

# REAL ESTATE APPRAISAL BOARD

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	290,198	316,452	316,452	323,884	323,884
<b>TOTAL</b>	<b>\$ 290,198</b>	<b>\$ 316,452</b>	<b>\$ 316,452</b>	<b>\$ 323,884</b>	<b>\$ 323,884</b>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>GRAND TOTAL</b>	<b>\$ 290,198</b>	<b>\$ 316,452</b>	<b>\$ 316,452</b>	<b>\$ 323,884</b>	<b>\$ 323,884</b>

## Percentage Change:

Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	4.7	9.0	9.0	2.3	2.3
FTE Positions	2.0	2.0	2.0	2.0	2.0
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>

## AGENCY OVERVIEW

The Real Estate Appraisal Board licenses and certifies real estate appraisers in the State of Kansas. The Board was created for this purpose in 1990 in response to federal law requiring appraisers involved in federally related transactions to have a state license or certification. When it was created, the Board was attached to the Real Estate Commission for administrative purposes. The 1993 Legislature amended the State Certified and Licensed Real Property Appraisers Act to separate the Appraisal Board from the Real Estate Commission and charge the Appraisal Board with administering the act. The Board's staff is made up of 2.0 FTE positions: the Executive Director and a Public Service Administrator.

The Real Estate Appraisal Board is composed of seven members who are appointed to staggered three-year terms by the Governor. At least one member must represent the general public, at least two members must represent financial institutions, and at least three members must be licensed real estate appraisers. The Real Estate Appraisal Board is financed through fees obtained from the examination and licensure of real estate appraisers and appraisal management companies.

## MAJOR ISSUES FROM PRIOR YEARS

The **1994 Legislature** enacted legislation requiring fee funded agencies, including the Kansas Real Estate Appraisal Board, to submit biennial budgets beginning in September 1994, for FY 1996 and FY 1997.

The **2004 Legislature** authorized the transfer of remaining balances over \$200,000 from selected biennial budget agency fee funds to the State General Fund in FY 2005. The amount certified by the Director of the Budget on April 19, 2004 for the Real Estate Appraisal Board was \$334,369.

The **2012 Legislature** enacted legislation requiring real estate appraisal management companies working in Kansas to register with the Real Estate Appraisal Board effective October 1, 2012. The purpose of this act is to protect lenders, financial institutions, clients, consumers, and the public from economic and financial harm and the potential for such harm that may result from interference with the independence, objectivity, and impartiality of the real estate appraisal process.

The **2014 Legislature** added \$604, all from special revenue funds, for FY 2015 for employee bonuses of \$250 for all full-time employees, except elected officials, who were employed on December 6, 2013.

## BUDGET SUMMARY AND KEY POINTS

**FY 2016 – Current Year.** The **agency** requests a revised FY 2016 budget totaling \$316,452, all from special revenue funds, which is unchanged from the amount approved by the 2015 Legislature. The request includes 2.0 FTE positions, the same as the approved amount.

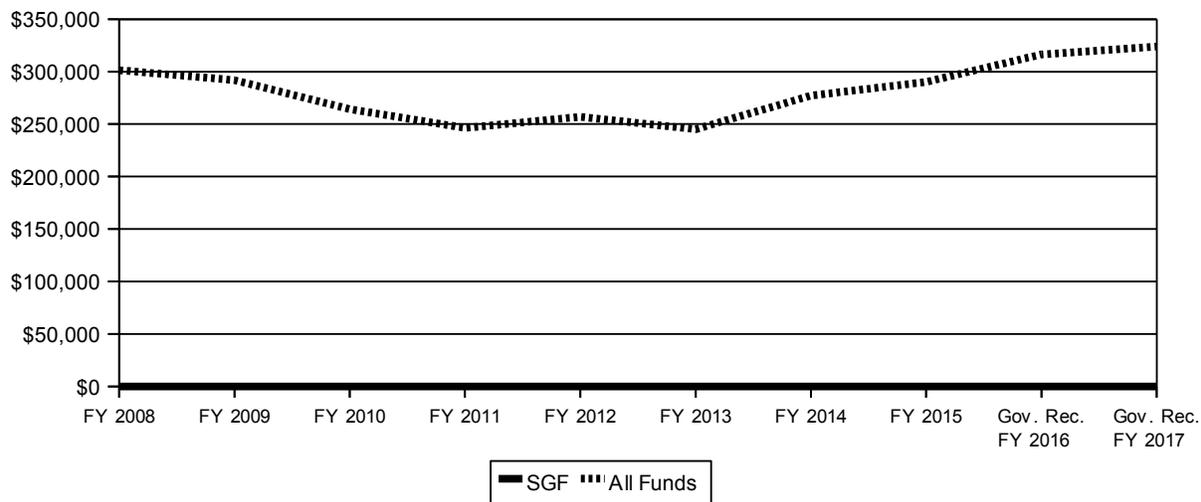
The **Governor** concurs with the agency's FY 2016 estimate.

**FY 2017 – Budget Year.** The **agency** requests a revised FY 2017 budget totaling \$323,884, all from special revenue funds, which is unchanged from the amount approved by the 2015 Legislature. The request includes 2.0 FTE positions, the same as the approved amount.

The **Governor** concurs with the agency's FY 2017 estimate.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2008 – FY 2017



## OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 0	-- %	\$ 301,381	10.8 %	2.0
2009	0	--	291,895	(3.1)	2.0
2010	0	--	264,270	(9.5)	2.0
2011	0	--	246,374	(6.8)	2.0
2012	0	--	256,989	4.3	2.0
2013	0	--	245,121	(4.6)	2.0
2014	0	--	277,138	13.1	2.0
2015	0	--	290,198	4.7	2.0
2016 Gov. Rec.	0	--	316,452	9.0	2.0
2017 Gov. Rec.	0	--	323,884	2.3	2.0
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 22,503	7.5 %	0.0

## Summary of Operating Budget FY 2015 - FY 2017

	Actual 2015	Agency Estimate				Governor's Recommendation			
		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
<b>By Program:</b>									
Administration	\$ 290,198	\$ 316,452	\$ 323,884	\$ 7,432	2.3 %	\$ 316,452	\$ 323,884	\$ 7,432	2.3 %
<b>By Major Object of Expenditure:</b>									
Salaries and Wages	\$ 153,017	\$ 152,502	\$ 155,408	\$ 2,906	1.9 %	\$ 152,502	\$ 155,408	\$ 2,906	1.9 %
Contractual Services	129,724	157,950	162,476	4,526	2.9	157,950	162,476	4,526	2.9
Commodities	2,178	4,000	4,000	0	0.0	4,000	4,000	0	0.0
Capital Outlay	5,279	2,000	2,000	0	0.0	2,000	2,000	0	0.0
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 290,198	\$ 316,452	\$ 323,884	\$ 7,432	2.3 %	\$ 316,452	\$ 323,884	\$ 7,432	2.3 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 290,198	\$ 316,452	\$ 323,884	\$ 7,432	2.3 %	\$ 316,452	\$ 323,884	\$ 7,432	2.3 %
<b>Financing:</b>									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Appraiser Fee Fund	226,968	237,713	243,286	5,573	2.3	237,713	243,286	5,573	2.3
Appraisal Management Companies Fee Fund	63,230	78,739	80,598	1,859	2.4	78,739	80,598	1,859	2.4
TOTAL	\$ 290,198	\$ 316,452	\$ 323,884	\$ 7,432	2.3 %	\$ 316,452	\$ 323,884	\$ 7,432	2.3 %

# BUDGET OVERVIEW

## A. FY 2016 – Current Year

### Adjustments to Approved Budget

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	316,452	316,452	0	316,452	0
<b>TOTAL</b>	<b>\$ 316,452</b>	<b>\$ 316,452</b>	<b>\$ 0</b>	<b>\$ 316,452</b>	<b>\$ 0</b>
FTE Positions	2.0	2.0	0.0	2.0	0.0

The **agency** requests a revised FY 2016 budget totaling \$316,452, all from special revenue funds, which is unchanged from the amount approved by the 2015 Legislature. The request includes 2.0 FTE positions, the same as the approved amount. Major categories of expenditures are detailed below. The estimate also includes two transfers of \$175,000, all from special revenue funds, as part of the Governor’s July 30 Allotment. The transfers do not impact agency expenditures but reduce its fee fund balances.

- **Salaries and Wages.** The agency requests \$152,502, which is a decrease of \$3,060, or 2.0 percent, below the approved amount. The decrease is due to a reduction in temporary wages.
- **Contractual Services.** The agency requests \$157,950, which is an increase of \$5,910, or 3.9 percent, above the approved amount. The increase is primarily due to greater expenditures on professional services resulting from higher contracted rates for contracted reviewers and quality assurance consultants, as well as increased expenditures on information technology services provided by the Office of Information Technology Services (OITS).
- **Commodities.** The agency requests \$4,000, which is a reduction of \$1,350, or 25.2 percent, below the approved amount. The decrease is primarily due to reduced purchases of office and data processing supplies.
- **Capital Outlay.** The agency requests \$2,000, which is a reduction of \$1,500, or 42.9 percent, below the approved amount. The decrease is primarily due to reduced purchases of office equipment as the agency replaced several pieces of equipment in FY 2015.

The **Governor** concurs with the agency’s FY 2016 estimate.

**Governor’s Allotments**

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency’s operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERs contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Senate Sub. for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor’s allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor’s Budget Recommendation. The impact of these adjustments on this agency is described below.

<b>GOVERNOR’S ALLOTMENTS</b>			
<u>Allotment</u>	<u>SGF</u>	<u>All Funds</u>	<u>FTE</u>
July Special Allotment			
Unencumbered App. Man. Companies Fee Fund transfer	\$ 0	\$ 0	0.0
Unencumbered Appraiser Fee Fund transfer	0	0	0.0
November Allotment	\$ 0	\$ 0	0.0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0.0</b>

The Governor recommends a transfer of \$100,000, all from the Appraisal Management Companies Fee Fund, as part of the July 30 Allotment. The transfer does not impact agency expenditures but is a reduction in its fee fund balance.

The Governor also recommends a transfer of \$75,000, all from from the Appraiser Fee Fund, as part of the July 30 Allotment. The transfer does not impact agency expenditures but is a reduction in its fee fund balance.

## B. FY 2017 – Budget Year

### Adjustments to Approved Budget

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	323,884	323,884	0	323,884	0
<b>TOTAL</b>	<b>\$ 323,884</b>	<b>\$ 323,884</b>	<b>\$ 0</b>	<b>\$ 323,884</b>	<b>\$ 0</b>
FTE Positions	2.0	2.0	0.0	2.0	0.0

The **agency** requests a revised FY 2017 budget totaling \$323,884, all from special revenue funds, which is unchanged from the amount approved by the 2015 Legislature. The request includes 2.0 FTE positions, the same as the approved amount. Major categories of expenditures are detailed below.

- **Salaries and Wages.** The agency requests \$155,408, which is a decrease of \$5,436, or 3.4 percent, below the approved amount. The decrease is due to a reduction in temporary wages.
- **Contractual Services.** The agency requests \$162,476, which is an increase of \$8,936, or 5.8 percent, above the approved amount. The increase is primarily due to greater expenditures on professional services resulting from higher contracted rates for contracted reviewers and quality assurance consultants, as well as increased expenditures on information technology services provided by OITS.
- **Commodities.** The agency requests \$4,000, which is a reduction of \$1,500, or 27.3 percent, below the approved amount. The decrease is primarily due to reduced purchases of office and data processing supplies.
- **Capital Outlay.** The agency requests \$2,000, which is a reduction of \$2,000, or 50.0 percent, below the approved amount. The decrease is primarily due to reduced purchases of office equipment as the agency replaced several pieces of equipment in FY 2015.

The **Governor** concurs with the agency's FY 2017 estimate.

## Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	0.0 %	0.0 %
Appraiser Fee Fund	75.1	75.1
Appraisal Management Companies Fee Fund	24.9	24.9
<b>TOTAL</b>	<b>100.0 %</b>	<b>100.0 %</b>

**Note:** Details may not add to totals due to rounding.

## Appraiser Fee Fund Analysis

The Real Estate Appraisal Board is a fee-funded agency. The revenue received provides financing for agency operations, with 90.0 percent being retained by the agency and 10.0 percent being deposited into the State General Fund (KSA 58-4107). Most of the revenue into the Appraiser Fee Fund is generated from new and renewal license fees. In FY 2016, the Governor exercised the authority granted to him by 2015 Senate Sub. for HB 2135 to transfer \$75,000 from the Appraiser Fee Fund to the State General Fund.

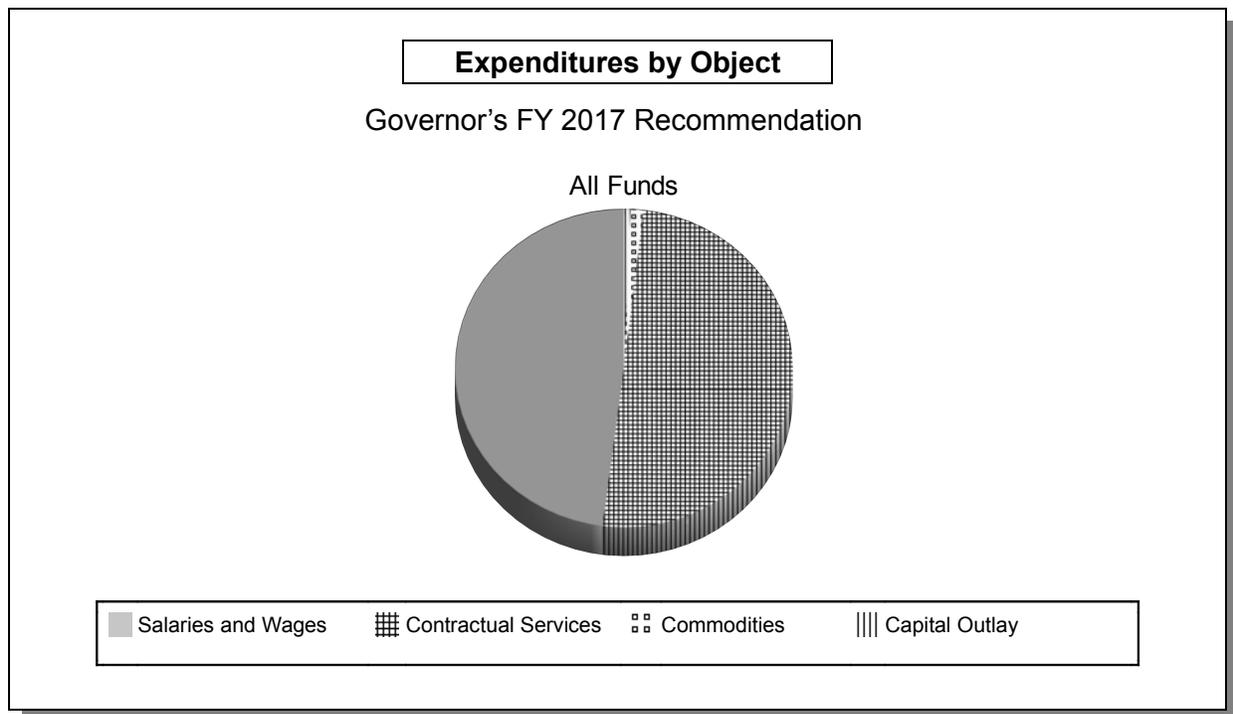
Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 361,952	\$ 170,117	\$ 170,117	\$ 79,977	\$ 79,977
Revenue	35,133	222,573	222,573	222,573	222,573
Transfers in	0	0	0	0	0
Total Funds Available	\$ 397,085	\$ 392,690	\$ 392,690	\$ 302,550	\$ 302,550
Less: Expenditures	226,968	237,713	237,713	243,286	243,286
Transfers Out	0	75,000	75,000	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 170,117</u>	<u>\$ 79,977</u>	<u>\$ 79,977</u>	<u>\$ 59,264</u>	<u>\$ 59,264</u>
Ending Balance as Percent of Expenditures	75.0%	33.6%	33.6%	24.4%	24.4%
Month Highest Ending Balance	July <u>\$ 314,422</u>	July <u>\$ 160,525</u>	July <u>\$ 160,525</u>	July <u>\$ 78,942</u>	July <u>\$ 78,942</u>
Month Lowest Ending Balance	May \$ 110,874	May \$ 12,760	May \$ 12,760	May \$ 15,000	May \$ 15,000

## Appraisal Management Companies Fee Fund Analysis

The 2012 Legislature enacted laws authorizing the agency to begin registering Appraisal Management Companies (AMCs) on October 1, 2012. The agency estimates that it will register approximately 20 new AMCs at \$1,500 per company and renew approximately 109 companies at \$900 per renewal in FY 2016. The agency reports that 75.0 percent of agency expenditures are paid from the Appraiser Fee Fund and 25.0 percent from the Appraisal Management Companies Fee Fund. In FY 2016, the Governor exercised the authority granted to him by 2015 Senate Sub. for HB 2135 to transfer \$100,000 from the Appraisal Management Companies Fee fund to the State General Fund.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 222,919	\$ 271,424	\$ 271,424	\$ 204,420	\$ 204,420
Revenue	111,735	111,735	111,735	111,735	111,735
Transfers in	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 334,654	\$ 383,159	\$ 383,159	\$ 316,155	\$ 316,155
Less: Expenditures	63,230	78,739	78,739	80,598	80,598
Transfers Out	0	100,000	100,000	0	0
Off Budget Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	<u>\$ 271,424</u>	<u>\$ 204,420</u>	<u>\$ 204,420</u>	<u>\$ 235,557</u>	<u>\$ 235,557</u>
Ending Balance as Percent of Expenditures	429.3%	259.6%	259.6%	292.3%	292.3%
Month Highest Ending Balance	November <u>\$ 295,398</u>	August <u>\$ 269,058</u>	August <u>\$ 269,058</u>	September <u>\$ 283,431</u>	September <u>\$ 283,431</u>
Month Lowest Ending Balance	July <u>\$ 223,950</u>	May <u>\$ 203,098</u>	May <u>\$ 203,098</u>	July <u>\$ 205,758</u>	July <u>\$ 205,758</u>

# OBJECT DETAIL



Object	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Salaries and Wages	\$ 155,408	48.0 %	\$ 0	-- %
Contractual Services	162,476	50.2	0	--
Commodities	4,000	1.2	0	--
Capital Outlay	2,000	0.6	0	--
<b>TOTAL</b>	<b>\$ 323,884</b>	<b>100.0 %</b>	<b>\$ 0</b>	<b>-- %</b>

**FTE POSITIONS BY PROGRAM FY 2015 – FY 2017**

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	2.0	2.0	2.0	2.0	2.0

<b>Real Estate Appraisal Board Fees</b>		
	<b>Current Fee</b>	<b>Statutory Limit</b>
Application Fee	\$50	\$50
Annual Renewal	150	300
Late Renewal	50	50
Certification	10	25
New Continuing Education Course Approval	50	100
New Pre-Licensing Course Approval	100	100
Renewal of Courses	25	25
Approval and Renewal of all Appraisal Qualifications Board Approved Courses	10	25
Reinstatement of License Fee	50	50
Temporary Practice Permit	50	50
AMC Registration	1,500	3,500
AMC Renewal	900	3,500
AMC Late Fee	100	500

<b>PERFORMANCE MEASURES</b>				
<b>Measure</b>	<b>Gov. Rec. for FY 2015</b>	<b>Actual FY 2015</b>	<b>Gov. Rec. FY 2016</b>	<b>Gov. Rec. FY 2017</b>
Number of new licenses issued	55	42	42	42
Number of appraisal management companies registered	128	132	137	137
Percent of applications for licensure approved	100.0%	100.0%	100.0%	100.0%
Number of complaints handled	40	40	40	40