,253,005	1,333,454		1,344,894	1,361,783
TOTAL	\$ 1,253,005	\$ 1,333,454		\$ 1,344,894	\$ 1,361,783
Percentage Change:					
SGF	-- %	-- %		-- %	-- %
All Funds	(1.4) %	6.4 %		0.9 %	1.3 %
FTE Positions	12.0	12.0		12.0	12.0