

The seal of the Texas Real Estate Commission is a circular emblem. It features a central five-pointed star surrounded by a wreath of olive and oak branches. The words "TEXAS REAL ESTATE COMMISSION" are inscribed around the perimeter of the seal. At the bottom, there are three stars.

ANNUAL MEASURES REPORT

Fiscal Year 2003

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

by

Texas Real Estate Commission

October 3, 2003

Actual Performance for Outcome Measures
 77th Regular Session, Performance Reporting
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **10/3/2003**
 TIME: **9:45:09AM**
 PAGES: **1**

Agency code: **329**

Agency name: **REAL ESTATE COMMISSION**

Type/Objective/Measure	2003 Target	2003 YTD	Percent of Annual Target
<u>1-1 EXPEDITE APPLICATIONS</u>			
1 LICENSEES WITH NO VIOLATIONS	99.00%	99.70%	100.71%
<u>2-1 TIMELY COMPLAINT RESOLUTION</u>			
3 % COMPLAINTS RESOLVED W/IN 6 MOS	70.00%	85.40%	122.00% *

Explanation of Variance: This measure was exceeded by more than 5% for the fiscal year. The Enforcement Division is continually exploring and implementing more efficient investigative and complaint resolution techniques. As a result, some of the changes contributed to exceeding the target for this measure. Another factor contributing to TREC exceeding the target is that staff attorneys were able to obtain agreed settlements thereby reducing the time a contested case would normally take. TREC will continue to monitor this measure in an attempt to ensure that at least 70% of complaints are resolved within six months.

* Varies by 5% or more from target.

Actual Performance for Output/Efficiency Measures
77th Regular Session, Performance Reporting
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DATE: 10/3/2003
TIME: 9:44:36AM
PAGES: 6

Agency code: 329

Agency name: REAL ESTATE COMMISSION

Type/Strategy/Measure	2003 Target	2003 Actual	2003 YTD	Percent of Annual Target
Output Measures				
<u>1-1-1 TREC LICENSING</u>				
2 # NEW INDIVIDUAL LICENSES ISSUED				
Quarter 1	13,000.00	5,032.00	5,032.00	38.71 % *
<u>Explanation of Variance:</u> The factor that caused the variation (increase) was more original applications were filed than anticipated. The current trend began after a legislative change to the Real Estate License Act (Art. 6573a, V.T.C.S.) effective January 1, 2002 which increased the number of core hours of education required to file an original application for broker and salesperson licensure. The number of licenses issued from original applications increased each quarter of fiscal year 2002 (1st Qtr: 5,438; 2nd Qtr: 6,061; 3rd Qtr: 6,576 and 4 th Qtr: 7,023). The first quarter of fiscal year 2003 shows a 7.5% decrease compared to the first quarter of fiscal year 2002 which may be partially attributable to a new examination testing service. TREC will continue to monitor this measure. It is anticipated workloads may return to historical levels by the end of fiscal year 2003.				
Quarter 2	13,000.00	5,148.00	10,180.00	78.31 % *
<u>Explanation of Variance:</u> The factor that caused the variation (increase) was more original applications were filed than anticipated. The current trend began after a legislative change to the Real Estate License Act (Art. 6573a, V.T.C.S.) effective January 1, 2002 which increased the number of core hours of education required to file an original application for broker and salesperson licensure. The number of licenses issued from original applications increased each quarter of fiscal year 2002 (1st Qtr: 5,438; 2nd Qtr: 6,061; 3rd Qtr: 6,576 and 4 th Qtr: 7,023). The first quarter of fiscal year 2003 shows a 7.5% decrease compared to the first quarter of fiscal year 2002 and the second quarter of fiscal year 2003 shows a 15.1% decrease compared to the second quarter of fiscal year 2002. Both decreases may be partially attributable to a new examination testing service and the economy. TREC will continue to monitor this measure. It is anticipated workloads may return to historical levels by the last quarter of fiscal year 2003.				
Quarter 3	13,000.00	6,610.00	16,790.00	129.15 % *
<u>Explanation of Variance:</u> The factor that caused the variation (increase) was more original applications were filed than anticipated. The number of licenses issued from original applications increased each quarter of fiscal year 2002 (1st Qtr: 5,438; 2nd Qtr: 6,061; 3rd Qtr: 6,576 and 4 th Qtr: 7,023). The first quarter of fiscal year 2003 shows a 7.5% decrease compared to the first quarter of fiscal year 2002 and the second quarter of fiscal year 2003 shows a 15.1% decrease compared to the second quarter of fiscal year 2002. The third quarter of fiscal year 2003, however, shows an increase of 34 licenses. Both the first and second quarter decreases may be partially attributable to a new examination testing service and the economy. The third quarter increase is attributable to the number of original applications filed in the two previous quarters. TREC will continue to monitor this measure. It is anticipated workloads may return to historical levels by the first quarter of fiscal year 2004.				

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Output Measures1-1-1 TREC LICENSING

2 # NEW INDIVIDUAL LICENSES ISSUED

Quarter 4	13,000.00	6,591.00	23,381.00	179.85 % *
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Explanation of Variance: This measure was exceeded by more than 5% for the fiscal year. The factor that caused the variation (increase) was more original applications were filed than anticipated. The number of licenses issued from original applications increased each quarter of fiscal year 2002 (1st Qtr: 5,438; 2nd Qtr: 6,061; 3rd Qtr: 6,576 and 4th Qtr: 7,023). The first quarter of fiscal year 2003 shows a 7.5% decrease compared to the first quarter of fiscal year 2002 and the second quarter of fiscal year 2003 shows a 15.1% decrease compared to the second quarter of fiscal year 2002. The third quarter of fiscal year 2003, however, showed an increase of 34 licenses. The fourth quarter of fiscal year 2003 shows a 432 decrease compared to fiscal year 2002. Both the first and second quarter decreases may be partially attributable to a new examination testing service and the economy. The third quarter increase is attributable to the number of original applications filed in the two previous quarters. The fourth quarter decrease may be attributable to a slowing down in the economy.

TREC will continue to monitor this measure. It is anticipated workloads may return to historical levels during fiscal year 2004.

1-1-1 TREC LICENSING

3 # LICENSE RENEWALS (INDIVIDUALS)

Quarter 1	53,000.00	14,601.00	14,601.00	27.55 %
Quarter 2	53,000.00	13,793.00	28,394.00	53.57 %
Quarter 3	53,000.00	16,784.00	45,178.00	85.24 % *

Explanation of Variance: The factor that caused the variation (increase) was more renewal applications were filed than anticipated. The trend to enter and stay in the real estate business has caused more licensees to renew licenses on a timely basis. The licensee population has shown an increase over the past 12 months as a result of this.

TREC will continue to monitor this measure and adjust future targets to reflect industry trends.

Quarter 4	53,000.00	17,640.00	62,818.00	118.52 % *
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Explanation of Variance: This measure was exceeded by more than 5% for the fiscal year. The factor that caused the variation (increase) was more renewal applications were filed than anticipated. The trend to enter and remain in the real estate business has caused more licensees to renew licenses on a timely basis. The licensee population has shown an increase over the past 12 months as a result of this.

TREC will continue to monitor this measure and adjust future targets to reflect industry trends.

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Output Measures2-1-1 TREC INVESTIGATION

1 COMPLAINTS RESOLVED

Quarter 1	3,100.00	618.00	618.00	19.94	% *
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Explanation of Variance: This measure was exceeded for the fiscal year. Adjustments to the first three quarters were necessary to report only jurisdictional complaints. TREC will continue to monitor this measure. The target for future fiscal years will be adjusted based on performance.

Quarter 2	3,100.00	870.00	1,488.00	48.00	%
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Quarter 3	3,100.00	860.00	2,348.00	75.74	%
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Quarter 4	3,100.00	868.00	3,216.00	103.74	%
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3-1-1 LICENSEE/CONSUMER EDUCATION

1 NUMBER OF CALLS RECEIVED

Quarter 1	330,000.00	97,179.00	97,179.00	29.45	%
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Quarter 2	330,000.00	101,020.00	198,199.00	60.06	% *
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Explanation of Variance: The factor that caused the variation (increase) was additional telephone resources implemented in fiscal year 2002. TREC expanded the resources of its Communication section to include 2 additional toll free lines and 1.5 additional FTEs in fiscal year 2002.

TREC will continue to monitor this measure and has adjusted the target for fiscal year 2004 and 2005 to 340,000 per year.

Quarter 3	330,000.00	144,180.00	342,379.00	103.75	% *
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Explanation of Variance: The factors that caused the variation (increase) were (1) additional telephone resources implemented in fiscal year 2002 and (2) more individuals seeking licensure. TREC expanded the resources of its Communication section to include 2 additional toll free lines and 1.5 additional FTEs in fiscal year 2002. The additional resources are now allowing TREC to answer more telephone calls. Increased workloads have added to the higher volume of calls.

TREC will continue to monitor this measure and will adjust the target for future fiscal years if appropriate.

Quarter 4	330,000.00	162,578.00	504,957.00	153.02	% *
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Explanation of Variance: This measure was exceeded by more than 5% for the fiscal year. The factors that caused the variation (increase) were (1) additional telephone resources implemented in fiscal year 2002 and (2) more individuals seeking and retaining licensure. TREC expanded the resources of its Communication section to include 2 additional toll free lines and 1.5 additional FTEs in fiscal year 2002. The additional resources are now allowing TREC to answer more telephone calls. Increased workloads have added to the higher volume of calls.

TREC will continue to monitor this measure and will adjust the target for future fiscal years if appropriate.

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Efficiency Measures

1-1-1 TREC LICENSING

1 AVG LICENSE COST/INDIVIDUAL

Quarter 1	15.00	23.23	23.23	154.87	% *
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Explanation of Variance: 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. As the fiscal year progresses the average cost should decline each quarter. TREC will continue to monitor this measure. Monthly evaluation of expenses will be performed as part of the monitoring process.

Quarter 2	15.00	15.06	19.22	128.13	% *
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Explanation of Variance: 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. As the fiscal year progresses the average cost should decline each quarter as evidenced by the second quarter figure. TREC will continue to monitor this measure. Monthly evaluation of expenses will be performed as part of the monitoring process.

Quarter 3	15.00	10.87	16.07	107.13	% *
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Explanation of Variance: The factor that caused the variation (increase) in the year to date 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. As the fiscal year progresses the average cost should decline each quarter as evidenced by the second and third quarter figures. TREC will continue to monitor this measure. Monthly evaluation of expenses will be performed as part of the monitoring process.

Quarter 4	15.00	10.80	14.59	97.27	%
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1-1-1 TREC LICENSING

2 AVG TIME INDIV LICENSE ISSUANCE

Quarter 1	37.00	28.30	28.30	76.49	% *
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Explanation of Variance: 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 monitor this measure to ensure that TREC processes applications efficiently and issues licenses promptly once all requirements are met.

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Efficiency Measures					
<u>1-1-1 TREC LICENSING</u>					
2 AVG TIME INDIV LICENSE ISSUANCE					
Quarter 2	37.00	36.32	32.39	87.54	% *
<u>Explanation of Variance:</u> 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 monitor this measure to ensure that TREC processes applications efficiently and issues licenses promptly once all requirements are met.					
Quarter 3	37.00	33.92	33.00	89.19	% *
<u>Explanation of Variance:</u> 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 or when it is finally passed. TREC will monitor this measure to ensure that TREC processes applications efficiently and issues licenses promptly once all requirements are met.					
Quarter 4	37.00	33.88	33.25	89.86	% *
<u>Explanation of Variance:</u> This measure was exceeded by more than 5% for the fiscal year. 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 or when it is finally passed. A correcting adjustment has been made to the 2nd and 3rd quarter reported figures due to an incorrect calculation. TREC will monitor this measure to ensure that TREC processes applications efficiently and issues licenses promptly once all requirements are met.					
<u>2-1-1 TREC INVESTIGATION</u>					
1 AVG TIME/COMPLAINT RESOLUTION					
Quarter 1	115.00	78.00	78.00	67.83	% *
<u>Explanation of Variance:</u> The factor that caused the overall variation (decrease) was the complaints that were resolved were less complex in nature and required less time to resolve. Additionally, the marked decrease for resolution time was due to more efficient investigative and complaint resolution techniques employed by the Enforcement Division. This resulted in the average time for complaint resolution being lower than projected. TREC will continue to monitor this measure in an attempt to reduce the backlog of unresolved complaints and therefore cause the average time for complaint resolution to be less than projected.					

* Varies by 5% or more from target.

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Efficiency Measures2-1-1 TREC INVESTIGATION

1 AVG TIME/COMPLAINT RESOLUTION

Quarter 2	115.00	98.00	88.00	76.52 % *
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Explanation of Variance: The factor that caused the overall variation (increase) for the second quarter was more emphasis was placed on resolving older complaints.

This resulted in the average time for complaint resolution increasing over the first quarter but still being lower than projected overall.

TREC will continue to monitor this measure in an attempt to reduce the backlog of unresolved complaints and therefore cause the average time for complaint resolution to be less than projected.

Quarter 3	115.00	79.00	85.00	73.91 % *
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Explanation of Variance: The factor that caused the overall variation (increase) for the second quarter was more emphasis was placed on resolving older complaints.

This resulted in the average time for complaint resolution increasing over the first quarter but still being lower than projected overall. The third quarter time was more in line with the first quarter level.

TREC will continue to monitor this measure in an attempt to reduce the backlog of unresolved complaints and therefore cause the average time for complaint resolution to be less than projected.

Quarter 4	115.00	82.00	85.00	73.91 % *
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Explanation of Variance: This measure was exceeded by more than 5% for the fiscal year. The factor that caused the overall variation (increase) for the second quarter was more emphasis was placed on resolving older complaints. This resulted in the average time for complaint resolution increasing over the first quarter but still being lower than projected overall. The third and fourth quarter times were more in line with the first quarter level. TREC's internal auditor noted that the date the case was opened was being utilized for the measure calculation rather than the date received. The internal auditor noted a 13 days variance (increase) in the time for complaint resolution using a sample of the cases. TREC would still exceed the target for this measure with the increased days. TREC has modified its computer programs to capture the date received for fiscal year 2004 data.

TREC will continue to monitor this measure in an attempt to reduce the backlog of unresolved complaints and therefore cause the average time for complaint resolution to be less than projected.