

Narrative Information for Biennial Agencies---DA 400

Division of the Budget
State of Kansas

Agency: Kansas Real Estate Commission
Agency No.: 549

August 29, 2023

Adam Proffitt, Director of the Budget and Secretary of Administration
Division of the Budget
Landon State Office Building, Suite 504
900 SW Jackson
Topeka, Kansas 66612

Mr. Proffitt:

Enclosed is the budget request for the Kansas Real Estate Commission for fiscal year 2024 and 2025. The Commission is requesting no enhancements to the current year budget or the fiscal year 2025 budget. At the direction of the Division of Budget, the budget request does include an increase to the FY 2025 fee fund expenditure limitation to match the salary increase approved by the State Finance Council for FY 2024.

Do not hesitate to contact me if you have any questions or need additional information concerning the budget document.

Sincerely,



Erik Wisner
Executive Director
For the Kansas Real Estate Commission

Explanation of Receipt Estimates---DA 405

Division of the Budget
State of Kansas

Agency: Kansas Real Estate Commission
Agency No.: 549

MISSION:

To protect the public interest in the selling, purchasing and leasing of real estate and developing responsive policies and procedures which are customer service focused and not unduly burdensome to regulated real estate licensees.

STATUTORY HISTORY:

The Kansas Real Estate Commission (KREC) operates under the authority granted by K.S.A. 74-4201 et seq. K.S.A. 58-3034 et seq. prescribes licensing standards for real estate brokers and salespersons. K.S.A. 58-30,101 et seq. governs brokerage relationships between real estate salespersons, brokers, and their clients and customers.

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

AGENCY-WIDE OVERVIEW:

Current year:

KREC has used a licensing system developed by an out-of-state vendor and managed by the Kansas Board of Healing Arts since 2017. Due to issues with the vendor's product and performance the Commission made the decision in FY22 to move forward with a competitive bid process to engage another vendor to provide license management services. The Kansas Office of Information Technology System (OITS) is involved in the project as they used the KREC requirements as part of a statewide optional use contract to allow other agencies to use the services of the selected vendor. The state of Kansas awarded the enterprise license system contract to Accela. The funding for the upfront costs of development and the first-year maintenance fee (paid in FY23) will be covered by OITS using an ARPA award. KREC has a signed statement of work in place with the vendor and anticipates the project will go live in February 2024.

Budget Years—Allocated Resource Budget:

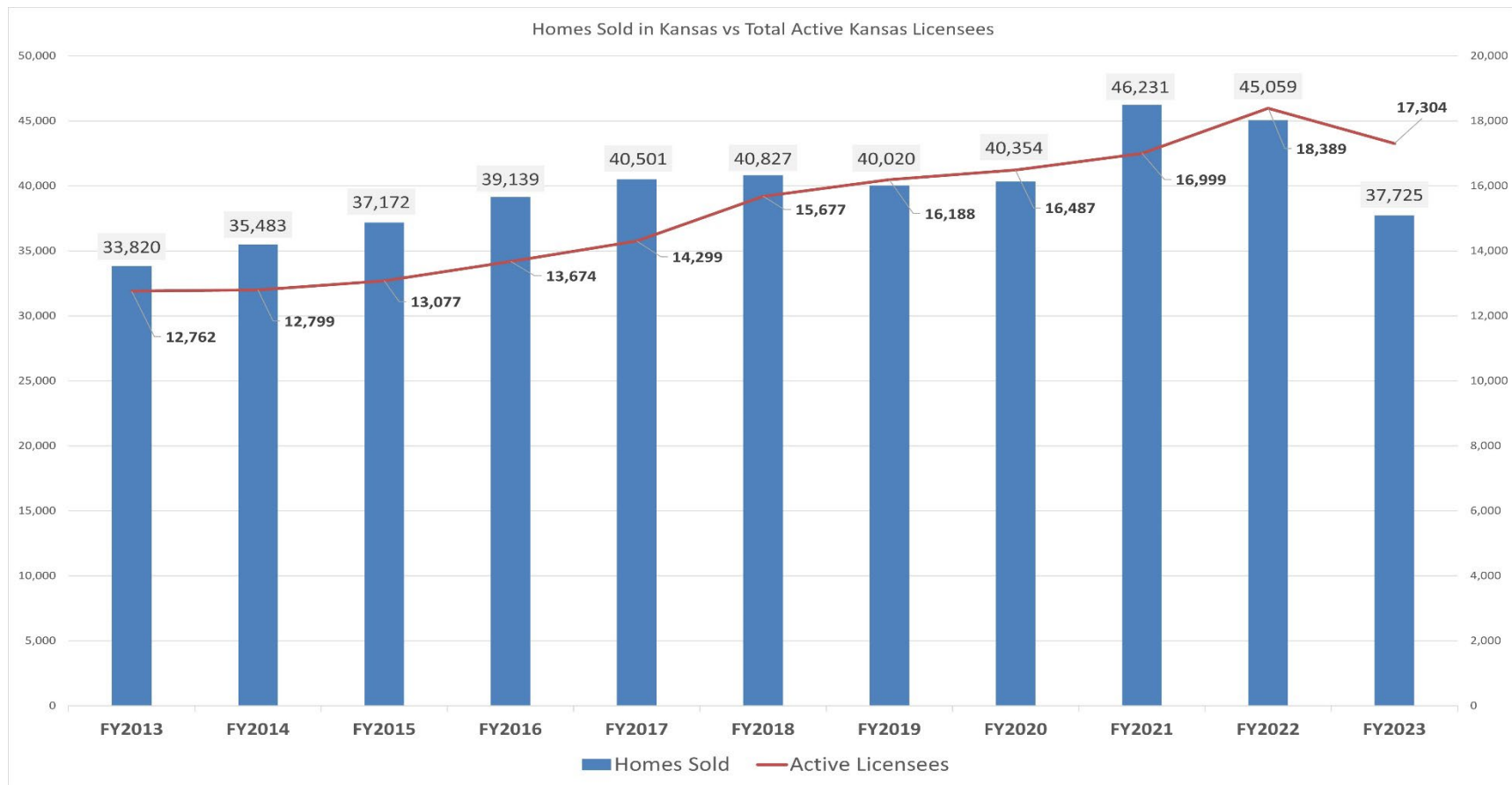
The Commission recruits and retains high quality staff members by allowing flexible work schedules and providing the opportunity to work from home. The Commission currently has 7 FTE's in-office or hybrid and 5 FTE's who work remotely.

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The commission experienced significant growth in licensee numbers from FY 15-21. The table below compares Kansas home sales to fiscal year licensee counts. KREC usually sees about an 18 to 24-month lag in licensee count syncing with market conditions. Although home sales remained flat FY 19-20, there was a dramatic increase in home sales in FY21 brought on by remote work due to the pandemic. This resulted in an increase in licensee count in FY21. Licenses counts flattened in FY22 and 23 (the chart below is only active licensees). KREC anticipates license counts to continue to plateau in FY24-25 and not decrease as seen in past periods of economic uncertainty.



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Agency: Kansas Real Estate Commission
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OBJECTIVES:

To protect the public interest by:

1. Licensing only those individuals who have successfully completed all pre-licensing and continuing education requirements required by Kansas law.
2. Increasing consumers' and licensees' knowledge of Kansas real estate law through education and outreach.
3. Regulating real estate licensed activities to require compliance with commission statutes and regulations.

Strategies for Objective #1:

- Thoroughly review applications for licensure to ensure they meet statutory requirements.
- Contract with a reliable third-party testing service to develop and administer pre-licensure examinations.
- Renew only real estate salesperson and broker licenses meeting mandatory continuing education requirements.
- Provide more online services to licensees including license transfers, change of company affiliation and demographic data.

<u>Output Measures:</u>	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Estimate	FY 25 Estimate
Total number of active Real Estate Licenses	16999	18389	17304	17000	17000
Total number of original Real Estate Licenses issued	2307	1987	1728	1800	1800
Total number of applicants taking Kansas licensing examination	4160	3486	3111	3100	3100
Percent of candidates for salespersons' examination eligible for licensure	60%	60%	57%	63%	64%
Percent of candidates for brokers' license examination eligible for licensure	63%	69%	61%	70%	70%
Number of completed real estate applications denied	18	21	24	20	20
Number of hearings requested because of application denied	10	10	10	10	10
Average regulatory cost per real estate license*	\$65.82	\$69.30	\$82.36	\$84.87	\$85.84
Percent of licenses that take more than one business day to be issued	1%	1%	1%	1%	1%
Percentage of licenses renewed online	95%	95%	95%	96%	96%
Percentage of licensees who use online system to make license changes	88%	95%	97%	97%	97%

* Calculated using total number of active real estate licensees divided by total expenditures in each fiscal year.

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Strategies for Objective #2:

- Ensure education course outlines submitted for approval meet the objectives of pre-licensing and continuing education by monitoring education courses to ensure education provided by instructors match approved outlines.
- Facilitate meetings with schools and staff members to identify common license and brokerage relationship law violations and new topics to be taught to licensees.
- Produce educational material for licensees and consumers.

<u>Output Measures:</u>	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Estimate	FY 25 Estimate
Total number of approved salesperson pre-license courses	48	56	44	52	52
Number of schools providing continuing education	52	55	57	60	61
Number of KREC newsletter subscribers	19,332	24,464	24,582	24,000	24,000

Strategies for Objective #3:

- Review trust account records and transaction files of real estate brokers to ensure licensees' compliance with the license law and the Brokerage Relationships in Real Estate Transactions Act.
- Respond promptly to inquiries and complaints made by consumers and licensees.
- Respond promptly with disciplinary action against licensees who violate Kansas real estate practice laws and regulations.

<u>Output Measures:</u>	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Estimate	FY 25 Estimate
Number of complaints logged	270	362	329	325	325
Percent of closed complaints resulting in disciplinary action*	14%	17%	13%	20%	20%
Number of compliance reviews performed	249	260	300	325	325
Percent of companies found with violations because of compliance reviews	55%	57%	56%	55%	55%
Number of transactions of companies that had compliance reviews	17,665	33,123	24,156	30,000	30,000
Percent of licensees who consent to electronic service of disciplinary action	70%	73%	78%	87%	90%

* Represents only those cases closed during the fiscal year. Cases may carry-over into the next fiscal year before they close. If disciplinary action is recommended, the order may not be drafted yet, the licensee may have accepted the order imposing disciplinary action or the licensee may have requested a hearing on the discipline imposed.

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EXPENDITURE JUSTIFICATION BY OBJECT CODES:

Object Code 100 Salaries and Wages and 1000 Shrinkage:

The commission has 12 funded FTE unclassified positions. The commission funds a portion of the education director's salary from the recovery revolving fund due to her work in monitoring education courses. Monitoring education courses is an allowable expense from the recovery revolving fund..

FY 2024: \$960,509

FY 2025: \$968,225

Object Codes 200 Contractual Services:

Major expenditures in this category are for rent, charges paid to the KBI for licensee background checks and information technology services provided by contract vendors.

FY 2024: \$474,656

FY 2025: \$481,948

Object Code 300 Commodities:

Major expenditures in this category are for motor vehicle fuel and office supplies..

FY 2024: \$4,625

FY 2025: \$4,550

Object Codes 400 Capital Outlay:

The major expenditure in this category is IT equipment including monitors and docking stations for leased laptop computers. FY24 and 25 include expenditures for monitors at the end of their projected life cycle.

FY 2024: \$3,050

FY 2025: \$4,550

Explanation of Receipt Estimates---DA 405

Division of the Budget
State of Kansas

Agency: Kansas Real Estate Commission
Agency No.: 549

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SR05 - Budget Request Summary - Reporting Level

Agency		Kansas Real Estate Commission					
Program		0000000 Real Estate Commission					
Reporting Level		549-00-01030-0000000-0000-000					
1 Object/Revenue		2 FY 2023 Actuals	3 FY 2024 Base Budget Request	4 FY 2024 Adjusted Budget Request	5 FY 2025 Base Budget Request	6 FY 2025 Agency Change Packages	7 FY 2025 Adjusted Budget Request
Description	Code						
EXPENDITURES							
UNCLASSIFIED REGULAR	511100	606,375	668,976	668,976	668,975	0	668,975
UNCLASSIFIED TEMPORARY	511110	1,610	2,240	2,240	2,241	0	2,241
UNCLASSIFIED OVERTIME PAY	511130	1,928	0	0	0	0	0
UNCLASS HOLIDAY INCL IN BASE	511140	20,904	0	0	0	0	0
UNCLASS HOL NOT INCL IN BASE	511170	390	0	0	0	0	0
LEAVE PAYMENT ASSESSMENTS	517600	4,542	4,835	4,835	4,833	0	4,833
PUBLIC EE RETIREMENT SYSTEM	518100	88,708	90,779	90,779	83,085	0	83,085
MEDICARE	519101	8,679	9,733	9,733	9,733	0	9,733
OASDI	519102	37,109	41,615	41,615	41,615	0	41,615
GROUP HEALTH HOSPITALIZATION	519500	104,995	141,286	141,286	156,546	0	156,546
WORKERS COMPENSATION	519700	776	1,045	1,045	858	0	858
UNEMPLOYMENT COMPENSATION	519800	0	0	0	339	0	339
SHRINKAGE	519990	0	0	0	(39,927)	39,927	0
Shrinkage	10	0	0	0	(39,927)	39,927	0
Salaries and Wages	1	876,016	960,509	960,509	968,225	0	968,225
POSTAGE	520100	35	0	0	0	0	0
COMMERCIAL COMM SERVICE OTHER	520400	0	2,520	2,520	2,520	0	2,520
INTERGOV LCL COMM SVC OP DISC	520500	12,500	12,090	12,090	12,090	0	12,090
INTERGOV LCL COMM SVC CAP DISC	520510	250	242	242	242	0	242
INTERGOV POSTAGE OP DISC	520600	1,291	950	950	1,100	0	1,100
CELLULAR PHONES	520910	3,700	3,672	3,672	3,745	0	3,745
OTHER FREIGHT AND EXPRESS	521900	19	0	0	0	0	0
PRINT BIND STATE FACILITY ONLY	522100	0	2,456	2,456	10,000	0	10,000
PRINTING AND COPYING	522300	19	50	50	50	0	50
ADVERTISING	522400	65	100	100	100	0	100
COPY PRINTING EQUIPMENT RENTAL	523100	2,800	3,276	3,276	3,276	0	3,276
BUILDING SPACE RENTAL	523200	48,216	48,655	48,655	48,655	0	48,655
COMPUTER SOFTWARE RENTAL	523700	367	0	0	0	0	0
ST BLDGS OPERATING CHARGE	523800	0	176	176	176	0	176
OTHER RENTALS	523900	695	875	875	940	0	940
PASSENGER CAR SVC OIL CHANGE	524101	289	60	60	65	0	65
PASS CAR SVC OTHER	524109	0	150	150	150	0	150
REPAIR AND SVC EQUIP FURN	524300	293	0	0	0	0	0
REPAIR & SVC OTHER	524900	75	100	100	100	0	100
GROUND TRANSP EXP IN STATE	525130	35	35	35	35	0	35
MEALS AND LODGING IN STATE	525180	1,576	4,610	4,610	3,565	0	3,565
NON SUBSISTENCE IN STATE	525190	315	715	715	735	0	735
PRIVATE CHARTER OUT STATE	525220	0	500	500	500	0	500
AIR RAIL & BUS FARE OUT STATE	525270	250	0	0	0	0	0
MEALS AND LODGING OUT STATE	525280	603	0	0	0	0	0
NON SUBSISTENCE OUT STATE	525290	8	0	0	0	0	0

Explanation of Receipt Estimates---DA 405

Division of the Budget
State of Kansas

Agency: Kansas Real Estate Commission
Agency No.: 549

Agency Program Reporting Level		Kansas Real Estate Commission					0000000 Real Estate Commission	
549-00-01030-0000000-0000-000								
1 Object/Revenue		2 FY 2023 Actuals	3 FY 2024 Base Budget Request	4 FY 2024 Adjusted Budget Request	5 FY 2025 Base Budget Request	6 FY 2025 Agency Change Packages	7 FY 2025 Adjusted Budget Request	
Description	Code							
PRIVATE VEHICLE MILES	525510	10,046	13,016	13,016	13,517	0	13,517	
HIRE OF CAR PLANE BUS	525520	250	0	0	0	0	0	
AIR RAIL AND BUS FARE	525570	7,734	10,000	10,000	6,150	0	6,150	
MEALS AND LODGING	525580	25,181	24,800	24,800	23,500	0	23,500	
NON SUBSISTENCE	525590	4,035	2,345	2,345	2,525	0	2,525	
COMPUTER PROGRAMMING OP DISC	526300	21,656	19,750	19,750	19,895	0	19,895	
COMPUTER PROGRAMMING CAP DISC	526310	324	431	431	434	0	434	
COMPUTER PROGRAMMING NOT DISC	526320	142,608	6,923	6,923	7,078	0	7,078	
DATABASE ACCESS FEES NOT DISC	526330	12	0	0	0	0	0	
JOB RELATED TRAIN & CONF REG	526610	12,923	10,500	10,500	11,925	0	11,925	
OTHER FEES	526900	149,771	154,178	154,178	151,284	0	151,284	
CREDIT CARD FEES AND CHARGES	526910	34,750	35,150	35,150	33,925	0	33,925	
ATTORNEYS AND LAWYERS	527200	53,900	57,313	57,313	60,003	0	60,003	
ADVERTISING AND MARKETING	527500	132	197	197	200	0	200	
INFORMATION SYSTEMS CONSULTING	527910	0	48,852	48,852	51,014	0	51,014	
OTHER PROFESSIONAL FEES	527990	70	5,850	5,850	6,350	0	6,350	
DUES AND SUBSCRIPTIONS	529100	3,646	2,424	2,424	4,409	0	4,409	
SURETY BOND AND INS PREMIUMS	529600	353	275	275	275	0	275	
OFFICIAL HOSPITALITY	529700	952	1,000	1,000	1,000	0	1,000	
EMPLOYEE AWARDS NOT IRS REPORT	529840	0	200	200	200	0	200	
OTHER CONTRACTUAL SERVICES	529900	195	220	220	220	0	220	
Contractual Services	2	541,939	474,656	474,656	481,948	0	481,948	
CLOTHING	530100	1,532	1,400	1,400	1,400	0	1,400	
FOOD FOR HUMAN CONSUMPTION	532010	722	925	925	1,000	0	1,000	
OTHER EQUIP MATERIALS PARTS	534900	53	0	0	0	0	0	
GASOLINE	535100	99	500	500	500	0	500	
PRO SCIENTIFIC SUPPLY OTHER	536900	69	0	0	0	0	0	
STATIONERY AND OFFICE SUPPLIES	537100	629	1,500	1,500	1,300	0	1,300	
HOUSEHOLD SUPPLIES	539200	331	300	300	350	0	350	
OTHER SUPPLIES AND MAT	539900	535	0	0	0	0	0	
Commodities	3	3,970	4,625	4,625	4,550	0	4,550	
OFFICE EQUIPMENT NON CAP	540390	178	0	0	0	0	0	
OFFICE FURNITURE NON CAP	540391	0	1,000	1,000	1,000	0	1,000	
OTHER EQUIPMENT NON CAP	540991	0	250	250	250	0	250	
MICROCOMPUTER EQUIPMENT	541310	393	0	0	0	0	0	
MICROCOMPUTER EQUIP NON CAP	541390	517	1,800	1,800	1,800	0	1,800	
INFO PROCESSING EQUIP NON CAP	541690	0	0	0	1,500	0	1,500	
SOFTWARE NON CAPITAL	541890	2,145	0	0	0	0	0	
Capital Outlay	4	3,233	3,050	3,050	4,550	0	4,550	
TOTAL EXPENDITURES for 0000000 Real Estate Commission		1,425,158	1,442,840	1,442,840	1,419,346	39,927	1,459,273	

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Agency		Kansas Real Estate Commission					
Program		0000000 Real Estate Commission					
Reporting Level		549-00-01030-0000000-0000-000					
1 Object/Revenue		2 FY 2023 Actuals	3 FY 2024 Base Budget Request	4 FY 2024 Adjusted Budget Request	5 FY 2025 Base Budget Request	6 FY 2025 Agency Change Packages	7 FY 2025 Adjusted Budget Request
Description	Code						
(549-00-01030-0000000-0000-000)							
MEANS OF FUNDING							
REAL ESTATE FF	0100	1,288,682	1,294,176	1,294,176	1,271,735	38,845	1,310,580
REAL ESTATE FF-OFFICIAL HOSP	0104	942	1,000	1,000	1,000	0	1,000
REAL ESTATE FF	2721	1,289,624	1,295,176	1,295,176	1,272,735	38,845	1,311,580
BACKGROUND INVESTIGATION FF	2700	135,110	120,000	120,000	120,000	0	120,000
BACKGROUND INVESTIGATION FF	2722	135,110	120,000	120,000	120,000	0	120,000
REAL ESTATE RECOVERY REVLG FD	4200	424	27,664	27,664	26,611	1,082	27,693
REAL ESTATE RECOVERY REVLG FD	7368	424	27,664	27,664	26,611	1,082	27,693
TOTAL FUNDING for 0000000 Real Estate Commission		1,425,158	1,442,840	1,442,840	1,419,346	39,927	1,459,273
(549-00-01030-0000000-0000-000)							
AUTHORIZED EMPLOYEES							
FTE		0.00	12.00	12.00	12.00	0.00	12.00
TOTAL AUTHORIZED EMPLOYEES for 0000000 Real Estate Commission		0.00	12.00	12.00	12.00	0.00	12.00
(549-00-01030-0000000-0000-000)							

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Division of the Budget
State of Kansas

Agency: Kansas Real Estate Commission
Agency No.: 549

406/410 series report

Dept. Name:
Agency Name: Kansas Real Estate Commission
Agency Reporting Level:
Version: 2025-A-02-00549

Date: 08/29/
2023
Time: 08:21:57

Division of the Budget
KANSAS

Obj. Code	OBJECTS OF EXPENDITURE	FY 2023 Actuals	FY 2024 Base Budget Request	FY 2024 Adjusted Budget Request	FY 2025 Base Budget Request	FY 2025 Agency Change Packages	FY 2025 Adjusted Budget Request
519990	Salaries and Wages SHRINKAGE	876,016 0	960,509 0	960,509 0	968,225 (39,927)	0 39,927	968,225 0
	TOTAL Salaries and Wages	876,016	960,509	960,509	928,298	39,927	968,225
52000	Communication	17,776	19,474	19,474	19,697	0	19,697
52100	Freight and Express	19	0	0	0	0	0
52200	Printing and Advertising	84	2,606	2,606	10,150	0	10,150
52300	Rents	52,078	52,982	52,982	53,047	0	53,047
52400	Reparing and Servicing	657	310	310	315	0	315
52500	Travel and Subsistence	47,246	50,161	50,161	45,692	0	45,692
52510	InState Travel and Subsistence	1,926	5,360	5,360	4,335	0	4,335
52520	Out of State Travel and Subsis	861	500	500	500	0	500
52600	Fees-other Services	362,044	226,932	226,932	224,541	0	224,541
52700	Fee-Professional Services	54,102	112,212	112,212	117,567	0	117,567
52900	Other Contractual Services	5,146	4,119	4,119	6,104	0	6,104
	TOTAL Contractual Services	541,939	474,656	474,656	481,948	0	481,948
53000	Clothing	1,532	1,400	1,400	1,400	0	1,400
53200	Food for Human Consumption	722	925	925	1,000	0	1,000
53400	Maint Constr Material Supply	53	0	0	0	0	0
53500	Vehicle Part Supply Accessory	99	500	500	500	0	500
53600	Pro Science Supply Material	69	0	0	0	0	0
53700	Office and Data Supplies	629	1,500	1,500	1,300	0	1,300
53900	Other Supplies and Materials	866	300	300	350	0	350
	TOTAL Commodities	3,970	4,625	4,625	4,550	0	4,550
	TOTAL Capital Outlay	3,233	3,050	3,050	4,550	0	4,550
	TOTAL REPORTABLE EXPENDITURES	1,425,158	1,442,840	1,442,840	1,419,346	39,927	1,459,273
	SUBTOTAL State Operations	1,425,158	1,442,840	1,442,840	1,419,346	39,927	1,459,273
	TOTAL EXPENDITURES	1,425,158	1,442,840	1,442,840	1,419,346	39,927	1,459,273

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Series	Fund Code	FUND/ACCOUNT TITLE	FY 2023 Actuals	FY 2024 Base Budget Request	FY 2024 Adjusted Budget Request	FY 2025 Base Budget Request	FY 2025 Agency Change Packages	FY 2025 Adjusted Budget Request
1	2721	0100 REAL ESTATE FF	876,016	934,092	934,092	941,832	0	941,832
1	2721	2721 SUBTOTAL for 2721's	876,016	934,092	934,092	941,832	0	941,832
1	7368	4200 REAL ESTATE RECOVERY REVLG FD	0	26,417	26,417	26,393	0	26,393
1	7368	7368 SUBTOTAL for 7368's	0	26,417	26,417	26,393	0	26,393
		262 TOTAL Salaries and Wages	876,016	960,509	960,509	968,225	0	968,225
10	2721	0100 REAL ESTATE FF	0	0	0	(38,845)	38,845	0
10	2721	2721 SUBTOTAL for 2721's	0	0	0	(38,845)	38,845	0
10	7368	4200 REAL ESTATE RECOVERY REVLG FD	0	0	0	(1,082)	1,082	0
10	7368	7368 SUBTOTAL for 7368's	0	0	0	(1,082)	1,082	0
		282 TOTAL Shrinkage	0	0	0	(39,927)	39,927	0
2	2721	0100 REAL ESTATE FF	405,852	352,409	352,409	359,648	0	359,648
2	2721	0104 REAL ESTATE FF-OFFICIAL HOSP	942	1,000	1,000	1,000	0	1,000
2	2721	2721 SUBTOTAL for 2721's	406,794	353,409	353,409	360,648	0	360,648
2	2722	2700 BACKGROUND INVESTIGATION FF	135,110	120,000	120,000	120,000	0	120,000
2	2722	2722 SUBTOTAL for 2722's	135,110	120,000	120,000	120,000	0	120,000
2	7368	4200 REAL ESTATE RECOVERY REVLG FD	35	1,247	1,247	1,300	0	1,300
2	7368	7368 SUBTOTAL for 7368's	35	1,247	1,247	1,300	0	1,300
		322 TOTAL Contractual Services	541,939	474,656	474,656	481,948	0	481,948
3	2721	0100 REAL ESTATE FF	3,970	4,625	4,625	4,550	0	4,550
3	2721	2721 SUBTOTAL for 2721's	3,970	4,625	4,625	4,550	0	4,550
		332 TOTAL Commodities	3,970	4,625	4,625	4,550	0	4,550
4	2721	0100 REAL ESTATE FF	2,844	3,050	3,050	4,550	0	4,550
4	2721	2721 SUBTOTAL for 2721's	2,844	3,050	3,050	4,550	0	4,550
4	7368	4200 REAL ESTATE RECOVERY REVLG FD	389	0	0	0	0	0
4	7368	7368 SUBTOTAL for 7368's	389	0	0	0	0	0
		352 TOTAL Capital Outlay	3,233	3,050	3,050	4,550	0	4,550
		352 TOTAL All Funds	1,425,158	1,442,840	1,442,840	1,419,346	39,927	1,459,273
	0100	REAL ESTATE FF	1,288,682	1,294,176	1,294,176	1,271,735	38,845	1,310,580
	0104	REAL ESTATE FF-OFFICIAL HOSP	942	1,000	1,000	1,000	0	1,000
	2721	SUBTOTAL REAL ESTATE FF	1,289,624	1,295,176	1,295,176	1,272,735	38,845	1,311,580
	2700	BACKGROUND INVESTIGATION FF	135,110	120,000	120,000	120,000	0	120,000
	2722	SUBTOTAL BACKGROUND INVESTIGATION FF	135,110	120,000	120,000	120,000	0	120,000
	4200	REAL ESTATE RECOVERY REVLG FD	424	27,664	27,664	26,611	1,082	27,693
	7368	SUBTOTAL REAL ESTATE RECOVERY REVLG FD	424	27,664	27,664	26,611	1,082	27,693
	424	TOTAL MEANS OF FUNDING	1,425,158	1,442,840	1,442,840	1,419,346	39,927	1,459,273

Explanation of Receipt Estimates---DA 405

Division of the Budget
State of Kansas

Agency: Kansas Real Estate Commission
Agency No.: 549

404 Report

Agency: 00549 Kansas Real Estate Commission
Version: 2025-A-02-00549

Fund Number: Name:	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
Fund 2721 0100 Name: REAL ESTATE FF			
40007 CASH FORWARD	1,383,157	1,384,851	1,361,675
420400 CLERICAL SERVICES	400	3,000	3,000
421100 LICENSE PERSONAL SERVICES	(6,440)	0	0
421110 LICENSE BUSINESS	1,290,328	1,273,000	1,224,000
454090 OTHER FINES PENALTIES FORFEIT	25,994	15,000	15,000
469090 OTHER NONREVENUE RECEIPTS	94	0	0
766020 OPERATING TRANSFERS OUT	(20,000)	(20,000)	(20,000)
Total Available	2,673,533	2,655,851	2,583,675
Total Reportable Expenditures	1,288,682	1,294,176	1,310,580
Total Expenditures	1,288,682	1,294,176	1,310,580
Balance Forward	1,384,851	1,361,675	1,273,095
Fund 2722 2700 Name: BACKGROUND INVESTIGATION FF			
40007 CASH FORWARD	8,760	(6,760)	(6,760)
454090 OTHER FINES PENALTIES FORFEIT	(1,140)	0	0
469090 OTHER NONREVENUE RECEIPTS	120,730	120,000	120,000
Total Available	128,350	113,240	113,240
Total Reportable Expenditures	135,110	120,000	120,000
Total Expenditures	135,110	120,000	120,000
Fund 2821 2821 Name: SPECIAL LITIGATION RESERVE FD			
40007 CASH FORWARD	60,000	80,000	100,000
766010 OPERATING TRANSFERS IN	20,000	20,000	20,000
Total Available	80,000	100,000	120,000
Total Expenditures	0	0	0
Balance Forward	80,000	100,000	120,000
Fund 7368 4200 Name: REAL ESTATE RECOVERY REVLG FD			
40007 CASH FORWARD	311,832	331,572	323,408
430150 AVERAGE DAILY BALANCE INTEREST	8,614	5,000	5,000
469010 RECOVERY OF PRIOR FY EXP	11,550	14,500	14,500
Total Available	331,996	351,072	342,908
Total Reportable Expenditures	424	27,664	27,693
Total Expenditures	424	27,664	27,693
Balance Forward	331,572	323,408	315,215

Explanation of Receipt Estimates---DA 405

Division of the Budget
State of Kansas

Agency: Kansas Real Estate Commission
Agency No.: 549

2721 Real Estate Fee Fund

The Real Estate Fee Fund is the primary receipting and expenditure fund of the commission. The fund is where all license, application and other fees are deposited. This fund is cyclical with the economy and housing market as licensees enter and exit the real estate business. FY22 had record revenues due to the boom in the housing market which led to a record number of license applications and renewals. License applications plateaued in FY23. The commission anticipates license applications and renewals to continue to plateau in FY 24 and 25. Even numbered fiscal years have higher revenues due to more licensees having expiration dates in that year of their two-year renewal cycle.

FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
\$1,280,115	\$1,407,725	\$1,310,376	\$1,291,000	\$1,242,000

2722 Background Investigation Fee Fund

Each individual applying for a new license is required to be fingerprinted and submit to a criminal history record check through the KBI/FBI. The KBI/FBI criminal history check fee is currently \$60. The fee pays for the cost of the criminal history check, continued update regarding new criminal arrests and the commission's administrative costs. FY21 revenue was up due to fingerprinting sites being closed due to the pandemic in late FY20 which resulted in a backlog of fingerprints being received in FY21. FY23-25 revenue is lower due to the decreased number of original license applications.

FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
\$154,492	\$124,470	120,730	\$120,000	\$120,000

2821 Special Litigation Reserve Fund

The 2020 Legislature created the Special Litigation Reserve Fund. The commission can transfer up to \$20,000 from the Real Estate Fee Fund in any fiscal year upon the approval of the Director of Budget. The Special Litigation Reserve Fund is used for costs incurred in litigation that would cause KREC to expend more than its approved budget.

FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
\$20,000	\$20,000	\$20,000	\$20,000	\$20,000

Explanation of Receipt Estimates---DA 405

Division of the Budget
 State of Kansas

Agency: Kansas Real Estate Commission
 Agency No.: 549

7368 Real Estate Revolving Recovery Fund

The Revolving Recovery Fund is funded by the transfer of earnest money deposited in a broker’s trust account for more than five years that cannot be returned to the rightful owner and by interest earned on the monies in the fund. Usually, the rightful owner cannot be found or a dispute regarding the earnest money existed between the buyer and seller and was not resolved through a release or court order. If a court finds the consumer was injured because of a licensee’s violation of certain provisions of Kansas law, the court can order a claim to be paid from the fund. The commission is authorized to use any amount in the fund exceeding \$250,000 for educational and consumer outreach purposes. This is an interest-bearing fund so interest payments dramatically increased in FY23 due to high interest rates on deposits.

FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
\$5,796	\$14,055	\$15,000	\$19,500	\$19,500