

REAL ESTATE COMMISSION

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	1,055,154	1,103,486	1,103,486	1,140,146	1,140,146
TOTAL	\$ 1,055,154	\$ 1,103,486	\$ 1,103,486	\$ 1,140,146	\$ 1,140,146
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 1,055,154	\$ 1,103,486	\$ 1,103,486	\$ 1,140,146	\$ 1,140,146

Percentage Change:

Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	16.2	4.6	4.6	3.3	3.3
FTE Positions	9.0	4.0	4.0	4.0	4.0
Non-FTE Perm.Uncl.Pos.	4.0	7.0	7.0	7.0	7.0
TOTAL	13.0	11.0	11.0	11.0	11.0

AGENCY OVERVIEW

The Kansas Real Estate Commission (KREC) is composed of five members who are appointed to staggered four-year terms by the Governor. One member is chosen from each of the state's four congressional districts and the fifth member is appointed from the state at-large. Kansas law requires that at least three members have experience as real estate brokers for a minimum of five years and at least one member shall never have been engaged in the real estate business (KSA 74-4201).

The primary purpose of KREC is to protect the public interest in the real estate marketplace through the regulation of real estate brokers and salespersons. These responsibilities are divided into three main categories.

Licensing. The Commission reviews all applications for real estate salespersons and brokers licensure and license renewal and processes all requests for license cancellation and reinstatement.

Education. The Commission is responsible for tracking licensees' continuing education hours required for renewal.

Enforcement of Law. The Commission is also responsible for ensuring that real estate licensed activities comply with state regulations and statutes. KREC examines the records maintained by real estate brokers and investigates complaints from the public.

In addition, KREC administers the Real Estate Recovery Revolving Fund, which was created to reimburse persons who suffer monetary damages by reason of certain acts committed in connection with a real estate sales transaction by a licensed broker or salesperson, or by an unlicensed employee of a licensed broker. Damages awarded from the fund are treated as non-reportable expenditures and are not included in the data which follows. Attorney fees associated with defending the fund are reportable and are included in the data.

MAJOR ISSUES FROM PRIOR YEARS

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 Commission was \$508,438.

The **2007 Legislature** approved an additional \$126,800 in FY 2008 and \$127,756 in FY 2009, all from the Real Estate Fee Fund, and 1.0 FTE position, to allow the Commission to perform national crime history record checks of all new real estate license applicants, including sending fingerprints to the Kansas Bureau of Investigation and the Federal Bureau of Investigation. The additional 1.0 FTE position allowed the Commission to hire an administrative assistant to process the national criminal history record check application and fees.

The **2009 Legislature** transferred \$200,000 from the Real Estate Recovery Revolving Fund to the Real Estate Fee Fund for the purpose of converting the Commission's licensing system to a Microsoft web-based system. Any excess funding from the conversion amount returns to the Real Estate Recovery Revolving Fund.

The **2012 Legislature** added \$27,939, all from the Real Estate Fee Fund, to restore expenditures deleted in the Governor's recommendation for the Voluntary Retirement Incentive Program for FY 2013.

The **2013 Legislature** added \$76,885 in FY 2014 and \$87,226 for FY 2015 all from the Real Estate Fee Fund, to hold the agency's operating budget at the FY 2012 level.

The **2014 Legislature** approved expenditures of \$27,500 in FY 2014 and \$77,500 for FY 2015, all from the Real Estate Recovery Revolving Fund, for the purpose of replacing the Commission's electronic records management system.

The **2014 Legislature** added \$2,718, all from the Real Estate Fee Fund, for FY 2015 for employee bonuses of \$250 for all full-time employees, except elected officials, who were employed on December 6, 2013.

The **2015 Legislature** enacted SB 108, which increased by \$50 the statutory limit on the agency's two-year licensing fees charged to real estate brokers and salespersons. The change will increase receipts into the agency's fee fund by an estimated \$168,853 for FY 2016 and \$154,028 for FY 2017.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised FY 2016 budget totaling \$1,103,486, all from special revenue funds, which is unchanged from the amount approved by the 2015 Legislature. The request includes 4.0 FTE positions, which is a reduction of 5.0 FTE positions below the approved amount. The FTE reduction is due to the agency converting several positions from FTE to non-FTE.

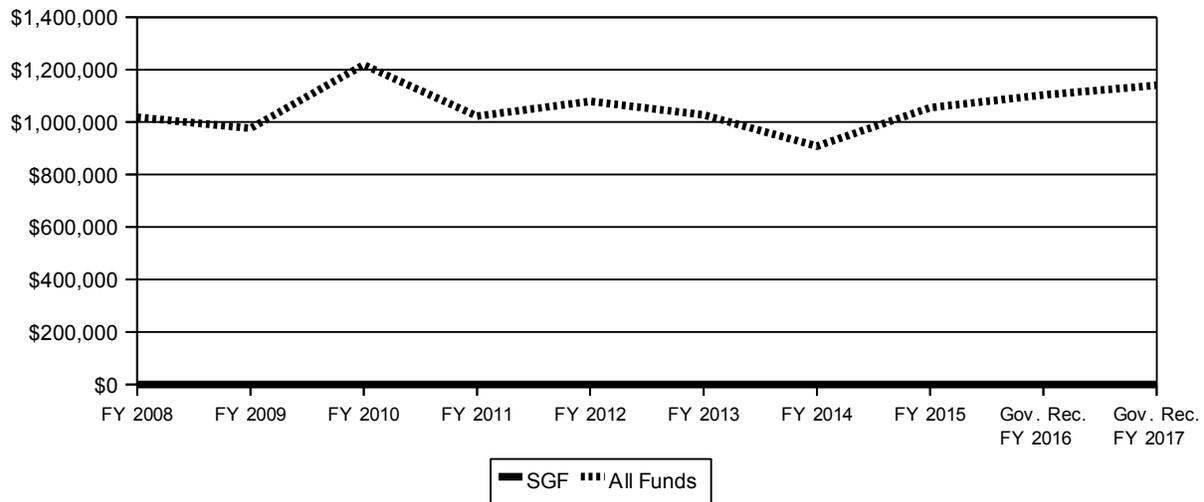
The **Governor** concurs with the agency's FY 2016 request.

FY 2017 – Budget Year. The **agency** requests a revised FY 2017 budget totaling \$1,140,146, all from special revenue funds, which is unchanged from the amount approved by the 2015 Legislature. The request includes 4.0 FTE positions, which is a reduction of 5.0 FTE positions below the approved amount. The FTE reduction is due to the agency converting several positions from FTE to non-FTE.

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

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 0	-- %	\$ 1,018,701	20.8 %	15.0
2009	0	--	976,178	(4.2)	15.0
2010	0	--	1,218,489	24.8	15.0
2011	0	--	1,023,114	(16.0)	15.0
2012	0	--	1,079,230	5.5	13.0
2013	0	--	1,027,623	(4.8)	11.0
2014	0	--	908,384	(11.6)	9.2
2015	0	--	1,055,154	16.2	9.0
2016 Gov. Rec.	0	--	1,103,486	4.6	4.0
2017 Gov. Rec.	0	--	1,140,146	3.3	4.0
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 121,445	11.9 %	(11.0)

Summary of Operating Budget FY 2015 - FY 2017

Real Estate Commission

	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
By Program:									
Administration	\$ 1,055,154	\$ 1,103,486	\$ 1,140,146	\$ 36,660	3.3 %	\$ 1,103,486	\$ 1,140,146	\$ 36,660	3.3 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 576,766	\$ 664,230	\$ 698,803	\$ 34,573	5.2 %	\$ 664,230	\$ 698,803	\$ 34,573	5.2 %
Contractual Services	429,552	423,426	421,043	(2,383)	(0.6)	423,426	421,043	(2,383)	(0.6)
Commodities	4,338	7,330	7,300	(30)	(0.4)	7,330	7,300	(30)	(0.4)
Capital Outlay	44,498	8,500	13,000	4,500	52.9	8,500	13,000	4,500	52.9
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 1,055,154	\$ 1,103,486	\$ 1,140,146	\$ 36,660	3.3 %	\$ 1,103,486	\$ 1,140,146	\$ 36,660	3.3 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 1,055,154	\$ 1,103,486	\$ 1,140,146	\$ 36,660	3.3 %	\$ 1,103,486	\$ 1,140,146	\$ 36,660	3.3 %
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Real Estate Fee Fund	855,576	1,004,286	1,037,746	33,460	3.3	1,004,286	1,037,746	33,460	3.3
Background Investigation FF	103,038	99,200	102,400	3,200	3.2	99,200	102,400	3,200	3.2
Real Estate Recovery Revolving Fund	96,540	0	0	0	--	0	0	0	--
TOTAL	\$ 1,055,154	\$ 1,103,486	\$ 1,140,146	\$ 36,660	3.3 %	\$ 1,103,486	\$ 1,140,146	\$ 36,660	3.3 %

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	1,103,486	1,103,486	0	1,103,486	0
TOTAL	\$ 1,103,486	\$ 1,103,486	\$ 0	\$ 1,103,486	\$ 0
FTE Positions	9.0	4.0	(5.0)	4.0	(5.0)

The **agency** requests a revised FY 2016 budget totaling \$1,103,486, all from special revenue funds, which is unchanged from the amount approved by the 2015 Legislature. The request includes 4.0 FTE positions, which is a reduction of 5.0 FTE positions below the approved amount. The FTE reduction is due to the agency converting several positions from FTE to non-FTE. Major categories of expenditures are detailed below.

- Salaries and Wages.** The agency requests \$664,230, which is an increase of \$23,614, or 3.7 percent, above the approved amount. The increase is due to salary increases associated with the FTE classification conversion and the agency filling a vacant part-time position.
- Contractual Services.** The agency requests \$423,426, which is a decrease of \$794, or 0.2 percent, below the approved amount. The decrease is primarily due to increased expenditures in FY 2015 related to the replacement of the agency's electronic records management system that were budgeted for FY 2016, offset partially by greater expenditures on travel, building rent, and information technology services provided by the Office of Information Technology Services (OITS).
- Commodities.** The agency requests \$7,330, which is a reduction of \$6,320, or 46.3 percent, below the approved amount. The decrease is primarily due to reduced purchases of office and data processing supplies.
- Capital Outlay.** The agency requests \$8,500, which is a reduction of \$16,500, or 66.0 percent, below the approved amount. The decrease is primarily due to increased expenditures in FY 2015 related to the replacement of the agency's electronic records management system that were budgeted for FY 2016.

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

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	1,140,146	1,140,146	0	1,140,146	0
TOTAL	\$ 1,140,146	\$ 1,140,146	\$ 0	\$ 1,140,146	\$ 0
FTE Positions	9.0	4.0	(5.0)	4.0	(5.0)

The **agency** requests a revised FY 2017 budget totaling \$1,140,146, all from special revenue funds, which is unchanged from the amount approved by the 2015 Legislature. The request includes 4.0 FTE positions, which is a reduction of 5.0 FTE positions below the approved amount. The FTE reduction is due to the agency converting several positions from FTE to non-FTE. Major categories of expenditures are provided below.

- **Salaries and Wages.** The agency requests \$698,803, which is an increase of \$34,802, or 5.2 percent, above the approved amount. The increase is due to salary increases associated with the FTE classification conversion and the agency filling a vacant part-time position.
- **Contractual Services.** The agency requests \$421,043, which is a decrease of \$15,902, or 3.6 percent, below the approved amount. The decrease is primarily due to increased expenditures in FY 2015 related to the replacement of the agency's electronic records management system that were budgeted for FY 2017, offset partially by greater expenditures on travel, building rent, and information technology services provided by OITS.
- **Commodities.** The agency requests \$7,300, which is a reduction of \$6,900, or 48.6 percent, below the approved amount. The decrease is primarily due to reduced purchases of office and data processing supplies.
- **Capital Outlay.** The agency requests \$13,000, which is a reduction of \$12,000, or 48.0 percent, below the approved amount. The decrease is primarily due to increased expenditures in FY 2015 related to the replacement of the agency's electronic records management system that were budgeted for FY 2017.

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 %
Real Estate Fee Fund	91.0	91.0
Background Investigation Fee Fund	9.0	9.0
TOTAL	100.0 %	100.0 %

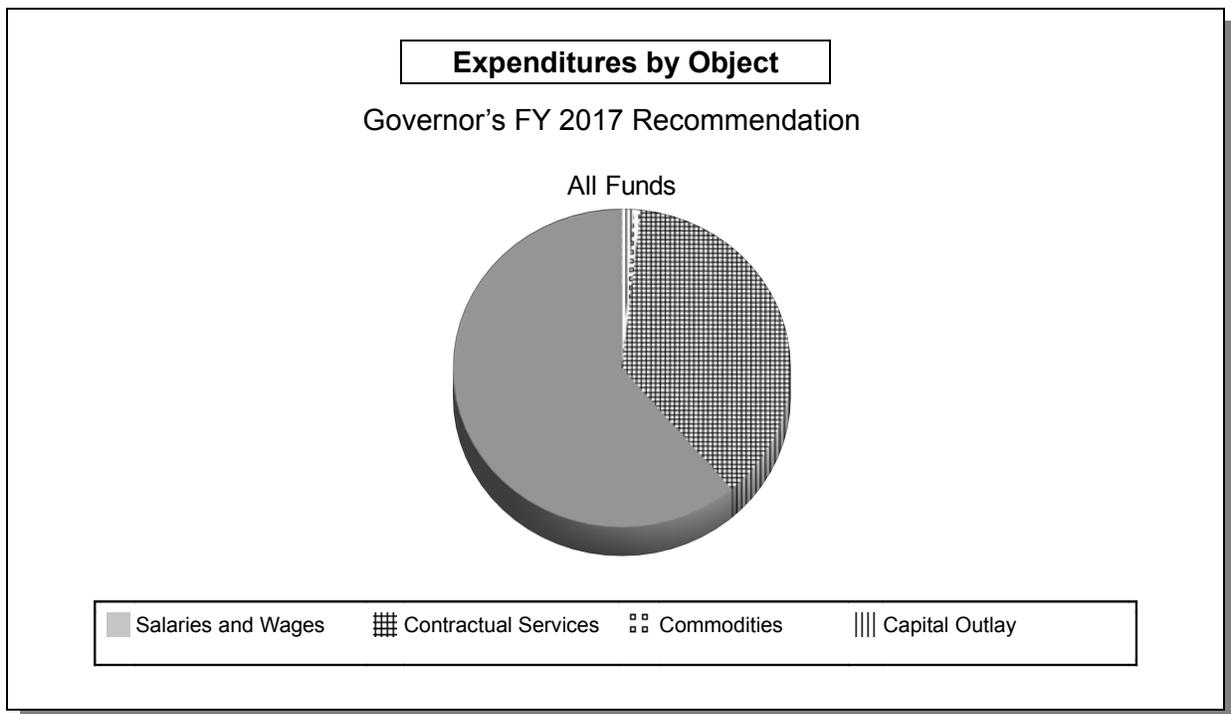
Note: Details may not add to totals due to rounding.

Real Estate Fee Fund Analysis

KREC is a fee-funded agency. The revenue received provides financing for all agency operations, with 90.0 percent of revenue being retained by the agency and 10.0 percent being deposited into the State General Fund. The agency generates fee revenues from four primary sources: application fees are \$15; broker license fees are \$175; salesperson license fees are \$125; and course approvals are \$50. Licenses are issued for a two-year period. The 2015 Legislature passed SB 108, which increased by \$50 the statutory limit on the agency's licensing fees charged to real estate brokers and salespersons. Regulation increasing the broker and salespersons license fees by \$25 subsequently took effect on December 1, 2015.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 295,203	\$ 301,346	\$ 301,346	\$ 299,866	\$ 299,866
Revenue	861,719	1,002,806	1,002,806	1,129,067	1,129,067
Transfers in	0	0	0	0	0
Total Funds Available	\$ 1,156,922	\$ 1,304,152	\$ 1,304,152	\$ 1,428,933	\$ 1,428,933
Less: Expenditures	855,576	1,004,286	1,004,286	1,037,746	1,037,746
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 301,346</u>	<u>\$ 299,866</u>	<u>\$ 299,866</u>	<u>\$ 391,187</u>	<u>\$ 391,187</u>
Ending Balance as Percent of Expenditures	35.2%	29.9%	29.9%	37.7%	37.7%
Month Highest Ending Balance	June \$ 301,346	June \$ 299,866	June \$ 299,866	June \$ 391,187	June \$ 391,187
Month Lowest Ending Balance	August \$ 164,427	August \$ 223,683	August \$ 223,683	August \$ 223,755	August \$ 223,755

OBJECT DETAIL



Object	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Salaries and Wages	\$ 698,803	61.3 %	\$ 0	-- %
Contractual Services	421,043	36.9	0	--
Commodities	7,300	0.6	0	--
Capital Outlay	13,000	1.1	0	--
TOTAL	\$ 1,140,146	100.0 %	\$ 0	-- %

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	9.0	4.0	4.0	4.0	4.0

Real Estate Commission Fees		
	Current Fee	Statutory Limit
Real Estate Broker Application Fee	\$15	\$50
Real Estate Broker License Fee (original and renewal)	175	200
Real Estate Salesperson Application Fee	15	25
Real Estate Salesperson License Fee (original and renewal)	125	150
Duplicate License Fee	10	10
Temporary Salesperson's License Fee	25	25
Course Approval	50	75
Renewal of Approved Course	15	15
License Reinstatement	15	15
Background Check Fee	64	Expense Recovery
Name/Address Change	7.5	7.5
Certification to Other Jurisdiction	10	10
Certification of License History	10	25
Certification for Additional Branch Office	10	50
Certification for Additional Primary Office	10	100

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of active real estate licenses	13,500	13,077	14,200	14,325
Percentage of licenses renewed online	N/A	60.0%	65.0%	65.0%
Number of complaints	120	103	100	105