



Arizona Department of Real Estate

FY2026

Budget & Strategic Plan

Susan Nicolson
Commissioner

31 August 2024



www.azre.gov

Statewide Vision: An Arizona for everyone.

Agency Vision: The Arizona Department of Real Estate will serve to educate and proactively work with the real estate profession to better protect Arizona consumers and hold accountable licensees failing to meet statutory requirements and standards.

Agency Mission: Protect the public interest through licensure and regulation of the real estate profession in this state.

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 Revised Statutes and the Arizona Administrative Rules. Within the purview of the Department are builder/development regulation of the sale of subdivided and certain unsubdivided lands, timeshares, condominiums, membership campgrounds, and cemeteries, administration of the Homeowner’s Association Dispute and Mediation Process, and conducting investigations of consumer complaints, and audits of real estate brokerages. The Department also regulates real estate schools and instructors, 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.

Resource Assumptions: Enter Full-Time Employees (FTEs) and funding data by type (General fund (GF), other appropriated funds (AF), non-appropriated funds (NAF), and federal funds (FED). *Includes three years with actuals reflected for first year and approved for second and third year.*

<u>FY</u>	<u>FTEs</u>	<u>Funding:</u>	<u>GF</u>	<u>AF</u>	<u>NAF</u>	<u>FED</u>	<u>Total</u>
23	25.0		\$3,221.00	\$0.00	\$ 900.000	\$0.00	\$4,121.00
24	37.0		\$3,198.00	\$0.00	\$1,015.00	\$0.00	\$4,213.00
25	27.0		\$3,058.00	\$0.00	\$1,200.00	\$0.00	\$4,258.00

*Total reflects GF + AF + NAF. FED funding shown is broken out from NAF.

Executive Summary:

With proactive communication and education, the Arizona Department of Real Estate (ADRE) works to protect the public through a statutorily established licensing and regulatory scheme designed to encourage disclosure, high standards of client representation and a requirement for licensee’s to provide reasonable skill and care.

Strategic Issues

- Position the department to successfully transition to a new customer relationship management solution;
- Identify customers, their values and expectations;
- As practicable, practice data driven decision making and structured problem solving;
- Identify opportunities to streamline the delivery of services;
- Enhance online technology platform;
- Delivering results that provide greater benefits for Arizonans.

Arizona Department of Real Estate

2025 -2029 Strategic Plan

Summary of 5-Year Agency Outcomes (Outcomes are the desired result or impact of addressing strategic issues)

#	Agency Five-Year Outcomes	Start Year	Linked to Gov. Priority Outcome?	Progress / Status
1	By June 2029, ADRE will establish data sharing agreements with 100% of the agencies, both public and private, who enforce fair housing laws.	2025	Housing and Human Services	In 2024, ADRE hired an Assistant Commissioner, Enforcement and Compliance to begin building relationships with the Department of Housing and Urban Development's Fair Housing Assistance Program and Fair Housing Initiatives Program Organizations.
2	By June 2029, ADRE will require 100% of licensees to obtain education on Firewise USA ^(R) requirements.	2025	Resilience, Water, and the Environment	In 2024, the Department began working with other state agencies to develop course material that would teach a licensee's how to educate their clients on defensible fire zones.
3	By June 2029, ADRE will be able to train 100% of licensees to appropriately identify and report suspected deed fraud activities.	2025	Housing and Human Services	In 2024 and related to deed fraud, ADRE engaged with the Attorney General's Office to discuss effective methods of partnership, collecting actionable information and started the development of deed fraud course materials for use in Continuing Education.

Outcome #	FY25 Annual Objectives	Objective Metrics	Annual Initiatives
1 - Fair Housing Compliance - Helping Arizonans Obtain Housing	<ol style="list-style-type: none"> By Dec. 2025, ADRE will have signed Memorandums of Understanding(MOU) or Intergovernmental Agreements (IGA) with 100% of agencies that enforce fair housing. By June 2025, establish a process for using violation data to support fair housing. 	<ol style="list-style-type: none"> % of MOUs/IGAs signed % of deliverables completed on time. 	<ol style="list-style-type: none"> Get signed Memorandums of Understanding(MOU) or Intergovernmental Agreements (IGA) with identified groups to receive information on violations or trends among Arizona licensees Create process for receiving and using violation data to support fair housing.
2 - Fire Prevention and Preparedness	<ol style="list-style-type: none"> By August 2024, create and distribute curriculum for new education material. By January 2025, establish a requirement for renewals to complete continuing education on newly created education material. By June 2026, launch a disclosure form to include impacts of Firewise and other programs on homeowners insurance. 	<ol style="list-style-type: none"> % of Milestones Completed on Time % of Licensees Completing Course at Renewal (Begins January 1, 2025) % of Milestones Completed on Time 	<ol style="list-style-type: none"> Create course content on Firewise and other related programs helping to protect property and benefits of such programs on insurance policies and offerings. Inform renewals to meet new requirement to complete continuing education material. Create disclosure material.
3 - Well-Regulated Industry	<ol style="list-style-type: none"> By June 2026, establish a core working group to investigate predatory practices. Breakthrough: By June 2026, establish a way to track predatory practices. 	<ol style="list-style-type: none"> % of plan to track predatory practices completed % of plan on investigation practices completed 	<ol style="list-style-type: none"> Identify state and local partners to share intelligence and review potential predatory practices.

Stakeholder Engagement Plan (Summary):

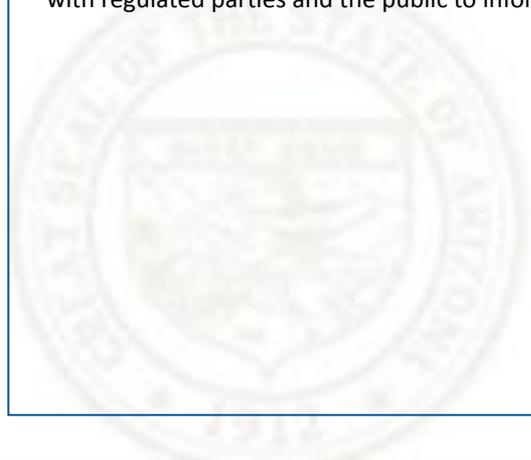
Internal: Leadership and managers will work with teams to inform and develop buy in and best plans for implementation of overall strategic plan and localize portions to staff with opportunity to impact department's outcomes.

External: Department engages with industry partners at least quarterly through Department-scheduled and invitational speaking events. By doing so, Department is able to engage with those licensees and associations most engaged in the industry. Department also uses social media, other external speaking events and possesses and is able to communicate through email directly with licensees. Department also continues fostering relevant relationships with public and private partners.

Communication Plan (Summary):

Internal: Department is a team of approximately 25 people. Leadership and managers will meet with and work directly with staff members to inform of changes and plans for the strategic plan and continue email communication to teams periodically and celebrate wins collectively.

External: Department has email for approximately 80,000 licensees, schools and associations and will also use stakeholder engagement and social media to connect with regulated parties and the public to inform of changes and successes.

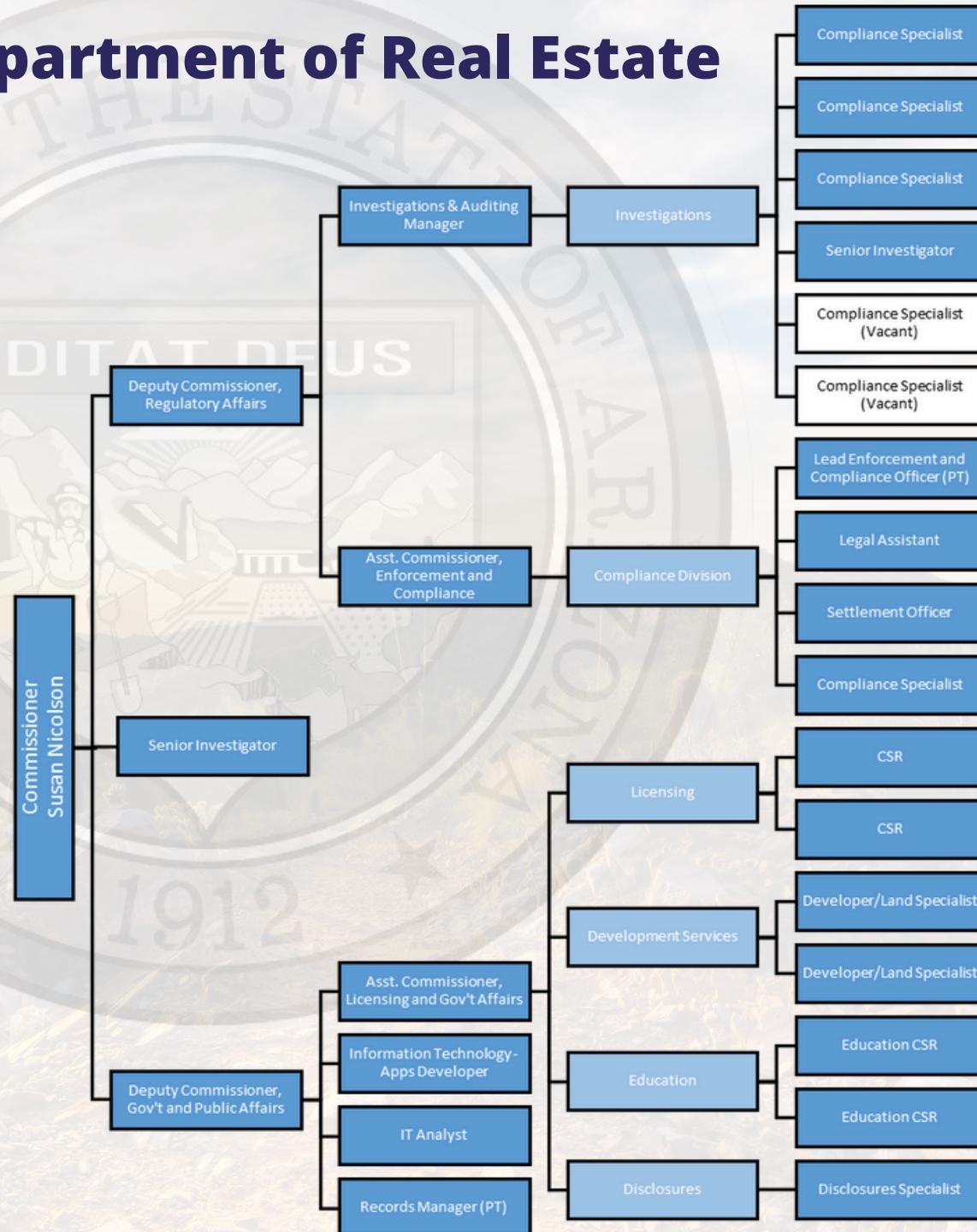




Arizona Department of Real Estate

Agency Description: The Arizona Department of Real Estate oversees the administration of licensing examinations and issuance of licenses, as well as the activities of licensees to ensure compliance with the Arizona Revised Statutes and the Commissioner's Rules. Within the purview of the Department are builder/development regulation of the sale of subdivided and certain unsubdivided lands, timeshares, condominiums, membership campgrounds, and cemeteries, administration of the Homeowner's Association Dispute Process, and conducting investigations of consumer complaints, and audits of real estate brokerages.

The Department also regulates real estate schools and instructors, 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.





State of Arizona Budget Request

State Agency

Department of Real Estate

A.R.S. Citation: **A.R.S. §§ 32-2101 et seq.**

Governor Hobbs:

This and the accompanying budget schedules, statements and explanatory information constitute the operating budget request for this agency for Fiscal Year 2026.

To the best of my knowledge all statements and explanations contained in the estimates submitted are true and correct.

Agency Head: **Susan Nicolson**

Title: **Commissioner**

Susan Nicolson 9/10/2024
(signature)

Phone: 6027717769

Prepared by: James Knupp

Email Address: jknupp@azre.gov

Date Prepared: September 10, 2024

Appropriated Funds		FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
Total Amount Requested:		3,111.8	2,831.3	5,943.1
General Fund		3,111.8	2,831.3	5,943.1
Non-Appropriated Funds		FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
Total Amount Planned:		-	-	-
Real Estate Recovery Fund		-	-	-
Real Estate Education Revolving Fund		-	-	-
Department of Real Estate Total:		3,111.8	2,831.3	5,943.1

Revenue Schedule

Agency: Department of Real Estate

Fund: AA1000 General Fund

AFIS Code	Category of Receipt and Description	FY 2024 Actuals	FY 2025 Estimate	FY 2026 Request
4312	Examination Fees	211.0	371.9	371.9
4314	Filing Fees	268.0	267.9	267.9
4415	Occupational & Professional Licenses	2,925.8	2,863.8	2,863.8
4519	Other Fines, Forfeitures, Penalties and Liquidated Damages	132.8	203.1	203.1
4645	Payment Card Transaction Fees Paid	(61.6)	(62.0)	(62.0)
4699	Miscellaneous Receipts	57.5	-	-
General Fund Total:		3,533.4	3,644.7	3,644.7

Forecast Methodology

Each year the commissioner shall revise all fees collected under this chapter within the limits prescribed by this chapter in such a manner that the revenue derived from such fees equals at least ninety-five per cent but not more than one hundred ten per cent of the anticipated appropriated budget for the department for the succeeding fiscal year.

Fund: RE2537 Condo and Planned Community Hearing Office Fund

AFIS Code	Category of Receipt and Description	FY 2024 Actuals	FY 2025 Estimate	FY 2026 Request
4339	Other Fees & Charges for Services	30.3	33.0	33.0
Condo and Planned Community Hearing Office Fund Total:		30.3	33.0	33.0

Forecast Methodology

Revenue Schedule

Agency: Department of Real Estate

Fund: RE3119 Real Estate Recovery Fund

AFIS Code	Category of Receipt and Description	FY 2024 Actuals	FY 2025 Estimate	FY 2026 Request
4415	Occupational & Professional Licenses	0.1	-	-
4512	Restitution	7.6	8.0	8.0
4699	Miscellaneous Receipts	55.7	53.9	53.9
Real Estate Recovery Fund Total:		63.4	61.9	61.9

Forecast Methodology

N/A

Fund: RE4011 Real Estate Education Revolving Fund

AFIS Code	Category of Receipt and Description	FY 2024 Actuals	FY 2025 Estimate	FY 2026 Request
4372	Publications & Reproductions	4.4	15.0	15.0
4415	Occupational & Professional Licenses	0.1	-	-
4699	Miscellaneous Receipts	0.5	0.6	0.6
Real Estate Education Revolving Fund Total:		4.9	15.6	15.6

Forecast Methodology

N/A

Sources and Uses

Agency: Department of Real Estate

Fund: RE2537 Condo and Planned Community Hearing Office Fund

Sources of revenue include filing fees and civil penalties arising from disputes between owners and condominium or planned community associations over violations of regulatory statutes. The Fund is used to reimburse the Office of Administrative Hearings f

Cash Flow Summary

	FY 2024 Actuals	FY 2025 Estimate	FY 2026 Request
Beginning Balance	11.0	17.1	22.1
Revenue (from Revenue Schedule)	30.3	33.0	33.0
Total Available	41.3	50.1	55.1
Total Appropriated Disbursements	24.2	28.0	-
Total Non-Appropriated Disbursements	-	-	-
Balance Forward to Next Year	17.1	22.1	55.1

Appropriated Expenditure

Expenditure Categories	FY 2024 Actuals	FY 2025 Estimate	FY 2026 Request
Personal Services	-	-	-
Employee Related Expenditures	-	-	-
Professional & Outside Services	-	-	-
Travel In-State	-	-	-
Travel Out-Of-State	-	-	-
Food	-	-	-
Aid To Organizations & Individuals	-	-	-
Other Operating Expenditures	-	-	-
Equipment	-	-	-
Capital Outlay	-	-	-
Capital Equipment	-	-	-
Non-Capital Equipment	-	-	-
Debt Service	-	-	-
Cost Allocation & Indirect Costs	-	-	-
Transfers-Out	-	-	-
Appropriated Expenditure Sub-Total:	-	-	-
Non-Lapsing Authority from Prior Years	-	-	-
Administrative Adjustments	24.2	28.0	-
Capital Projects (Land, Bldgs, Improv)	-	-	-
Appropriated 27th Pay Roll	-	-	-
Legislative Fund Transfers	-	-	-
IT Project Transfers	-	-	-
Proposed Fund Transfer	-	-	-

Sources and Uses

Agency:	Department of Real Estate
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Fund:	RE2537 Condo and Planned Community Hearing Office Fund
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Residual Equity Transfer	-	-	-
Transfer Due to Fund Balance Cap	-	-	-
Prior Committed or Obligated Expenditures (no entry for AY)	-	-	-
Non-Appropriated 27th Pay Roll	-	-	-
Appropriated Expenditure Total:	24.2	28.0	-
Appropriated FTE	-	-	-

Non-Appropriated Expenditure

	FY 2024 Actuals	FY 2025 Estimate	FY 2026 Request
Expenditure Categories			
Personal Services	-	-	-
Employee Related Expenditures	-	-	-
Professional & Outside Services	-	-	-
Travel In-State	-	-	-
Travel Out-Of-State	-	-	-
Food	-	-	-
Aid To Organizations & Individuals	-	-	-
Other Operating Expenditures	-	-	-
Equipment	-	-	-
Capital Outlay	-	-	-
Capital Equipment	-	-	-
Non-Capital Equipment	-	-	-
Debt Service	-	-	-
Cost Allocation & Indirect Costs	-	-	-
Transfers-Out	-	-	-
Non-Appropriated Expenditure Sub-Total:	-	-	-
Non-Lapsing Authority from Prior Years	-	-	-
Administrative Adjustments	-	-	-
Capital Projects (Land, Bldgs, Improv)	-	-	-
Appropriated 27th Pay Roll	-	-	-
Legislative Fund Transfers	-	-	-
IT Project Transfers	-	-	-
Proposed Fund Transfer	-	-	-
Residual Equity Transfer	-	-	-
Transfer Due to Fund Balance Cap	-	-	-
Prior Committed or Obligated Expenditures (no entry for AY)	-	-	-
Non-Appropriated 27th Pay Roll	-	-	-

Sources and Uses

Agency: Department of Real Estate

Fund: RE2537 Condo and Planned Community Hearing Office Fund

Non-Appropriated Expenditure Total:	-	-	-
Non-Appropriated FTE	-	-	-

Sources and Uses

Agency:	Department of Real Estate
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Fund:	RE3119 Real Estate Recovery Fund
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Revenues from application fees for real estate or cemetery broker's or salesman's license are used to pay claims against real estate brokers or salesmen.

Cash Flow Summary

	FY 2024 Actuals	FY 2025 Estimate	FY 2026 Request
Beginning Balance	1,138.1	1,201.4	1,263.3
Revenue (from Revenue Schedule)	63.4	61.9	61.9
Total Available	1,201.4	1,263.3	1,325.2
Total Appropriated Disbursements	(6.2)	-	-
Total Non-Appropriated Disbursements	6.2	-	-
Balance Forward to Next Year	1,201.4	1,263.3	1,325.2

Appropriated Expenditure

	FY 2024 Actuals	FY 2025 Estimate	FY 2026 Request
Expenditure Categories			
Personal Services	-	-	-
Employee Related Expenditures	-	-	-
Professional & Outside Services	-	-	-
Travel In-State	-	-	-
Travel Out-Of-State	-	-	-
Food	-	-	-
Aid To Organizations & Individuals	-	-	-
Other Operating Expenditures	-	-	-
Equipment	-	-	-
Capital Outlay	-	-	-
Capital Equipment	-	-	-
Non-Capital Equipment	-	-	-
Debt Service	-	-	-
Cost Allocation & Indirect Costs	-	-	-
Transfers-Out	-	-	-
Appropriated Expenditure Sub-Total:	-	-	-
Non-Lapsing Authority from Prior Years	-	-	-
Administrative Adjustments	(6.2)	-	-
Capital Projects (Land, Bldgs, Improv)	-	-	-
Appropriated 27th Pay Roll	-	-	-
Legislative Fund Transfers	-	-	-
IT Project Transfers	-	-	-
Proposed Fund Transfer	-	-	-

Sources and Uses

Agency:	Department of Real Estate
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Fund:	RE3119 Real Estate Recovery Fund
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Residual Equity Transfer	-	-	-
Transfer Due to Fund Balance Cap	-	-	-
Prior Committed or Obligated Expenditures (no entry for AY)	-	-	-
Non-Appropriated 27th Pay Roll	-	-	-
Appropriated Expenditure Total:	(6.2)	-	-
Appropriated FTE	-	-	-

Non-Appropriated Expenditure

	FY 2024 Actuals	FY 2025 Estimate	FY 2026 Request
Expenditure Categories			
Personal Services	-	-	-
Employee Related Expenditures	-	-	-
Professional & Outside Services	-	-	-
Travel In-State	-	-	-
Travel Out-Of-State	-	-	-
Food	-	-	-
Aid To Organizations & Individuals	-	-	-
Other Operating Expenditures	6.2	-	-
Equipment	-	-	-
Capital Outlay	-	-	-
Capital Equipment	-	-	-
Non-Capital Equipment	-	-	-
Debt Service	-	-	-
Cost Allocation & Indirect Costs	-	-	-
Transfers-Out	-	-	-
Non-Appropriated Expenditure Sub-Total:	6.2	-	-
Non-Lapsing Authority from Prior Years	-	-	-
Administrative Adjustments	-	-	-
Capital Projects (Land, Bldgs, Improv)	-	-	-
Appropriated 27th Pay Roll	-	-	-
Legislative Fund Transfers	-	-	-
IT Project Transfers	-	-	-
Proposed Fund Transfer	-	-	-
Residual Equity Transfer	-	-	-
Transfer Due to Fund Balance Cap	-	-	-
Prior Committed or Obligated Expenditures (no entry for AY)	-	-	-
Non-Appropriated 27th Pay Roll	-	-	-

Sources and Uses

Agency: Department of Real Estate

Fund: RE3119 Real Estate Recovery Fund

Non-Appropriated Expenditure Total:	6.2	-	-
Non-Appropriated FTE	-	-	-

Sources and Uses

Agency: Department of Real Estate

Fund: RE4011 Real Estate Education Revolving Fund

Revenues consist of monies received from the sale of educational matter and grants of monies to be used in the production of educational products. Funds are used for the printing of a compilation of real estate laws and rules and other educational publications and for such other educational efforts necessary for the guidance and assistance of licensees and the public. Any balance in excess of \$25,000 at the end of the fiscal year is transferred to the General Fund.

Cash Flow Summary

	FY 2024 Actuals	FY 2025 Estimate	FY 2026 Request
Beginning Balance	27.3	16.5	25.0
Revenue (from Revenue Schedule)	4.9	15.6	15.6
Total Available	32.2	32.1	40.6
Total Appropriated Disbursements	-	-	-
Total Non-Appropriated Disbursements	15.7	7.1	15.6
Balance Forward to Next Year	16.5	25.0	25.0

Appropriated Expenditure

Expenditure Categories	FY 2024 Actuals	FY 2025 Estimate	FY 2026 Request
Personal Services	-	-	-
Employee Related Expenditures	-	-	-
Professional & Outside Services	-	-	-
Travel In-State	-	-	-
Travel Out-Of-State	-	-	-
Food	-	-	-
Aid To Organizations & Individuals	-	-	-
Other Operating Expenditures	-	-	-
Equipment	-	-	-
Capital Outlay	-	-	-
Capital Equipment	-	-	-
Non-Capital Equipment	-	-	-
Debt Service	-	-	-
Cost Allocation & Indirect Costs	-	-	-
Transfers-Out	-	-	-
Appropriated Expenditure Sub-Total:	-	-	-
Non-Lapsing Authority from Prior Years	-	-	-
Administrative Adjustments	-	-	-
Capital Projects (Land, Bldgs, Improv)	-	-	-
Appropriated 27th Pay Roll	-	-	-
Legislative Fund Transfers	-	-	-
IT Project Transfers	-	-	-

Sources and Uses

Agency:	Department of Real Estate
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Fund:	RE4011 Real Estate Education Revolving Fund
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Proposed Fund Transfer	-	-	-
Residual Equity Transfer	-	-	-
Transfer Due to Fund Balance Cap	-	-	-
Prior Committed or Obligated Expenditures (no entry for AY)	-	-	-
Non-Appropriated 27th Pay Roll	-	-	-
Appropriated Expenditure Total:	-	-	-
Appropriated FTE	-	-	-

Non-Appropriated Expenditure

	FY 2024 Actuals	FY 2025 Estimate	FY 2026 Request
Expenditure Categories			
Personal Services	-	-	-
Employee Related Expenditures	-	-	-
Professional & Outside Services	2.0	-	-
Travel In-State	-	-	-
Travel Out-Of-State	-	-	-
Food	-	-	-
Aid To Organizations & Individuals	-	-	-
Other Operating Expenditures	11.4	-	-
Equipment	-	-	-
Capital Outlay	-	-	-
Capital Equipment	-	-	-
Non-Capital Equipment	-	-	-
Debt Service	-	-	-
Cost Allocation & Indirect Costs	-	-	-
Transfers-Out	2.3	-	-
Non-Appropriated Expenditure Sub-Total:	15.7	-	-
Non-Lapsing Authority from Prior Years	-	-	-
Administrative Adjustments	-	-	-
Capital Projects (Land, Bldgs, Improv)	-	-	-
Appropriated 27th Pay Roll	-	-	-
Legislative Fund Transfers	-	-	-
IT Project Transfers	-	-	-
Proposed Fund Transfer	-	-	-
Residual Equity Transfer	-	-	-
Transfer Due to Fund Balance Cap	-	7.1	15.6
Prior Committed or Obligated Expenditures (no entry for AY)	-	-	-

Sources and Uses

Agency: Department of Real Estate

Fund: RE4011 Real Estate Education Revolving Fund

Non-Appropriated 27th Pay Roll	-	-	-
Non-Appropriated Expenditure Total:	15.7	7.1	15.6
Non-Appropriated FTE	-	-	-

Funding Issue List

Agency: Department of Real Estate

FY 2020

Priority	Funding Issue Title	Total FTE	Total Amount	General Fund	Other Appropriated Funds	Non- Appropriated Funds
1	Real Estate IT Modernization Initiative	-	2,831.3	2,831.3	-	-
Total:		-	2,831.3	2,831.3	-	-

Funding Issue Detail

Agency: Department of Real Estate

Issue: 1 Real Estate IT Modernization Initiative

Calculated ERE:
Uniform Allowance:

Program: Licensing and Regulation
Fund: AA1000 General Fund (Appropriated)

Expenditure Categories		FY 2026
8400	Capital Equipment	2,831.3
Program/Fund Total:		2,831.3

Funding Issue Narrative

Agency: Department of Real Estate

Issue: 1 Real Estate IT Modernization Initiative

Description of Issue: The Arizona Department of Real Estate requires replacement of its 28 year old, custom built customer relationship management software, online interface, and communication tool. The current system was coded and built by one individual, who is now nearing the end of his state tenure; leaving the department, its 84,000 licensees, and customers vulnerable. Of the funding issue identified, \$1,961,656.61 represents a one-time expenditure targeted at implementation of a new CRM and migration of the Department's data to the externally, commercially supported technology solution and \$869,577.82 would be an on-going expenditure and appropriation for software licensing and user fees.

Proposal: For at least the last ten years prior to Commissioner Nicolson's appointment, the Department failed to position itself in a manner to avoid risk by moving to commercially and externally supported technology. A senior coder in the Department – the sole IT team member – built, customized and maintains the Department's case management software, database, externally facing public platform, and communications tool. This individual presents an extreme vulnerability for the Department as a single point of catastrophic failure. He has notified the Administration of his intention to retire by the end of 2026.

The Department began working with the State Procurement Office and its ADOA Assigned Engagement Manager in 2022, upon notice of the Coder's intent to retire, to develop a scope of work to secure a business analyst to ensure business requirements are documented. The Department issued the scope of work in a solicitation out to vendors on statewide contract and in early-2023, the Department received four proposals to perform the services required to move to a more stable system.

Due to the Department existing on a 95/110 budget model, all monies and funds unexpended at the end of a fiscal year remit to the General Fund. Additionally, all proposals received from the scope of work exposed the Department to potentially exceeding its appropriation if occurring within one fiscal year.

Though representing a delay of six months, the Department reissued the scope of work to again solicit for bids for the business analyst to span two fiscal years, in order to use its lump sum budget appropriation.

As a result of the bid solicitation, the Department engaged with netlogx, a vendor on statewide contract providing business analyst and consulting services. Specifically, the Department contracted with netlogx to capture its current state, forecast a future state, improve operations, document business requirements, perform market research of potential costs for similar situated departments/ requirements, and draft a comprehensive Statement of Work for use in a solicitation of vendors able to deliver a CRM and Online Public Platform replacement meeting the Department's needs.

Using the Department's business requirements, current service offerings, and service levels, the business analyst - as stated - performed a nationwide, comparative cost analysis of similarly situated departments and agencies who recently underwent similar modernization efforts for their CRM or Online Public Platform to determine current cost estimates of IT system implementations and ongoing licensing fees associated.

netlogx surveyed Requests for Proposals (RFPs) and associated contracts from North Dakota, Washington, Oregon, Illinois, and Tennessee, encompassing the Board of Clinical Laboratory Practice, Department of Licensing, Liquor Control Commission, Central Management Services, and the Alcoholic and Beverage Commission, respectively. The RFPs and contracts for similar modernization initiatives with one-time, implementation costs ranging from \$48,925.00 to \$7,540,545.00 and with annual, ongoing licensing fees existing between \$23,500.00 and \$2,127,136.00.

Based on netlogx's third-party, professional understanding of ADRE's business needs, system needs, and services, the vendor's recommendation is to leverage the Tennessee Alcoholic Beverage Commission Regulatory Licensing and Permitting System as a baseline for cost estimates.

Line Item

5 Year Cost

10% Markup

Implementation

\$1,783,324.19

\$1,961,656.61

Annual Costs

\$790,525.29

\$869,577.82

Total 5 Year Costs

\$2,573,849.48

\$2,831,234.43

Funding Issue Narrative

Agency: Department of Real Estate

Issue: 1 Real Estate IT Modernization Initiative

Alternatives Considered: As a 95/110, all revenue generated through licensing fees and civil penalties are remitted directly to the State's General Fund. The Department's only source of funding permitted by Statute and under the Department's current budget model is the lump sum appropriation from the General Fund as a result of the State's passed and signed budget. From internal and external stakeholders, the Department has been asked whether it considered or believed it was eligible for unexpended American Rescue Plan Act (ARPA) funding and whether an appropriation within the State's budget may fund the CSM/License and system integrations replacement. Specific ARPA funding has not been identified to date and seeking, acceptance or use of grant funding or gifts is not authorized by the Department under Title 32, Chapter 20, as it is within other Departments. The Department would therefore not be statutory authorized to apply for, receive, or manage such funds. The Department was approved by the Governor's Office to run legislation in 2024, introduced as HB2633 – real estate information technology fund. The measure ultimately failed to pass. Alternative methods considered by the Department, included reappropriation of previously dedicated IT funds, permitting the Department retain revenue over its appropriation, and permitting the Department retain unexpended appropriations. The Department was and remains open to all viable funding mechanisms that support the regulated community and the public. Related to a potential reappropriation of a previously dedicated IT fund appropriation for another agency, the specific fund suggested for reappropriation to the Department of Real Estate was verified by the Department of Administration to be unavailable for reappropriation and was included as the Executive's Budget to be reclaimed to alleviate budgetary shortfalls. Related to amending statutes to enable the retention of revenue exceeding either the Department's appropriation or percentages above the appropriation, the variability of revenue collected by the Department is based on market conditions of the real estate industry making projections difficult and expenditure planning unpredictable as to when sufficient funds would be available for contracting with a vendor. Related to amending statutes to enable the retention of unexpended appropriations, the Department has traditionally returned \$300,000-\$400,000 of unexpended appropriations to the General Fund each year. The implementation cost of a new system is estimated at \$1.96M and on-going costs of approximately \$800,000. The unexpended appropriation amounts are less than what even the software licensing fees cost on an annual basis. To mitigate the exposure caused by the Department's current single point of failure, the Department began cross training a technologically-inclined team member from its licensing division to learn and become familiar with coding. This individual now serves as the Senior Service Desk Analyst within the Department and is being exposed to code and the system. Nonetheless, this individual will not be capable of learning and taking over the responsibilities of a three decade old, custom coded product prior to the end of 2026.

Impact of Not Funding This Year: ADRE's Senior Coder notified the Administration of his intention to retire by the end of 2026. This is the final budget cycle to accomplish this project prior to his separation from state service. If system failures occur, the Department believes supplemental budget appropriations will be required to avoid catastrophic impacts to regulated communities.

Statutory Reference: N/A

Equipment to be Purchased (if applicable): N/A

Classification of New Positions: N/A

Annualization(s): N/A

Alignment with Agency's Strategic Plan or Statutory Responsibilities: As stated, the Department's current IT solution is supported by one individual who custom built and singly maintains it. That team member is nearing the end of his state service. If the system were not to be replaced prior to his departure, any failure to the system would be catastrophic to current operations and migration to a new system would be further complicated without his expertise and understanding of the current integrations of the system. The Department would be forced to return to paper processing of applications, renewals, payments, complaints, and all other services currently handled online – 100% of the Department's services are currently offered online. All applications received by the Department are currently processed in less than 5 days with all individual licenses being approved in one day or less. The burden of system failure placed on small businesses in real estate and the public would be great and the Department has cut its workforce to 25 percent of its former FTEs – again largely due to the 95/110 budget model - when paper processing was required. If the system fails, operations will grind to a halt.

Funding Issue Narrative

Agency: Department of Real Estate

Issue: 1 Real Estate IT Modernization Initiative

Impact on Historically Underserved, Marginalized, or Adversely Affected Groups:

The current IT solution built and customized by the Department is not ADA compliant and is not suited for use by underserved populations. It is not an intuitive system and if it were to fail, the Department would return to paper processing for its 84,000 licensees and the public filing of complaints. The risks associated with the current system are significant; the risks of not replacing it or seeing it fail are catastrophic.

How has feedback been incorporated from groups directly impacted by proposal?:

Since Commissioner Nicolson was appointed and confirmed in 2023, the Department has collaborated extensively with the Arizona Association of Realtors, local associations and many of the small businesses regulated by Title 32, Chapter 20. The Department expressed concerns over the lack of planning with continuity of operations related to the IT system and customers are more than interested in seeing a solution put into place to ensure the risks associated with the current system and single point of failure are avoided. The alternative is simply too great a burden to Arizona's small business owners, especially those in real estate in rural areas of the state, as paper processing presents a significant disparate impact in a day and age where the state has closed satellite offices due to technological advances celebrated in year's past.

Description of how this furthers the Governor's priorities:

N/A

Summary of Expenditure and Budget Request for All Funds

Agency: Department of Real Estate

Appropriated Funds	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
Program:				
REA-1-0 Licensing and Regulation	2,909.0	3,111.8	2,831.3	5,943.1
Appropriated Funds Total:	2,909.0	3,111.8	2,831.3	5,943.1
Expenditure Categories				
FTE	26.5	37.0	-	37.0
Personal Services	1,709.9	1,782.2	-	1,782.2
Employee Related Expenditures	574.7	763.0	-	763.0
Subtotal Personal Services and ERE	2,284.6	2,545.2	-	2,545.2
Professional & Outside Services	181.5	210.0	-	210.0
Travel In-State	1.4	10.0	-	10.0
Travel Out-Of-State	12.2	30.0	-	30.0
Other Operating Expenditures	355.1	241.6	-	241.6
Capital Equipment	5.6	75.0	2,831.3	2,906.3
Non-Capital Equipment	40.3	-	-	-
Transfers-Out	28.2	-	-	-
Expenditure Categories Total:	2,909.0	3,111.8	2,831.3	5,943.1

Summary of Expenditure and Budget Request for All Funds

Agency: Department of Real Estate

Non-Appropriated		FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
Program:					
REA-1-0	Licensing and Regulation	21.9	-	-	-
Non-Appropriated Total:		21.9	-	-	-
Expenditure Categories					
	FTE	-	-	-	-
	Personal Services	-	-	-	-
	Employee Related Expenditures	-	-	-	-
	Subtotal Personal Services and ERE	-	-	-	-
	Professional & Outside Services	2.0	-	-	-
	Travel In-State	-	-	-	-
	Travel Out-Of-State	-	-	-	-
	Other Operating Expenditures	17.6	-	-	-
	Capital Equipment	-	-	-	-
	Non-Capital Equipment	-	-	-	-
	Transfers-Out	2.3	-	-	-
Expenditure Categories Total:		21.9	-	-	-
Department of Real Estate Total for All Funds:		2,930.9	3,111.8	2,831.3	5,943.1

Appropriated and Non-Appropriated		FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2025 Funding Issue	FY 2026 Total Request
REA-1-0	Licensing and Regulation	2,930.9	3,111.8	2,831.3	5,943.1
Department of Real Estate Total for All Funds:		2,930.9	3,111.8	2,831.3	5,943.1

Summary of Expenditure and Budget Request for Selected Funds

Agency:	Department of Real Estate
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Fund:	AA1000 General Fund (Appropriated)
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	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
Program:				
REA-1-0 Licensing and Regulation	2,909.0	3,111.8	2,831.3	5,943.1
General Fund (Appropriated) Summary Total:	2,909.0	3,111.8	2,831.3	5,943.1
Expenditure Categories				
FTE	26.5	37.0	-	37.0
Personal Services	1,709.9	1,782.2	-	1,782.2
Employee Related Expenditures	574.7	763.0	-	763.0
Subtotal Personal Services and ERE	2,284.6	2,545.2	-	2,545.2
Professional & Outside Services	181.5	210.0	-	210.0
Travel In-State	1.4	10.0	-	10.0
Travel Out-Of-State	12.2	30.0	-	30.0
Other Operating Expenditures	355.1	241.6	-	241.6
Capital Equipment	5.6	75.0	2,831.3	2,906.3
Non-Capital Equipment	40.3	-	-	-
Transfers-Out	28.2	-	-	-
Expenditure Categories Total:	2,909.0	3,111.8	2,831.3	5,943.1

Summary of Expenditure and Budget Request for Selected Funds

Agency:	Department of Real Estate
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Fund:	RE3119 Real Estate Recovery Fund (Non-Appropriated)
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	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
Program:				
REA-1-0 Licensing and Regulation	6.2	-	-	-
Real Estate Recovery Fund (Non-Appropriated)	6.2	-	-	-
Summary Total:	6.2	-	-	-
Expenditure Categories				
FTE	-	-	-	-
Personal Services	-	-	-	-
Employee Related Expenditures	-	-	-	-
Subtotal Personal Services and ERE	-	-	-	-
Professional & Outside Services	-	-	-	-
Travel In-State	-	-	-	-
Travel Out-Of-State	-	-	-	-
Other Operating Expenditures	6.2	-	-	-
Capital Equipment	-	-	-	-
Non-Capital Equipment	-	-	-	-
Transfers-Out	-	-	-	-
Expenditure Categories Total:	6.2	-	-	-

Summary of Expenditure and Budget Request for Selected Funds

Agency:	Department of Real Estate
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Fund:	RE4011 Real Estate Education Revolving Fund (Non-Appropriated)
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	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
Program:				
REA-1-0 Licensing and Regulation	15.7	-	-	-
Real Estate Education Revolving Fund (Non-Appropriated) Summary Total:	15.7	-	-	-
Expenditure Categories				
FTE	-	-	-	-
Personal Services	-	-	-	-
Employee Related Expenditures	-	-	-	-
Subtotal Personal Services and ERE	-	-	-	-
Professional & Outside Services	2.0	-	-	-
Travel In-State	-	-	-	-
Travel Out-Of-State	-	-	-	-
Other Operating Expenditures	11.4	-	-	-
Capital Equipment	-	-	-	-
Non-Capital Equipment	-	-	-	-
Transfers-Out	2.3	-	-	-
Expenditure Categories Total:	15.7	-	-	-

Program Budget Unit Summary of Expenditure and Budget Request for All Funds

Agency: Department of Real Estate

	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
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Program: REA-1-0 Licensing and Regulation

Expenditure Categories

FTE	26.5	37.0	-	37.0
Personal Services	1,709.9	1,782.2	-	1,782.2
Employee Related Expenditures	574.7	763.0	-	763.0
Subtotal Personal Services and ERE	2,284.6	2,545.2	-	2,545.2
Professional & Outside Services	183.5	210.0	-	210.0
Travel In-State	1.4	10.0	-	10.0
Travel Out-Of-State	12.2	30.0	-	30.0
Other Operating Expenditures	372.7	241.6	-	241.6
Capital Equipment	5.6	75.0	2,831.3	2,906.3
Non-Capital Equipment	40.3	-	-	-
Transfers-Out	30.5	-	-	-
Expenditure Categories Total:	2,930.9	3,111.8	2,831.3	5,943.1

Fund Source

Appropriated Funds

General Fund (Appropriated)	2,909.0	3,111.8	2,831.3	5,943.1
Appropriated Funds Total:	2,909.0	3,111.8	2,831.3	5,943.1

Non-Appropriated Funds

Real Estate Recovery Fund (Non-Appropriated)	6.2	-	-	-
Real Estate Education Revolving Fund (Non-Appropriated)	15.7	-	-	-
Non-Appropriated Funds Total:	21.9	-	-	-
Licensing and Regulation Total:	2,930.9	3,111.8	2,831.3	5,943.1

Sub Program: REA-1-1 Licensing and Regulation

Expenditure Categories

FTE	26.5	37.0	-	37.0
Personal Services	1,709.9	1,782.2	-	1,782.2
Employee Related Expenditures	574.7	763.0	-	763.0
Subtotal Personal Services and ERE	2,284.6	2,545.2	-	2,545.2

Program Budget Unit Summary of Expenditure and Budget Request for All Funds

Agency: Department of Real Estate

	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
Program: REA-1-0 Licensing and Regulation				
Sub Program: REA-1-1 Licensing and Regulation				
Professional & Outside Services	183.5	210.0	-	210.0
Travel In-State	1.4	10.0	-	10.0
Travel Out-Of-State	12.2	30.0	-	30.0
Other Operating Expenditures	372.7	241.6	-	241.6
Capital Equipment	5.6	75.0	2,831.3	2,906.3
Non-Capital Equipment	40.3	-	-	-
Transfers-Out	30.5	-	-	-
Expenditure Categories Total:	2,930.9	3,111.8	2,831.3	5,943.1

Fund Source

Appropriated Funds

General Fund (Appropriated)	2,909.0	3,111.8	2,831.3	5,943.1
Appropriated Funds Total:	2,909.0	3,111.8	2,831.3	5,943.1

Non-Appropriated Funds

Real Estate Recovery Fund (Non-Appropriated)	6.2	-	-	-
Real Estate Education Revolving Fund (Non-Appropriated)	15.7	-	-	-
Non-Appropriated Funds Total:	21.9	-	-	-
Licensing and Regulation Total:	2,930.9	3,111.8	2,831.3	5,943.1

Program Budget Unit Summary of Expenditure and Budget Request for Selected Funds

Agency: Department of Real Estate

	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
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Program: REA-1-0 Licensing and Regulation

Fund: AA1000 General Fund

Appropriated

Personal Services	1,709.9	1,782.2	-	1,782.2
Employee Related Expenditures	574.7	763.0	-	763.0
Subtotal Personal Services and ERE	2,284.6	2,545.2	-	2,545.2
Professional & Outside Services	181.5	210.0	-	210.0
Travel In-State	1.4	10.0	-	10.0
Travel Out-Of-State	12.2	30.0	-	30.0
Other Operating Expenditures	355.1	241.6	-	241.6
Capital Equipment	5.6	75.0	2,831.3	2,906.3
Non-Capital Equipment	40.3	-	-	-
Transfers-Out	28.2	-	-	-
Expenditure Categories Total:	2,909.0	3,111.8	2,831.3	5,943.1
General Fund Total:	2,909.0	3,111.8	2,831.3	5,943.1

Fund: RE3119 Real Estate Recovery Fund

Non-Appropriated

Personal Services	-	-	-	-
Employee Related Expenditures	-	-	-	-
Subtotal Personal Services and ERE	-	-	-	-
Professional & Outside Services	-	-	-	-
Travel In-State	-	-	-	-
Travel Out-Of-State	-	-	-	-
Other Operating Expenditures	6.2	-	-	-
Capital Equipment	-	-	-	-
Non-Capital Equipment	-	-	-	-
Transfers-Out	-	-	-	-
Expenditure Categories Total:	6.2	-	-	-
Real Estate Recovery Fund Total:	6.2	-	-	-

Program Budget Unit Summary of Expenditure and Budget Request for Selected Funds

Agency: Department of Real Estate

	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
Program: REA-1-0 Licensing and Regulation				
Fund: RE4011 Real Estate Education Revolving Fund				

Non-Appropriated

Personal Services	-	-	-	-
Employee Related Expenditures	-	-	-	-
Subtotal Personal Services and ERE	-	-	-	-
Professional & Outside Services	2.0	-	-	-
Travel In-State	-	-	-	-
Travel Out-Of-State	-	-	-	-
Other Operating Expenditures	11.4	-	-	-
Capital Equipment	-	-	-	-
Non-Capital Equipment	-	-	-	-
Transfers-Out	2.3	-	-	-
Expenditure Categories Total:	15.7	-	-	-
Real Estate Education Revolving Fund Total:	15.7	-	-	-
Program Total for Select Funds:	2,930.9	3,111.8	2,831.3	5,943.1

Sub Program: REA-1-1 Licensing and Regulation

Fund: AA1000 General Fund

Appropriated

Personal Services	1,709.9	1,782.2	-	1,782.2
Employee Related Expenditures	574.7	763.0	-	763.0
Subtotal Personal Services and ERE	2,284.6	2,545.2	-	2,545.2
Professional & Outside Services	181.5	210.0	-	210.0
Travel In-State	1.4	10.0	-	10.0
Travel Out-Of-State	12.2	30.0	-	30.0
Other Operating Expenditures	355.1	241.6	-	241.6
Capital Equipment	5.6	75.0	2,831.3	2,906.3
Non-Capital Equipment	40.3	-	-	-
Transfers-Out	28.2	-	-	-

Program Budget Unit Summary of Expenditure and Budget Request for Selected Funds

Agency: Department of Real Estate

	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
Program: REA-1-0 Licensing and Regulation				
Sub Program: REA-1-1 Licensing and Regulation				
Fund: AA1000 General Fund				
Expenditure Categories Total:	2,909.0	3,111.8	2,831.3	5,943.1
General Fund Total:	2,909.0	3,111.8	2,831.3	5,943.1

Fund: RE3119 Real Estate Recovery Fund

Non-Appropriated

Personal Services	-	-	-	-
Employee Related Expenditures	-	-	-	-
Subtotal Personal Services and ERE	-	-	-	-
Professional & Outside Services	-	-	-	-
Travel In-State	-	-	-	-
Travel Out-Of-State	-	-	-	-
Other Operating Expenditures	6.2	-	-	-
Capital Equipment	-	-	-	-
Non-Capital Equipment	-	-	-	-
Transfers-Out	-	-	-	-
Expenditure Categories Total:	6.2	-	-	-
Real Estate Recovery Fund Total:	6.2	-	-	-

Fund: RE4011 Real Estate Education Revolving Fund

Non-Appropriated

Personal Services	-	-	-	-
Employee Related Expenditures	-	-	-	-
Subtotal Personal Services and ERE	-	-	-	-
Professional & Outside Services	2.0	-	-	-
Travel In-State	-	-	-	-
Travel Out-Of-State	-	-	-	-
Other Operating Expenditures	11.4	-	-	-
Capital Equipment	-	-	-	-

Program Budget Unit Summary of Expenditure and Budget Request for Selected Funds

Agency:	Department of Real Estate
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	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
Program: REA-1-0 Licensing and Regulation				
Sub Program: REA-1-1 Licensing and Regulation				
Fund: RE4011 Real Estate Education Revolving Fund				
Non-Capital Equipment	-	-	-	-
Transfers-Out	2.3	-	-	-
Expenditure Categories Total:	15.7	-	-	-
Real Estate Education Revolving Fund Total:	15.7	-	-	-
Sub Program Total for Select Funds:	2,930.9	3,111.8	2,831.3	5,943.1

Program Summary of Expenditure and Budget Request

Agency: Department of Real Estate

Program: Licensing and Regulation

Program Summary		FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
REA-1-1	Licensing and Regulation	2,930.9	3,111.8	2,831.3	5,943.1
Licensing and Regulation Summary Total:		2,930.9	3,111.8	2,831.3	5,943.1
Expenditure Categories					
FTE	FTE	26.5	37.0	-	37.0
6000	Personal Services	1,709.9	1,782.2	-	1,782.2
6100	Employee Related Expenditures	574.7	763.0	-	763.0
Subtotal Personal Services and ERE		2,284.6	2,545.2	-	2,545.2
6200	Professional & Outside Services	183.5	210.0	-	210.0
6500	Travel In-State	1.4	10.0	-	10.0
6600	Travel Out-Of-State	12.2	30.0	-	30.0
7000	Other Operating Expenditures	372.7	241.6	-	241.6
8400	Capital Equipment	5.6	75.0	2,831.3	2,906.3
8500	Non-Capital Equipment	40.3	-	-	-
9100	Transfers-Out	30.5	-	-	-
Expenditure Categories Total:		2,930.9	3,111.8	2,831.3	5,943.1
Fund Source					
Appropriated Funds					
AA1000	General Fund (Appropriated)	2,909.0	3,111.8	2,831.3	5,943.1
Appropriated Funds Total:		2,909.0	3,111.8	2,831.3	5,943.1
Non-Appropriated Funds					
RE3119	Real Estate Recovery Fund (Non-Appropriated)	6.2	-	-	-
RE4011	Real Estate Education Revolving Fund (Non-Appropriated)	15.7	-	-	-
Non-Appropriated Funds Total:		21.9	-	-	-
Licensing and Regulation Summary Total:		2,930.9	3,111.8	2,831.3	5,943.1

Program Summary of Expenditure and Budget Request for Selected Funds

Agency: Department of Real Estate

Program: Licensing and Regulation

Fund: AA1000 General Fund (Appropriated)

Program Expenditures		FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
REA-1-1	Licensing and Regulation	2,909.0	3,111.8	2,831.3	5,943.1
General Fund (Appropriated) Summary Total:		2,909.0	3,111.8	2,831.3	5,943.1
Appropriated Funding					
6000	Personal Services	1,709.9	1,782.2	-	1,782.2
6100	Employee Related Expenditures	574.7	763.0	-	763.0
Subtotal Personal Services and ERE		2,284.6	2,545.2	-	2,545.2
6200	Professional & Outside Services	181.5	210.0	-	210.0
6500	Travel In-State	1.4	10.0	-	10.0
6600	Travel Out-Of-State	12.2	30.0	-	30.0
7000	Other Operating Expenditures	355.1	241.6	-	241.6
8400	Capital Equipment	5.6	75.0	2,831.3	2,906.3
8500	Non-Capital Equipment	40.3	-	-	-
9100	Transfers-Out	28.2	-	-	-
Expenditure Categories Total:		2,909.0	3,111.8	2,831.3	5,943.1
Fund AA1000 - A Total:		2,909.0	3,111.8	2,831.3	5,943.1

Program Summary of Expenditure and Budget Request for Selected Funds

Agency:	Department of Real Estate
Program:	Licensing and Regulation
Fund:	RE3119 Real Estate Recovery Fund (Non-Appropriated)

Program Expenditures	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
REA-1-1 Licensing and Regulation	6.2	-	-	-
Real Estate Recovery Fund (Non-Appropriated)	6.2	-	-	-
Summary Total:	6.2	-	-	-
Non-Appropriated Funding				
6000 Personal Services	-	-	-	-
6100 Employee Related Expenditures	-	-	-	-
Subtotal Personal Services and ERE	-	-	-	-
6200 Professional & Outside Services	-	-	-	-
6500 Travel In-State	-	-	-	-
6600 Travel Out-Of-State	-	-	-	-
7000 Other Operating Expenditures	6.2	-	-	-
8400 Capital Equipment	-	-	-	-
8500 Non-Capital Equipment	-	-	-	-
9100 Transfers-Out	-	-	-	-
Expenditure Categories Total:	6.2	-	-	-
Fund RE3119 - N Total:	6.2	-	-	-

Program Summary of Expenditure and Budget Request for Selected Funds

Agency: Department of Real Estate

Program: Licensing and Regulation

Fund: RE4011 Real Estate Education Revolving Fund (Non-Appropriated)

Program Expenditures		FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
REA-1-1	Licensing and Regulation	15.7	-	-	-
	Real Estate Education Revolving Fund (Non-Appropriated) Summary Total:	15.7	-	-	-
Non-Appropriated Funding					
6000	Personal Services	-	-	-	-
6100	Employee Related Expenditures	-	-	-	-
	Subtotal Personal Services and ERE	-	-	-	-
6200	Professional & Outside Services	2.0	-	-	-
6500	Travel In-State	-	-	-	-
6600	Travel Out-Of-State	-	-	-	-
7000	Other Operating Expenditures	11.4	-	-	-
8400	Capital Equipment	-	-	-	-
8500	Non-Capital Equipment	-	-	-	-
9100	Transfers-Out	2.3	-	-	-
	Expenditure Categories Total:	15.7	-	-	-
	Fund RE4011 - N Total:	15.7	-	-	-
	Licensing and Regulation Total:	2,930.9	3,111.8	2,831.3	5,943.1

Program Expenditure Schedule

Agency: Department of Real Estate

	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
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Program: REA-1-0 Licensing and Regulation

FTE

FTE	26.5	37.0	-	37.0
Expenditure Category Total:	-	-	-	-

Fund Source

Appropriated Funds

AA1000 General Fund (Appropriated)	26.5	37.0	-	37.0
Appropriated Funds Total:	26.5	37.0	-	37.0
Fund Source Total:	26.5	37.0	-	37.0

Personal Services

Personal Services	1,709.9	1,782.2	-	1,782.2
Expenditure Category Total:	1,709.9	1,782.2	-	1,782.2

Fund Source

Appropriated Funds

AA1000 General Fund (Appropriated)	1,709.9	1,782.2	-	1,782.2
Appropriated Funds Total:	1,709.9	1,782.2	-	1,782.2
Fund Source Total:	1,709.9	1,782.2	-	1,782.2

Employee Related Expenditures

Employee Related Expenses	-	763.0	-	763.0
FICA Taxes	128.0	-	-	-
Medical Insurance	222.9	-	-	-
Basic Life	0.2	-	-	-
Long-Term Disability (ASRS)	2.2	-	-	-
Dental Insurance	1.6	-	-	-
Workers' Compensation	11.2	-	-	-
Arizona State Retirement System	176.5	-	-	-
Personnel Board Pro-Rata Charges	14.7	-	-	-
Information Technology Pro Rata Charge	10.4	-	-	-
Accumulated Sick Leave Fund Charge	6.8	-	-	-
Expenditure Category Total:	574.7	763.0	-	763.0

Fund Source

Program Expenditure Schedule

Agency:	Department of Real Estate
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		FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
Program: REA-1-0 Licensing and Regulation					
Appropriated Funds					
AA1000	General Fund (Appropriated)	574.7	763.0	-	763.0
	Appropriated Funds Total:	574.7	763.0	-	763.0
Non-Appropriated Funds					
RE3119	Real Estate Recovery Fund (Non-Appropriated)	-	-	-	-
RE4011	Real Estate Education Revolving Fund (Non-Appropriated)	-	-	-	-
	Non-Appropriated Funds Total:	-	-	-	-
	Fund Source Total:	574.7	763.0	-	763.0

Professional & Outside Services
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Professional and Outside Services	-	210.0	-	210.0	
Attorney General Legal Services	104.8	-	-	-	
External Legal Services	2.7	-	-	-	
Education & Training	4.2	-	-	-	
External Information and Communications Technology Consulting Services	65.9	-	-	-	
Other Professional & Outside Services	5.9	-	-	-	
	Expenditure Category Total:	183.5	210.0	-	210.0

Fund Source

Appropriated Funds					
AA1000	General Fund (Appropriated)	181.5	210.0	-	210.0
	Appropriated Funds Total:	181.5	210.0	-	210.0
Non-Appropriated Funds					
RE4011	Real Estate Education Revolving Fund (Non-Appropriated)	2.0	-	-	-
	Non-Appropriated Funds Total:	2.0	-	-	-
	Fund Source Total:	183.5	210.0	-	210.0

Travel In-State

Travel In-State	-	10.0	-	10.0
Mileage - Private Vehicle	0.9	-	-	-
Motor Pool Charges	0.3	-	-	-
Car Rental In-State	0.1	-	-	-
Other Miscellaneous In- State Travel	0.1	-	-	-

Program Expenditure Schedule

Agency: Department of Real Estate

	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
Program: REA-1-0 Licensing and Regulation				
Expenditure Category Total:	1.4	10.0	-	10.0

Fund Source

Appropriated Funds

AA1000	General Fund (Appropriated)	1.4	10.0	-	10.0
Appropriated Funds Total:		1.4	10.0	-	10.0
Fund Source Total:		1.4	10.0	-	10.0

Travel Out-Of-State

Travel Out of State	-	30.0	-	30.0
Airfare and Other Common Carrier Charges	5.6	-	-	-
Lodging Out-of-State	5.6	-	-	-
Meals with Overnight Stay	0.6	-	-	-
Meals without Overnight Stay	0.2	-	-	-
Other Miscellaneous Out-of- State Travel	0.3	-	-	-
Expenditure Category Total:	12.2	30.0	-	30.0

Fund Source

Appropriated Funds

AA1000	General Fund (Appropriated)	12.2	30.0	-	30.0
Appropriated Funds Total:		12.2	30.0	-	30.0
Fund Source Total:		12.2	30.0	-	30.0

Other Operating Expenditures

Other Operating Expenses	-	241.6	-	241.6
Risk Management Charges to State Agencies	11.1	-	-	-
Internal Service Computer Processing, Hosting, Maintenance and Support Costs	14.9	-	-	-
External Programming and System Development Costs	15.2	-	-	-
Other External Computer Processing, Hosting, Maintenance and Support Costs	23.0	-	-	-
Charges Imposed Related to AFIS.	3.8	-	-	-
External Telecommunications Charges	54.1	-	-	-
Certificate of Participation (COP) Building Rent Charges to State Agencies	193.0	-	-	-

Program Expenditure Schedule

Agency: Department of Real Estate

	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
Program: REA-1-0 Licensing and Regulation				
Miscellaneous Rent	1.4	-	-	-
Internal Accounting, Budgeting & Financial Services	0.4	-	-	-
Repair & Maintenance - Other Equipment	0.5	-	-	-
Software Support, Maintenance Short-term Licensing	5.3	-	-	-
Uniforms	2.2	-	-	-
Office Supplies	8.3	-	-	-
Computer Supplies	0.7	-	-	-
Employee Tuition Reimbursement	2.0	-	-	-
Conference Registration / Attendance Fees	10.8	-	-	-
Internal Printing	3.1	-	-	-
Postage & Delivery	1.4	-	-	-
Document Shredding and Destruction Services	0.5	-	-	-
Translation and sign language services	0.4	-	-	-
Books, Subscriptions & Publications	12.2	-	-	-
Judgments – Damages	6.2	-	-	-
Other Miscellaneous Operating	2.1	-	-	-
Expenditure Category Total:	372.7	241.6	-	241.6
Fund Source				
Appropriated Funds				
AA1000 General Fund (Appropriated)	355.1	241.6	-	241.6
Appropriated Funds Total:	355.1	241.6	-	241.6
Non-Appropriated Funds				
RE3119 Real Estate Recovery Fund (Non-Appropriated)	6.2	-	-	-
RE4011 Real Estate Education Revolving Fund (Non-Appropriated)	11.4	-	-	-
Non-Appropriated Funds Total:	17.6	-	-	-
Fund Source Total:	372.7	241.6	-	241.6
Capital Equipment				
Capital Equipment	-	75.0	2,831.3	2,906.3
Purchased or licensed software / website	5.6	-	-	-
Expenditure Category Total:	5.6	75.0	2,831.3	2,906.3

Program Expenditure Schedule

Agency: Department of Real Estate

	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
Program: REA-1-0 Licensing and Regulation				
Fund Source				
Appropriated Funds				
AA1000 General Fund (Appropriated)	5.6	75.0	2,831.3	2,906.3
Appropriated Funds Total:	5.6	75.0	2,831.3	2,906.3
Fund Source Total:	5.6	75.0	2,831.3	2,906.3

Non-Capital Equipment				
Furniture - Non-Capital Purchase	30.9	-	-	-
Computer Equipment – Non- Capitalized Purchases	3.6	-	-	-
Other Equipment - Non- Capital Purchase	5.8	-	-	-
Expenditure Category Total:	40.3	-	-	-

Fund Source				
Appropriated Funds				
AA1000 General Fund (Appropriated)	40.3	-	-	-
Appropriated Funds Total:	40.3	-	-	-
Fund Source Total:	40.3	-	-	-

Transfers-Out				
Transfers Out – Not Subject to Cost Allocation	30.5	-	-	-
Expenditure Category Total:	30.5	-	-	-

Fund Source				
Appropriated Funds				
AA1000 General Fund (Appropriated)	28.2	-	-	-
Appropriated Funds Total:	28.2	-	-	-
Non-Appropriated Funds				
RE4011 Real Estate Education Revolving Fund (Non-Appropriated)	2.3	-	-	-
Non-Appropriated Funds Total:	2.3	-	-	-
Fund Source Total:	30.5	-	-	-

Program Expenditure Schedule

Agency: Department of Real Estate

	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
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Program: REA-1-0 Licensing and Regulation

Employee Retirement Coverage

Retirement System	FTE	Personal Services	Fund#
Arizona State Retirement System	37.0	1,782.2	AA1000-A

Sub Program: REA-1-1 Licensing and Regulation

FTE

FTE	26.5	37.0	-	37.0
Expenditure Category Total:	-	-	-	-

Fund Source

Appropriated Funds

AA1000 General Fund (Appropriated)	26.5	37.0	-	37.0
Appropriated Funds Total:	26.5	37.0	-	37.0
Fund Source Total:	26.5	37.0	-	37.0

Personal Services

Personal Services	1,709.9	1,782.2	-	1,782.2
Expenditure Category Total:	1,709.9	1,782.2	-	1,782.2

Fund Source

Appropriated Funds

AA1000 General Fund (Appropriated)	1,709.9	1,782.2	-	1,782.2
Appropriated Funds Total:	1,709.9	1,782.2	-	1,782.2
Fund Source Total:	1,709.9	1,782.2	-	1,782.2

Program Expenditure Schedule

Agency: Department of Real Estate

	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
Program: REA-1-0 Licensing and Regulation				

Sub Program: REA-1-1 Licensing and Regulation

Employee Related Expenditures

Employee Related Expenses	-	763.0	-	763.0
FICA Taxes	128.0	-	-	-
Medical Insurance	222.9	-	-	-
Basic Life	0.2	-	-	-
Long-Term Disability (ASRS)	2.2	-	-	-
Dental Insurance	1.6	-	-	-
Workers' Compensation	11.2	-	-	-
Arizona State Retirement System	176.5	-	-	-
Personnel Board Pro-Rata Charges	14.7	-	-	-
Information Technology Pro Rata Charge	10.4	-	-	-
Accumulated Sick Leave Fund Charge	6.8	-	-	-
Expenditure Category Total:	574.7	763.0	-	763.0

Fund Source

Appropriated Funds

AA1000 General Fund (Appropriated)	574.7	763.0	-	763.0
Appropriated Funds Total:	574.7	763.0	-	763.0

Non-Appropriated Funds

RE3119 Real Estate Recovery Fund (Non-Appropriated)	-	-	-	-
RE4011 Real Estate Education Revolving Fund (Non-Appropriated)	-	-	-	-
Non-Appropriated Funds Total:	-	-	-	-
Fund Source Total:	574.7	763.0	-	763.0

Program Expenditure Schedule

Agency: Department of Real Estate

	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
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Program: REA-1-0 Licensing and Regulation

Sub Program: REA-1-1 Licensing and Regulation

Professional & Outside Services

Professional and Outside Services	-	210.0	-	210.0
Attorney General Legal Services	104.8	-	-	-
External Legal Services	2.7	-	-	-
Education & Training	4.2	-	-	-
External Information and Communications Technology Consulting Services	65.9	-	-	-
Other Professional & Outside Services	5.9	-	-	-
Expenditure Category Total:	183.5	210.0	-	210.0

Fund Source

Appropriated Funds

AA1000 General Fund (Appropriated)	181.5	210.0	-	210.0
Appropriated Funds Total:	181.5	210.0	-	210.0

Non-Appropriated Funds

RE4011 Real Estate Education Revolving Fund (Non-Appropriated)	2.0	-	-	-
Non-Appropriated Funds Total:	2.0	-	-	-
Fund Source Total:	183.5	210.0	-	210.0

Travel In-State

Travel In-State	-	10.0	-	10.0
Mileage - Private Vehicle	0.9	-	-	-
Motor Pool Charges	0.3	-	-	-
Car Rental In-State	0.1	-	-	-
Other Miscellaneous In- State Travel	0.1	-	-	-
Expenditure Category Total:	1.4	10.0	-	10.0

Fund Source

Appropriated Funds

AA1000 General Fund (Appropriated)	1.4	10.0	-	10.0
Appropriated Funds Total:	1.4	10.0	-	10.0
Fund Source Total:	1.4	10.0	-	10.0

Program Expenditure Schedule

Agency: Department of Real Estate

	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
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Program: REA-1-0 Licensing and Regulation

Sub Program: REA-1-1 Licensing and Regulation

Travel Out-Of-State

Travel Out of State	-	30.0	-	30.0
Airfare and Other Common Carrier Charges	5.6	-	-	-
Lodging Out-of-State	5.6	-	-	-
Meals with Overnight Stay	0.6	-	-	-
Meals without Overnight Stay	0.2	-	-	-
Other Miscellaneous Out-of- State Travel	0.3	-	-	-
Expenditure Category Total:	12.2	30.0	-	30.0

Fund Source

Appropriated Funds

AA1000 General Fund (Appropriated)	12.2	30.0	-	30.0
Appropriated Funds Total:	12.2	30.0	-	30.0
Fund Source Total:	12.2	30.0	-	30.0

Other Operating Expenditures

Other Operating Expenses	-	241.6	-	241.6
Risk Management Charges to State Agencies	11.1	-	-	-
Internal Service Computer Processing, Hosting, Maintenance and Support Costs	14.9	-	-	-
External Programming and System Development Costs	15.2	-	-	-
Other External Computer Processing, Hosting, Maintenance and Support Costs	23.0	-	-	-
Charges Imposed Related to AFIS.	3.8	-	-	-
External Telecommunications Charges	54.1	-	-	-
Certificate of Participation (COP) Building Rent Charges to State Agencies	193.0	-	-	-
Miscellaneous Rent	1.4	-	-	-
Internal Accounting, Budgeting & Financial Services	0.4	-	-	-
Repair & Maintenance - Other Equipment	0.5	-	-	-
Software Support, Maintenance Short-term Licensing	5.3	-	-	-

Program Expenditure Schedule

Agency: Department of Real Estate

	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
Program: REA-1-0 Licensing and Regulation				
Sub Program: REA-1-1 Licensing and Regulation				

Uniforms	2.2	-	-	-
Office Supplies	8.3	-	-	-
Computer Supplies	0.7	-	-	-
Employee Tuition Reimbursement	2.0	-	-	-
Conference Registration / Attendance Fees	10.8	-	-	-
Internal Printing	3.1	-	-	-
Postage & Delivery	1.4	-	-	-
Document Shredding and Destruction Services	0.5	-	-	-
Translation and sign language services	0.4	-	-	-
Books, Subscriptions & Publications	12.2	-	-	-
Judgments – Damages	6.2	-	-	-
Other Miscellaneous Operating	2.1	-	-	-
Expenditure Category Total:	372.7	241.6	-	241.6

Fund Source

Appropriated Funds					
AA1000	General Fund (Appropriated)	355.1	241.6	-	241.6
Appropriated Funds Total:		355.1	241.6	-	241.6
Non-Appropriated Funds					
RE3119	Real Estate Recovery Fund (Non-Appropriated)	6.2	-	-	-
RE4011	Real Estate Education Revolving Fund (Non-Appropriated)	11.4	-	-	-
Non-Appropriated Funds Total:		17.6	-	-	-
Fund Source Total:		372.7	241.6	-	241.6

Program Expenditure Schedule

Agency: Department of Real Estate

	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
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Program: REA-1-0 Licensing and Regulation

Sub Program: REA-1-1 Licensing and Regulation

Capital Equipment				
Capital Equipment	-	75.0	2,831.3	2,906.3
Purchased or licensed software / website	5.6	-	-	-
Expenditure Category Total:	5.6	75.0	2,831.3	2,906.3

Fund Source				
Appropriated Funds				
AA1000 General Fund (Appropriated)	5.6	75.0	2,831.3	2,906.3
Appropriated Funds Total:	5.6	75.0	2,831.3	2,906.3
Fund Source Total:	5.6	75.0	2,831.3	2,906.3

Non-Capital Equipment				
Furniture - Non-Capital Purchase	30.9	-	-	-
Computer Equipment – Non- Capitalized Purchases	3.6	-	-	-
Other Equipment - Non- Capital Purchase	5.8	-	-	-
Expenditure Category Total:	40.3	-	-	-

Fund Source				
Appropriated Funds				
AA1000 General Fund (Appropriated)	40.3	-	-	-
Appropriated Funds Total:	40.3	-	-	-
Fund Source Total:	40.3	-	-	-

Program Expenditure Schedule

Agency: Department of Real Estate

	FY 2024 Actuals	FY 2025 Expenditure Plan	FY 2026 Funding Issue	FY 2026 Total Request
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Program: REA-1-0 Licensing and Regulation

Sub Program: REA-1-1 Licensing and Regulation

Transfers-Out

Transfers Out – Not Subject to Cost Allocation	30.5	-	-	-
Expenditure Category Total:	30.5	-	-	-

Fund Source

Appropriated Funds

AA1000 General Fund (Appropriated)	28.2	-	-	-
Appropriated Funds Total:	28.2	-	-	-

Non-Appropriated Funds

RE4011 Real Estate Education Revolving Fund (Non-Appropriated)	2.3	-	-	-
Non-Appropriated Funds Total:	2.3	-	-	-
Fund Source Total:	30.5	-	-	-

Employee Retirement Coverage

Retirement System	FTE	Personal Services	Fund#
Arizona State Retirement System	37.0	37.0	AA1000-A

Program Expenditure Schedule

Agency: Department of Real Estate

Administrative Costs Summary

FY 2026

Personal Services	130.4
ERE	86.9
Administrative Costs Total:	217.3

Administrative Costs / Total Expenditure Ratio

Request

Admin %

FY 2026

5,943.1

3.7%