

Department of Real Estate

Commissioner: Judy Lowe
A.R.S. § 32-2102

Vision: The Arizona Department of Real Estate shall be the most customer service oriented, technologically innovative, and operationally efficient and effective state level real estate department in the United States.

FY 2019 Strategic Plan

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Mission

To serve and protect the public interest through efficient and timely licensure, balanced regulation, and proactive real estate education oversight of the real estate profession in the State of Arizona.

Agency Description

The Department oversees the administration of licensing examinations and issuance of licenses, as well as the activities of licensees to ensure compliance with the Arizona Department of Real Estate Revised Statutes and the Commissioner's Rules. Also, within the purview of the Department, is the regulation of the sale of subdivided and certain unsubdivided lands, timeshares, condominiums, membership campgrounds, and cemeteries.

The Arizona Department of Real Estate regulates real estate schools and educators, monitoring preclicensing and continuing education courses to ensure the quality of the content of courses and the competence of the instructors, as well as the quality and timeliness of materials being taught.

Executive Summary

Strategy

The Arizona Department of Real Estate will utilize the Arizona Management System to continue fulfilling its principles, values and mission.

The Department of Real Estate will be a leader among state real estate agencies by focusing on continuous improvement and prioritizing strategic goals that result in providing excellent customer service to the public, and the real estate professionals we serve. Through ongoing technological advancement, strengthened real estate education, and increased operational success, the Arizona Department of Real Estate will continue advancing while always adhering to our mission.

<i>All dollars in thousands</i>		General Fund	Other Appropriated	Non-appropriated	Total
FY 2019 Enacted		\$2,911.7	-	\$338.5	\$3,250.2
Goal 2	Funding Issue 1	100,000			100,000
	Funding Issue 2	50,000			50,000
	Budget Issue 3				
FY 2020 Request		\$ 150,000	\$ -	\$ -	\$ 150,000
<i>\$ Change</i>		<i>\$ 150,000</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ 150,000</i>
<i>% Change</i>		<i>5.1%</i>	<i>0%</i>	<i>0%</i>	<i>5.1%</i>

Department of Real Estate

Goals	Goal Performance Indicator(s)	Objectives FY 2019
1: Provide excellent customer service	Opportunities for improvement	a) Increase the percentage of customer service surveys completed and returned after stakeholder/customer and constituent engagements/presentations to 70 percent by June 30, 2019.
	Stakeholder and constituent engagements	b) Increase percent of favorable customer service surveys from 78 percent to 90 percent.
		c) Implement additional “opportunity for improvement” ideas received from internal staff customers, increasing from 16 to 25 annually.
2: Drive innovation through technological advancement	Online services	a) Increase percentage of online services from 86 percent to 91 percent.
	System development	b) Finalize 100 percent of the IT development updates for the agency’s internal information database system.
3: Strengthen real estate education	Exam pass rate	a) Increase the average annual pass rate of first time Pre License real estate test takers from 69 percent to 72 percent.
		b) Increase the number of annual education course monitor assignments from 133 to 240.
	Staff development opportunities	c) Reduce the number of days to process distance learning continuing education course applications submitted by real estate educators from 7 average days to 5 average days.
		d) Implement 100 percent of the approved revisions to the Pre Licensing curriculum and exam content for real estate Salesperson and Broker education.
		e) Offer at least one monthly training or learning opportunity for ADRE staff to further career development.
		f) Create and publicize a series of six brochures focusing on real estate consumer education and ADRE.
4: Lead all national state real estate agencies in operational efficiency and effectiveness	Processing Time	a) Implement 100 percent of online Pre Licensing real estate education program by January 1, 2019.
	Process and Procedures Update	b) Complete a report identifying unnecessary administrative requirements of original real estate license applicants.
		c) Complete a review and update of all agency process and procedures manuals to identify opportunities to improve quality outcomes and maintain/reduce process timeframes by December 31, 2018.

Agency 5-Year Plan

Issue 1 Strategic Issue #1: Increase Protection to the Public

Description: The real estate industry, the Department, the State of Arizona, and, most importantly, the public are experiencing a period of growth in the Arizona real estate market. With stabilizing economic prosperity in the state it is important to retain consumer confidence in real estate professionals. The Department treats real estate licensees as a profession and always encourages policies that "raise the bar" in the industry. Education, knowledge sharing, and raising the bar has addressed many of the historic areas that may reduce consumer confidence. Some of the areas which the Department receives consumer complaints are as follows:

- Property management mishandling and/or depletion of trust accounts by licensed individuals;
- Fraudulent real estate and subdivision schemes – i.e. lack of public report, distressed properties;
- Mortgage and real estate documents fraud involving licensed individuals;
- Property management schemes/violations conducted by unlicensed individuals;
- Unlicensed entities in Arizona, as well as, out-of-state companies, conducting real estate activities;
- Advertising violations, where misleading false and deceptive marketing is used; and
- Auctions, where unlicensed individuals facilitate the sale of properties; without real estate professional representation for the consumer.

Solutions:

The Arizona Department of Real Estate will utilize the Arizona Management System (AMS) to continue fulfilling its principles, values and mission.

As a regulatory agency charged with protecting the public, and facilitating service for the real estate industry, the Arizona Department of Real Estate's continued emphasis will be on building partnerships within the industry and with other state agencies, in serving and protecting Arizona's constituents through an attitude of supporting a TEAM (Together Everyone Achieves More) concept.

This partnership will continue to focus on "raising the bar" of the real estate industry, thus minimizing the actions that cause harm to the public and educating the public on what to be aware of in their real estate transactions. This task will be achieved through the commitment of open communication, transparency and the sharing of information and knowledge. The Department will create a synergistic approach to problem solving by gathering feedback from all, then implementing changes and improvements as needed.

Through proactive education and information broadcasting, the Department will seek to ensure public and industry awareness of fundamental laws pertaining to real estate transactions in Arizona. The Department's focus will continue to consist of balanced regulation, ensuring that licensees and/or repeat offenders who are proven to have violated the law and harmed the public are dealt with quickly and stringently, while addressing the more minor infractions that do not effect and/or harm the public, and will work from a more educational perspective. Additionally, the Department will continue to streamline processes, implement the Arizona Management System and allow staff to work through cases thoroughly, yet efficiently.

Issue 2 Strategic Issue #2: Enhance Quality of Licensee Real Estate Education

Description: Real estate education is a fundamental element of enhancing the highest level of knowledge and professionalism within the real estate industry, benefiting Arizona's constituents. Included in the real estate industry's contribution to a thriving Arizona economy are the Real Estate Educators, which are a growing industry in Arizona.

Pursuant to ARS §32-2135, in addition to being responsible for issuing real estate school licenses, approving the credential of instructors and the subject matter content of courses to be taught, the Department is tasked with ensuring that, once the aforementioned has been done, all schools and instructors are complying with applicable statutes and rules thereafter. This is performed by conducting audits to ensure the information and materials being taught and distributed have been approved by the Commissioner and that certification of student attendance, and/or performance is properly documented.

Solutions:

The Volunteer Monitor Program utilizes volunteers from the real estate industry who review the delivery of courses, to confirm compliance with the stated application specifics and approval guidelines from the Department. Volunteer monitors allow the Department to save personnel costs, while also allowing industry professionals to remain active in participation and compliance. The volunteer monitor program has maintained a high level of class monitor assignments each year since it was implemented.

Issue 3 Strategic Issue #3: Streamline Delivery of Service

Description: The Arizona Department of Real Estate strives to be a provider of responsive and reliable services to Arizona's real estate industry and the public served by this industry. The Department's efforts focus on ensuring that the delivery of quality, timely and cost-effective core services. The day-to-day activities of the Department rely on efficient internal business systems. The Department has implemented the Arizona Management System with all agency staff, and has identified measurable breakthrough and sustainability metrics to achieve in FY 2019. These Performance Metrics will be followed on the FY 2019 agency scorecard which addresses each division of the Department, and is designed to drive improvement in all areas.

Solutions:

The Department recognizes that it has an obligation to the citizens of Arizona to ensure that Department resources are being used as efficiently and effectively as possible. To this end, the Department continues to explore and implement efficiency and cost-saving strategies wherever possible, and to look for better ways to deliver services. The Department also remains committed to cross training staff and sharing knowledge of positions across divisions. Agency leadership has seen that knowledge sharing has had an effect on streamlining services as processes are known by all individuals that may influence an outcome.

Issue 4 Strategic Issue #4: Maximize Technology Platform

Description: The Arizona Department of Real Estate's Information Technology infrastructure must continue to advance in order to facilitate more efficient internal processes, and to keep pace with the technologically-savvy real estate industry and public the Department serves. Keeping pace with technology and creating the ability to transact nearly all business Online is the way that the ADRE can continue to deliver a high level of service to the steadily increasing number of real estate licensees over the past four fiscal years.

Based on the Department's business technology assessment and the review of the State of Arizona IT Strategic Plan, the Department has developed an IT Strategic Plan to update communication systems, providing opportunities for re-engineering appropriate business processes throughout all areas of the agency. Implementation and integration of these systems will provide faster, more efficient customer service to the public, as well as enhance staff efficiencies by reducing duplication of effort and shortening time spent on various data-gathering and verification tasks.

Solutions:

The Department will continue to develop an enhanced internal database system called REALM II which will build upon the current database system known as Realm. Phases to project completion have been identified and added to the FY 2020 Information Technology Plan.

Issue 5 Strategic Issue #5: Promote Committed, Skilled and Accountable ADRE Team

Description: As of August 31, 2018, the Arizona Department of Real Estate employs 31.25 FTE, while appropriated 37 FTE for FY 2019. The Department may under the hiring freeze, if critical, hire up to 34 FTE. Leaner staffing levels, a stable lower budget, and greater efficiencies than the previous year, is what the public and industry has come to expect from the ADRE. Over the past year, the ADRE has had several new hires which are contributing to the success of the Department. To achieve greater efficiencies and success the agency must continue to promote knowledge sharing among experienced and newer staffing and to increase crosstraining among positions and divisions.

Solutions:

Demographic shifts will continue to be the largest single influence on the Department workforce over the next five years, as increasing numbers of experienced employees may retire, or choose to pursue other career opportunities. The Department's continued focus moving forward will be on the ability to implement strategies to mitigate anticipated departures of valuable employees, to preserve and transfer the historical institutional knowledge of retiring staff, and to implement recruitment measures to attract top talent and improve on staff job satisfaction.

The labor market has improved, and will continue as Arizona prospers economically.

Issue 6 Strategic Issue #6: Adhere to Fiscal Guidelines

Description: Over the last six budget cycles the ADRE's appropriation has remained approximately \$3 million, while maintaining the number of appropriated FTE's. As of August 31, 2017 the ADRE has 31.25 FTE.

Solutions:

The Department will continue adherence to strict fiscal responsibility to utilize available resources, while focusing on continuing to improve on the excellent delivery of services to the real estate industry, as well as the regulation of that industry, while striving always to protect the public. The entire Department "TEAM" will always be apprised of the budget that the Department is committed to operating within, and will receive a consistent status update on how the Department is performing.

Resource Assumptions

	FY2021 Estimate	FY2022 Estimate	FY2023 Estimate
Full-Time Equivalent Positions	37.0	37.0	37.0
General Fund	3.0	3.0	3.0
Other Appropriated Funds	0.0	0.0	0.0
Non-Appropriated Funds	200.0	200.0	200.0
Federal Funds	0.0	0.0	0.0