

# ANNUAL REPORT ON MEASURES

Fiscal Year 2008

Submitted to the Governor's Office of Budget, Planning and Policy  
and Legislative Budget Board

by

Texas Real Estate Commission

October 3, 2008

**Actual Performance for Outcome Measures**  
 80th Regular Session, Performance Reporting  
 Automated Budget and Evaluation System of Texas (ABEST)

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Agency code: **329**

Agency name: **REAL ESTATE COMMISSION**

<u>Type/Objective/Measure</u>	<b>2008 Target</b>	<b>2008 YTD</b>	<b>Percent of Annual Target</b>
<b><u>1-1 EXPEDITE APPLICATIONS</u></b>			
1 LICENSEES WITH NO VIOLATIONS	99.00 %	99.60 %	100.61 %
2 % OF LICENSEES WHO RENEW ONLINE	80.00 %	86.20 %	107.75 % *
<u>Explanation of Variance:</u> The variance is favorable. Participation in online service is stronger than anticipated. TREC will continue to publicize online services and encourage participation.			
3 % OF NEW LICENSES ISSUED ONLINE	70.00 %	79.60 %	113.71 % *
<u>Explanation of Variance:</u> The variance is favorable. Participation in online service is stronger than anticipated. TREC will continue to publicize online services and encourage participation.			
<b><u>2-1 TIMELY COMPLAINT RESOLUTION</u></b>			
2 % COMPLAINTS RESOLVED W/IN 6 MOS	85.00 %	69.29 %	81.52 % *
<u>Explanation of Variance:</u> The variance is unfavorable. Due to focusing on the oldest cases, this measure will be lower until we have worked through the backlog of older and more complex cases.			
<b><u>4-1 PROVIDE QUALIFIED APPRAISERS</u></b>			
1 APPRAISERS WITH NO VIOLATIONS	99.00 %	98.13 %	99.12 %
2 % OF LICENSEES WHO RENEW ONLINE	55.00 %	72.10 %	131.09 % *
<u>Explanation of Variance:</u> The variance is favorable. Participation in online service is stronger than anticipated. TALCB will continue to publicize online services and encourage participation.			
<b><u>4-2 RESOLVE COMPLAINTS IN TIMELY MANNER</u></b>			

\* Varies by 5% or more from target.

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<u>Type/Objective/Measure</u>	<b>2008 Target</b>	<b>2008 YTD</b>	<b>Percent of Annual Target</b>
3 % COMPLAINTS RESOLVED W/IN 6 MOS	60.00 %	23.42 %	39.03 % *

Explanation of Variance: The variance is unfavorable due to working through a significant backlog in which cases are greater than 6 months old.

\* Varies by 5% or more from target.

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Agency code: 329

Agency name: REAL ESTATE COMMISSION

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
<b>Output Measures</b>				
<u>1-1-1 TREC LICENSING</u>				
2 # NEW INDIVIDUAL LICENSES ISSUED				
<b>Quarter 1</b>	30,000.00	6,971.00	6,971.00	23.24 %
<b>Quarter 2</b>	30,000.00	5,731.00	12,702.00	42.34 % *
<u>Explanation of Variance:</u> The variance is unfavorable. It is possible that these targets, established before the nationwide problems in mortgage markets, need to be reassessed. Also, fiscal year 2008 legislative changes require that all real estate applicants be fingerprinted. Fingerprinting is conducted by a DPS contractor and the process has had more operational problems than expected.				
<b>Quarter 3</b>	30,000.00	6,240.00	18,942.00	63.14 % *
<u>Explanation of Variance:</u> The variance is unfavorable. It is possible that these targets, established before the nationwide problems in mortgage markets, need to be reassessed. Also, fiscal year 2008 legislative changes require that all real estate applicants be fingerprinted. Fingerprinting is conducted by a DPS contractor and the process continues to have more operational problems than expected.				
<b>Quarter 4</b>	30,000.00	6,214.00	25,156.00	83.85 % *
<u>Explanation of Variance:</u> The variance is unfavorable. These targets were established before the nationwide problems in mortgage markets . Also, legislative changes for fiscal year 2008 require that all real estate applicants be fingerprinted . Fingerprinting is conducted by a DPS contractor and the process continues to have more operational problems than expected .				

\* Varies by 5% or more from target.

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Agency name: REAL ESTATE COMMISSION

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
<b>Output Measures</b>				
3 # LICENSE RENEWALS (INDIVIDUALS)				
Quarter 1	77,000.00	18,308.00	18,308.00	23.78 %
Quarter 2	77,000.00	14,113.00	32,421.00	42.11 % *
<u>Explanation of Variance:</u> The variance is unfavorable. It is possible that these targets, established before the nationwide problems in mortgage markets, need to be reassessed. Also, fiscal year 2008 legislative changes require that all real estate applicants for renewal be fingerprinted. Fingerprinting is conducted by a DPS contractor and the process has had more operational problems than expected .				
Quarter 3	77,000.00	17,781.00	50,202.00	65.20 % *
<u>Explanation of Variance:</u> The variance is unfavorable. It is possible that these targets, established before the nationwide problems in mortgage markets, need to be reassessed. Also, fiscal year 2008 legislative changes require that all real estate applicants for renewal be fingerprinted. Fingerprinting is conducted by a DPS contractor and the process continues to have more operational problems than expected. First and second quarters are restated due to programming changes on the date used for license issuance as a result of an SAO audit.				
Quarter 4	77,000.00	20,070.00	70,272.00	91.26 % *
<u>Explanation of Variance:</u> The variance is unfavorable. These targets were established before the nationwide problems in mortgage markets which has impacted the real estate industry. Also, fiscal year 2008 legislative changes require that all real estate applicants for renewal be fingerprinted . Fingerprinting is conducted by a DPS contractor and the process has more operational problems than expected .				
<u>2-1-1 TREC INVESTIGATION</u>				
1 COMPLAINTS RESOLVED				
Quarter 1	3,520.00	614.00	614.00	17.44 % *
<u>Explanation of Variance:</u> The variation is unfavorable. Although Enforcement resolved 1,068 total cases in the quarter, many such as application related cases, were not included in the definition of "Jurisdictional Complaint ."				
Quarter 2	3,520.00	689.00	1,303.00	37.02 % *
<u>Explanation of Variance:</u> The variance is unfavorable. Recent process changes, most notably online renewals, have caused a reduction of certain "administrative" complaints from about 1,000 per year to half that number or less .				
Quarter 3	3,520.00	825.00	2,128.00	60.45 % *
<u>Explanation of Variance:</u> The variance is unfavorable. Recent process changes , most notably online renewals, have caused a reduction of certain "administrative" complaints from about 1,000 per year to half that number or less.				
Quarter 4	3,520.00	568.00	2,696.00	76.59 % *
<u>Explanation of Variance:</u> The variance is unfavorable. Recent process changes, most notably online renewals, have caused a reduction of certain "administrative" complaints from about 1,000 per year to half that number or less .				

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Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
<b>Output Measures</b>				
<u>3-1-1 LICENSEE/CONSUMER EDUCATION</u>				
1 NUMBER OF CALLS RECEIVED				
<b>Quarter 1</b>	573,000.00	121,957.00	121,957.00	21.28 %
<b>Quarter 2</b>	573,000.00	119,232.00	241,189.00	42.09 % *
<u>Explanation of Variance:</u> The variance is unfavorable. The estimate was based on three additional communications specialists in the Communications section. In the first quarter, construction was done to accommodate 3 additional employees. At the end of the second quarter, TREC had been unable to hire employees with suitable qualifications to fill these positions. As of this report, 1 employee has been hired and 2 are in process. Also, TREC has been encouraging licensees to use the website to obtain information. The situation is being evaluated.				
<b>Quarter 3</b>	573,000.00	109,050.00	350,239.00	61.12 % *
<u>Explanation of Variance:</u> The variance is unfavorable. The estimate was based on three additional communications specialists in the Communications section . In the first quarter, construction was done to accommodate 3 additional employees. At the end of the second quarter, TREC had been unable to hire employees with suitable qualifications to fill these positions. Three employees have now been hired and are in training. Questions about criminal history background checks have created a larger volume of calls than normal, tying up the lines and causing more people to receive busy signals. The average length of time to handle a call has increased significantly due to several factors including complex TALCB questions and callers venting about busy signals and fingerprinting. Also, TREC has been encouraging licensees to use the website to obtain information. The situation is being evaluated.				
<b>Quarter 4</b>	573,000.00	94,655.00	444,894.00	77.64 % *
<u>Explanation of Variance:</u> The variance is unfavorable. The estimate was based on three additional communications specialists in the Communications section . In the first quarter, construction was done to accommodate 3 additional employees. At the end of the second quarter, TREC had been unable to hire employees with suitable qualifications to fill these positions. Three employees have now been hired and are in training . Questions about criminal history background checks have created a larger volume of calls than normal, tying up the lines and causing more people to receive busy signals . The average length of time to handle a call has increased significantly due to several factors including complex TALCB questions and callers venting about busy signals and fingerprinting . Also, TREC has been encouraging licensees to use the website to obtain information . The situation is being evaluated for solutions .				
<u>4-1-1 TALCB LICENSING</u>				

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Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
<b>Output Measures</b>				
1 # NEW INDIVIDUAL LICENSES ISSUED				
<b>Quarter 1</b>	500.00	409.00	409.00	81.80 % *
<u>Explanation of Variance:</u> The variation is favorable. An increased number of applications was received from applicants seeking to apply under the expiring educational requirements. The revised definition approved in April 2008 now includes all license types. (Appraiser Trainees and non-resident temporary registratons were previously excluded.)				
<b>Quarter 2</b>	500.00	304.00	713.00	142.60 % *
<u>Explanation of Variance:</u> The variance is favorable. There was an increase in new licenses and certifications issued as applicants who had anticipated the increase in requirements effective 1/1/08 took the exam or met experience requirements the beginning of the second quarter. The revised definition approved in April 2008 now includes all license types. (Appraiser Trainees and non-resident temporary registratons were previously excluded.)				
<b>Quarter 3</b>	500.00	244.00	957.00	191.40 % *
<u>Explanation of Variance:</u> The variance is favorable. There was an increase in new licenses and certifications issued as applicants who had anticipated the more stringent requirements effective 1/1/08 took the exam or met experience requirements the first half of the fiscal year. The revised definition approved in April 2008 now includes all license types. (Appraiser Trainees and non-resident temporary registrations were previously excluded).				
<b>Quarter 4</b>	500.00	212.00	1,169.00	233.80 % *
<u>Explanation of Variance:</u> The variance is favorable. There was an increase in new licenses and certifications issued as applicants who had anticipated the more stringent requirements effective 1/1/08 took the exam or met experience requirements the first half of the fiscal year. The revised definition (approved in April 2008) now includes all license types. Appraiser Trainees and non-resident temporary registrations were previously excluded.				
2 # LICENSE RENEWALS (INDIVIDUALS)				
<b>Quarter 1</b>	2,200.00	623.00	623.00	28.32 %
<b>Quarter 2</b>	2,200.00	896.00	1,519.00	69.05 % *
<u>Explanation of Variance:</u> The revised definition approved in April 2008 now includes all license types. (Appraiser Trainees were previously excluded.)				
<b>Quarter 3</b>	2,200.00	742.00	2,261.00	102.77 % *
<u>Explanation of Variance:</u> The variance is favorable. There was an increase in renewal licenses and certifications issued as applicants who had anticipated the more stringent requirements effective 1/1/08 took the exam or met experience requirements the first half of the fiscal year. The revised definition approved in April 2008 now includes all license types. (Appraiser Trainees were previously excluded.)				
<b>Quarter 4</b>	2,200.00	654.00	2,915.00	132.50 % *
<u>Explanation of Variance:</u> The variance is favorable. All license types are now included per the revised definition approved in April 2008 (Appraiser Trainees were previously excluded).				

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<b>Output Measures</b>				
<u>4-2-1 TALCB ENFORCEMENT</u>				
1 # COMPLAINTS RESOLVED				
Quarter 1	225.00	51.00	51.00	22.67 %
Quarter 2	225.00	69.00	120.00	53.33 %
Quarter 3	225.00	41.00	161.00	71.56 %
Quarter 4	225.00	61.00	222.00	98.67 %
<b>Efficiency Measures</b>				
<u>1-1-1 TREC LICENSING</u>				
1 AVG LICENSE COST/INDIVIDUAL				
Quarter 1	15.00	20.25	20.25	135.00 % *
<u>Explanation of Variance:</u> The variation is unfavorable. The factor that caused the variation (increase) in the average licensing cost per individual license issued is the first quarter expenditure figures include one time expenses incurred at the beginning of the fiscal year plus encumbrances. Also, there are added costs due to expenditures and encumbrances for a contract programmer to implement significant legislative changes. As the fiscal year progresses the average cost should decline each quarter .				
Quarter 2	15.00	14.37	17.67	117.80 % *
<u>Explanation of Variance:</u> The variance is unfavorable. It entails lower than projected number of licensees and added costs due to the expenditure & encumbrance for a contract programmer to implement significant legislative changes.				
Quarter 3	15.00	10.65	15.23	101.53 %
Quarter 4	15.00	8.57	13.39	89.27 % *
<u>Explanation of Variance:</u> The variance is favorable. The revised definition approved in April 2008 excludes Texas Online fees from the calculation .				

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Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
<b>Efficiency Measures</b>				
2 AVG TIME INDIV LICENSE ISSUANCE				
<b>Quarter 1</b>	42.00	32.00	32.00	76.19 % *
<u>Explanation of Variance:</u> The variation is favorable. The factor that caused the variation (decrease) in the average time for individual license issuance was the decrease in time between the filing of an original application and the passing of the examination. TREC has little control over how many times or how soon applicants take the exam. TREC will continue to monitor this measure.				
<b>Quarter 2</b>	42.00	40.30	35.80	85.24 % *
<u>Explanation of Variance:</u> The variance is favorable. There is a decrease in the time between the filing of the original application and passing of the examination. TREC has little control over how many times or how soon applicants take the exam.				
<b>Quarter 3</b>	42.00	36.00	35.90	85.48 % *
<u>Explanation of Variance:</u> The variance is favorable. There is a decrease in the time between the filing of the original application and passing of the examination. TREC has little control over how many times or how soon applicants take the exam.				
<b>Quarter 4</b>	42.00	35.32	35.76	85.14 % *
<u>Explanation of Variance:</u> The variance is favorable. There is a decrease in the time between the filing of the original application and passing of the examination. TREC has little control over how many times or how soon applicants take the exam .				
4 % NEW INDIV LICENSES W/IN 10 DAYS				
<b>Quarter 1</b>	95.00 %	95.20 %	95.20 %	100.21 %
<b>Quarter 2</b>	95.00 %	88.28 %	92.00 %	96.84 %
<b>Quarter 3</b>	95.00 %	78.00 %	92.00 %	96.84 %
<b>Quarter 4</b>	95.00 %	79.16 %	85.15 %	89.63 % *
<u>Explanation of Variance:</u> The variance is unfavorable. Legislative changes for fiscal year 2008 require that all real estate applicants be fingerprinted before a license will issue. Fingerprinting is conducted by a DPS contractor and the process has more operational problems than expected .				

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<b>Efficiency Measures</b>				
5 % INDIV LICENSES RENEWED IN 7 DAYS				
<b>Quarter 1</b>	97.00 %	99.70 %	99.70 %	102.78 %
<b>Quarter 2</b>	97.00 %	85.35 %	93.20 %	96.08 %
<b>Quarter 3</b>	97.00 %	72.40 %	93.20 %	96.08 %
<b>Quarter 4</b>	97.00 %	89.59 %	86.44 %	89.11 % *
<u>Explanation of Variance:</u> The variance is unfavorable. Legislative changes for fiscal year 2008 require that all real estate applicants be fingerprinted to renew a license. Fingerprinting is conducted by a DPS contractor and the process has more operational problems than expected. Interpretation of TREC rules were revised during the third quarter to allow licenses to issue if TREC is notified that prints have been taken versus receipt of results. This is also the reason the percentages are noticeably higher for the fourth quarter.				
<u>2-1-1 TREC INVESTIGATION</u>				
1 AVG TIME/COMPLAINT RESOLUTION				
<b>Quarter 1</b>	115.00	182.00	182.00	158.26 % *
<u>Explanation of Variance:</u> The variation is unfavorable. The cases which Enforcement is resolving have become more complex. It has been focusing on closing older cases, which will increase the average days calculation. In addition, there was staff turnover during the first quarter. Recent additions to staff should lead to improvement.				
<b>Quarter 2</b>	115.00	207.00	202.00	175.65 % *
<u>Explanation of Variance:</u> The variance is unfavorable. This is due to complexity of cases, training new staff, and focusing on older cases which had more days open.				
<b>Quarter 3</b>	115.00	196.00	207.00	180.00 % *
<u>Explanation of Variance:</u> The variance is unfavorable. This is due to complexity of cases, training new staff, and focusing on older cases which had more days open.				
<b>Quarter 4</b>	115.00	217.00	212.00	184.35 % *
<u>Explanation of Variance:</u> The variance is unfavorable. This is due to complexity of cases, training new staff, and focusing on older cases which had more days open. All of these factors have increased the average time.				
<u>4-2-1 TALCB ENFORCEMENT</u>				

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<b>Efficiency Measures</b>				
2 AVG TIME/COMPLAINT RESOLUTION				
<b>Quarter 1</b>	220.00	463.88	463.88	210.85 % *
<u>Explanation of Variance:</u> The variation is unfavorable. This quarter emphasis has been on closing older complaints to address concerns raised by the Federal Appraiser Subcommittee. Levels of complaint activity have risen sharply.				
<b>Quarter 2</b>	220.00	508.84	489.73	222.60 % *
<u>Explanation of Variance:</u> The variance is unfavorable. It is due largely to the effect of closing a number of older cases.				
<b>Quarter 3</b>	220.00	444.76	478.28	217.40 % *
<u>Explanation of Variance:</u> The variance is unfavorable. It is due largely to the effect of closing a number of older cases.				
<b>Quarter 4</b>	220.00	488.18	481.00	218.64 % *
<u>Explanation of Variance:</u> The variance is unfavorable. It is due largely to the effect of closing a number of older cases.				

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