



TEXAS REAL ESTATE COMMISSION
FY 2024
ANNUAL BUDGET

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Presented:
August 7, 2023



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EXECUTIVE SUMMARY

The following summary of the 2024-2026 budget proposal for the Texas Real Estate Commission is respectfully submitted for review and input. Thorough analysis has been performed in order to reasonably project revenue and expenditures of the agency.

This budget proposal is presented as a three-year budget. It is important to note that due to fluctuating circumstances from year to year such as anticipated number of licensees, the second and third year of the budget is intended to be informative and indicative of planned activity levels and will be refined as necessary during subsequent budget cycles. The first year of the budget, labeled “proposed 2024” is the only year intended to be adopted, while “projected 2025 and 2026” are to be considered as a forecast using a constant active license holder count. The first draft of the 2024 budget proposal is presented to the Commissioners of the Texas Real Estate Commission (TREC) for consideration.



HIGHLIGHTS

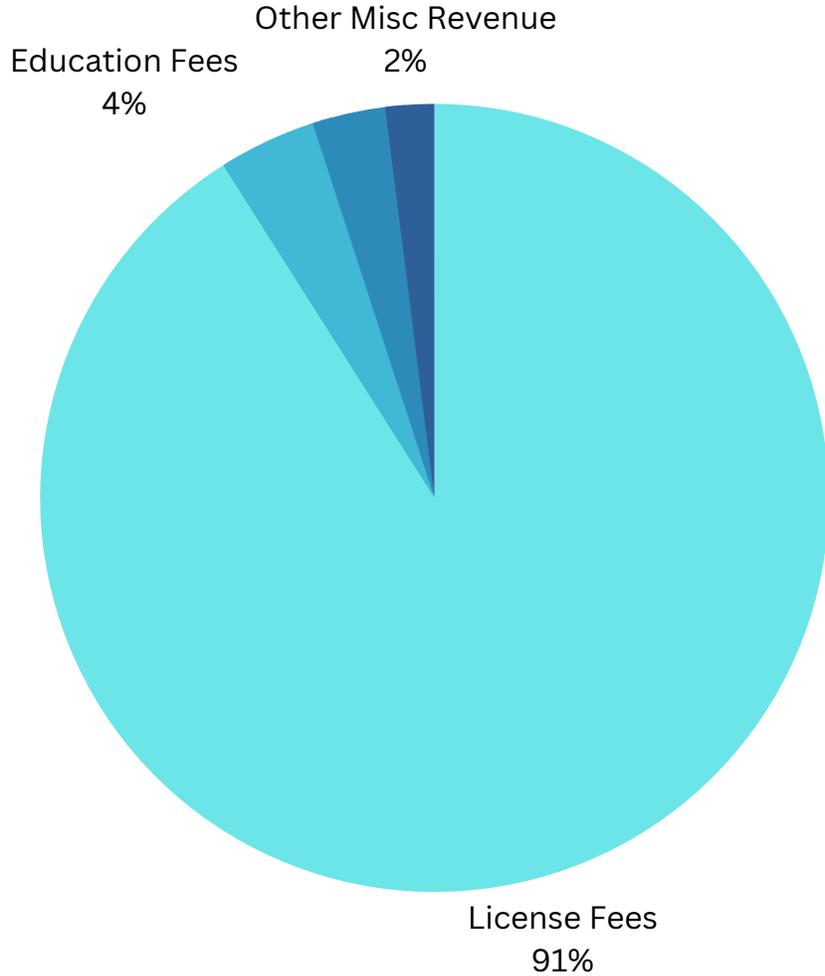
The Texas Real Estate Commission operates on a lean budget, and there are not many categories where reductions in the budget are feasible. Staff thoroughly reviewed operational costs and new FTE requests and have incorporated such costs in the FY24 Budget. The highlights are as follows:

- A reserve was created for the statutorily required General Revenue payment in addition to the existing operating reserves.
- Increase in salary and wages to account for 2 additional full-time equivalent (FTE) positions added during FY23 and to support 3 new FTEs within our Information Technology Division and Financial Services Division.
- A 3.5% across the board salary increase is factored into the salary and wage requirement along with a 3% performance-based merit.
- Other personnel cost category increased due to the increase in the salary and wages.
- Equipment rental decreased as agency continues to shift to purchasing laptops instead of leasing laptops and monitors. We have 2 leases remaining, one expires in FY2024 and the final lease term expires in FY 2025.
- Other Operating Expenses (supplies and equipment) increased to account for the purchase of laptops in FY2024 and FY2025.
- The Regulatory Applications Modernization Project (RAMP) 5 year contract has been awarded and it is a deliverable based capital asset contract. Projected expenditures are presented in the Capital Asset category and is based off of the project schedule and contract pricing workbook.
- The Capital Asset category also includes provisions for necessary server room upgrades and necessary equipment.



BUDGET OVERVIEW- REVENUE

REVENUE OVERVIEW							
Revenue	Actual	Actual	Approved	Projected	Proposed	Projected	
	2021	2022	2023	Actual 2023		2024	2025
License Fees	\$14,360,595	\$13,521,772	\$13,097,810	\$13,060,030	\$13,075,723	\$13,124,343	\$12,986,360
Education Fees	\$400,461	\$450,273	\$427,285	\$510,653	\$507,225	\$471,813	\$479,104
Examination Fees	\$604,856	\$551,268	\$540,620	\$471,492	\$512,460	\$511,930	\$498,817
Other Miscellaneous Revenue	\$309,261	\$352,823	\$294,217	\$308,801	\$322,394	\$327,242	\$318,715
Total:	\$15,675,173	\$14,876,136	\$14,359,932	\$14,350,976	\$14,417,802	\$14,435,328	\$14,282,996

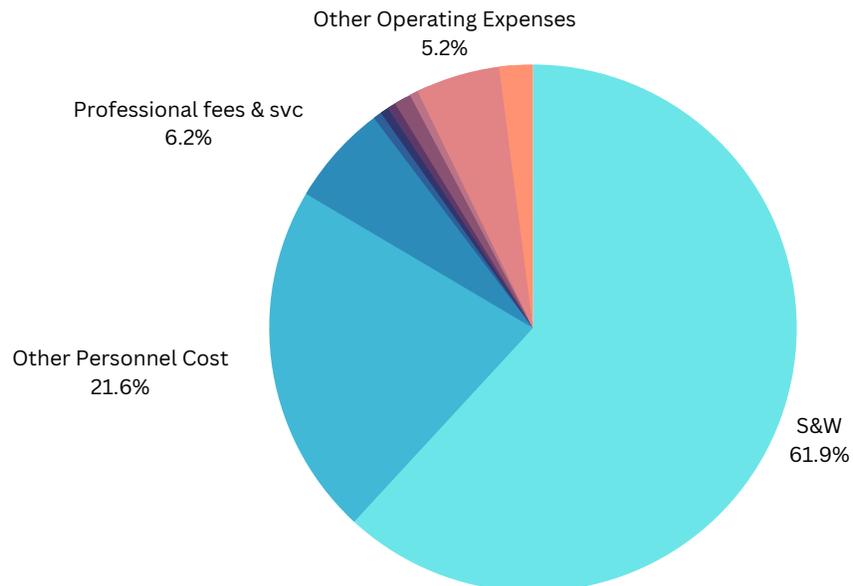




BUDGET OVERVIEW

EXPENSES

EXPENSES OVERVIEW							
Expenses	Actual	Actual	Approved	Projected Actual	Proposed	Projected	
	2021	2022	2023	2023	2024	2025	2026
Salary & Wages	\$7,676,229	\$8,192,331	\$10,471,030	\$9,462,170	\$11,004,969	\$11,335,119	\$11,675,174
Other Personnel Costs	\$3,093,269	\$3,151,809	\$3,785,162	\$3,455,893	\$3,929,984	\$3,939,120	\$4,006,555
Professional Fees & Services	\$320,515	\$547,335	\$3,932,470	\$556,000	\$1,142,683	\$789,379	\$430,555
Consumables	\$5,454	\$7,231	\$9,500	\$6,000	\$7,500	\$7,500	\$7,500
Utilities	\$11,491	\$8,923	\$9,356	\$8,000	\$11,674	\$11,674	\$11,674
Travel	\$18,719	\$51,778	\$63,000	\$50,000	\$62,500	\$62,500	\$62,500
Office & Space Rent	\$185,878	\$175,519	\$180,950	\$175,000	\$177,165	\$177,165	\$177,165
Equipment Rental	\$76,236	\$114,948	\$75,000	\$75,000	\$53,500	\$32,000	\$21,500
Other Operating Expenses	\$609,212	\$852,265	\$755,157	\$696,567	\$879,601	\$819,088	\$709,213
Capital Expenditures	\$8,250	\$0	\$0	\$3,057,787	\$381,300	\$354,350	\$366,300
Statewide Cost Allocation Plan (SWCAP)	\$164,769	\$255,108	\$255,110	\$255,111	\$260,844	\$260,844	\$260,844
Annual General Revenue Contribution	\$726,240	\$727,500	\$727,500	\$727,500	\$527,500	\$727,500	\$727,500
Total:	\$12,896,262	\$14,084,747	\$20,264,235	\$18,525,028	\$18,439,220	\$18,516,239	\$18,456,480





FY2024 LINE ITEM BUDGET

Texas Real Estate Commission

2nd Budget Draft as of June 27, 2023

4.5% Salary Cost Savings Reduction and a 3.5% Across the Board Increase

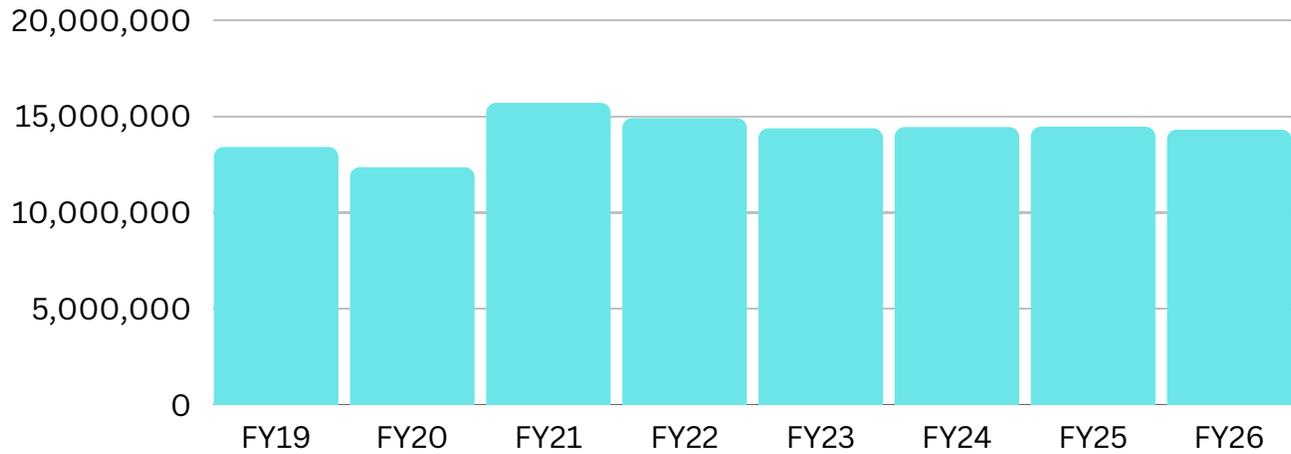
	Actual 2021	Actual 2022	Budget FY2023	FY2023 Estimated revenue/ expenditures	Budget FY2024	Budget Variance from FY24 to FY23	Projected Budget 2025	Projected Budget 2026
Beginning Balance	\$19,732,109	22,498,290	22,639,108	22,639,108	18,465,056		14,443,638	10,362,727
Operating Reserves	(\$7,432,904)	(7,432,904)	(9,768,368)	(9,768,368)	(8,955,860)		(8,894,370)	(8,864,490)
Statutory GR Payment Reserves					(527,500)		(727,500)	(727,500)
Available fund balance within TTSTC	\$12,299,205	\$ 15,065,386	12,870,740	\$ 12,870,740	8,981,696		4,821,768	770,737
Revenues								
License Fees	14,360,595	13,521,772	13,097,810	13,060,030	13,075,723	-0.17%	13,124,343	12,986,360
Education Fees	400,461	450,273	427,285	510,653	507,225	18.71%	471,813	479,104
Examination Fees	604,856	551,268	540,620	471,492	512,460	-5.21%	511,930	498,817
Other Miscellaneous Revenue	309,261	352,823	294,217	308,801	322,394	9.58%	327,242	318,715
Total Revenues	\$15,675,173	\$14,876,136	14,359,932	\$14,350,976	14,417,802	0.40%	\$14,435,328	\$14,282,996
Reallocation from Fund Balance								
Expenditures								
Salaries & Wages (1001)	7,676,229	8,192,331	10,471,030	9,462,170	11,004,969	5.10%	11,335,119	11,675,174
Other Personnel Costs (1002)	3,093,269	3,151,809	3,785,162	3,455,893	3,929,984	3.83%	3,939,120	4,006,555
Professional Fees & Services (2001)	320,515	547,335	3,932,470	556,000	1,142,683	-70.94%	789,379	430,555
Consumables (2003)	5,454	7,231	9,500	6,000	7,500	-21.05%	7,500	7,500
Utilities (2004)	11,491	8,923	9,356	8,000	11,674	24.78%	11,674	11,674
Travel (2005)	18,719	51,778	63,000	50,000	62,500	-0.79%	62,500	62,500
Office and Space Rent (2006)	185,878	175,519	180,950	175,000	177,165	-2.09%	177,165	177,165
Equipment Rental (2007)	76,236	114,948	75,000	75,000	53,500	-28.67%	32,000	21,500
Other Operating Expenses (2009)								
<i>GAA Mandated Payroll Contributions</i>	109,532	106,520	142,883	136,540	162,303	13.59%	172,853	178,039
<i>Registration & Membership</i>	15,864	18,407	23,900	20,000	18,909	-20.88%	18,909	18,909
<i>Maintenance & Repairs</i>	148,910	217,690	105,949	87,255	152,440	43.88%	132,040	149,690
<i>Reproduction & Printing</i>	788	2,435	1,730	1,008	1,800	4.05%	1,800	1,800
<i>Contract Services</i>	50,611	38,808	47,525	36,450	110,277	132.04%	83,777	88,777
<i>Postage</i>	12,328	10,150	16,708	8,024	16,861	0.92%	16,861	16,861
<i>Supplies & Equipment</i>	62,146	175,917	160,361	171,785	139,000	-13.32%	131,000	1,000
<i>Communication Services</i>	175,529	180,347	217,496	191,900	207,099	-4.78%	210,914	203,214
<i>Other Operating Costs</i>	33,504	77,149	18,605	18,605	40,912	119.90%	20,934	20,923
<i>DPS Criminal History Checks (2009)</i>	-	24,844	20,000	25,000	30,000	50.00%	30,000	30,000
Capital Expenditures (5000)	8,250		-	3,057,787	381,300	0.00%	354,350	366,300
Statewide Cost Allocation Plan-SWCAP (9999)	164,769	255,108	255,110	255,111	260,844	2.25%	260,844	260,844
Total Expenditures	12,170,021	13,357,247	19,536,735	17,797,528	17,911,720	-8.32%	17,788,739	17,728,980
Contribution to General Revenue (1105.003 (f))	726,240	727,500	727,500	727,500	527,500	-27.49%	727,500	727,500
Total Expenditures and GR Contribution	\$12,896,261	\$14,084,747	\$20,264,235	\$18,525,028	18,439,220	-9.01%	\$18,516,239	\$18,456,480
Operational Loss/Gain	\$2,778,912	\$791,389	(5,904,303)	(4,174,052)	(4,021,418)	-31.89%	(4,080,911)	(4,173,484)
Estimated Carryover Balance	\$15,078,117	\$15,856,775	6,966,437	8,696,688	4,960,278		740,857	(\$3,402,747)



FY 2019-2026

REVENUE ANALYSIS

TREC Revenue	Projected	Actual as of August 31 of each year	Actual over Projected
FY19	10,891,346	13,379,772	22.85%
FY20	10,804,974	12,329,504	14.11%
FY21	11,350,563	15,675,173	38.10%
FY22	14,818,142	14,876,136	0.39%
Projected FY23	14,359,932	14,350,976	-0.06%
Projected FY24	14,417,802	14,417,802	0.00%
Projected FY25	14,435,328	14,435,328	0.00%
Projected FY26	14,282,996	14,282,996	0.00%



Apps & Renewal Counts	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Projected	FY24 Projected	FY25 Projected	FY26 Projected	Trends
Broker Original Ind Apps	1,315	1,420	1,705	1,897	1,990	2,031	1,973	1,998	
Sales Agent Original Apps	22,815	23,777	35,314	32,213	27,780	29,291	29,761	28,944	
Inspector Apps	549	616	1,453	822	508	636	655	600	
Broker Renewals	16,513	15,776	16,527	15,957	16,290	16,081	16,109	16,160	
Sales Renewals	56,413	57,298	62,800	64,134	65,222	64,644	64,667	64,844	
Inspector Renewals	1,677	1,495	1,803	1,569	2,044	1,613	1,742	1,800	

App and Renewal Fees	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Projected	FY2024 Projected	FY2025 Projected	FY2026 Projected	Revenue Trend
Broker Original Ind Apps	197,249	212,944	255,750	284,550	298,500	304,650	295,900	299,683	
Sales Agent Original Apps	3,422,246	3,566,549	5,297,155	4,831,980	4,167,000	4,393,650	4,464,200	4,341,617	
Inspector Apps	60,800	73,000	165,790	92,840	58,840	72,940	74,867	68,882	
Broker Renewals	1,188,917	1,135,858	1,189,944	1,148,903	1,172,880	1,157,832	1,159,872	1,163,528	
Sales Renewals	3,723,237	3,781,635	4,144,753	4,232,812	4,304,652	4,266,504	4,268,000	4,279,719	
Inspector Renewals	99,110	88,741	106,480	93,141	121,180	95,710	103,347	106,746	

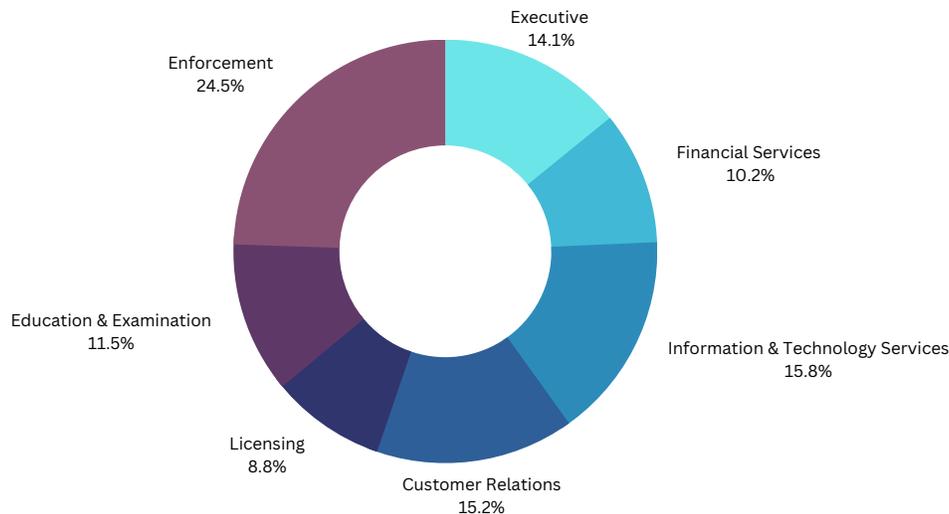


AGENCY STAFFING

BUDGETED FULL-TIME EQUIVALENT (FTEs)						
Functional Divisions	Authorized 2023	Currently Filled 2023	Vacant FTE 2023	Contractors 2023	New FTEs 2024	Proposed Authorized 2024
Executive Division	11.80	11.80	0.00	0.00	0.00	11.80
Financial Services Division	13.68	12.68	1.00	0.00	1.00	14.68
Information & Technology Services Division	18.00	18.00	0.00	1.00	2.00	20.00
Customer Relations Division**	30.30	31.30	0.00	0.00	0.00	30.30
Education & Examination Services Division	15.10	14.10	1.00	0.00	0.00	15.10
Licensing Division	23.00	22.00	1.00	0.00	0.00	23.00
Enforcements Division	37.00	37.00	0.00	0.00	0.00	37.00
TALCB	17.40	16.40	1.00	0.00	0.00	17.40
Total:	166.28	163.28	4.00	1.00	3.00	169.28
TREC	148.88	146.88	3.00	1.00	3.00	151.88
TALCB	17.40	16.40	1.00	0.00	0.00	17.40

**CRD is authorized to overstaff by 3 due to turnover rate.

BUDGETED SALARY REQUIREMENT			
Functional Divisions	Authorized 2023	Proposed 2024	New FTEs 2024
Executive Division	\$ 1,327,981	\$ 1,530,761	\$ -
Financial Services Division	\$ 1,025,253	\$ 1,099,930	\$ 83,298
Information & Technology Services Division	\$ 1,636,667	\$ 1,705,177	\$ 110,862
Customer Relations Division	\$ 1,637,051	\$ 1,639,652	\$ -
Education & Examination Services Division	\$ 890,071	\$ 947,130	\$ -
Licensing Division	\$ 1,275,110	\$ 1,248,736	\$ -
Enforcements Division	\$ 2,678,897	\$ 2,648,828	\$ -
TALCB	\$ -	\$ -	\$ -
Total:	\$ 10,471,030	\$ 10,820,214	\$ 194,160





ADDITIONAL FTE NARRATIVE

Staff submitted requests and pertinent justification to the Executive Director for review and approval. After careful review and analyzing business needs, the Executive Director has deemed that three additional FTEs are required to ensure that the Texas Real Estate Commission continues to provide the highest level of service to the citizens of Texas. Information regarding the additional staff positions is below.

Information Technology (IT) Division:

The IT Division demonstrated a need to add one FTE which would be dedicated to our mail room operations. This individual would focus on the purging of documents for enforcement of retention policy. This position will be a Document Services Technician III at a starting salary of \$33,000. In addition, IT has also demonstrated a need for a Web Administrator IV with a starting salary of \$77,862. This individual would provide continued support for SharePoint applications and serve as the backup web developer.

Financial Services (FIN) Division:

The FIN Division demonstrated a need to add one FTE which would focus on budgeting and reporting. This position will be vital in restructuring all current reports within the division, reconciliation of financial systems, maintaining budgets within the financial systems, and completing reports. The position will be listed under the Budget Analyst series with a starting salary range of \$77,862-\$83,298; salary will be commensurate with experience.

LICENSE HOLDER/STAFF ANALYSIS

License Holder Count Compared to Staff Count FY16 - FY23



License Holder Count Compared to Staff Count FY16 - FY23





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