

Opponent Testimony - House Bill 238 Recommendations
Rep. Fowler Arthur and Rep. Klopfenstein
Occupational Licensing Review

Ohio House State and Local Government Committee
Chairwoman Marilyn John

Tina Lapp, President
Hondros College
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Chairwoman John, Vice-Chair Dean, Ranking Member Brennan and members of the Ohio House State and Local Government Committee:

My name is Tina Lapp and I am the President of Hondros College. I have spent the last 30 years of my career as an active member of the Ohio and national real estate and professional education community. I have spent a majority of the last decade serving the education industry both as a board member of the national Real Estate Educators Association including one term as President as well as a board member of the Ohio State Board of Career Colleges and Schools. I am happy to have this opportunity to share the importance of quality education standards in the real estate industry.

There are close to 50,000 licensed real estate professionals in Ohio, with hundreds more coming on board each month. According to the last six months of data available, an average of 360 new salespeople are licensed every month. Prelicensing education can be completed in as little as 3 weeks for less than \$1000. In 2022, students from 24 institutions sat for the Ohio exam. Ohio arguably has fewer barriers to entry than other states. For example, Ohio does not require passage of a school exam as a prerequisite to sitting for the state exam; and Ohio allows agents to sit for the state exam up to *ten* years following completion of prelicensing education, whereas some other states limit eligibility for the state exam to those that pass a school exam with a score sometimes higher than the state exam cut score and/or require applicants to sit for the state exam within 90 days following course completion (both of which can lead to increased test passage rates in other states).

In addition, there is no shortage of real estate professionals and arguably, a surplus. With homes being listed for sale dropping more than 20% in 2023 from 2022, there is a decreased need. As a regulated business operating in Ohio for more than forty (40) years, we appreciate the General Assembly's desire to reduce regulations and barriers to success. We also appreciate the accountability of regularly reviewing state agency licenses. However, we fear the proposed changes to real estate professional licensing are simply solutions in search of a problem.

I'd like to provide some background on real estate education in Ohio as you contemplate changes in House Bill 238. Without an opportunity to review the language of the bill, I am commenting on the report that the committee voted to accept earlier this month.

Hondros opened for business in the State of Ohio in 1981 as a real estate preparatory school. In 1989, the legislature passed a law that required real estate education to be offered through an institution of higher education. Although Hondros was not supportive of the bill at that time, we were faced with the decision to

either close our doors or become an accredited institution recognized by the U.S. Department of Education to continue to offer salesperson pre-licensing education in Ohio. It is the path available to any school committed to quality standards of education and services. Since then, we have put in place the academic rigor and resources necessary to establish and maintain institutional accreditation.

Accreditation is a consumer protection for Ohio's students, of which the 50,000 existing Ohio real estate professionals have been afforded. It provides statutory and administrative assurances that an institution has met established standards such as stated learning outcomes, refund protection, data security for personal information and clearly communicated policies. In addition, from an institution perspective, accreditation requires continuous improvement and implementation of best practices in support of student achievement while providing students with confidence in knowing that its education has met rigorous standards in support of student achievement.

Perhaps more important to this conversation, eliminating the requirement that the coursework be delivered by an Institution of Higher Education will have unintended consequences. The current process will need to be replaced by another process set up at the Ohio Division of Real Estate and Professional Licensing to approve schools, curriculum and instructors. Something the Division is not set up to handle today. In other states set up this way, education departments have between 3-25 full time staff members handling the management of providers and curriculum, often with Master's prepared education professionals. Since the Division is not general revenue funded, this will result in increased fees to the applicants and licensees. This will create further barriers to entry and an increased financial burden for existing real estate professionals. It may also result in a much less robust review of the coursework. Accepting an alternative curriculum offered by an unaccredited institution overseen by the Division of Real Estate would result in a replication of government regulation and a drastic reduction in quality of education, or both. Removing the requirement to be an Ohio Institution of Higher Education will invite in several online only providers, costing the state and licensees more while allowing such entities to operate without supporting the profession locally nor paying taxes in the state of Ohio.

Further, it is safe to assume that investigations will increase as quality education decreases, as evidenced in states with a surge of online providers. National lawsuits against agents have increased 9% over the last year. The primary penalties imposed on real estate professionals are 1) fines and 2) increased education. Notably, this education cannot count towards a degree or even continuing education, which must be self-funded. It is the responsibility of the State to help protect the consumer who puts their trust in licensees as they embark on one of the biggest, if not the biggest financial decision of their lives. Ensuring sufficient education prior to entering the profession is much more valuable to the student, protects the consumer, and mitigates the need for government enforcement.

At Hondros, our mission statement is to serve today's learner through quality education, providing in-demand business skills and knowledge that meet workforce needs and prepare graduates to pursue employment or advancement opportunities. We offer a complete array of packages to help students learn in a way that works best for them. We provide classroom learning, real-time instructor-led courses via Livestream, as well as asynchronous self-paced online courses. We believe there is extreme value to the student to have these different modalities available to them. Over the last 50 years we have also learned that incredible professionals aren't always the best test-takers, so we offer several different proven products, at various competitive price levels, for a suitable and individualized educational experience.

In addition, our program connects students with real estate companies that are looking for new talent and we offer events to connect students to the industry – something quite unique to Hondros and extremely valuable to both our students and the companies we serve.

We have attached to this testimony suggestions for the committee to consider for real estate Salespersons to become Brokers without a 2-year degree but maintain that it is important to provide a choice for students who want the degree option.

Because we do not believe it is this Committee's intent to either duplicate government or entirely degrade quality standards, we respectfully request your deliberate consideration of the potential unintended consequences of the Committee's review of Ohio's real estate professionals, their employers, Ohio consumers, and educators like us. Ohioans have come to expect a level of quality when entrusting one of the largest purchases of their lives to a licensed real estate professional. Thank you for your time here today and for being dedicated to ensuring that the legislation is serving a need in Ohio.

I'm happy to answer any questions.