

# STRATEGIC PLAN 2009-2013

*Texas Real Estate Commission*

*John D. Eckstrum, Chair*

*Texas Appraiser Licensing and  
Certification Board*

*Clinton P. Sayers, Chair*

***Strategic Plan 2009-2013***

Texas Real Estate Commission/  
Texas Appraiser Licensing and  
Certification Board



# *Texas Real Estate Commission Strategic Plan 2009-2013*

JUNE 30, 2008

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***Texas Appraiser  
Licensing and Certification Board  
Strategic Plan 2009-2013***

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## Vision Texas

### The Statewide Strategic Planning Elements for Texas State Government

March 2008

Fellow Public Servants:

The old adage remains true: If you fail to plan, you plan to fail. So, in leading our state, we will apply strategic planning with an eye to future opportunity and prosperity. We must always be willing to critically reexamine the role of Texas State Government and assess the efficiency of its operations. This document specifies our mission and priorities, reflecting my philosophy of limited government and my belief in personal responsibility. Please use it as your agency prepares its Strategic Plan. In a properly-limited government, everything must be done with maximum efficiency and overriding fairness. Our first question should always be “what is best for the people of Texas?”

Throughout the strategic planning process and the next legislative session, policymakers will work to address our state’s priorities and agencies will be asked for detailed information. I encourage you to not only provide open and complete information, but also offer your innovative ideas to improve the delivery of government services.

Working together, I know we can address the priorities of our citizens. As my administration works to create greater opportunity and prosperity for our citizens, making our state and its people truly competitive in the global marketplace, we must remain focused on the following critical priorities:

*Assuring open access to an educational system that not only guarantees the basic core knowledge necessary for productive citizens but also emphasizes excellence and accountability in all academic and intellectual undertakings;*

*Creating and retaining job opportunities and building a stronger economy to secure Texas’ global competitiveness, leading our people and a stable source of funding for core priorities;*

*Protecting and preserving the health, safety, and well-being of our citizens by ensuring health-care is accessible and affordable and by safeguarding our neighborhoods and communities from those who intend us harm; and*

*Providing disciplined, principled government that invests public funds wisely and efficiently.*

I appreciate your commitment to excellence in public service and look forward to the outcome of this necessarily rigorous process.

*Rick Perry*



### The Mission of Texas State Government

TEXAS STATE GOVERNMENT MUST BE LIMITED, EFFICIENT, AND COMPLETELY ACCOUNTABLE. IT SHOULD FOSTER OPPORTUNITY, ECONOMIC PROSPERITY, FOCUS ON CRITICAL PRIORITIES, AND SUPPORT THE CREATION OF STRONG FAMILY ENVIRONMENTS FOR OUR CHILDREN. THE STEWARDS OF THE PUBLIC TRUST MUST BE MEN AND WOMEN WHO ADMINISTER STATE GOVERNMENT IN A FAIR, JUST, AND RESPONSIBLE MANNER. TO HONOR THE PUBLIC TRUST, STATE OFFICIALS MUST SEEK NEW AND INNOVATIVE WAYS TO MEET STATE GOVERNMENT PRIORITIES WITHIN A FISCALLY RESPONSIBLE MANNER.

### The Philosophy of Texas State Government

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise we will promote the following core principles.

- First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics or individual recognition.
- Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.
- Decisions affecting individual Texans, in most instances, are best made by those individuals, their families, and the local governments closest to their communities.
- Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. Just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future, and the future of those they love.
- Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.
- State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse, and providing efficient and honest government.

Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.

*Aim high.....we are not here to achieve inconsequential things!*

## Regulatory Benchmarks

**Benchmark:**

Percent of state professional licensee population  
with no documented violations

**Priority Goal:**

Percent of Licensees with no recent violations  
Percent of complaints resulting in disciplinary action

**Benchmark:**

Percent of new professional licensees as compared to the existing population

**Priority Goal:**

Percent of New Licenses Issued to Individuals  
Percent of Licenses Renewed

**Benchmark**

Percent of documented complaints to licensing agencies  
resolved within six months

**Priority Goal:**

Percent of documented complaints resolved within six months

**Benchmark:**

Percent of individuals given a test for licensure  
who received a passing score

**Priority Goal:**

Pass Rate

**Benchmark:**

Percent of new and renewed licenses  
issued via Internet

**Priority Goal:**

Percent of Licensees who renew online  
Percent of new individual licenses issued online

## ***FOREWORD***

Historically, the Texas Real Estate Commission (TREC) and the Texas Appraiser Licensing and Certification Board (TALCB) have prepared, approved and submitted separate strategic plans, but a single legislative appropriations request. This document reflects a departure from that approach. TALCB is an independent subdivision of TREC, overseen by its own independent governor-appointed board. The 80th Legislature adopted the Sunset Commission recommendation to integrate TREC and TALCB to the fullest extent possible while preserving TALCB's identity as a separate regulatory body. Much has already been accomplished in this regard, promoting greater efficiency, but great pains have been taken to assure TALCB's independence.

Those portions of this document treating operational aspects where TREC and TALCB have largely integrated or where TREC support functions include support for TALCB include the activities of both TREC and TALCB. TREC and TALCB are sometimes referred to as the "agency" in this regard. In certain areas, especially enforcement, TREC and TALCB are treated separately.

By creating a unified document it is hoped that the inter-relationship of this strategic plan to the legislative appropriations request will be more clear, manageable, and understandable.

***Timothy K. Irvine***

TREC Administrator and  
TALCB Commissioner



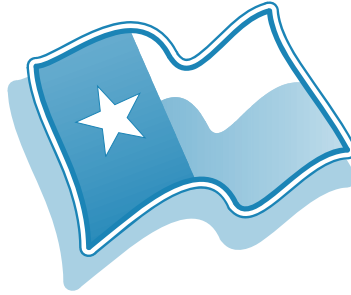
**Mission  
of  
The Texas Real Estate  
Commission**

**THE MISSION of the Texas Real Estate Commission is to assist and protect consumers of real estate services, thereby fostering economic growth in Texas. Through its programs of education, licensing and industry regulation, the Commission ensures the availability of honest and capable real estate service providers.**



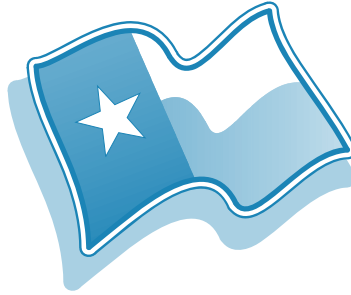
**Mission  
of  
The Texas Appraiser  
Licensing and Certification  
Board**

**THE MISSION of the Texas Appraiser Licensing and Certification Board is to protect the public interest by assuring that consumers of real estate appraisal services are served by real estate appraisers qualified in accordance with federal and state law and in sufficient numbers to facilitate the free flow of commerce and industry.**



**Philosophy of  
The Texas Real Estate  
Commission**

**Ensuring the availability of honest and capable real estate service providers is a public trust that the Texas Real Estate Commission accepts with the deepest sense of purpose and responsibility. The Commission pledges to act in an ethical, responsible and efficient manner for the citizens of Texas. To achieve its mission, the Commission emphasizes its core values of excellence, customer service, teamwork, and respect.**



### **Philosophy of the Texas Appraiser Licensing and Certification Board**

**The first allegiance of the Texas Appraiser Licensing and Certification Board is to the public. We believe in:**

- **fair, minimal, and effective regulation which encourages a competitive market for appraisal services and yet demands high standards of professional conduct and responsibility;**
- **equal opportunity and non-discrimination; and**
- **efficiency and accountability in the use of public funds.**

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## ***TREC External/Internal Assessment***

### **A. SCOPE AND FUNCTION**

Created in 1949, the Texas Real Estate Commission (TREC) administers four laws: The Real Estate License Act, (Chapter 1101, Texas Occupations Code), license laws for Inspectors, (Chapter 1102, Texas Occupations Code), The Residential Service Company Act, (Chapter 1303, Texas Occupations Code,) and The Texas Timeshare Act, (Chapter 221, Texas Property Code). TREC is the state's regulatory agency for:

- real estate brokers and salespersons
- real estate inspectors
- education providers for real estate and inspection courses
- residential service companies
- timeshare developers
- easement or right-of-way agents.

TREC's governing board is composed of nine members appointed by the Governor with the concurrence of the Senate. Members are appointed for six-year terms, and the terms of three members expire every two years. The Governor designates the member who serves as Chairman. Six members must be licensed real estate brokers, and three members must be from the general public.

The Texas Appraiser Licensing and Certification Board (TALCB) is an independent subdivision of TREC with its own nine-member board, eight members of which are appointed by the Governor with the advice and consent of the Senate and one member is the executive secretary of the Veteran's Land Board or the executive secretary's designee. Pursuant to the TREC Sunset Report and SB 914, 80<sup>th</sup> Legislature, Regular Session, TREC and TALCB are to be combined to the fullest extent possible while preserving TALCB as an independent regulatory body. TALCB's licensing and education functions are now incorporated into those functional areas of TREC. TALCB Enforcement has its own director who reports directly to the TREC Administrator, (who serves as the TALCB Commissioner). TREC provides TALCB with a full array of administrative support services, including accounting, technology services, purchasing, facilities management, human resources, and general counsel.

TREC has a statutory relationship with several other state entities. TREC partners with

the Real Estate Center at Texas A&M University on research and education projects. TREC appoints two members to the Mortgage Broker Advisory Committee of the Texas Savings and Mortgage Lending Department and cooperates with that agency on issues affecting real estate licensees and mortgage brokers. TREC serves as a member of the state's mortgage fraud task force which also includes the Department of Public Safety, the Texas Department of Insurance, the Office of Consumer Credit Commissioner, the Texas Department of Banking, the Credit Union Department, the Department of Savings and Mortgage Lending, the Office of the Attorney General and the Texas Appraiser Licensing and Certification Board.

### ***Recent Legislative Changes Impacting TREC and TALCB***

In the 80<sup>th</sup> Legislature, regular session, three significant pieces of legislation affecting TREC were enacted:

HB 1530 made a number of technical corrections and improvements to Chapters 1101, 1102, and 1303 of the Texas Occupations Code. It also required real estate licensees to provide fingerprints for purposes of enabling TREC to obtain required criminal background checks prior to initial licensure and at each renewal.

TREC underwent its statutory sunset review. SB 914 implemented the recommendations of the Sunset Advisory Commission and continued TREC, Chapters 1101, 1102, and 1303 of the Texas Occupations Code and Chapter 221 of the Texas Property Code in effect until September 1, 2019. Among the more notable changes under this bill were a requirement to prioritize enforcement cases based on a risk analysis, transferring enforcement hearings to the State of Administrative Hearings, creating a new fee structure for late renewals, enhanced enforcement tools and administrative penalty authority, new insurance requirements for inspectors, and expanded education and experience requirements for inspectors.

HB 716 created new requirements and tools to combat mortgage fraud. It created a task force of those agencies that oversee different aspects of the real estate and mortgage lending industry that might be impacted by mortgage fraud and created mechanisms for them to cooperate with each other and with prosecutors. It created

express requirements to report mortgage fraud, and it provided protections for people making such reports. It protects the confidentiality of the investigation of suspected mortgage fraud.

HB 1530, 80th Legislative Session, required that applicants for a new or renewing license as a salesperson or broker have provided fingerprints so that a criminal history background check could be performed. For the first two year cycle, TREC is having applicants for renewal as well as applicants for new licenses submit fingerprints (and pay fees) directly to DPS, the agency which coordinates the criminal history background check. There are a few instances in which TREC will have to collect the fee and pay DPS in FY2008 and FY2009. The estimated expense for fiscal year 2008 is \$3,465 and \$297,990 for fiscal year 2009. However, in the upcoming biennium, applicants for renewal licenses who already obtained have fingerprints on file for their TREC-issued license will be paying TREC the fee, which will be remitted to DPS. Projected costs are approximately \$1,089,550 for fiscal year 2010 and \$1,449,525 for fiscal year 2011. TREC will either be relying on a contingency appropriation rider such as the one contained in the current GAA (Art VIII, Sec. 6(b)) or increased appropriation to cover the cost.

## **Performance Measures**

In the current system of performance based budgeting, all state agencies are required to report on their ability to meet certain performance measures. At the beginning of FY 2008, TREC (and TALCB) underwent a State Auditor's Office (SAO) audit of their performance measures covering fiscal year 2006 and the first three quarters of fiscal year 2007. The report, published in December 2007, stated that the auditors were unable to certify any of the four TREC measures audited. Since that time TREC has addressed the issues raised by the auditors by developing detailed internal procedures for the performance reporting process, conducting secondary reviews of the calculations at the division level, and working with the Legislative Budget Board and the Governor's Office of Budget, Planning & Policy to revise measure definitions and, when necessary, to restate performance. Any material difference in the FY 2006 and FY 2007 performance reported will be restated.

TREC exists to protect and serve Texans. TREC's programs ensure that real estate service providers are honest, trustworthy and competent.

## **B. ORGANIZATION**

### **Online Services**

The Texas Real Estate Commission has long been dedicated to providing as many services as possible on the Internet. The Commission's website ([www.trec.state.tx.us](http://www.trec.state.tx.us)) has been recognized as one of the best among real estate licensing entities and among State of Texas agencies. From the wealth of forms and materials available to the "licensee lookup" function which includes all education records, to the online distribution of the *TREC Advisor* newsletter, TREC's web page provides a quick and handy reference to all aspects of real estate regulation.

Since the year 2000, the Commission has provided a means by which individuals can renew their licenses online. Beginning first with salesperson renewals, this service now extends to virtually all license types including both renewals and original applications. In Fiscal Year 2007, thousands of transactions were conducted online by individuals seeking to apply or renew a license with the Texas Real Estate Commission. Moreover, more than 32 million Commission web pages were viewed by licensees and the public. Over one hundred and fifty-four thousand e-mail addresses are now maintained on the TREC e-mail notification system. Truly, the Internet has changed the means by which this state agency can communicate with the public-both in providing information and in receiving requests and transactions. Expanding what licensees can do online will be a major strategic initiative.

On July 1, 2006, TREC began mailing renewal postcards to licensees encouraging licensees to renew online. This new method of renewal increased convenience and efficiency for licensees as well as for TREC staff. According to a 2004 DIR benchmarking study the average processing time per transaction is cut almost in half when renewals are completed online.

Currently 87% of all license renewals are made over the Internet while more than 75% of all license applications come via the Internet and the TexasOnline system. As more transactions become available and more individuals become familiar with the process, we anticipate that these percentages will increase substantially providing additional convenience to the public while reducing processing time and effort by the Commission staff.

## Fees Collected

In FY2007, the Real Estate Commission collected \$18,260,834. Of this amount, \$7,982,700 was available to support general revenue appropriations plus other direct and indirect costs in the amount of \$5,088,920. In FY 2008 revenue is projected to be \$8,133,847 to support general revenue appropriations plus other direct and indirect costs in the amount of \$6,238,131. Although the amount of revenue may vary each year due to the number of individuals who renew or obtain a new license, the agency is appropriated a fixed sum of money by the General Appropriations Act and cannot spend beyond that amount.

## Employees

TREC, as a state agency, must administer salaries in accordance with the SAO salary administration structure. The state salary administration structure tends to lag behind the private sector in large part because of other benefits associated with government employment. As a result, TREC competes with other state agencies for many of its employees. Although TREC has made some pay equity adjustments, the agency did not receive appropriations for pay equity adjustments in the current biennium. TREC salaries, with very few exceptions, are well below midpoint of the applicable SAO mandated salary ranges. Although TREC, like all state agencies, received salary increases in the current biennium, TREC has not been able to budget for any merit-based salary increases for its employees. Since base salary directly impacts the level of a state employee's pension, this places TREC at risk of losing employees, especially its more senior employees who are increasingly mindful of the need to prepare for retirement, to other state agencies.

## Minority Hiring Figures

January 1, 2007 through December 31, 2007

White	Hispanic	Black	Hispanic	Black	White	Total
Female	Female	Female	Male	Male	Male	New Hires
7	4	3	0	1	7	21
32%	19%	14%	0%	3%	32%	100%

TREC continues to strive for diversity in its workforce. Currently, the Commission's workforce, including TALCB, is appropriated 105.50 full time equivalent (FTE) employees. The preceding chart shows the result of agency hiring practices from January 1, 2007, to December 31, 2007.

The following table compares the percentage of African-American, Hispanic and female employees to the state-wide availability of African-Americans, Hispanics, and females in the civilian workforce.

## Characteristics of TREC Employees Compared to Texas Civilian Workforce January 1, 2008

Job Category	African-American		Hispanic		Female	
	Texas	Agency	Texas	Agency	Texas	Agency
Administration	6.6%	0%	14.2%	13%	37.3%	50%
Professional	8.3%	7%	13.4%	16%	53.2%	60%
Technical	12.4%	0%	20.2%	0%	53.8%	0%
Para-Professional	13.8%	22%	40.7%	11%	39.0%	78%
Admin. Support	11.2%	57%	24.1%	21%	64.7%	86%

## Enforcement Division

As an integral division within the agency, the Enforcement Division ensures that consumers are protected by providing firm, fair and consistent enforcement of The Real Estate License Act, The Texas Timeshare Act, The Residential Service Company Act, and Chapter 1102 of the Texas Occupations Code, relating to real estate inspectors. The division is managed by a director, who along with division managers, supervises eight attorneys, six legal assistants, eleven field office investigators and various support staff.

The division receives signed written complaints concerning alleged violations of the law and rules. In fiscal year 2007 the Enforcement Division received 1,314 complaints from the public, and closed 1,238 complaints after review and resolution. While most complaints relate to the purchase or lease of a home, they may include other charges ranging from misleading advertising to unlicensed activity.

The division reviews license applications as well as requests for moral character determination to assess the honesty, trustworthiness and integrity of applicants. In fiscal year 2007 the division reviewed 1,189 applications and moral character determinations. The division also addresses administrative violations committed by licensees such as failure to provide requested information to the Commission or presenting an insufficient funds check to the Commission. In fiscal year 2007 the division opened 1,320 and closed 1,474 of these matters.

Some complaints are closed with no action taken, because of a lack of jurisdiction or lack of evidence. When a decision is made to pursue formal action, the licensee is notified of the

alleged violation and, if an agreed resolution cannot be reached, a hearing is set with the State Office of Administrative Hearings. Informal settlement discussions between the licensee and the TREC staff attorney may result in an agreed order in lieu of a hearing to conclude the matter. If the complaint is not resolved informally, a hearing is conducted according to the Administrative Procedures Act.

The Enforcement Division is responsible for the administration of the Texas Timeshare Act and the Residential Service Company Act. Entities that desire to offer timeshare interests for sale to Texas residents are required to register such projects with the agency regardless of the location of these projects. Any company wishing to offer home warranties which cover existing residential properties must be licensed with the Commission.

The division staff currently monitors the 23 residential service companies licensed to conduct business in this state on an ongoing basis to ensure compliance with the Residential Service Company Act, including the companies' ability to meet financial obligations to Texas contract holders. The division also reviews timeshare registrations and amendment applications submitted by timeshare registrants currently operating in Texas to ensure that the requirements of the Texas Timeshare Act are met.

The staff answers a high volume of consumer and licensee inquiries concerning the division's procedures, the License Act and Rules, and other statutes administered by the Commission. As resources permit, the staff provides speakers to various organizations.

In order to assure that enforcement decisions relating to appraisers are made with complete independence from real estate regulatory influences, appraisal-related enforcement is handled by the TALCB Enforcement Division under oversight by TALCB's Board.

## Licensing Services Division

This division is composed of four sections: Licensing, Education, Communications, and Cashier.

### LICENSING SECTION

Licensing processes applications and renewals, information changes, and education credits, as well as maintains records on over 200,000 current and former licensees.

Fiscal Year 2007 closed with a total of 153,161 licensed real estate brokers and salespersons, 4,260 licensed inspectors, and

1,545 easement or right-of-way registrants. There has been a consistent increase in real estate licensees for the past five years.

The following table depicts the growth in real estate licensees over the past five years.

### Growth in Real Estate Licensees over the past five years

	FY03	FY04	FY05	FY06	FY07	5 Year Change
<i>Transcript Evaluations</i>	22,346	27,190	31,421	31,890	30,229	+35.3%
<i>Original Applications</i>	17,298	18,226	21,556	25,733	23,877	+38.1
<i>Individuals Examined</i>	15,482	19,369	23,440	24,557	21,302	+37.6
<i>Licensed Salespersons</i>	82,296	88,421	97,126	106,597	110,810	+34.6
<i>Licensed Brokers</i>	39,366	39,691	40,437	41,335	42,351	+7.6
<i>Licensed Inspectors</i>	2,599	3,077	4,037	4,093	4,260	+63.9

While more individuals are attempting to obtain real estate licensure, the pass rate on the salesperson examination has increased. The broker pass rate increased from 93.9% in FY05 to 94.2% in FY07 while the salesperson pass rate went from 84.7% two years ago to a pass rate of 85.2% in FY07. This is a good sign for continuing a high level of service and competency among real estate professionals in Texas. The pass rate for professional inspector candidates has also increased from 61.7% in FY05 to 63.5% last year. Inspector candidates are limited to three examination attempts in a six month period while there is no limit on salesperson and broker candidates.

License renewal rates remained roughly the same as in previous years with 87.3% of brokers choosing to renew their licenses timely. Nearly as high a percentage of experienced salespersons (those with two-year licenses) renewed their licenses in FY07 while more than three-fourths of newer salespersons (those still under Salesperson Annual Education) decided to keep their real estate license. Given the number of possible reasons why an individual might not renew, these percentages are quite high and indicate a desire to retain licensure whether or not one is actively involved in the profession. In fact, approximately 20% of all real estate licenses (28,976) are "inactive," held by those who wish to retain a license for possible future use.

### EDUCATION SECTION

The Education section determines that education and experience requirements are satisfied for five types of licenses by evaluating education documents and processing course completion rosters.

The Texas Real Estate Commission is

responsible for oversight of many aspects of real estate education, including the registration of real estate providers, instructors and courses for both pre-licensure and continuing education. While accredited colleges and universities can provide pre-licensure real estate courses without TREC approval, any proprietary school or association wishing to offer pre-licensure courses must make application and obtain approval from the Commission. All continuing education providers, including accredited colleges and universities, must obtain TREC approval as a provider as well as for each continuing education course they wish to offer. At the end of Fiscal Year 2007 there were 67 approved providers of pre-licensure education in Texas and 290 approved continuing education providers.

These totals reflect a sizeable increase in just two years as there were only 51 core education providers and 236 MCE providers at the end of FY 2005. Periodically, TREC investigators conduct onsite audits of these education providers to ensure compliance with provisions of the Real Estate License Act.

Senate Bill 914, 80<sup>th</sup> Legislature, Regular Session, revised §1101.301 of the Texas Occupations Code, to require that the Commission establish accreditation standards and adopt rules that require a program to establish that at least 55% of their graduates have passed a licensing exam the first time the exam is taken before the Commission may renew the program's accreditation. This requirement must be implemented by the Commission by September 2009.

### **COMMUNICATION SECTION**

The Communication Section is the agency's centralized customer service department; as such, it is the primary contact point for telephone and e-mail inquiries. Additionally, Communications handles all customer survey responses for the agency.

The Communication Section answers 8 toll-free and 3 local lines for TREC and 1 toll-free line for TALCB.

Staff in the Communication Section are carefully trained and kept up to date on TREC and TALCB laws, rules, policies, procedures, forms and processes. Further, all staff in the section have access to TREC's licensee database and TREC's web site. Extremely high levels of telephone and e-mail inquiries, many relating to new fingerprinting requirements, have exceeded the Communication Section's capacity in recent months.

### **CASHIER SECTION**

The Cashier Section receives and distributes incoming mail and payments for applications, renewals, education evaluations and other fee based licensing functions.

This section also maintains a walk-up window where fees can be paid in person and handles walk-in inquiries. After entering the payments, Cashier distributes incoming documents to other sections for processing. Cashier is responsible for ensuring that all monies received by the Commission are deposited in a timely fashion to the State Treasury Division.

### **Technology Services Division**

The technical infrastructure supports the agency's business requirements while meeting standards set forth by the Texas Department of Information Resources (DIR) and industry best practices. Technology Services manages the technical infrastructure supporting all internal, shared and public systems for the agency.

### **INTERNAL SYSTEMS**

Agency technology development staff creates and maintains custom business applications which fulfill legislative mandates, respond to public inquiries, and support employee productivity.

Samples of these software systems include:

- license issuance and renewal,
- submitting of education,
- education evaluations,
- fee receipts,
- open records access,
- education provider approval systems, and
- complaint tracking.

The technical infrastructure is the foundation for the agency's continued productivity and must allow for an expansion of automation and services. As the dependency on technology increases due to the agency's needs and the expectations of the public, the necessity to maintain a high level of availability, security and integrity is essential. A risk to delivering these elements is technology obsolescence. These issues are essential to providing uninterrupted availability. TREC's core system, TRELIS, is quite old (built in the 1980s) and is based on a computer programming language no longer in widespread usage. As a result, the Commission's core system poses a significant vulnerability to the agency. Similarly, much of TREC's hardware is at or beyond its anticipated life, especially critical servers.

## SHARED SYSTEMS

The agency has established a relationship with the following entities and share information to help fulfill its agency goals and mission.

- Texas Online in the electronic process of applications and renewals;
- The Texas Guaranteed Student Loan Corporation (TGSLC) in the collection of delinquent student loans;
- The Office of the Attorney General in the collection of delinquent child support;
- The Department of Public Safety in background checks of applicants; and
- The Real Estate Center at Texas A&M University in licensee demographic and address data.
- The Texas Savings and Mortgage Lending Department on issues affecting real estate licensees and mortgage brokers, and;
- The Department of Public Safety, the Texas Department of Insurance, the Office of Consumer Credit Commissioner, the Texas Department of Banking, the Credit Union Department, the Department of Savings and Mortgage Lending, and the Texas Appraiser Licensing and Certification Board as a member of the state's mortgage fraud task force.

The agency takes advantage of services offered by the Texas Department of Information Resources (DIR) that allow for expanded and shared technical resources that would otherwise be unattainable. The utilization of their standard contracts and security team can provide a cost and time saving to the agency. The division provides full technical support for the Texas Appraiser Licensing and Certification Board.

## PUBLIC SYSTEMS ACCESS

Technology Services offers comprehensive public access to information through internet services including licensee search, online renewal and application submission, data downloads and document and newsletter publications. Internet technology has enabled the agency to expand the hours of availability for certain operations while reducing costs for those services.

## Staff Services Division

The Staff Services division provides accounting, payroll, budget, purchasing, facilities management, and other support services to the agency, including TALCB. Purchasing efforts give specific emphasis to historically underutilized businesses.

The division maintains the statutory recovery funds which are used to pay certain judgments against licensees. The Director of Staff Services has been appointed by the nine-member Commission to act as Investment Officer for these funds in accordance with the Public Funds Investment Act.

The Commission's independent auditor, Garza-Gonzalez & Associates, reviewed the agency's compliance with the Public Funds Investment Act. In its fiscal year 2007 report to the State Auditor's Office, the independent auditor made no recommendations for modifications related to compliance with the Public Funds Investment Act. In addition, a review by the State Auditor's Office published March 2008 concluded that the agency had fully complied with provisions in the Public Funds Investment Act.

The Comptroller of Public Accounts audited a sample of payroll, purchase, and travel transactions processed through the Uniform Statewide Accounting System (USAS) and the Uniform State Payroll/Personnel System (USPS) and in its letter of November 26, 2007, made the following overall conclusion:

*"We commend the Commission on satisfactorily resolving most of the payment and documentation errors identified during fieldwork and attribute the Commission's performance to your staff's attention to detail and knowledge of the rules and laws governing expenditures."*

The Texas Building and Procurement Commission conducted a post-procurement and payment audit required by Texas Government Code, §2155.132 and 1 TAC §113.11. The report, dated September 7, 2007, concluded that out of 47 transactions, one error (documenting that the excluded parties list had been checked prior to issuing a purchase order) was made multiple times. While TREC staff had been routinely performing this check, there was no supporting documentation. There is now a procedure in place to document that the list has been checked.

The division monitors the agency space allocation plan. The Commission's offices at 1101 Camino La Costa in Austin are in leased space. TREC's current lease for 22,832 square feet was renewed effective September 1, 2006, for five years with an option to renew for an additional five year period. The cost per square foot is \$16.40. Due to increases in full time employees granted by the 80<sup>th</sup> Legislature, the agency

amended the lease to add 2,984 square feet on October 1, 2007, at a rate of \$14 per square foot. The current lease is a turn-key lease and the lessor pays for lease services such as utilities, janitorial services, security, and pest control.

The lease expires at the end of the 2010/11 biennium with an option to renew for five years. It is anticipated that approximately one year prior to expiration, the Texas Facilities Commission will initiate renegotiation of the lease. TREC has in its lease a four month holdover clause, at current rates, which could enable the Commission to hold over until calendar year-end 2011. Due to the difficulty of predicting market rates and because of the likelihood that the Commission's space needs will have changed by that time, it is not practical to determine if the Commission will need additional appropriations in connection with any relocation, but it is possible that it may request a contingent appropriations in this regard.

### ***Administration Division***

While the appointed Members of the Texas Real Estate Commission determine the overall policy direction for TREC, the Administration Division provides the agency-wide support and management.

In assisting and protecting the consumers of real estate services, the Administration Division performs several important functions to further TREC's programs of education, licensing, and industry regulation. These include:

- cooperating with consumer groups, industry trade associations, real estate educators, and other regulatory agencies;
- serving as a liaison with oversight bodies and public officials;
- providing administrative supervision of the staff responsible for carrying out the functions of the agency;
- drafting proposed rules for consideration by the nine-member Commission;
- distributing information about TREC's functions and activities to the public and the media, including publication of the *TREC Advisor*;
- coordinating and providing staff support to the TREC advisory committees and task forces; and
- overseeing the administration of all statutory requirements assigned, including the Real Estate License Act.

Overall agency direction for the Texas Real Estate Commission is provided by the Administrator who is selected by, and reports to, the nine appointed Members of the Commission. With respect to appraiser-related matters, the Administrator serves as the TALCB Commissioner and reports to the Texas Appraiser Licensing and Certification Board. This person serves as the main representative of TREC and TALCB to other agencies and organizations and to the public.

The Administrator has designated the General Counsel to serve as the Assistant Administrator. The Administrator has, in addition to TALCB, the directors of Technology Services, Administrative Services, and Licensing Services as direct reports. The director of Enforcement and the other members of the Administration Division are under the direct supervision of the Assistant Administrator.

General legal advice to the Commission, TALCB, and staff is provided by the General Counsel and Assistant General Counsel. These individuals serve as staff liaisons to the Texas Real Estate Broker-Lawyer Committee and are responsible for drafting proposed rules and statutory changes. The General Counsel reviews and responds to claims by consumers for payment of judgments against licensees from statutory recovery funds.

The Administration Division is responsible for coordinating TREC's publications, including the online *TREC Advisor* newsletter, published six times per year, the agency Strategic Plan, the TREC Annual Report, and the Employee Handbook, as well as news releases.

Two advisory committees authorized by the Commission's enabling legislation consist of individuals who volunteer their time to assist TREC in critical areas. Both of these committees meet on a limited basis in Austin to review proposed forms and rules and make recommendations to the nine-member Commission.

One advisory committee, The Texas Real Estate Broker-Lawyer Committee, develops standard contract forms and addenda which are recommended to the nine-member Commission and promulgated for mandatory use by real estate licensees. The committee is composed of six brokers appointed by the nine-member Commission, six attorneys appointed by the President of the State Bar of Texas, and a public member appointed by the Office of the Governor.

By utilizing the varied interests and points of view of its members, the Broker-Lawyer

Committee helps to ensure that the contract forms promulgated by the Commission balance the interests of the parties, reduce controversy and misunderstanding, and contain safeguards for all involved. On a regular basis, the Broker-Lawyer Committee reviews and revises all contract forms to ensure that these documents are usable in the current market and that they address significant new issues on a current basis.

The Real Estate Inspector Advisory Committee provides advice and assistance to the Commission on matters relating to the licensing and regulation of home inspectors. It consists of six licensed professional inspectors and three public members who are appointed for six-year terms by the nine-member Commission. The committee is authorized to review and revise the inspection standards of practice and make recommendations to the Commission for changes in licensing and education rules and procedures.

While the Mortgage Broker Advisory Committee is part of the Texas Savings and Mortgage Lending Department, the nine-member Texas Real Estate Commission appoints two real estate licensee members to this committee. The Mortgage Broker Advisory Committee provides input to the Commissioner of the Texas Savings and Mortgage Lending Department on matters relating to the licensing and regulation of loan officers and mortgage brokers.

## C. FISCAL ASPECTS

### Appropriations

The Texas Real Estate Commission is authorized to make expenditures consistent with the General Appropriations Act. The Commission's appropriations pattern includes funding for the Texas Appraiser Licensing and Certification Board (TALCB) which is governed by an independent commission whose members are appointed by the Governor. The following totals reflect the amounts appropriated to the Texas Real Estate Commission by strategies, including the sum appropriated to TALCB.

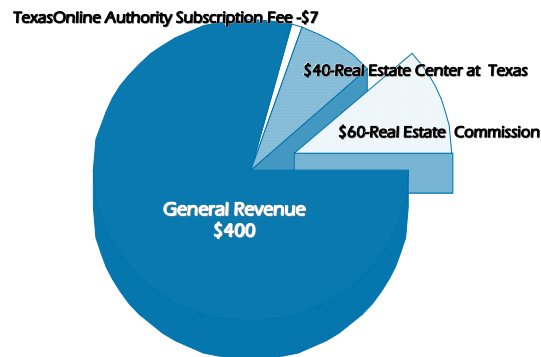
	FY2006	FY2007	FY2008	FY2009
Ensure Standards	1,197,189	1,182,056	1,584,939	1,463,748
Enforce Regulations	1,288,063	1,287,603	1,810,995	1,756,548
Provide Education	554,276	557,990	722,439	703,623
Indirect Administration	1,235,502	1,227,613	1,380,973	1,655,973
TALCB	480,245	480,245	850,015	775,415
<b>Subtotal</b>	<b>4,755,275</b>	<b>4,735,507</b>	<b>6,349,361</b>	<b>6,355,307</b>
Direct and Indirect Other Costs	1,169,138	1,204,751	1,422,260	1,431,630
<b>TOTAL</b>	<b>\$5,924,413</b>	<b>\$5,940,258</b>	<b>7,771,621</b>	<b>7,786,937</b>

### Method of Finance

The Commission receives its funding from fees submitted by licensees and applicants. An appropriations bill rider (Article VIII, Rider 2, 80<sup>th</sup> Legislature, regular session) requires Commission receipts to cover all appropriations plus other direct and indirect expenses. Other direct and indirect costs cover employee benefit costs paid by other agencies and a *pro rata* share of support agencies, such as the Comptroller of Public Accounts. The amount is designated in the appropriation bill pattern, which is allocated between TREC and TALCB based on budgeted full time employees.

By statute, the Commission collects occupational fees from real estate brokers for general government purposes. TREC also collects fees from all real estate licensees and applicants for the Real Estate Center at Texas A&M University. Beginning with licenses expiring September 30, 2002, of the \$507 two-year broker renewal fee, \$400 is distributed to General Revenue, \$40 is allocated to the Real Estate Center at Texas A&M University, \$7 is allocated to the Texas Online Authority, and the remaining \$60 (which constitutes 12% of the total) is credited towards covering appropriations plus the direct and indirect costs of the Texas Real Estate Commission. Salespersons pay \$98 for a two-year license renewal of which \$35 is allocated to the Real Estate Center, \$3 is allocated to the Texas Online Authority, and the remaining \$60 credited towards covering TREC expenses.

### Broker Renewal Fee



Revenues continue to exceed appropriations. The licensee population and the revenue it generates have remained stable. If the agency is to provide the expected level of service to the licensees paying fees, then additional appropriations authority from revenue paid by those licensees will be needed.



**Distribution of Revenue Collected By TREC**

Type of Revenue	Credited to	FY 04	FY 05	FY 06	FY 07
TexasOnline	OTHERS	\$215,376	\$282,661	\$339,050	\$331,884
Real Estate Center at Texas A&M	OTHERS	\$2,489,153	\$2,638,935	\$2,859,763	\$2,857,850
General Revenue	OTHERS	\$7,038,000	\$7,050,000	\$7,224,600	\$7,088,400
General Revenue	TREC	\$6,600,797	\$7,258,376	\$7,880,083	\$7,982,700

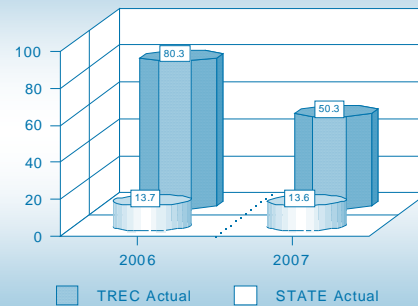
**Historically Underutilized Businesses**

The Texas Real Estate Commission is committed to making a good faith effort to increase business with Historically Underutilized Businesses (HUBs). TREC actively encourages purchasing from HUBs to provide goods and services for the agency's operations. The agency's goal is to award 30% of its overall expenditures to HUBs. TREC will attempt to increase the total value of all contracts awarded by the Commission to Historically Underutilized Businesses in the five years of this strategic plan. Our good faith efforts to promote HUB participation include the following:

- Utilizing HUB vendors for non-competitive spot purchases of \$5,000 or less whenever possible
- Soliciting a minimum of three bids from certified HUB vendors for purchases over \$5,000
- Attending HUB related meetings and forums to network with vendors and gain new knowledge of HUB vendors
- Encouraging and assisting vendors who qualify as HUB vendors to become HUB certified by the Texas Procurement and Support Services Division of the Comptroller's office and to maintain their HUB certification
- Encouraging non-HUB vendors to sub-contract with certified HUB vendors
- Exceeding the bid advertisement requirement of obtaining more than two HUB bids from the CMBL on purchases over \$2,000
- Maintaining positive working relationships with current HUB vendors

The following figure reflects the overall HUB performance of TREC for fiscal years 2006 and 2007:

**Total Percent of HUB Purchases**



**D. SERVICE POPULATION DEMOGRAPHICS**

Texas is a very large state with a large, diverse, and growing population and a large, diverse, and growing economy. The population of Texas continues to increase at one of the highest rates of any state.

According to the Real Estate Center at Texas A & M University, "The state's non farm employment rose 2.6 percent from April 2007 to April 2008, compared with the less than one-half percent increase for the United States. The seasonally adjusted unemployment rate fell from 4.4 percent in April 2007 to 4.1 percent in April 2008. Over the same period, the U.S. seasonally adjusted unemployment rate rose from 4.5 percent to 5.0 percent." This solid economic performance, coupled with Texas' continuing population growth, means continuing demand for real estate to be used for new housing and new commercial activity of all sorts. Although there has been some tightening of mortgage lending standards as a reaction to the sub prime mortgage crisis, Texas home ownership continues to be an outstanding opportunity due to relative affordability, compared with other major states' housing and real estate costs, and continuing historically low interest rates. "Texas is the most housing-affordable, high-growth state in the nation," says Dr. Jim Gaines, research economist for the Real Estate Center at Texas A&M University.

According to the Texas A & M Real Estate Center, all Texas metros experienced positive employment growth rates from April 2007 to April 2008. During the period April 2007 to April 2008 the state added 270,800 jobs.

A state economy as large and as diverse as Texas presents special challenges for an agency that is charged with serving over 160,000 licensees across 268,820 square miles. The chief ways that the Commission provides face-to-face

interaction with its stakeholders are in the license application process, when applicants are fingerprinted and tested, and in the complaint resolution process as investigators gather facts. Fingerprinting can be done at 103 locations throughout the state, and more are planned. Licensing examinations are administered by the Commission's approved test provider at 25 locations around the state. The Commission's Enforcement Division has eleven investigators located around the state who travel extensively.

Because of the large number of Texans who are Spanish speaking, the Commission has a number of bilingual staff to assist with questions.

To solicit broad-based public input on agency policy-making and programs, the Commission held Strategic Planning Public Forums in Austin, Lubbock, Longview, Beaumont, and Laredo in addition to its customary high level of interaction with stakeholders in other major markets. The agency provides members of staff to speak at functions around the state. The Commission staff has also worked with various media to communicate the Commission's consumer protection role proactively.

Overall, there has continued to be a relatively stable number of individuals seeking real estate broker licenses, but original applications for salespersons licenses has declined about 28% from a year ago. The level of brokers renewing their licenses remains quite high, with over 86% of brokers renewing in a timely fashion. Timely renewal of two years salespersons licenses is off slightly, about 1%, to better than 75%. The overall universe of real estate licensees has remained fairly stable, going from 161,481 in April 2007 to 160,946 in April 2008. As more individuals enter the profession, the ethnic, racial, and gender diversity of real estate licensees are projected to continue increasing, coming more in line with the overall population.

Over the past two years the percentage of Caucasian brokers and salespersons has decreased from 78.9% to the current 76.2% while the proportion of Hispanic real estate licensees has increased from 9.7% to 11.3%, the percentage of African-American real estate professionals has gone from 6.7% to 7.27%, the number of Asian licensees has increased from 3.7% to 4.0% while the percentage of licensees classifying themselves as Other has gone from 1.0% to 1.3%. The percentage of Hispanic home inspectors also has increased during this period of time.

***Ethnic, Racial and Gender Characteristics of Licensees as of April 1, 2008***

Race	Broker and Salesperson	Inspector	Easement and Right-of-way
Anglo	76.2%	85.8%	92.8%
Hispanic	11.3%	7.0%	3.9%
African-American	7.2%	4.6%	2.2%
Asian	4.0%	1.9%	0.1%
Other	1.3%	.07%	1.1%
Gender			
Male	46.2%	96.0%	82.4%
Female	53.8%	4.0%	17.6%

As of April 1, 2008, there were 36,357 licensed real estate brokers and 108,863 licensed salespersons in Texas. The total number of licensed inspectors as of April 1, 2008 was 4,321 and the total number of Easement or Right-of-Way registrants was 1,619.

**E. TECHNOLOGICAL DEVELOPMENTS**

The Commission utilizes technology in virtually every aspect of its operations. TREC has adopted and implemented technology based upon Department of Information Resources (DIR) and industry standards. All TREC employees have electronic access to vital licensee and applicant information directly from their workspace.

***Public Access Initiatives***

1. World Wide Web Services

TREC's web site ([www.trec.state.tx.us](http://www.trec.state.tx.us)) is often the first point of contact for our customers. It is TREC's philosophy to make available as much useful information as possible on its web site in order to provide services on demand through a self service initiative. With this goal in mind TREC's web site contains licensee data, renewal and application submission, general information, contact information, FAQ's, forms, laws, policies, procedures, customer surveys and a wealth of other useful information.

The most frequently used pages on TREC's website include:

- **Licensee Look Up**-Real estate professionals and the public can verify information on salespersons, brokers, inspectors and ERW registrants through use of the "Licensee Look Up" function at TREC's web site. Through this feature one can verify that an individual has an active real estate license, determine a sponsoring broker, and check the permanent

mailing address of the licensee.

- **E-Government Services**-Using the TexasOnline Authority as a payment portal, TREC currently provides for online license renewals for real estate salespersons, real estate brokers, apprentice inspectors, real estate inspectors, professional inspectors, and easement or right-of-way (ERW) agents. Individuals may make application for a broker and salesperson license online as well.
- **Forms and Contracts**-Forms and contracts are made available for download.
- **Disciplinary Action Update**-Individuals have the ability to search for TREC disciplinary actions by specific type of offense, by name or by month.
- **Customer Feedback**-Members of the public can complete a Customer Service Survey online. The web site also allows instant e-mail access to TREC Commissioners and key staff.
- **Licensee Education Records**-Up-to-date information on the core real estate and continuing education completed by all real estate licensees is available to the public at TREC's web site.
- **Permanent Mailing Address**-All licensees can correct and update their permanent mailing address online ensuring more accurate data entry.

### 2. E-Government Services

The Texas Real Estate Commission is pleased to have been the first licensing agency to provide online license renewals in the State of Texas.

During FY07, 77.9% of all salesperson applications were processed online as were 87.2% of license renewals. Licensees make payment for all online transactions by credit card.

In January, 2004, TREC participated in a Pre- and Post-Implementation Benchmarking study with the Division of Information Resources (DIR). According to the results of DIR's analysis, the benefits of making online transactions available to licensees include better customer service via faster turnaround times and enhanced public access via service and information being available from any location 24 hours a day, 7 days a week.

According to DIR's report:

*"TREC is a prime example of how offering a service online can increase efficiency for a state agency."*

A comparison of pre- and post-

implementation statistics reveals the following efficiencies per transaction for 2-year salesperson renewals:

- cost down to \$1.11 from \$3.68
- average processing time down to 2.183 minutes from 4 minutes
- average turnaround time down to 1 working day from 3 working days
- percentage of exceptions down to 1% from 18%.

Savings from TREC's affiliation with TexasOnline have been rechanneled into customer service activities.

### 3. Electronic Mail Services (E-mail)

Commissioners and staff members may be contacted by e-mail. In addition, general e-mail correspondence may be sent to each division's e-mail address, for example, [licensing@trec.state.tx.us](mailto:licensing@trec.state.tx.us).

E-mail has become a major information delivery mechanism expanding the public's access to the Commission.

### 4. File Transfer Protocol (FTP)

TREC's FTP site (<ftp.trec.state.tx.us>) allows for the downloading of files for storage and viewing. In addition, TREC utilizes FTP to exchange data with many other state agencies and receives daily the results of the real estate and inspector examinations from the contracted vendor. Licensee database information is also shared with the Real Estate Center at Texas A&M University using this resource.

### 5. Texas Real Estate Licensing Information System (TRELIS)

During the 80<sup>th</sup> Legislative Session TREC received appropriations for FY 2009 for the replacement of the core system, TRELIS. Although, the Texas Real Estate Commission developed its own software for this comprehensive and coordinated licensing system in 1988, it can no longer satisfy current technological requirements.

TREC has already begun the processes that will lead to the selection and implementation of a new system solution by publishing a Request for Information. This will be followed in the summer of 2008 by a Request for Proposals. TREC has also begun a process of reassessing its processes and rules to see if there are ways to simplify and streamline them while still ensuring that TREC's statutory assignments are fully and effectively addressed. It is planned that FY 2009 will be a year in which TREC will:

- Select a new core system and begin the implementation of such a system. At this juncture TREC is open to all possible solutions – design and development of a new system, acquiring a licensed system (with or without customization), or utilizing a third party system provider. The selection and implementation of such a change, including the migration of data and the inevitable data cleanup issues, will likely take a period on the order of 2-3 years until there is a new system in place with all data appropriately migrated and scrubbed and all aspects of the system functioning as intended.
- Begin the use of imaging as a primary document management tool. TREC's hard copy licensing files, currently fill an approximately 6,000 square foot file room. As soon as a data management system has been identified, these files will be reviewed individually as all licensees undergo the two year renewal cycle. As they are pulled and reviewed they will be purged of unneeded items and scanned.

## F. ECONOMIC AND LEGAL VARIABLES

### *Key Economic Variables*

The overall state of the economy is reflected in such things as housing prices, demand for housing, and the availability of financing at attractive rates. A strong and stable economy, as reflected in a strong and stable housing market, is the primary economic factor that impacts people in their decision to enter and pursue a career in the real estate profession. Although no state can ever be wholly immune to national concerns about the economy and mortgage markets, Texas has remained quite strong and stable by comparison with other leading markets. As a result the level of real estate licensees in Texas has not fluctuated dramatically.

Compared to many other states, the "affordability index" for housing in Texas remains favorable. Nonetheless, an increased emphasis on credit quality has been reflected in Texas mortgage markets, offsetting to a degree the beneficial effect of historically low interest rates. The combination of strong performance of the Texas economy, as reflected in low levels of unemployment and solid job growth, coupled with the continuation of low interest rates, supports Texas mortgage and real estate markets.

### *Legal Issues*

TREC monitors changes in state and federal law to ensure that it identifies and, to the extent possible, is proactive with respect changes which will impact licensees as they continue to provide quality real estate services. The Commission makes licensees aware of new developments in the law through its education programs, the *TREC Advisor* newsletter, TREC's web site, partnered ventures with the Real Estate Center at Texas A&M University, and other information delivery systems.

Federal law provides oversight or regulation in these areas:

- real estate appraiser licensing and certification, Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA)
- discrimination in housing, the Federal Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988
- services provided in connection with the closing of the sale, the Real Estate Settlement Procedures Act of 1974 (RESPA), as amended
- anti-competitive real estate industry practices, the Sherman Anti-Trust and Clayton Anti-Trust Acts
- discrimination based on disability, the Americans with Disabilities Act of 1990 (ADA)
- protection from lead based paint, the Residential Lead-Based Paint Hazard Reduction Act

### *TALCB*

The Texas Appraiser Licensing and Certification Board (TALCB) has been an independent subdivision of TREC since 1991. TALCB has its own governing board appointed by the Governor, which is responsible for setting policy and overall direction of the licensing and certification, and regulatory oversight of appraisers and appraiser trainees. This function is shown as part of the TREC bill pattern in the General Appropriations Act. Under a Memorandum of Understanding, many administrative services are provided by TREC staff. The TREC Administrator serves as Commissioner of the TALCB.

***Recovery Trust Account and Inspection  
Recovery Fund***

TREC maintains two recovery funds which are used to pay judgments obtained by consumers against its licensees or registrants. The Real Estate Recovery Trust Account is available to consumers harmed by brokers, salespersons, or registered easement or right-of-way agents. The Real Estate Inspection Recovery Fund provides a similar remedy for consumers holding an unsatisfied judgment against a real estate inspector.

**G. SELF EVALUATION AND  
OPPORTUNITIES FOR  
IMPROVEMENT**

Based on information gathered during TREC's strategic planning process that included feedback from a wide array of stakeholders who attended public hearings or responded to TREC's solicitation for comments, a number of items were identified where:

- challenges need to be addressed;
- changes were believed needed and were put forward for consideration; and
- TREC could pursue strategic initiatives to be more responsive to the needs and objectives of stakeholders and/or more effective in the way that it utilizes its appropriated resources.

The increased availability and use of the Internet as a tool in the search for real estate has influenced the industry significantly. Regulation of the profession is impacted by the greater occurrence of online searches and sales, the presence of out-of-state brokers, and the growth in the name-referral business. Internet advertising becomes more difficult to monitor as to its compliance with state law. The creation of "teams" headed by salespersons leads to consumer confusion as to the identity of the responsible broker. Security of transactions and the acceptance of electronic signatures continue to be major concerns.

Changes in demographics have special significance in Texas. As more baby boomers reach retirement there is likely to be an affect on the market for suburban family homes, urban town homes and condominiums as "empty nesters" seek smaller, easier to maintain residences.

While real estate markets in other parts of the country have suffered a variety of problems as fallout from the subprime mortgage crisis, Texas

has held up well.

Instances of mortgage fraud in major metropolitan areas indicate the involvement of loan officers, real estate brokers, escrow agents, and appraisers. This requires the agency to work closely with other licensing and regulatory agencies to ensure effective and comprehensive enforcement actions. There is discussion at the federal level of possible regulatory changes to address such concerns.

All of these developments reinforce the need for an effective and properly funded licensing and regulatory agency in Texas to oversee the real estate profession and ensure compliance with state and Federal laws.

While licensees and registrants are paying more than sufficient fees to fund needed agency functions, TREC has not been appropriated a growing percentage of that revenue. This has prevented the agency from adequately upgrading its communications and information technology operations as well as modernizing its licensee record-keeping. A gap exists in salaries paid to TREC staff where the average salary lags behind peer agencies. Retaining quality staff who can receive higher salaries at other similar state agencies is an on-going challenge.

Meanwhile, the demands for providing services to licensees and the public continue to grow. At the end of FY 2001, there were 114,187 licensed brokers, salespersons, and inspectors in Texas. By the close of FY 2005, the total was 141,600-an increase of 24% in four years. By the close of FY2007 the same licensee count increased an additional 11 percent to a total of 157,421 in two years. TREC has also taken on more responsibility for providing support to the appraiser licensing and certification program as a result of adoption of Sunset Commission recommendations, as well as continued regulation of timeshare projects, residential service companies, easement and right-of-way agents, real estate education providers and instructors.

**Prioritization of Strategic Planning  
Initiatives**

From the internal assessment and planning sessions conducted with TREC staff and the public forums held in March and April 2008, a number of service delivery challenges and opportunities were identified. In addition, a number of individuals submitted written suggestions and observations on Commission policies and procedures.

TREC's Strategic Planning Work Group took the various ideas and recommendations, reviewed and analyzed them, and categorized each possible policy change as to time-frame and method of implementation. Some recommendations could be enacted immediately while others would require a longer period of time. Likewise, some policy or procedural changes could be made at the staff level while others would require modification of rules by the Commission or the Board, statutory change, or additional appropriations.

Well before the formal strategic planning process commenced, management was assessing strengths, weaknesses, opportunities and threats and developing the architecture for a new strategic direction. Here is a high level overview of that "SWOT" analysis:

## STRENGTHS

TREC's and TALCB's strengths include:

- a set of deeply held core values founded on consumer protection and personal service;
- the knowledge, experience, and dedication of an exceptional staff;
- processes and procedures which have been developed over many years and have come to be accepted by its licensees; and
- open channels of communication with its stakeholders.

## WEAKNESSES

TREC's and TALCB's weaknesses include:

- an historic commitment to personalized service, which is of tremendous value when it can be achieved without compromising efficiency but now needs to be revisited as the Commission and the Board strive to become more efficient in order to meet stakeholder expectations;
- reliance on an outdated and outmoded core system, TRELIS, now over 20 years old, written in a code no longer in active use on a wide scale;
- an inordinate reliance on paper files and faxes;
- staffing that does not include many of the "support" functions one would expect to find in an agency overseeing such large and important fields of activity, such as a dedicated planning function, a public relations function, and a government relations function; and

- processes requiring the full-time involvement of management in day-to-day operations, meaning that strategic initiatives, process improvements, and the like may be given lower priority than they merit.

## OPPORTUNITIES

- TREC and TALCB have tremendous support for change. Their reliance on outdated technology and a "paper" culture are well-known, and stakeholders support changes including the development of a new core system with greatly enhanced online capabilities, the implementation of scanning technology as the standard for record management; and, to a lesser degree, the development of a new approach to handling phone activity. Regarding the last, there are still many who simply want more resources in terms of phone lines and more people answering them.
- Although Texas' economy has far outperformed the national economy, many Texas real estate markets are experiencing some cooling of activity and licensing activity appears to have flattened. That could provide a window of relatively stable day-to-day activity which would be a more opportune time for change than a period of extreme change and activity. Of course the planning horizon involved is too long to predict or project such matters with any certainty.

## THREATS

The greatest threats to strategic change at TREC and TALCB are those threats which would impede or thwart the selection and implementation of a new core operating system, such as:

- insufficient appropriations for technology, including issues that may arise as the appropriations for the conversion will span at least two biennia and
- daily work demands that prevent staff, especially management and Technology Services, from devoting the necessary prioritized attention to the challenge.

Another threat, especially in the areas of TALCB enforcement and TREC communication, is the adequacy of staffing. The issue of adequacy involves both the number of qualified individuals appropriated to carry out

differing duties and the ability to attract and retain those individuals who possess the skills and knowledge that are the essential tools for change.

### **THE STRATEGIC VISION FOR TREC**

TREC has already begun the processes that will lead to the selection and implementation of a new system solution by publishing a Request for Information. This will be followed in the summer of 2008 by a Request for Proposals. TREC has also begun a process of reassessing its processes and rules to see if there are ways to simplify and streamline them while still ensuring that TREC's and TALCB's statutory assignments are fully and effectively addressed. It is planned that FY 2009 will be a year where TREC will:

- Select a new core system and begin the implementation of such a system. At this juncture TREC is open to all possible solutions – design and development of a new system, acquiring a licensed system (with or without customization), or utilizing a third party system operator. The selection and implementation of such a change, including the migration of data and the inevitable data cleanup issues will likely take a period on the order of 2-3 years until there is a new system in place with all data appropriately scrubbed and all aspects of the system functioning as intended.
- Begin an orderly transition to scanning technology. TREC's hard copy licensing files, currently filling an approximately 6,000 sf file room. As soon as a data management system has been identified, these files will be reviewed individually as all licensees undergo the two year renewal cycle. As they are pulled and reviewed, they will be purged of unneeded items and scanned.
- Undergo a systematic review and, as warranted, revision to processes and rules to simplify compliance and the attendant burdens placed on staff and to flesh out an approach to supervision and enforcement that is consistent with 21<sup>st</sup> century real estate practices.
- Continue to work at eliminating backlogs on complaint resolution matters.

The resulting TREC and TALCB will be characterized by:

- The ability of licensees to conduct virtually all business online and to maintain and check on their information themselves.

## **Strategic Plan 2009-2013**

- Readily accessible imaged records.
- Enforcement that promptly and neutrally addresses allegations of non-compliance. Those who cannot or will not comply will be addressed aggressively. Those who need assistance will be able to look to TREC and TALCB for guidance.

Licensing standards will remain the highest in the country, and continuing education requirements will be scrutinized to ensure that they are supporting this standard.

Through increased reliance on effective systems, TREC, including TALCB, will ultimately be able to manage its activities and meet stakeholders' reasonable expectations within its appropriations and to provide salaries that are fully competitive within state government. It will be a preferred place to work.

All of this will be accomplished with the utmost in transparency and honest self-assessment.

### **Specific Strategic Planning Suggestions**

#### **Systems and Technology**

TREC's legacy operating system TRELIS, created in the early 1980s, needs to be replaced. Its functionality is severely limited and the implementation of law changes has placed demands and expectations on TRELIS which simply cannot be addressed within TREC's appropriation. With the current biennium, specifically in FY 2009, TREC has \$275,000 appropriated for the development of a new operating system. The process to identify a new system solution is already underway.

The development and implementation of new technology is the centerpiece for TREC's strategic plan, forming the basis for TREC to serve its stakeholders efficiently and effectively. These technological solutions will support a wide range of strategic initiatives including:

- Enabling licensees to perform certain data entry functions themselves online, utilizing a secure "my page" function. For example, a licensee should be able to:
  - Make applications;
  - Check the status of an application or renewal;
  - Check their personal status *vis á vis* their MCE requirements;
  - Report and update MCE;

- Update sponsorship information;
- Update name and address information;
- Print licenses; and
- Access the TREC *Advisor*
- Enable consumers and others to obtain more information about licensees, including assumed names, branch locations, sponsored, or associated licensees, and related enforcement orders.
- Provide for a transition to imaging as the principal record management format, supporting easier record organization and retrieval, the ability to access records (in a secure environment) from remote locations, and the ability to reduce copying and postage costs for records that must be provided under the open records laws and otherwise. This will also reduce TREC's space requirements, eventually eliminating most if not all of the approximately 6000 square feet dedicated to hard copy files.

TREC staff recommends and the nine-member Commission agrees that successful management of this major initiative will necessitate funding in the 2010-2011 biennium over and above TREC's current baseline budget.

TREC staff will create and utilize a steering committee to oversee the identification, prioritization, and management of technology projects.

Because of its reliance on TREC for Technology Services, The TALCB supports this.

### Substantive oversight of licensees' activities

TREC embraces as its primary reason for existence the efficient operation of a system for licensing real estate professionals meeting statutorily established standards so that their practice may be conducted in accordance with statutory requirements, resulting in the ultimate protection of Texas consumers of real estate services.

- TREC staff will initiate the process of reviewing, assessing, and, as appropriate developing for consideration by the nine-member Commission changes to the rules regarding substantive requirements for licensees' conduct to ensure, to the extent possible within statutory requirements, that those rules:
  - are logically organized and easy to understand;

- address current business practices;
- eliminate unnecessary requirements; and
- promote an environment in which competition can flourish.
- TREC staff will develop rule revisions to address the effect of forfeiture of corporate charter upon a corporate licensee.

Current TREC rules clarify that a licensee may not use the power of attorney exception as a ruse to engage in a general real estate business without a license. This may be an area where the legislature would wish to provide additional guidance or clarification.

### Education

An effective system for providing comprehensive, well-presented education to licensees is essential to the success of Texas real estate professionals, enabling them to serve consumers in a wide array of complex transactions in a manner that promotes both competency and ethical conduct. Texas has long been acknowledged as a leader in this area. However, if you are standing still you are falling behind. The world is changing rapidly with real estate services involving new and intricate requirements on an ever-growing basis. The ways that real estate professionals deliver their services are evolving rapidly. A technology-driven revolution of many things has not left education alone. The Commission needs to stay abreast of these changes and proactively assess and update its educational premises and structures. To this end, an advisory committee of the Commission should be formed to consider such educational issues as:

- The desirability of expanding the role of the sponsoring broker in overseeing the ongoing education of their salespersons;
- Placing responsibility for attendance and certification of hours of credit claimed on the individual licensee;
- Requiring providers to report enrollment electronically;
- The need (or lack thereof) of testing for online or correspondence courses;
- The criteria for being approved as an instructor; and
- The financial and operational requirements for approved providers to ensure that they will be able to serve their enrollees or, if not, refund their money.



As appropriate this Advisory Committee may form subcommittees to address specific issues relating to specialized issues such as:

- Reassessing the standards for approval as an instructor;
- Core classes;
- Continuing education;
- Use of technology in delivery of education; and
- Inspector education.

### **Communication**

TREC communicates in several media: telephone, e-mail, website, mail, and forms that are in broad circulation. Much of TREC's communication efforts are reactive, responding to enquiries, applications, complaints, etc. However, TREC is also proactive in its communication, working to spread information of broad applicability through such things as FAQs on its website, the *TREC Advisor*, and using trade associations and other appropriate groups to broaden its reach to audiences. TREC communicates proactively through the use of specific courtesy notices regarding license expirations and required notices, such as communications on complaint matters and follow-up on application issues (including fingerprinting).

To the greatest extent that it can, TREC tries to anticipate the questions that licensees and the public will ask. In this regard, TREC works to promote open channels of communication with trade associations, licensees, consumer advocacy groups, and others.

- TREC will study systematically the data it provides by forms and website information to make sure that it is, to the fullest extent appropriate and feasible, clear, concise, complete, and directed to the right person or place.
- This will be accompanied by an ongoing process of reviewing rules, forms, and procedures to ensure that while remaining consistent with statutory and regulatory requirements and objectives they minimize unnecessary work and complexity for the benefit of licensees and TREC staff alike. This will support an overall objective of reducing the need for licensees to call TREC so that those who do call can be more timely served.
- Throughout fiscal year 2008 TREC has been deluged with calls concerning

fingerprinting requirements. As of the finalization of this plan, approximately 52,590 fingerprints have been taken. This number includes those of applicants, licensees, and retakes of fingerprints which were initially rejected by the Federal Bureau of Investigation. TREC has added 3 telephone lines and 3 staff to answer general telephone calls, bringing the totals to 11 lines and 11 staff answering general calls. TREC staff anticipates that efforts to improve other types of communication coupled with the completion of an initial fingerprinting cycle, the telephone activity will subside to more normal and manageable levels.

- TREC will increase the utilization of e-mail, including e-mail to notify licensees of nearing expiration dates. Traditional mail is still going to be necessary for certain things, but the delays and expenses it involves are considerable.
- TREC will promote the use of scanned documents over faxes, enabling it to search, retrieve, and manage incoming materials more readily.
- To promote the most current and well-conceived web content, individual divisions will assume primary responsibility for management of their web content.
- To promote effective and prompt communication, increase productivity, and further enable remote access for staff to the agency network, TREC will request additional funding for items such as Voice Over Internet Protocol (VOIP) telephones and related software; mobile handheld devices; switches and cabling for additional IP addresses; and additional bandwidth.

Several stakeholders who attended strategic planning forums suggested that TREC begin notifying not only sponsoring brokers but salespeople as well when a sponsored salespersons' licenses are going to expire. To implement this change would have budgetary and appropriations implications, effectively doubling the cost of license renewal notices.

### **Human Resources**

TREC staffing needs must be assessed on a regular basis to ensure that appropriated FTEs and salary and other financial appropriations are sufficient to address planned operations.

All positions at TREC are evaluated and documented on a current basis to ensure that they are correctly classified under the SAO classification guidelines. Salary administration in prior years has included equity adjustments but there has been no budget for merit increases. One-time merit payments have been utilized where possible. An analysis of TREC staff salaries indicates that on an overall basis TREC salaries lag salaries at comparable Texas agencies and in a number of categories, especially in managerial ranks, salaries are generally well below SAO midpoint despite incumbents with significant experience and proficiency.

The legislature will be asked to grant approval to raise the Administrator's salary to a level that is commensurate with other state agencies with similar missions, licensee populations, and other relevant criteria, not only to retain existing leadership skills and abilities, but also to reduce the likelihood of turnover in TREC management and other staff positions.

During the strategic plan period, especially the next four years as major changes are implemented, the retention and motivation of staff is a critical ingredient for success. The approval of salary adjustments which the nine-member Commission believes are necessary to success will require an appropriation over and above the baseline budget. Specific additional staff positions requested are delineated in the Workforce Plan (Appendix F).

## **Other initiatives**

The TREC fee structure is complex and needs to be re-evaluated to ensure that:

- Various fees can, to the extent feasible and appropriate, be combined;
- The overall fee structure will be consistent with TREC's revenue projections and requirements; and
- The resulting fee structure can be easily understood and communicated.

It is noted that the statutory provisions regarding payments from the trust account do not make it expressly clear that when a judgment submitted to the trust account for payment is subject to a discharge or stay in bankruptcy, a judgment lien does not need to be perfected and returned *nulla bona*.

## *TALCB External/Internal Assessment*

### **A. SCOPE AND FUNCTION**

In 1989 the Financial Institutions Regulatory Reform and Enforcement Act (FIRREA) became federal law. FIRREA was enacted to address weaknesses in the federal system of financial institutions oversight that had been identified in the “banking and thrift crisis of the 1980s.” Among the weaknesses addressed were weaknesses in the way that real property securing federally insured mortgage loans (sometimes called federally related transactions or FRTs) was valued. Title XI of FIRREA created a system under which the individual states could each implement a program for the licensing and oversight of licensed and certified appraisals, enabling states with qualifying programs to be “certified” and for their licensed and certified appraisers to be placed on a national registry. Only appraisers licensed or certified under a certified state program and on the National Registry may appraise real property in connection with FRTs.

The Texas Appraiser Licensing and Certification Board (TALCB or the Board) was created in 1991 to enable Texas to operate such a certified program. The Board is an “independent subdivision” of the Texas Real Estate Commission with independent rulemaking and disciplinary authority. The main functions of TALCB are to license and certify real estate appraisers in conformity with state law and federal mandates and requirements and to administer the Act in the interests of the public. The enabling statute for TALCB is the Texas Appraiser Licensing and Certification Act, Chapter 1103, Texas Occupations Code (the Act).

As the administrator of a state certified appraisal program, TALCB’s activities are overseen at the federal level and audited on a regular basis by the Appraiser Subcommittee (the ASC). If the ASC notes deficiencies in the Texas program, the only administrative remedy available to it is an extreme measure: to de-certify the program, in which case Texas appraisers could no longer perform appraisals in connection with FRTs, which comprise virtually the entire mortgage market.

The most recent ASC audit was conducted in October 2007. The findings of that audit were (1) Texas complaint investigation and resolution processes did not comply with the mandates of Title XI and ASC Policy Statement 10E.

because complaints were not investigated and resolved in a timely manner; (2) the State’s temporary practice fee was excessive and did not comply with ASC Policy Statement 5; and (3) Texas regulations allowed for 180-day deferral of continuing education for servicemen returning from active duty, which is inconsistent with AQB criteria; (already changed via rule amended by the Board).

The ASC audit focused chiefly on the timeliness with which TALCB addresses and resolves complaints. Under the mandates of ASC Policy Statement Number 10, an effective program should include the timely resolution of complaints. Absent a good reason for taking longer, complaints should be resolved within one year. When the ASC concluded its review, it found that 37 % of TALCB’s complaints were more than one year old and remained unresolved. It noted that TALCB’s caseload volume was increasing, that it was working to address its backlog, and that it had a number of recent internal changes. Since the prior ASC audit, a year earlier, the volume of incoming new cases had increased.

The ASC continues to monitor the Texas program. Legislative action to amend the Texas Appraiser Licensing and Certification Act, as further described below, will be necessary to bring Texas law into conformity with current ASC policies.

To carry out its functions, TALCB adopts rules, policies, and procedures to implement the legislation; accepts, reviews, evaluates, and takes appropriate action on applications and related documents and forms for licensing and certification; approves qualifying appraisal and appraisal related courses; issues licensure histories (letters of good standing); collects and transmits a National Registry Fee and updates to the National Registry to the Appraisal Subcommittee; investigates complaints within the TALCB’s jurisdiction; takes disciplinary action by engaging in administrative hearings to assess administrative penalties, suspend, or revoke licenses or certifications; and, with representation by the Office of the Attorney General, takes other non-administrative action against licensees, including seeking injunctive relief and civil penalties.

The Board and its staff also provide information and guidance to interested parties through written responses, oral presentations to

various appraiser and financial organizations, news releases, and other personal contacts. The TALCB website provides a substantial amount of information and materials as well as updates on significant appraisal related issues ([www.talcb.state.tx.us](http://www.talcb.state.tx.us)). Finally, the Board communicates on an ongoing basis with related or interested agencies in Texas and other states and with various federal agencies relating to real estate appraisers and appraisals.

The 80<sup>th</sup> Legislature adopted several bills that impact the TALCB:

- SB 914 implemented the recommendations of the Sunset Commission, designated the Administrator of TREC as TALCB's Commissioner; assigned him/her statutory authority to manage TALCB's staff and employees; and created a requirement that contested cases be heard by an administrative law judge at the State Office of Administrative Hearings. Among the Sunset Commission recommendations was the integration of TALCB's and TREC's operations and staff to the fullest extent possible while retaining TALCB's status as an independent regulatory agency.
- HB 716 was adopted to address mortgage fraud. Key among its features were the creation of a mortgage fraud task force composed of representatives from the TALCB, TREC, the Office of the Attorney General, the Department of Insurance, the Savings and Mortgage Lending Department, Office of Consumer Credit, the Banking Commission, the Credit Union Department, and the Department of Public Safety. The bill created statutory requirements for the reporting of suspected mortgage fraud, provided for confidential sharing of information among agencies, provided for covert investigations (accompanied by appropriate exemptions from public disclosure) and placed on the member agencies a responsibility to serve as resources for the prosecution of mortgage fraud. The bill was accompanied by an appropriation to TREC of additional resources to carry out this new law.

The TALCB, its policies, procedures, and licensees, affect such populations as real estate appraisers, financial institutions, property owners, buyers and sellers of real estate, real estate professionals, and other members of the public. The TALCB also affects the real estate appraiser regulatory agencies in other states, federal financial regulatory agencies, and a number of Texas state agencies including TREC,

the Texas Department of Licensing and Regulation (IDLR), the Board of Tax Professional Examiners (BTPE), the Texas Department of Transportation (TxDOT), Texas Department of Banking, the Department of Savings and Mortgage Lending, the Credit Union Department, the Texas General Land Office, and the Veterans' Land Board. TALCB's activities are closely monitored by the Appraisal Subcommittee, the Federal agency charged with oversight of state appraiser licensing and regulatory bodies.

## B. ORGANIZATION

In accordance with the recommendations of the Sunset Commission, SB 914, provided for the integration of TALCB and TREC to the fullest extent possible while preserving TALCB's status as an independent regulatory body. The TALCB staff consists of 7.75 FTEs in the Enforcement Section and 4 FTEs in TREC Licensing and Education who handle TALCB licensing, education, and federal registry updates.

The Administrator of the Texas Real Estate Commission serves as Commissioner of the TALCB. In September 2007 TREC hired a new Administrator. At that time TALCB had an enforcement staff of two full time appraiser investigators, two part time appraiser investigators, a ¾ time enforcement attorney, and two legal assistants. They reported to directly to the Commissioner. In order to maximize TALCB's ability to respond to the ASC audit and address its complaint backlog, the Commissioner changed the reporting structure. The most senior appraiser investigator, who had been part time, became full time and became the Director of Enforcement, reporting to the Commissioner. All part time appraiser investigators became full time, and another appraiser investigator was hired.

The part time enforcement attorney reports to the TREC Director of Enforcement, also an attorney, so that the policies, procedures, and forms that TREC has developed, especially those used for administrative hearings, can be effectively utilized and overseen. The enforcement attorney had been providing other legal services to TALCB, but TREC has hired an Assistant General Counsel to assist TALCB with non-enforcement legal matters.

The licensing and education functions of TALCB have been transferred to and integrated in the TREC Licensing Services Division. The organizational chart in Appendix B provides a detailed description of the TALCB organizational structure.

The offices of the TALCB are in Austin, Texas. There are no field offices. The TALCB is co-located with TREC and occupies space on the first floor at 1101 Camino La Costa, Austin, Texas 78752.

TREC provides a full array of support functions for TALCB, including accounting, purchasing, human resources, and legal (other than enforcement-related legal). The relationship is formalized by a Memorandum of Understanding which was most recently updated in February 2006.

With a small staff, turnover and vacancies remain a concern. TALCB's ability to perform its essential responsibilities, particularly in the area of enforcement, is hampered by the lack of adequate financial resources for staff salaries, equipment, and training.

the revenue collected was \$975,801. Of the amount appropriated, \$45,000 was an emergency deficiency grant from the Governor's Office for the purpose of hiring more enforcement staff. Of the \$45,000, \$38,000 has been returned and the remaining \$7,000 will be repaid from FY2008 budget.

The Board receives revenue from the fees submitted by its licensees and applicants for certification and licensure. Article VIII, Rider 2 of the appropriation bill requires that TALCB revenues cover all expenses. In each year of its existence, the Board's revenues have been well in excess of its expenditures and indirect costs. In fact, less than 39% of all fees collected from licensees in FY07 were appropriated for the operations of the TALCB. Over 16% of the revenue collected was for the Appraiser National Registry, and 2.7% was for Texas Online.

While a total of \$810,905 was collected from appraisers in state fees, \$161,850 in Federal fees, and \$3,046 was received from the sale of publications - little of this amount remained to cover the expenses of operating the agency. Of total revenue, \$98,785 was allocated for other indirect costs, \$25,895 went to the TexasOnline Authority, and \$313,197 was retained in the General Account for other state government expenditures. From the total of \$975,801 paid to TALCB by appraisers, this left only \$376,074 for the operation of TALCB for the year.

### Minority Hiring Figures

January 1, 2007 through December 31, 2007

White Female	Hispanic Female	Black Female	Hispanic Male	Black Male	White Male	Total New Hires
2	0	0	0	0	1	3
67%	0%	0%	0%	0%	33%	100%

The Texas Appraiser Licensing and Certification Board is committed to Equal Employment Opportunity and Affirmative Action and strongly supports and conforms to the EEO-AA policy adopted by the Texas Real Estate Commission (TREC). TREC provides personnel services for the TALCB.

### Revenue Collected from Appraisers for FY 2007

Fees paid by appraisers to TALCB	<b>\$972,755</b>
Sale of publications and materials	<b>3,046</b>
<b>TOTAL REVENUE</b>	<b>\$975,801</b>

### Characteristics of TALCB Employees Compared to Texas Civilian Workforce January 1, 2008

Job Category	African-American		Hispanic		Female	
	Texas	Agency	Texas	Agency	Texas	Agency
	Administration	6.6%	0%	14.2%	0%	37.3%
Professional	8.3%	0%	13.4%	0%	53.2%	17%
Technical	12.4%	0%	20.2%	0%	53.8%	0%
Para-Professional	13.8%	0%	40.7%	0%	39.0%	40%
Admin. Support	11.2%	0%	24.1%	0%	64.7%	0%

### Distribution of Revenue for FY 2007

Payment for Federal Registry Fee	<b>\$161,850</b>
Payment for TexasOnline Mandatory Fee	<b>25,895</b>
Other Direct and Indirect Costs to State	<b>98,785</b>
Retained for Other State Government Programs	<b>313,197</b>
<b>APPROPRIATIONS LEFT FOR TALCB OPERATIONS</b>	<b>\$376,074</b>

## C. FISCAL ASPECTS

From 1991 forward, the TALCB's appropriations have been listed as "Goal D" in the Legislative Appropriations Request of TREC. Since its inception, the TALCB has always generated revenues that exceed its expenditures and its appropriations in each fiscal year. TALCB in FY07 was appropriated \$575,386 to carry out its responsibilities, while

By both statute and federal law, the TALCB collects a pass-through National Registry Fee (NRF) of twenty-five dollars (\$25) per year per certified and licensed appraiser. The National Registry Fee is submitted monthly to the Appraisal Subcommittee of the Federal Financial Institutions Examination Council. Beginning with the FY-98 and FY-99 biennium, this pass-through National Registry Fee has been included

in TALCB's appropriation; however, the NRF is deposited in a separate account (Appraiser Registry Account 028 General Revenue Fund), and is not available for any other use.

TALCB's appropriation has not been adequate for the proper discharge of its state and federally mandated responsibilities. TALCB's major activity continues to shift from the licensing and certification of real estate appraisers to the complaint, enforcement, and public protection areas, especially those related to suspected mortgage fraud. There is, however, a concern that funding may not be adequate for increasing caseloads, more extensive investigations, and an increasing number of administrative hearings. Attracting and retaining quality employees is increasingly difficult due to budgetary constraints. As noted previously, the TALCB has generated more in revenues each year than its appropriation or expenditures.

To save travel expense, the Board generally meets quarterly rather than monthly or bi-monthly. Given the limited number of Board meetings and in an effort to expedite the process of approving courses and concluding complaint matters, the Board has delegated additional functions to the staff. Due to the ASC concern that TALCB retain independence from those making real estate enforcement decisions, such delegations to staff are difficult to handle, given that they must go through the Commissioner, who serves as the TREC Administrator.

Federal oversight of the licensing and regulation of appraisers is a major consideration in the adoption and implementation of policies and procedures for the TALCB. Effective January 1, 2008, federal mandates greatly changed the education and examination requirements for obtaining a state appraiser license or certification. To ensure compliance with these Federal requirements, Board and staff travel to, and representation at, the Association of Appraiser Regulatory Officials (AARO) conferences is essential. The federal Appraisal Subcommittee (ASC), The Appraisal Foundation and the two affiliated boards (Appraisal Standards Board and Appraiser Qualification Board) present updated requirements and guidelines for the states at these meetings with regulators. AARO also provides specific training and important interaction with administrators and board members from the other states' appraiser regulatory agencies. This interaction

and exchange has been greatly limited because of travel reductions and is detrimental to meeting the goals and objectives of the TALCB.

**D. SERVICE POPULATION DEMOGRAPHICS**

As of April 2008, a total of 6,879 real estate appraisers and trainees hold active TALCB certifications or licenses. Of these, 2,308 are General Certified, 2,491 are Residential Certified, 933 are State Licensed, and 60 hold a Provisional License. A total of 1,087 individuals have been approved by the TALCB as "appraiser trainees" who may work under the sponsorship of one or more Texas certified appraiser(s) who "shall sign the appraiser trainee's reports."

A majority of the individuals who are state certified or licensed real estate appraisers also are currently licensed by the Texas Real Estate Commission as brokers or salespersons.

***Ethnic, Racial and Gender Characteristics of Licensees as of June 1, 2008***

Race	Appraisers
Anglo	89.3%
Hispanic	5.4%
African-American	3.5%
Asian	1.2%
Other	0.6%
Gender	
Male	76.5%
Female	23.5%

In urban areas, appraisers tend to be full-time real estate appraisers who do not engage in other business activities, such as real estate brokerage. In rural areas, economics determine that many of those who are engaged in real estate appraising do so part-time and are also engaged in real estate brokerage or in other businesses such as insurance, property inspection, or ranching.

Population and the business climate have a great impact on the appraisal business. The Texas population continues to grow. The need for qualified, competent, and ethical real estate appraisers will expand with the continued growth in the Texas population. Real estate activity creates the demand for qualified real property appraisers. State certified or licensed appraisers are better qualified, prepared, and competent

than non-certified or non-licensed appraisers. Real estate licensees (TREC brokers or salespersons) continue to have the legal authority to perform appraisals in non-federally related transactions in Texas. For the most part, however, they do not have the quality or quantity of real estate appraisal education and experience required for TALCB licensing or certification.

## **E. TECHNOLOGICAL DEVELOPMENTS**

The Texas Appraiser Licensing and Certification Board is dependent upon computers and other automated information processing technologies. The TALCB utilizes TREC's information system technology for data storage and retrieval for all aspects of application processing, examinations, certifications and licensing, and licensee record maintenance. The TREC staff provides the TALCB's technology services. The TALCB's web site, <http://www.talcb.state.tx.us> is maintained by TREC.

The TALCB utilizes the TREC telephone system. Voice mail is available on the system. In March 2004 a toll-free line (1-877-TALCBTX or 1-877-825-2289) was activated and is answered by the TREC Communication Section. The TREC Communication staff is trained to answer basic TALCB questions or transfer the caller to TALCB staff when necessary.

The appraisal profession, the financial institutions which rely on professional appraisals, education providers, and state regulatory bodies will all feel the impact of the continuing technological revolution. Additional information regarding the challenges faced by TALCB regarding information technology issues is discussed beginning on page 31 in TREC's specific strategic planning suggestions.

## **F. ECONOMIC AND LEGAL VARIABLES**

The economy drives the appraisal profession. Market forces, federal and state regulations, policies, and requirements determine the demand for state certified or licensed appraisers throughout this state and the nation as a whole. In the short-term, the most significant issue is whether there will be an adequate number of certified or licensed appraisers for the available appraisal business and real estate transactions. Texas has experienced a constant slight increase in the number of certified and licensed appraisers over the past eight years.

The number of complaints continues to increase. Requests for assistance from other regulatory agencies and law enforcement agencies as a result of HB 716 have significantly increased the workload and complexity of cases because of mortgage fraud. As of this Strategic Plan, the TALCB has had 25 requests from prosecutors and other agencies for assistance in addressing mortgage fraud issues. In addition, the ASC has required TALCB staff to perform experience audits for all certified appraiser applications, not the five percent currently provided for in Texas law. The TALCB will need additional funding and FTEs to more effectively carry out its enforcement responsibilities in a timely fashion.

Economic conditions and market forces greatly affect the appraisal industry. Both the real estate industry and the appraisal industry tend to be impacted significantly by economic cycles and at times may be either in phase or out of phase with each other. A healthy and growing economy, increasing population, rising personal income, and vibrant mortgage lending markets increase the demand for real estate appraisals. A declining economy may also increase demand as appraisals are required on foreclosed properties. A declining economy may also cause more complaint activity for the Board as users of appraisal services question appraisals in light of declining values.

Over the last year or two a national mortgage crisis, tied notably to problems with loans characterized as "subprime" loans (loans to borrowers with less than pristine credit and loans designed for such borrowers but, for a variety of reasons, used by other borrowers, including borrowers with excellent credit) has developed and continues to unfold. As a result there has been an extensive re-examination of appraisal practices and oversight at the federal level. Tightening credit criteria and the imposition by lenders of more stringent controls on appraisers are already impacting the way the industry conducts business.

The subprime mortgage crisis involves a host of factors including but not limited to:

- Adjustable rate mortgages that started at very low rates, sometimes called "teaser" rates, indexing to higher rates, resulting in payments that strain exceed the repayment capacity of the borrowers;
- The proliferation of non-standard loan products, including no documentation loans, low documentation loans, stated income loans, and loans with loan-to-value ratios of 100% or, with the financing of closing costs, more;

- Borrowers with subprime credit who obtained mortgage loans that strain or exceed their repayment capacity;
- Borrowers with prime credit who obtained subprime loans, resulting in high rates and costs and straining or causing them to exceed their repayment capacity;
- Adverse economic trends on a national and international level;
- Stagnant and, in some instances, falling property values;
- Lenders imposing more restrictive loan underwriting standards which, despite historically low interest rates, have made mortgage loans, including refinancing loans, more difficult to obtain; and
- Rising mortgage loan defaults, pre-foreclosures, and foreclosures as a result of the foregoing.

Mortgage lenders, mortgage loan insurers, and mortgage loan servicers, dealing with rising defaults, are increasingly scrutinizing the appraisals relating to those loans and are filing an increased number of complaints with the TALCB.

On January 1, 2008, revised qualification criteria for certified and licensed appraisers became effective nationwide. These criteria raise the educational and experience requirements for the three levels of certification and licensing. The TALCB adopted rules to conform to the new criteria which become effective for applications received after November 1, 2007.

Certain trends or developments such as rising foreclosures, failing financial institutions, changes to federal loan programs, changes in tax laws, changes in levels of new housing starts, availability of and low rates for mortgage financing, development of affordable housing, and commercial development all affect real estate and appraisal markets.

## **G. SELF-EVALUATION AND OPPORTUNITIES FOR IMPROVEMENT**

Texas was one of the first states to institute appraisal certification and licensing consistent with federal Title XI. The TALCB was the first entity to have its qualifying examinations approved by the Appraiser Qualifications Board as required by federal law. The TALCB has certified or licensed more appraisers than all other states except California and Florida.

The TALCB was active in the formation of a

national organization of state appraiser regulators, the Association of Appraiser Regulatory Officers (AARO) and continues to participate in its activities.

The TALCB has a number of diverse stakeholders--appraisers (residential, commercial, rural), appraiser trade associations (nine major associations), financial institutions, governmental agencies (federal, state, county, others, including prosecutors), buyers and sellers of real estate, and others. At times, it is difficult to reach a consensus between and among the regulated and the users of the services on how to attain the common goal of providing professional appraisal services.

The current staff lacks specific expertise in a number of areas and, therefore, must rely on outside help, advice and assistance. Some items such as data processing, accounting, personnel, purchasing and similar items are provided by the Texas Real Estate Commission. Currently TALCB lacks the funding and financial resources to take advantage of many technological innovations and to retain the specialized staff required to expedite complaint resolution matters. The technical nature of appraisal complaints may require hiring outside experts, including witnesses for administrative hearings in certain cases, a requirement that cannot be met under current limited appropriations.

## **Prioritization of Strategic Planning Initiatives**

The Board adopts as the highest priority for TALCB Enforcement the timely resolution of complaints, targeting to have no cases that are more than one year old by the time of the next scheduled ASC audit on October 17<sup>th</sup> and to maintain the complaint workload on a current basis consistent with ASC policy thereafter.

HB 716 relating to the combating of mortgage fraud assigned TALCB, specifically its enforcement staff, significant additional responsibilities. Mortgage fraud is a very serious issue and news incidences of mortgage fraud are being identified all of the time. TALCB needs, and will request in its LAR, additional resources, including additional FTEs, funds for additional investigative tools such as access to subscription services and sales data services, training, and funds for the use of third party resources for specialized expertise and to address peak work demands, including investigation and prosecution of mortgage fraud and the investigation and resolution of complaints.

In order to provide for the most efficient and effective possible system for addressing



complaints, TALCB asks that consideration be given to providing it with effective new enforcement tools which were given to TREC in the 80<sup>th</sup> Legislature, specifically:

- The ability to have a committee of the Board approve the immediate suspension of a license or certification if the person affected is believed to present immediate risks, provided that the matter is set for an expedited hearing before the State Office of Administrative Hearings (SOAH).
- The ability to enter a default order if the holder of a license or certification does not respond to charges and request a hearing.
- The ability to revoke an expired license.

TALCB asks for the ability to utilize the Office of the Attorney General to represent TALCB in administrative proceedings before SOAH. This is currently prohibited by statute.

The ASC has asked that three aspects of Texas statute be amended to conform Texas law to current ASC policies:

- Current law caps the number of experience audits to be performed to 5% of applications for licensure or certification. Current ASC policy is 100% on applications for certification.
- Current ASC policy provides that no more than 50% of the hours that can be counted as experience be hours where the work did not involve a specific client.
- There is no longer a need for provisional licensure, that requirement having been to facilitate the implementation of federal requirements following the enactment of FIRREA in 1989.

Although these are items that are addressed elsewhere in this strategic plan, the Board affirms the importance of obtaining a new core computing system that will serve the needs of TALCB as well as TREC and funding for this will be sought in the LAR.

Although this strategic plan document indicates that TREC will seek appropriations for salary equity adjustments, including the Administrator's salary, in its LAR, this Board specifically notes that it will be seeking appropriations for salary equity adjustments that will include TALCB staff. The ability to retain staff and minimize turnover is essential to TALCB's ability to meet its objectives of achieving full compliance with ASC policies, including the policy of timely resolution of

complaints.

TALCB will request funds and an increase of one FTE to hire an additional communications person to respond to questions relating to TALCB issues.

## Goals

- I. To determine that applicants for licensure meet legal requirements for real estate license issuance.  
[Texas Occupations Code, Chapters 1101, 1102 and 1103 and Texas Property Code, Chapter 221]
- II. To act promptly and aggressively to enforce the laws and rules of the Commission in a fair and evenhanded manner.  
[Texas Occupations Code, Chapters 1101, 1102 and 1103 and Texas Property Code, Chapter 221]
- III. To communicate effectively with the public and licensees concerning matters within the Commission's jurisdiction.  
[Texas Occupations Code, Chapters 1101, 1102 and 1103 and Texas Property Code, Chapter 221]
- IV. To protect the public and ensure the availability of qualified appraisers by implementing and enforcing the Texas Appraiser Licensing and Certification Act and by providing information to appraisers and to the general public for the maintenance of high professional standards and informed consumer decisions in real estate transactions in all areas of Texas. (Texas Occupations Code, §1103.156 )
- V. To establish and implement policies governing purchasing that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs). [Government Code, §2161.123]

## Objectives / Outcome Measures

### Goal I Ensure Standards

To determine that applicants for licensure meet legal requirements for real estate license issuance. [Texas Occupations Code, Chapter 1101, 1102, 1303 and Texas Property Code, Chapter 221]

#### Objective 01-01

To maintain procedures to evaluate applicants for honesty, integrity, trustworthiness, competency and legal qualifications

#### Outcome Measures:

- Percent of licensees with no recent violations
- Percent of licensees who renew online
- Percent of new individual licenses issued online

### Goal II Enforce Regulations

To act promptly and aggressively to enforce the laws and rules of the Commission in a fair and evenhanded manner. [Texas Occupations Code, Chapter 1101, 1102, 1303 and Texas Property Code, Chapter 221]

#### Objective 02-01

To resolve 85% of documented complaints within six months.

#### Outcome Measures:

- Percentage of complaints resolved resulting in disciplinary action
- Percentage of documented complaints resolved within six months

### Goal III Communicate Effectively

To communicate effectively with the public and licensees concerning matters within the Commission's jurisdiction. [Texas Occupations Code, Chapter 1101, 1102, 1303 and Texas Property Code, Chapter 221]

#### Objective 03-01

To notify 100 percent of the licensed real estate population of all law and rule changes within 60 days of adoption; and survey 95 percent of the buyers, sellers and other principals in Texas real estate transactions who come in

contact with the Commission daily.

#### Outcome Measures:

- None

### Goal IV Ensure Availability of Qualified Appraisers

To protect the public and ensure the availability of qualified appraisers by implementing and enforcing the Texas Appraiser Licensing and Certification Act and by providing information to appraisers and to the general public for the maintenance of high professional standards and informed consumer decisions in real estate transactions in all areas of Texas. (Texas Occupations Code, §1103.156 )

#### Objective 04-01

To maintain procedures to evaluate applicants for honesty, integrity, trustworthiness, competency and legal qualifications such that a sufficient number of qualified real estate appraisers are available.

#### Outcome Measures:

- Percent of licensed or certified appraisers with no recent violations.
- Percent of licensees who renew online.
- Percent of new individual licenses issued online.

### Goal V Working with HUBs

To establish and implement policies governing purchasing that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs). (Texas Government Code, § 2161.123)

#### Objective 04-01

To include historically underutilized businesses (HUBs) in at least 30 percent of the total value of contracts and subcontracts awarded annually by the agency in purchasing.

#### Outcome Measures:

- Percent of Total Dollar Value of Purchasing Contracts Awarded to HUBs

## Strategies and Output, Efficiency and Explanatory Measures

### Strategy 01-01-01

#### Real Estate Licensing

Perform the Commission's licensing function by: reviewing applications; processing criminal records checks; issuing candidate information brochures to take competency examinations; and issuing licenses.

#### Output Measures:

- Number of new licenses issued to individuals
- Number of licenses renewed (individuals)

#### Efficiency Measures:

- Average time for individual license issuance (days)
- Average time for individual license renewal
- Percentage of new individual licenses issued within 10 days
- Percentage of individual license renewals issued within 7 days

#### Explanatory Measures:

- Total number of individuals licensed

### Strategy 02-01-01

#### Real Estate Enforcement

Administers an effective system of enforcement and adjudication which includes investigating and resolving complaints.

#### Output Measures:

- Number of complaints resolved
- Number of orders issued by the commission

#### Efficiency Measures:

- Average time for complaint resolution (days)

#### Explanatory Measure:

- Jurisdictional complaints received

### Strategy 03-01-01

#### Real Estate Public Education

Prepare and distribute information describing the functions of the Commission and statutory and regulatory provisions.

#### Output Measures:

- Number of calls received

### Strategy 04-01-01

#### Provide Sufficient Qualified Real Estate Appraisers

Process appraiser license applications; issue licenses and renewals; approve appraisal educational coursework offered by proprietary schools, appraisal organizations, and colleges and universities; and develop standards and agreements for reciprocity with other states for appraiser licensing and certification.

#### Output Measures:

- Number of new licenses and certifications issued to individuals
- Number of individuals licenses and certifications renewed

#### Efficiency Measures:

- Percentage of new individual licenses issued within 10 days
- Percentage of individual license renewals issued within 7 days

#### Explanatory Measures:

- Total number of individuals licensed

### Strategy 04-02-01

#### Resolve Complaints in a Timely Manner

Resolve TALCB complaints in a timely manner.

#### Output Measures:

- Number of complaints resolved

#### Efficiency Measures:

- Average time for complaint resolution (days)

#### Explanatory Measure:

- Jurisdictional complaints received

### Strategy 05-01-01

#### Historically Underutilized Businesses

Implement the Commission's plan aimed at increasing the amount of HUBs through purchasing contracts and subcontracts.

#### Output Measures:

- Number of HUB contractors contacted for Bid Proposals
- Number of HUB Contracts Awarded
- Dollar Value of HUB Contracts Awarded

**TECHNOLOGY INITIATIVE ALIGNMENT**

<b>Technology Initiative</b>	<b>Related Agency Objective</b>	<b>Related SSP Strategy/ (IES)</b>	<b>Status</b>	<b>Anticipated Benefits</b>	<b>Innovation, Best Practice, Benchmarking</b>
Modernize existing agency applications by consolidating and upgrading aging software.	1.1, 2.1, 3.1, 4.1	4.1, 5.1	Current	Replacement of inflexible agency licensing management system, reduction of paper in favor of electronic documents, improved integration of licensing management system with online presence.	
Improve ease of access of agency data	1.1, 2.1, 3.1, 4.1	4.1, 5.1	Current	Expand online services supporting public information, licensees and public.	
Standardization and failover of technology infrastructure.	1.1, 2.1, 3.1, 4.1	2.1	Current	Continue providing technological refresh and implement specific redundancy to ensure availability.	
Ensure continued security of agency data and network	1.1, 2.1, 3.1, 4.1	3.1	Current	Continued security penetration testing with DIR and addressing recommendations from security reviews.	Participation in annual DIR penetration testing

## APPENDIX A

### Strategic Planning Process

Texas state agencies are asked to review and update their five-year Strategic Plan every two years. The Strategic Plan becomes a road map for the direction in which the agency intends to proceed over the next five years. Much of the outline and the contents of the Strategic Plan are dictated by requirements set forth by the Legislative Budget Board and the Governor's Office of Budget, Planning and Policy. However, to ensure the development of a meaningful Strategic Plan which reflects the needs and desires of consumers and licensees, the Texas Real Estate Commission and Texas Appraiser Licensing and Certification Board undertakes an active program of outreach to seek public input.

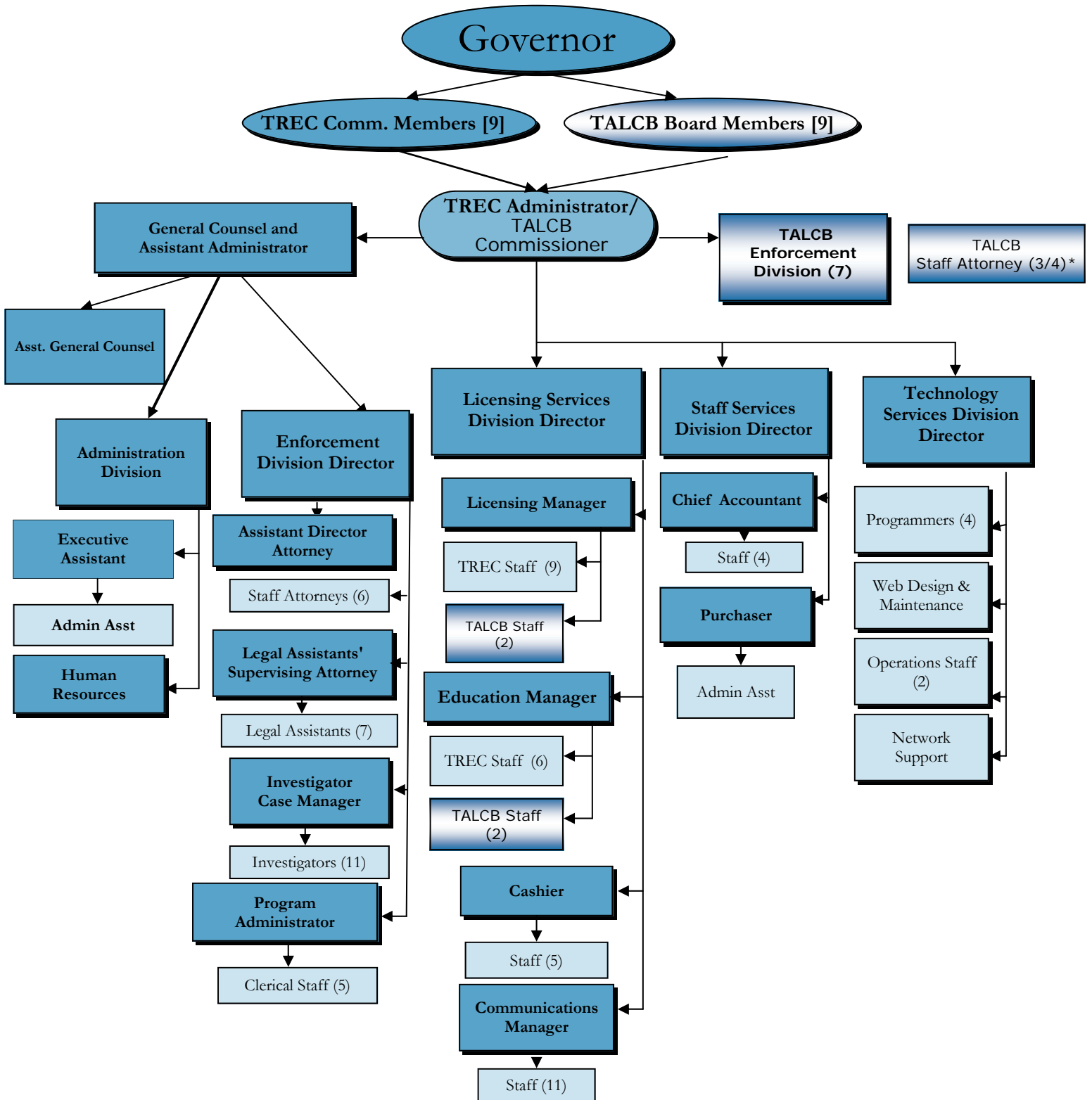
In 2008, the Commission and the Board embarked on an extensive outreach effort to ensure an opportunity for all interested parties to participate and submit recommendations. Notification of the strategic planning process was posted in the March/April issue of **TREC*Advisor*** and on the TREC and TALCB web page.

Five public forums were held across the state during February 2008 in Austin, Lubbock, Longview, Laredo and Beaumont. Various Commissioners, Board members and staff participated in these forums and catalogued all recommendations whether requiring statutory, rule, or procedure changes. In addition, internal assessment and recommendations for action were obtained through divisional brainstorming sessions and general staff public forums. After collecting recommendations from a wide range of sources, the staff prepared a list of suggested items for review and acceptance by the Commission at its meeting on April 28, 2008, and the Board on May 9, 2008. Public comment was sought at those meetings and a final Strategic Plan was approved at the June 2008 Commission and Board meetings.

#### STRATEGIC PLANNING PROCESS CALENDAR - 2008

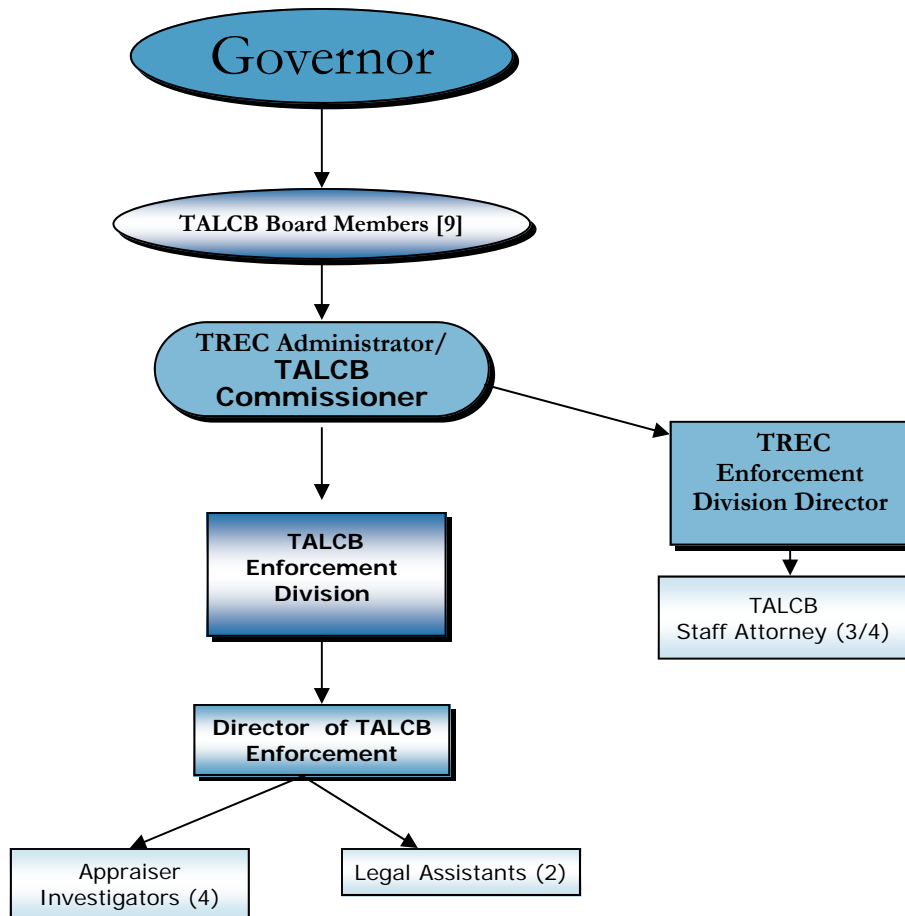
JANUARY	Finalize strategic planning process and develop outline of assignments: establish date, time, location of public forums. Publicize strategic planning process, including invitations to public forums.
MARCH/APRIL	Conduct internal divisional brainstorming sessions. Conduct public forums in Austin, Lubbock, Longview, Laredo and Beaumont.
MAY	Submit recommendations to TREC Commissioners and TALCB Members and prepare draft Strategic Plan.
JUNE	TREC Commissioners and TALCB Members approve and adopts final Strategic Plan for 2009-2013.

**Appendix B  
Organization Chart TREC/TALCB**



\*TALCB staff attorney is supervised by TREC Director of Enforcement.

## Appendix B Organization Chart TALCB Enforcement





**APPENDIX C**  
**Texas Real Estate Commission**  
**Projection of Outcomes for Five-Year Planning Horizon**

Texas Real Estate Commission Outcomes 2009-2013					
Outcome	2009	2010	2011	2012	2013
Percentage of Licensees With No Recent Violations	99%	99%	99%	99%	99%
Percent of Licensees Who Renew Online	80%	80%	80%	80%	80%
Percent of New Individual Licenses Issued Online	70%	70%	70%	70%	70%
Percentage of Complaints Resolved Resulting in Disciplinary Action	3%	20%*	20%	20%	20%
Percent of Documented Complaints Resolved Within Six Months	85%	85%	85%	85%	85%
Percentage of Total Dollar Value of Purchasing Contracts Awarded to HUBs	30%	30%	30%	30%	30%

\*Complaints resolved now include advisory letters.  
Targets for fiscal year 2009 are at the legislative appropriation level. Targets for fiscal years 2010 through 2013 are estimated.

**Texas Appraiser Licensing and Certification Board**  
**Projection of Outcomes for Five-Year Planning Horizon**

Texas Appraiser Licensing and Certification Board Outcomes 2009-2013					
Outcome	2009	2010	2011	2012	2013
Percentage of Licensees With No Recent Violations	99%	99%	99%	99%	99%
Percent of Licensees Who Renew Online	55%	55%	55%	55%	55%
Percent of New Individual Licenses Issued Online	0%	0%	0%	0%	0%
Percentage of Complaints Resolved Resulting in Disciplinary Action	35%	35%	35%	35%	35%
Recidivism Rate for Those Receiving Disciplinary Action	2.3%	2.3%	2.3%	2.3%	2.3%
Percent of Documented Complaints Resolved Within Six Months	60%	60%	60%	60%	60%

## **APPENDIX D**

### **Performance Measure Definitions**

#### **Goal 01: Determine the Eligibility of TREC Applicants for Licensure**

##### **Outcome Measures:**

##### **(Key) Percent Of Licensees With No Recent Violations**

Definition:	The percent of the total number of licensed, registered, or certified individuals at the end of the reporting period who have not incurred a violation within the current and preceding two years (three years total).
Purpose:	Licensing, registering, or certifying individuals helps ensure that practitioners meet legal standards for professional education and practice which is a primary agency goal. This measure is important because it indicates how effectively the agency's activities deter violations of professional standards established by statute and rule.
Data Source:	Data are derived from Texas Real Estate Licensing and Information System (TRELIS) automated records (PPLRECIDVM Report and Licensee Type/Status Report). The Director of Enforcement is responsible for this measure. Data is stored in the Enforcement Division.
Methodology:	The total number of individuals currently licensed, registered, or certified by the agency who have <i>not</i> incurred a violation within the current and preceding two years (numerator) is divided by the total number of individuals currently licensed, registered, or certified by the agency (denominator). The numerator for this measure is calculated by subtracting the total number of licensees with violations during the three-year period from the total number of licensees at the end of the reporting period. The denominator is the total number of licensees at the end of the reporting period. The result is multiplied by 100 to achieve a percentage. <b>The period included must be through the last date of the fiscal year being reported.</b> The period goes back two full fiscal years from the beginning of the current fiscal year. (Example: FY 2008, PPLRECIDVM's inception date must be September 1, 2005.) This would include all of FY 2006, all of FY 2007 and all of FY 2008.
Data Limitation:	Economic conditions sometimes impact the number of violations of the License Act and Commission Rules.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 99% and 99%)

##### **(Key) Percent of Licensees Who Renew Online**

Definition:	Percent of the total number of licensed, registered or certified individuals that renewed their license, registration, or certification online during the reporting period.
Purpose:	To track use of online renewal technology by the licensee population.
Data Source:	Data are derived from the Commission's Texas Real Estate Licensing and Information System (TRELIS) which produces reports of online

renewal transactions. The Director of Technology Services is responsible for this measure. Data are stored in the Director of Technology Services' office.

Methodology:	Total number of licenses, registrations, or certifications renewed online divided by the total number of corresponding licenses, registrations, or certifications renewed during the reporting period. The result is multiplied by 100 to achieve a percentage.
Data Limitation:	Factors beyond the agency's control may affect this measure
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 80% and 80%)

**(Key) Percent of New Licenses Issued Online**

Definition:	Percent of all new licenses, registrations or certifications issued online to individuals during the reporting period.
Purpose:	To track use of online license issuance technology by the licensee population.
Data Source:	Data are derived from the Commission's Texas Real Estate Licensing and Information System (TRELIS) which produces reports of online license issuance transactions. The Director of Technology Services is responsible for this measure. Data are stored in the Director of Technology Services' office.
Methodology:	Total number of new licenses, registrations, or certifications issued online divided by the total number of corresponding new licenses, registrations, or certifications issued during the reporting period. The result is multiplied by 100 to achieve a percentage.
Data Limitation:	Factors beyond the agency's control may affect this measure
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 70% and 70%)

**Output Measures:**

**(Key) Number of New Licenses Issued To Individuals**

Definition:	The number of licenses issued during the reporting period to previously unlicensed individuals and to previously licensed individuals who did not renew timely.
Purpose:	A successful licensing structure must ensure that legal standards for professional education and practice are met prior to licensure. This measure is a primary workload indicator which is intended to show the number of unlicensed persons and previously licensed persons who did not renew timely who were documented to have successfully met all licensure criteria established by statute and rule as verified by the agency during the reporting period.
Data Source:	Data are derived from Texas Real Estate Licensing and Information

System (TRELIS) automated records (AVGTIMEAPP Report). The Director of Licensing Services is responsible for this measure. The data is stored in the Licensing Services Division.

Methodology:	This measure counts the total number of licenses issued to previously unlicensed individuals and to previously licensed individuals who did not renew timely during the reporting period, regardless of when the application was received. Licenses are counted as new for persons who were previously licensed whose license expired.
Data Limitation:	Economic conditions and other factors beyond the agency's control may affect the number of individuals desiring to enter the real estate industry for the first time or return to the industry if previously licensed.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 30,000 and 30,000)

**(Key) Number of Licenses Renewed (Individuals)**

Definition:	The number of licenses issued during the reporting period to licensed individuals who renewed timely.
Purpose:	License renewal is intended to ensure that persons who want to continue to practice in their respective profession satisfy current legal standards established by statute and rule for professional education and practice. This measure is intended to show the number of licenses issued during the reporting period to individuals who currently held a valid license and renewed timely.
Data Source:	Data are derived from Texas Real Estate Licensing and Information System (TRELIS) automated records (AVGTIMEREN Report). The Director of Licensing Services is responsible for this measure. The data is stored in the Licensing Services Division.
Methodology:	This measure is calculated by querying the Texas Real Estate Licensing and Information System (TRELIS) automated records to produce the total number of licenses issued to individuals who currently held a valid license and renewed timely.
Data Limitation:	Economic conditions and other factors beyond the agency's control may affect the number of individuals desiring to remain in the real estate industry.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 77,000 and 77,000)

**Efficiency Measures:**

**(Key) Average Time for Individual License Issuance (Days)**

Definition:	Average number of calendar days for a license to be issued during the reporting period.
Purpose:	This measure is intended to show how effectively the agency processes new license applications for individuals and the average time period for the issuance of a license from the time the application is received until a license is issued.

Data Source:	Data are derived from Texas Real Estate Licensing and Information System (TRELIS) automated records (AVGTIMEAPP Report). The Director of Licensing Services is responsible for this measure. The data is stored in the Licensing Services Division.
Methodology:	Total number of days involved with each application from date of receipt of the application until a license is issued (numerator) is divided by the total number of licenses issued (denominator) during the reporting period. The total number of days begins when an application is received and ends when the examination is passed and a license is issued.
Data Limitation:	This measure is directly affected by how quickly an applicant passes the examination. The agency can not control how many times or how soon applicants take an exam. Applicants have six months to complete the examination requirement.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than Target (Targets for Fiscal Year 2008 and 2009: 42 and 42)

#### **Average Time for Individual License Renewal**

Definition:	Average number of calendar days for a renewal license to be issued during the reporting period.
Purpose:	This measure is intended to show how effectively the agency processes renewal license applications for licensees and the average time period for the issuance of a license from the time the renewal application is received until a license is issued.
Data Source:	Data are derived from Texas Real Estate Licensing and Information System (TRELIS) automated records (AVGTIMEREN Report). The Director of Licensing Services is responsible for this measure. The data is stored in the Licensing Services Division.
Methodology:	Total number of days involved with each renewal application from date of receipt of the application until a license is issued (numerator) is divided by the total number of renewal licenses issued (denominator) during the reporting period. The total number of days begins when a renewal application is received and ends when a license is issued.
Data Limitation:	There are few influencing factors beyond the agency's control that would affect this measure. A power failure or other catastrophic occurrence could cause a delay in the issuance of licenses.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than Target (Targets for Fiscal Year 2008 and 2009: 3 and 3)

#### **(Key) Percentage of New Individual Licenses Issued within 10 Days**

Definition:	The percentage of initial individual license applications that were processed during the reporting period within 10 days measured from the time in days elapsed from receipt of the initial completed application until the date the license is mailed.
Purpose:	This measures the ability of the agency to process new applications in a timely manner and its responsiveness to applicants.

Data Source:	Data are derived from Texas Real Estate Licensing and Information System (TRELIS) automated records (ORGUNDER10 Report). The Director of Licensing Services is responsible for this measure. The data is stored in the Licensing Services Division.
Methodology:	This measure counts the number of days elapsed from the date each completed application is received by the agency until the license is issued to the individual. Examination requirements must be satisfied before an application is deemed complete. Any licenses issued after 10 days are noted. The number of completed applications where the license is issued within 10 days is divided by the total number of completed applications received to obtain a percentage. The result should be multiplied by 100 to achieve a percentage.
Data Limitation:	There are factors beyond the agency's control that would affect this measure. A system failure or other catastrophic occurrence could cause a delay in the issuance of licenses.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 95% and 95%)

**(Key) Percentage of Individual License Renewals Issued within 7 Days**

Definition:	The percentage of individual license renewal applications that were processed during the reporting period within 7 days of receipt, measured from the time (in calendar days) elapsed from receipt of the renewal application until the date the renewal license is issued.
Purpose:	This measures the ability of TREC to process renewal applications in a timely manner and its responsiveness to its licensees.
Data Source:	Data are derived from Texas Real Estate Licensing and Information System (TRELIS) automated records (RENUNDER 7X Report). The Director of Licensing Services is responsible for this measure. The data is stored in the Licensing Services Division.
Methodology:	This measure counts the number of days elapsed from the date each completed renewal application is received by the agency until the license is issued to the individual. Any licenses issued after 7 days are noted. The number of completed renewal applications where the licenses is issued within 7 days is divided by the total number of completed applications received to obtain a percentage. The result should be multiplied by 100 to achieve a percentage.
Data Limitation:	There are factors beyond the agency's control that would affect this measure. A system failure or other catastrophic occurrence could cause a delay in the issuance of licenses.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 97% and 97%)

**Explanatory Measures:**

**Total Number of Individuals Licensed**

Definition:	Total number of individuals licensed (brokers, salespersons, inspectors, easement or right-of-way agents) at the end of the reporting period.
Purpose:	The measure shows the total number of individual licenses currently issued which indicates the size of one of the agency's primary constituencies.
Data Source:	Data are derived from Texas Real Estate Licensing and Information System (TRELIS) automated records (TYPESTATUS Report). The Director of Licensing Services is responsible for this measure. The data is stored in the Licensing Services Division.
Methodology:	This measure identifies the number of licensees (brokers, salespersons, inspectors, easement or right-of-way agents) at the end of the reporting period. The totals are obtained directly from TRELIS reports.
Data Limitation:	Economic conditions and other factors beyond the agency's control may affect the number of individuals desiring to remain in the real estate industry.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 140,000 and 140,000 )

**Goal 02: Enforce the TREC laws and rules in a fair and evenhanded manner**

**Outcome Measures:**

**Percent Of Complaints Resulting In Disciplinary Action**

Definition:	Percent of complaints which were resolved during the reporting period that resulted in disciplinary action.
Purpose:	This measure is intended to show the extent to which the agency exercises its disciplinary authority in proportion to the number of complaints received. It is important that both the public and licensees have an expectation that the agency will work to ensure fair and effective enforcement of the act and this measure seeks to indicate agency responsiveness to this expectation.
Data Source:	Data are derived from Texas Real Estate Licensing and Information System (TRELIS) automated records (PPLCTREPRI Report and CASECLSDT Report). The Director of Enforcement is responsible for this measure. The data is stored in the Enforcement Division.
Methodology:	The total number of complaints resolved during the reporting period that resulted in disciplinary action (numerator) is divided by the total number of complaints resolved during the reporting period (denominator). The result is multiplied by 100 to achieve a percentage. Disciplinary action includes agreed orders, reprimands, advisory letters, suspensions, probation, revocation, restitution, administrative penalties and/or fines agreed to by the licensee. Complaints determined to be non-jurisdictional are not resolved

complaints for purposes of this measure, and application inquiries and moral character determination related closings are not considered for purposes of this measure.

Data Limitation:	Economic conditions may affect the number and type of complaints filed. filed.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 3% and 3%)

**(Key) Percent Of Documented Complaints Resolved Within Six Months**

Definition:	The percent of complaints resolved during the reporting period that were resolved within a six month period from the time they were initially received by the agency.
Purpose:	This measure is intended to show the percentage of complaints which are resolved within a reasonable period of time. It is important to ensure swift enforcement of the Real Estate License Act which is an agency goal.
Data Source:	Data are derived from Texas Real Estate Licensing and Information System (TRELIS) automated records (COMPRESI80 Report). The Director of Enforcement is responsible for this measure. The data is stored in the Enforcement Division.
Methodology:	The number of complaints resolved within a period of six months or less from the date of receipt (numerator) is divided by the total number of complaints resolved during the reporting period (denominator). The result should be multiplied by 100 to achieve a percentage. Complaints determined to be non-jurisdictional are not resolved complaints for purposes of this measure, and application inquiries and moral character determination related closings are not considered for purposes of this measure.
Data Limitation:	Workloads and staffing may affect this measure.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 85% and 85%)

**Output Measures:**

**(KEY) Number of Complaints Resolved**

Definition:	The total number of complaints resolved during the reporting period.
Purpose:	This measure shows the workload associated with resolving complaints.
Data Source:	Data are derived from Texas Real Estate Licensing and Information System (TRELIS) automated records (CASECLSDT Report). The Director of Enforcement is responsible for this measure. The data is stored in the Enforcement Division.
Methodology:	The total number of complaints during the reporting period upon which final action was taken by the Commission or for which a



after preliminary investigation, is determined to be non-jurisdictional is not a resolved complaint. Application Inquiries and Moral Character Determinations are not complaints for purposes of this measure. This measure is derived from a manual calculation whereby the number of 'non-jurisdictional cases closed' are subtracted from the total closed cases to arrive at the total jurisdictional cases closed. Cases entitled "Request for More Information" and "RSC Request for More Information" are opened on the day received and the file is held open for pending receipt of said information. If the information is not received within 30 days then the case is closed as a failure of the complainant to prosecute the case which is a valid and recognized resolution.

Data Limitation:	Workloads and staffing may affect this measure.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 3,520 and 3,520 )

### **Number of Orders Issued by the Commission**

Definition:	The total number of orders issued by the Commission during the reporting period.
Purpose:	This measure indicates the number of complaints that require the issuance of orders by the Commission. These complaints generally indicate more serious violations of the Real Estate License Act.
Data Source:	Data are derived from Texas Real Estate Licensing and Information System (TRELIS) automated records (PPLCTADMIN Report). The Director of Enforcement is responsible for this measure. The data is stored in the Enforcement Division.
Methodology:	This measure identifies the number of orders issued by the Commission during the reporting period. This measure is comprised of orders issued by the Commission as a result of an administrative hearing, such as a proposal for decision, or other matter brought before them for resolution or by an order executed by the administrator, including an agreed order, or default order. This measure includes application and moral character determination cases as well.
Data Limitation:	Types (degree of severity) of complaints may affect this measure.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 285 and 285)

### **Efficiency Measures:**

#### **(Key) Average Time For Complaint Resolution (Days)**

Definition:	The average length of time to resolve a complaint, for all complaints resolved during the reporting period.
Purpose:	This measure shows the agency's efficiency in resolving complaints.
Data Source:	Data are derived from Texas Real Estate Licensing and Information System (TRELIS) automated records (EFRESOLVTI Report). The

Director of Enforcement is responsible for this measure. The data is stored in the Enforcement Division.

Methodology:	The total number of calendar days per complaint resolved, summed for complaints resolved during the reporting period, that elapsed from the receipt of a request for agency intervention to the date upon which final action on the complaint was taken by the Commission (numerator) is divided by the number of complaints resolved during the reporting period (denominator). The calculation excludes complaints determined to be non-jurisdictional of the agency's statutory responsibilities.
Data Limitation:	The complexity of cases and staffing may affect this measure.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than Target (Targets for Fiscal Year 2008 and 2009: 115 and 115)

**Explanatory Measures:**

**Jurisdictional Complaints Received**

Definition:	The total number of complaints received during the reporting period which are within the agency's jurisdiction of statutory responsibility.
Purpose:	The measure shows the number of jurisdictional complaints which helps determine agency workload.
Data Source:	The number of jurisdictional complaints received is derived from Texas Real Estate Licensing and Information System (TRELIS) automated records (LISTENFAEO Report). The Director of Enforcement is responsible for this measure. The data is stored in the Enforcement Division.
Methodology:	The agency sums the total number of complaints received only relative to its jurisdiction. The agency keeps track of the total number of complaints that are not in their jurisdiction but does not use that figure in this calculation. Application inquiries and moral character determination related closings are not considered for purposes of this measure.
Data Limitation:	Funding for educational purposes.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Target (Targets for Fiscal Year 2008 and 2009: 3,300 and : 3,300)

**Goal 03: To communicate effectively with the public and licensees**

**Output Measures:**

**(Key) Number of Calls Received**

Definition:	The figure reflects all calls received at TREC headquarters, including local calls and calls received on toll-free telephone lines.
Purpose:	This measure indicates the information demand of the public and the real estate industry and the corresponding workload of TREC

Data Source:	Data are derived from the Commission's call detail recording (CDR) software which produces reports of incoming calls. The Director of Staff Services is responsible for this measure. Data are stored in the Director of Staff Services' office.
Methodology:	This measure identifies all calls received at TREC headquarters, including local calls and calls received on toll free telephone lines. Reports from the call detail recording (CDR) system are manually adjusted to determine the actual reported figure.
Data Limitation:	Factors beyond the agency's control, such as answering questions about new laws, may affect this measure. Calls received by field investigators who work in other locations through out the state are not captured in this measure.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Target (Targets for Fiscal Year 2008 and 2009: 573,000 and 573,000)

#### **Goal 04: Implement and Enforce TALCB and Standards**

##### **Objective 01: Provide Sufficient Qualified Real Estate Appraisers**

###### **Outcome Measures:**

###### **(Key) Percent of Licensed Appraisers with No Recent Violations**

Definition:	The total number of individuals currently certified, licensed, or provisionally licensed by the agency who have not incurred a violation within the current and preceding two years divided by the total number of individuals currently licensed, or certified by the agency.
Purpose:	This measure helps the Board determine if its enforcement activities, including penalties and sanctions, are effective; or if changes are needed.
Data Source:	TALCB Access database, manually calculated.
Methodology:	The numerator for this measure is calculated by subtracting the total number of licensees with violations during the three-year period from the total number of licensees at the end of the reporting period. The denominator is the total number of licensees at the end of the reporting period. The result is multiplied by 100 to achieve a percentage.
Data Limitation:	Licensee integrity and honesty, economic conditions, receipt of written complaints, and investigation and Board activity all impact this measure.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 99% and 99%)

###### **(Key) Percent of Licensees Who Renew Online**

Definition:	Percent of the total number of licensed, registered or certified individuals that renewed their license, registration, or certification online during the reporting period.
Purpose:	To track use of online renewal technology by the licensee population.
Data Source:	Data are derived from the Texas Real Estate Licensing and Information System (TRELIS) which produces reports of online renewal transactions. The Director of Technology Services is responsible for this measure. Data are stored in the Director of Technology Services' office.
Methodology:	Total number of individual licenses, registrations, or certifications renewed online divided by the total number of corresponding licenses, registrations, or certifications renewed during the reporting period. The result is multiplied by 100 to achieve a percentage.
Data Limitation:	Factors beyond the agency's control may affect this measure.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 55% and 55%)

**Percent of New Licenses Issued Online**

Definition:	Percent of all new licenses, registrations or certifications issued online to individuals during the reporting period. Applications for appraisers are not currently available online.
Purpose:	To track use of online license issuance technology by the licensee population.
Data Source:	Data are derived from the Commission's Texas Real Estate Licensing and Information System (TRELIS) which produces reports of online license issuance transactions. The Director of Technology Services is responsible for this measure. Data are stored in the Director of Technology Services' office.
Methodology:	Total number of new licenses, registrations, or certifications issued online divided by the total number of corresponding new licenses, registrations, or certifications issued to individuals during the reporting period. The result is multiplied by 100 to achieve a percentage. Applications for appraisers are not currently available online.
Data Limitation:	Factors beyond the agency's control may affect this measure.
Calculation Type:	Non-Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 0% and 0%)

**Output Measures:**

**(Key) Number of New Licenses and Certifications Issued to Individuals**

Definition:	The number of new licenses and certifications issued to previously unlicensed and uncertified individuals during the reporting period.
Purpose:	This measure provides data as to the number of individuals who are entering the appraisal profession or upgrading to a higher level of licensure.
Data Source:	Data from the Texas Real Estate Licensing Information System (TRELIS).
Methodology:	Report the number of new licenses, certifications and registrations issued to previously unlicensed, uncertified, or unregistered individuals during the reporting period.
Data Limitation:	Economic conditions, federal requirements and other factors beyond the agency's control may affect the number of individuals desiring to enter the appraiser industry.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 500 and 500)

**(Key) Number of Licenses and Certifications Renewed (Individuals)**

Definition:	The number of licenses, certifications and provisional licenses issued to appraisers renewing their licenses and certifications during the reporting period.
Purpose:	This measure provides data on those keeping their licenses and certification and remaining in the appraiser profession .
Data Source:	Data from the Texas Real Estate Licensing Information System (TRELIS).
Methodology:	Report the number of licensees renewing during the reporting period.
Data Limitation:	Economic conditions, success as an appraiser, and other factors beyond the agency's control affect the renewal of appraiser certification and licensing.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 2,200 and 2,200)

**Efficiency Measures:**

**Percentage of New Individual Licenses Issued within 10 days**

Definition:	Percentage of new licenses and certifications issued within ten calendar days.
Purpose:	This measure indicates the relative efficiency of the TALCB and its service to applicants.
Data Source:	Data from the Texas Real Estate Licensing Information System

(TRELIS).

Methodology:	The number of new certifications and licenses issued within ten calendar days divided by the total number issued.
Data Limitation:	The counting of calendar days will begin when the application is completed, not when it is received. The definition of "completed" is when all requirements for licensure have been completed (education requirements, DPS report received, examination passed, required experience accepted, and all curative issues resolved.)
Calculation Type:	Non-Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 80% and 80%)

**Percent of Individual License Renewals Issued within 7 Days**

Definition:	Percentage of license and certification renewals issued within seven calendar days.
Purpose:	This measure indicates the relative efficiency of the TALCB and its service to applicants.
Data Source:	Data from the Texas Real Estate Licensing Information System (TRELIS).
Methodology:	The number of renewed certifications and licenses issued within seven calendar days divided by the total number of renewals issued.
Data Limitation:	The counting of calendar days will begin when the application is completed, not when it is received. The definition of "completed" is when all requirements for renewal have been completed including acceptable appraiser continuing education and all curative issues are resolved.
Calculation Type:	Non-Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 95% and 95%)

**Explanatory Measures:**

**Total Number of Individuals Licensed**

Definition:	The unduplicated total number of individuals currently actively licensed, certified, or registered by the TALCB.
Purpose:	This measure identifies the total number of individual appraiser licenses, certifications, and registrations currently issued which indicates the size of the TALCB's constituencies.
Data Source:	Data from the Texas Real Estate Licensing Information System (TRELIS).
Methodology:	Report the total number of individuals currently actively licensed, certified, or registered (General Certified, Residential Certified, State Licensed, Trainees, and Provisional Licensees, and Non-resident

Registrations) by the TALCB. Persons with more than one license or certification are counted in each category.

Data Limitation:	Economic conditions, federal requirements and other factors beyond the agency's control may affect the number of individuals who seek an appraiser license, certification, or registration.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 5,000 and 5,000)

**Goal 04: Implement and Enforce TALCB and Standards**  
**Objective 02: Resolve TALCB Complaints in a Timely Manner**

**Outcome Measures:**

**Percent of Complaints Resulting in Disciplinary Action**

Definition:	The number of complaints resolved during the reporting period that resulted in disciplinary action divided by the total number of documented complaints resolved during the reporting period. Non-jurisdictional complaints are not included in this calculation.
Purpose:	Measures the effectiveness of the enforcement process and the seriousness of the jurisdictional complaints being received.
Data Source:	Data from TALCB records (Access database), manually calculated.
Methodology:	The number of complaints resolved during the reporting period that resulted in disciplinary action divided by the total number of documented complaints resolved during the reporting period. The result is multiplied by 100 to achieve a percentage. Disciplinary action includes agreed orders, reprimands, suspensions, probation, revocation, restitution, and/or fines on which the board has acted. Non-jurisdictional complaints are not included in this calculation.
Data Limitation:	Staffing, data sources and equipment availability, complexity of the complaints, mortgage fraud, legal representation by the respondent, SOAH findings, and Board action all affect this measure.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 35% and 35%)

**Recidivism Rate for Those Receiving Disciplinary Action**

Definition:	The number of repeat offenders as a percentage of all offenders during the most recent three-year period.
Purpose:	Measures the effectiveness of the enforcement process and of the penalties and sanctions imposed. It may also indicate if changes are needed.
Data Source:	Data from TALCB records (Access database), manually calculated.
Methodology:	The number of individuals against whom two or more disciplinary

actions were taken by the board within the current and preceding two fiscal years divided by the total number of individuals receiving disciplinary actions within the current and preceding two fiscal years. The result is multiplied by 100 to achieve a percentage. Non-jurisdictional complaints are not included in this calculation.

Data Limitation:	Licensee integrity, honesty and education, economic conditions (mortgage fraud), receipt of written complaints, and investigation and board activity all impact this measure.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 2.3% and 2.3%)

## **(Key) Percent of Documented Complaints Resolved within 6 Months**

Definition:	The number of complaints resolved within a period of six months or less from the date of receipt. Non-jurisdictional complaints are not included in this calculation.
Purpose:	This is another measure of the effectiveness and efficiency of the enforcement and complaint resolution process.
Data Source:	Data from TALCB records (Access database), manually calculated.
Methodology:	The number of complaints resolved within a period of six months or less from the date of receipt divided by the total number of complaints resolved during the reporting period. Non-jurisdictional complaints are not included in this calculation. The result is multiplied by 100 to achieve a percentage.
Data Limitation:	Complexity of the complaints, board meeting schedules, SOAH scheduling and reporting, total number of complaints, backlog of complaints, number of staff members investigating complaints, and Peer Investigate Committees all affect this measure.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 60% and 60%)

## **Output Measures:**

### **(Key) Number of Complaints Resolved**

Definition:	The total number of complaints resolved during the reporting period, regardless of the period in which the complaint was received, upon which final action was taken by the board or for which a determination is made that a violation did not occur.
Purpose:	This measure assists in determining the effectiveness and efficiency of the enforcement and complaint resolution process.
Data Source:	TALCB records, manually calculated.
Methodology:	Count the total number of complaints during the reporting period, regardless of the period in which the complaint was received, upon which final action was taken by the board or for which a determination is made that a violation did not occur. A complaint that, after preliminary investigation, is determined to be non-jurisdictional is not a resolved complaint.



Data Limitation:	Complexity of the complaints, Board meeting schedules, SOAH scheduling and reporting, the total number of complaints and available staff all affect this measure.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 225 and 225)

**Efficiency Measures:**

**(Key) Average Time for Complaint Resolution (Days)**

Definition:	The number of calendar days per complaint resolved during the reporting period, summed for all complaints resolved, that elapsed from receipt of a request for agency intervention and date of final disposition of the complaint divided by the number of complaints resolved during the reporting period. Non-jurisdictional complaints are not included in this calculation.
Purpose:	Measures the efficiency and effectiveness of the enforcement and complaint resolution and investigative process.
Data Source:	Data from TALCB records (Access database), manually calculated.
Methodology:	The number of calendar days per complaint resolved during the reporting period, summed for all complaints resolved, divided by the number of complaints resolved during the reporting period. The number of days for complaint resolution runs from receipt of a request for agency intervention to the final disposition of the complaint. Non-jurisdictional complaints not included in this calculation.
Data Limitation:	The number of pending cases, complexity of the complaints, available staffing, Board meeting schedules, SOAH scheduling and reporting, and funding all may impact this measure.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 220 and 220)

**Explanatory Measures:**

**Jurisdictional Complaint Received**

Definition:	The written complaints received during the reporting period which are within the agency's jurisdiction of statutory responsibility.
Purpose:	Measures the efficiency and effectiveness of the enforcement and complaint resolution and investigative process.
Data Source:	Data from TALCB records (Access database), manually calculated.
Methodology:	Report the number of written complaints received during the reporting period which are within the agency's jurisdiction of statutory responsibility.
Data Limitation:	TALCB does not control who files complaints or the type of complaints filed, and may only react to written and signed complaints.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for Fiscal Year 2008 and 2009: 200 and 200)

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## APPENDIX E

### Implementing the Texas Transformation

#### MANAGED SERVICE DELIVERY

The goal of managed services is to offer solutions that do not require agency ownership or maintenance of assets, and that offer predictable costs, a flexible and guaranteed technology refresh path, and the freedom to concentrate on core missions. The goal of shared services is to increase the quality and consistency of information related to common business functions and processes for better decision-making and improved management of state operations. Together, these functions are described as Managed Service Delivery in The Texas Transformation. These services include Texas Data Center services, TEX-AN communications services, TexasOnline.com, shared applications such as enterprise resource planning, and other statewide collaborative efforts.

Innovative solutions that enhance business value will be sought at the state level through the re-procurement of TEX-AN (<http://www1.dir.state.tx.us/texan/>) and TexasOnline (<http://www1.dir.state.tx.us/tol/>). These procurements will implement technology solutions that are affordable, have more predictable recurring cost characteristics, are simple to understand, budget and pay for, and provide a simple means to implement technology solutions at the agency level. (2007 SSP, Strategies 1-1, 1-2, 1-3, 1-4)

- 1. Has the agency considered use of managed services in order to focus more on its business needs?**

**Yes, the agency regularly evaluates shared services offered by DIR and participates in those that offer value and affordability. As an example the agency continues to take advantage of the TEX-AN communication services and was the first agency to participate in TexasOnline.**

#### MANAGED IT SUPPLY CHAIN

The state is building an IT sourcing infrastructure that drives contracting value and supports an environment of continuous improvement. As part of this effort, DIR has implemented knowledge-based practices, including market research, analytics and pricing benchmarks, to maximize the state's negotiation of technology contracts with vendors. The state's procurement process has been streamlined and increased efficiencies have been achieved. Further savings to the state will be driven through aggregating specific commodity procurements that satisfy the needs of state agency, public education, and local government customers. Agencies have the ongoing opportunity to derive further benefits from not-to-exceed pricing established by the state, through directly negotiating further savings with vendors. (2007 SSP, Strategy 2-1)

- 2. Does the agency leverage and obtain additional value from the Information and Communications Technology (ICT) Cooperative Contracts program; for example, by further negotiating not-to-exceed pricing?**

**Yes, the agency participates in the cooperative contracts program when contracts are available for the item needed. As a standard purchasing practice the agency attempts to negotiate with a vendor to obtain better pricing than NTE contract.**

#### SECURITY AND PRIVACY

The State Enterprise Security Plan (SESP) provides a vital roadmap for agencies to develop their strategies to support implementation of the plan. The State Enterprise Security Plan establishes well-defined goals and objectives to improve the state's security posture. The following goals are summarized from the SESP:

- Goal 1: Prevent Cyber Attacks and Incidents against Critical Infrastructure
- Goal 2: Reduce Vulnerability to Cyber Attacks and Other Disruptions

- Goal 3: Respond and Recover to Minimize the Impact of Successful Cyber Attacks and Disruptions

Direct engagement, active participation, and a strong commitment to make adequate risk-based security investments are critical to the success of the SESP. (2007 SSP, Strategy 3-1)

Security and privacy are separate, but closely linked, concepts. Security policy dictates how government will protect personal information from misuse. Privacy policy indicates which information is personal and how government will collect, store, use, disseminate, and dispose of it.

Government agencies face an ongoing challenge to be open and accessible to the public while protecting the privacy of citizens. Sensitive personal information that government collects to provide services must remain private. (2007 SSP, Strategy 3-2)

3. Describe the agency's strategies to align with the State Enterprise Security Plan (<http://www.dir.state.tx.us/pubs/securityplan2007/index.htm>).

The agency has participated in the DIR sponsored security penetration testing over the last two years and has upgraded security technology and procedures to address recommendations. The agency intends to continue to participate in this program if funding permits. The agency continues to review implemented security practices and implements improvements on the security infrastructure which meet the objectives set forth by DIR. The current strategy being implemented is an upgrade of desktop and server software which address potential security issues. Ongoing security training is also provided to strengthen knowledge of security tools and practices. The agency will be continuing to report security incidents to DIR.

4. Describe the agency's policies, practices and programs, implemented or planned, that comply with relevant statutes and administrative rules to ensure the privacy of confidential data. Consider federal privacy requirements (e.g., the Health Insurance Portability and Accountability Act or the Family Educational Rights and Privacy Act) that apply to the agency. List the organizational units (program, offices, IT, legal, etc.) that manage privacy functions. Describe any future plans for improvement.

Each division has a public information liaison. The liaison for each division has attended public information seminars and is aware of the public information laws and privacy laws that protect certain types of information maintained by the agency. If a public information request is received that implicates a person's privacy interests, the public information liaison confers with agency legal counsel to determine whether the information should be withheld from the requestor or whether the agency should request a ruling from the Office of the Attorney General (OAG) regarding the release of the information. Agency staff routinely redacts driver's license numbers, e-mail addresses, and social security numbers if such information is included in a request for information. Other information of a private or proprietary nature such as trade secrets or criminal history record information is submitted to the OAG for a ruling. The agency general counsel staff and public information liaisons in each division manage privacy functions. Agency counsel monitors public information and privacy laws on a regular basis. The agency will continue to provide educational opportunities for public information liaisons regarding privacy laws.

## TECHNOLOGY POLICY, BEST PRACTICES, AND PARTNERSHIPS

The shared development of guidelines and practices that improve the use and management of information and communications technology is a key element of the government technology enterprise. The ability to share data and information across the all levels of Texas government is a critical component of technology policy. Effective and innovative technology solutions should be identified and disseminated as best practices. Increased partnerships are essential as Texas state government moves forward to a new shared services and technology infrastructure.

5. What current practices or plans are in place to improve usability and search ability of the agency's Web content? (2007 SSP, Strategy 4 1)

The agency is undergoing a review of all of its procedures and rules to streamline operations and the way it works with licensees. As part of this review the agency will be upgrading its software applications and website to align systems with the new process while offering expanded and improved services.

6. What current practices or plans are in place to improve life cycle management of agency data and information? Include the agency's approach and ability to meet future open records and e-discovery requests. (2007 SSP, Strategy 4-1)

Agency data is managed through records retention policies. A review of the agency retention policies was completed in FY 2008.

7. Describe agency methods and standards (federal, state, industry), implemented or planned, intended to enhance data sharing (i.e., improve interoperability) with other entities. (2007 SSP, Strategy 4-2)

The agency currently shares its data with others across the state including DPS, Texas Guaranteed Student Loan, OAG and Real Estate Center at Texas A&M. The agency continues to be very open to the need for information sharing across state agencies and currently working with TRCC in implementing additional sharing opportunities.

#### CORE MISSIONS

Agencies can achieve their core missions by aligning appropriate technology solutions with their business functions. Each government agency is expected to create new programs and deliver enhanced services to fulfill its core mission. Partnership opportunities, described throughout the State Strategic Plan, are intended to free up agency time and resources to focus on the development and implementation of innovative strategies to meet their core missions.

Relief from maintenance chores related to keeping government technology up and running can free agencies to focus directly on improving service delivery. Outdated or under-utilized hardware/software increase an organization's overall cost to manage its technology environment, not only in maintenance fees, but also in problem resolution, routine maintenance and system costs. (2007 SSP, Strategy 5-1)

8. Does the agency have any plans to simplify or reduce the number of existing software platforms (e.g., operating systems, application development environments, database systems, office suites, other COTS applications)? If no, is the agency fully leveraging its technology to support both its current and future business environment?

The agency continues to evaluate ways to consolidate platforms into a more coherent and manageable infrastructure. The agency is reviewing methods to share hardware platforms when applicable and reduce redundant applications that are approaching obsolescence. We are concluding an effort to consolidate office products into a single solution and reviewing opportunities to consolidate secondary databases and applications onto our primary platform.

9. Describe any current or planned activities targeted at reducing the environmental resource consumption of technology equipment (recycling, consolidating, virtualizing, buying energy efficient equipment, etc.).

The agency is currently researching the technical requirements of virtualizing servers and workstations to reduce environmental impacts and technical infrastructure. Additionally, we will be researching the possibility of utilizing thin clients that can then expand the hardware lifecycle.

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## Appendix F

### Texas Real Estate Commission

### Texas Appraiser Licensing and Certification Board

### Fiscal Year 2009-2013 Workforce Plan

#### I. Agency Overview

Created in 1949, the Texas Real Estate Commission (TREC) administers four laws: The Real Estate License Act, Texas Occupations Code, Chapter 1101; Texas Occupations Code, Chapter 1102; The Residential Service Company Act, Texas Occupations Code, Chapter 1303; and The Texas Timeshare Act, Texas Property Code, Chapter 221. TREC is the state's regulatory agency for:

- real estate brokers and salespersons
- real estate inspectors
- education providers for real estate and inspection courses
- residential service companies
- timeshare developers
- easement or right-of-way agents

The Texas Appraiser Licensing and Certification Board (TALCB) was created in 1991 to enable Texas to operate a program for the licensing and oversight of licensed and certified appraisals pursuant to Title XI of the Financial Institutions Regulatory Reform and Enforcement Act (FIRREA). The Board serves as an independent subdivision of the Texas Real Estate Commission with independent rulemaking and disciplinary authority. The main functions of TALCB are to license and certify real estate appraisers in conformity with state law and federal requirements and to administer the Act in the interests of the public. The enabling statute for TALCB is the Texas Appraiser Licensing and Certification Act, Chapter 1103, Texas Occupations Code.

The Agency's mission is carried out through broad regulatory functions that include issuing licenses, registrations, and certificates and related activities; investigating and resolving complaints; participating in administrative disciplinary actions against licensees and other who may violate any of the laws under its jurisdiction; overseeing aspects of real estate education, including the registration of real estate providers, instructors and courses for both pre-licensure and continuing education; and communicating regularly with licensees and the general public to educate them about the many programs administered by the agency.

The Agency's main office is located in Austin, Texas. Eleven investigators located throughout the state assist in the TREC Enforcement function. The Commission currently has 106 authorized FTEs. One hundred percent of the funds needed to finance the Commission's activities come from fees paid by licensees.

#### *A. Agency Mission and Philosophy*

**The mission of the Texas Real Estate Commission** is to assist and protect consumers of real estate services, thereby fostering economic growth in Texas. Through its programs of education, licensing and industry regulation, the Commission ensures the availability of capable and honest real estate service providers.

**The philosophy of the Texas Real Estate Commission:** Ensuring the availability of honest and capable real estate service providers is a public trust that the Texas Real Estate Commission accepts with the deepest sense of purpose and responsibility. The Commission pledges to act in an ethical, responsible and efficient manner for the citizens of Texas. To achieve its mission, the Commission emphasizes its core values of excellence, customer service, teamwork and respect.

The mission of the Texas Appraiser Licensing and Certification Board is to protect the public interest by assuring that consumers of real estate appraisal services are served by real estate appraisers qualified in accordance with federal and state law and in sufficient numbers to facilitate the free flow of commerce and industry.

**The Philosophy of the Texas Appraiser Licensing and Certification Board:** The first allegiance of the Texas Appraiser Licensing and Certification Board is to the public. We believe in: fair, minimal, and effective regulation which encourages a competitive market for appraisal services and yet demands high standards of professional conduct and responsibility; equal opportunity and nondiscrimination; and efficiency and accountability in the use of public funds.

**B. Strategic Goals and Objectives**

The Texas Real Estate Commission has three main goals and the Texas Appraiser Licensing and Certification Board has one main goal:

**Goal 1: Ensure Standards**

**Objective** To determine that applicants for licensure meet legal requirements for real estate license issuance.

**Strategies** Perform the Commission's licensing function by:

- Reviewing applications
- Processing criminal records checks
- Issuing candidate information brochures to take competency exams
- Issuing licenses

**Goal 2: Enforce Regulations**

**Objective** To act promptly and aggressively to enforce the laws and rules of the Commission in a fair and evenhanded manner.

**Strategies** Investigate and resolve complaints by reviewing complaints for validity, opening complaint files as indicated, and by reviewing investigative reports.

**Goal 3: Provide Education**

**Objective** To communicate effectively with the public and licensees concerning matters within the Commission's jurisdiction.

**Strategies** Prepare and distribute information describing the functions of the Commission and statutory and regulatory provisions.

**Goal 4: Implement and Enforce TALCB and Standards**

**Objective** To provide sufficient qualified Real Estate Appraisers

**Strategies** Perform the Board's licensing function by:

- Reviewing applications
- Processing criminal records checks
- Issuing licenses, certifications and registrations

**Objective** Resolve TALCB Complaints in a timely manner

**Strategies**

- Investigate and Resolve Complaints
- Impose Penalties as Appropriate



**C. Anticipated Changes in Strategies**

Based on information gathered during the strategic planning process that included feedback from persons subject to the Agency's jurisdiction as well as the general public, a number strengths and weaknesses were identified. The Agency's strengths with respect to workforce planning include:

- a set of deeply held core values founded on consumer protection and personal service;
- the knowledge, experience, and dedication of an exceptional staff;
- processes and procedures which have been developed over many years and have come to be accepted by its licensees; and
- open channels of communication with its stakeholders.

The Agency's weaknesses include:

- an historic commitment to personalized service, which is of tremendous value when it can be achieved without compromising efficiency but now needs to be revisited as the Commission and the Board strive to become more efficient in order to meet stakeholder expectations;
- staffing that does not include many of the "support" functions one would expect to find in an agency overseeing such large and important fields of activity, such as a dedicated planning function, a public relations function, and a government relations function;
- processes which require the full-time involvement of management in day-to-day operations, meaning that strategic initiatives, process improvements, and the like may be given lower priority than they merit; and
- in the areas of TALCB and TREC enforcement, TREC communications, and Administration, adequacy of staffing. The issue of adequacy involves both the number of qualified individuals appropriated to carry out differing duties and the ability to attract and retain those individuals who possess the skills and knowledge that are the essential tools for change.

**II. Current Workforce Profile (Supply Analysis)**

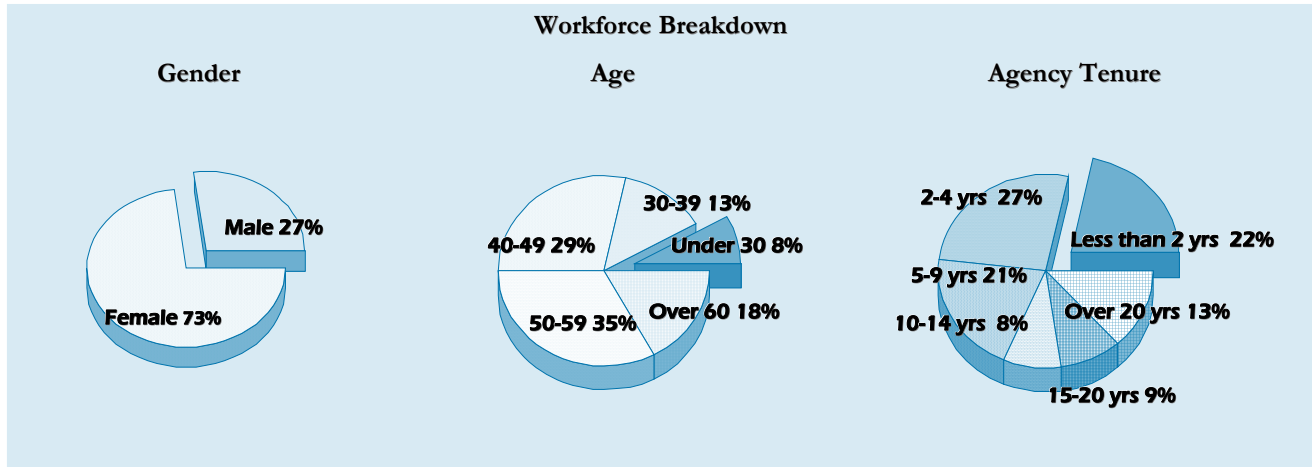
***A. Critical Workforce Skills***

TREC staff must possess the following critical skills in order to provide basic business functions successfully:

- Regulatory process experience
- Public speaking
- External customer service/communications
- Conducting Investigations
- Interpreting legal statutes
- Familiarity with administrative law
- Litigation experience
- Information systems development, programming and maintenance
- Internet systems development and maintenance
- Network support
- Computer data center operations support
- Data Entry
- Clerical, including administrative support
- Computer literacy
- Accounting
- Purchasing
- Human resources
- Mail processing
- Education evaluation skills
- Agency planning
- Public relations
- Government relations

**B. Workforce Demographics**

The following chart profiles the agency’s workforce as of January 2008 and includes both full-time and part-time employees. The Agency’s workforce is comprised of 73% females and 27% males. Approximately 77% of our employees are over age 40. Almost 49% have more than five years of agency service.



The following table compares the percentage of African American, Hispanic and Female Agency employees (as of January 2008) to the statewide civilian workforce, as reported by the Texas Commission on Human Rights.

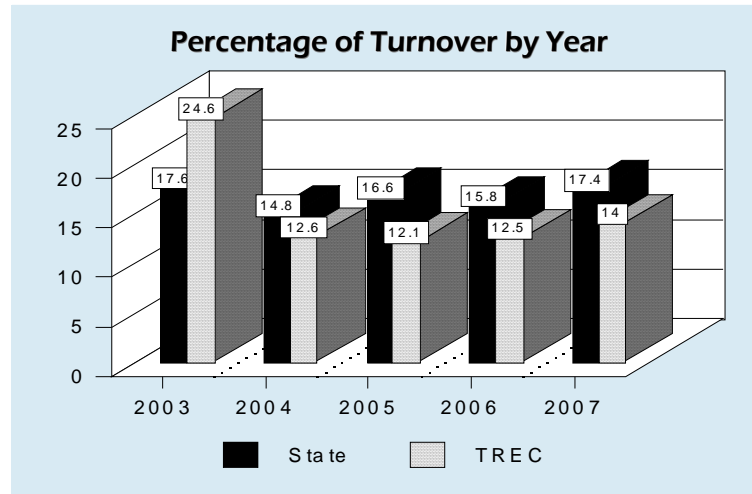
The Agency’s minority staffing patterns deviate only slightly from the minority staffing patterns in the state. Any deviations will be addressed in the recruiting process.

Job Category	African-American		Hispanic		Female	
	State %	Agency %	State %	Agency %	State %	Agency %
Administration	6.6%	0.0%	14.2%	9.0%	37.3%	50.0%
Professional	8.3%	5.0%	13.4%	7.0%	53.2%	25.0%
Technical	12.4%	0.0%	20.2%	0.0%	53.8%	0.0%
Para-Professional	13.8%	7.0%	40.7%	4.0%	39.0%	32.0%
Administrative Support	11.2%	7.0%	24.1%	3.0%	64.7%	11.0%

**C. Employee Turnover**

Turnover is an important issue in any organization, and TREC is no exception. The biggest workforce challenge facing the Agency in the next six years is the retention of qualified and experienced staff. During the last five years the agency has seen an improvement in turnover from 24.6% in FY 2003 to 14% in FY 2007. The major cause of TREC and TALCB turnover has been employees leaving the Agency for more lucrative positions within state government. The Agency’s turnover has not occurred in any particular occupational class.

The turnover in the Enforcement Division has impacted the agency the most. The following graph compares the average of TREC turnover to the state as a whole.



**D. Retirement Eligibility**

Currently 6% of the Agency’s workforce is eligible to retire. An additional 3% will be eligible to retire in the next two years. With the retirement of these employees, TREC and TALCB will lose institutional knowledge and expertise.

Length of service:

The greatest area of turnover is with employees with less than nine years of experience. An average of 88% of the Agency’s employees who enter the agency do not make it past that point.

FY 06-07	No of employees	% of Total
Less than 2 yrs	3	20%
2-4 yrs	5	33%
5-9 yrs	4	27%
10-14 yrs	1	7%
15 Years +	1	7%

Age:

The Agency’s turnover is higher in the 60 and older age group.

FY 06-07	No of employees	% of Total
30 yrs and under	3	20%
30-39 yrs	1	7%
40-49 yrs	4	27%
50-59 yrs	2	13%
60 and older	5	33%

### **III. Future Workforce Profile (Demand Analysis)**

The changing demands for licensing, enforcement and communicating with licensees and the public regarding the licensees subject to its jurisdiction within the real estate industry call for the following changes in TREC and TALCB's future workforce:

#### ***A. Critical Functions***

- Enforcement
- External communications

#### ***B. Expected Workforce Changes***

Given the Agency's strategic plan priorities, it is anticipated that the workforce would require the addition of seven new FTEs in the areas of Communication, Enforcement, Licensing, and Administration.

#### ***C. Anticipated increase/decrease in number of employees needed to do the work***

- 1 FTE for TALCB Communications (Admin. support)
- 1 FTE for Administration Consumer Information Specialist (Prof.)
- 1 FTE for TREC Enforcement (attorney (Prof.))
- 4 FTE for TALCB Enforcement (1 attorney, 2 appraiser investigators, 1 legal assistant)

#### ***D. Future Workforce Skills Needed***

- Excellent oral and writing skills for external communications
- Customer service
- Legal expertise

#### ***E. Outsourcing***

The subject of outsourcing was discussed at many of the strategic planning hearings. It has been suggested that TALCB explore the concept of contracting with private appraisers as an alternative to or in conjunction with the hiring of additional staff to as a means by which to promptly resolve complaint cases in the Enforcement Division. Other suggestions involve the outsourcing of certain aspects of information technology services, which the Agency intends to explore in connection with the development of a new operating system.

### **IV. Gap Analysis**

#### **Anticipated Surplus or Shortage of Workers or Skills**

Given the Agency's current priorities and goals, the agency has been successful in recruiting and hiring qualified employees in professional and clerical positions. There is, however, an ongoing concern regarding turnover and retention. Similarly, an analysis of TREC and TALCB's 2009-2013 strategic plan reflects a gap in professional skills necessary to address the Agency's critical functions and FTEs.

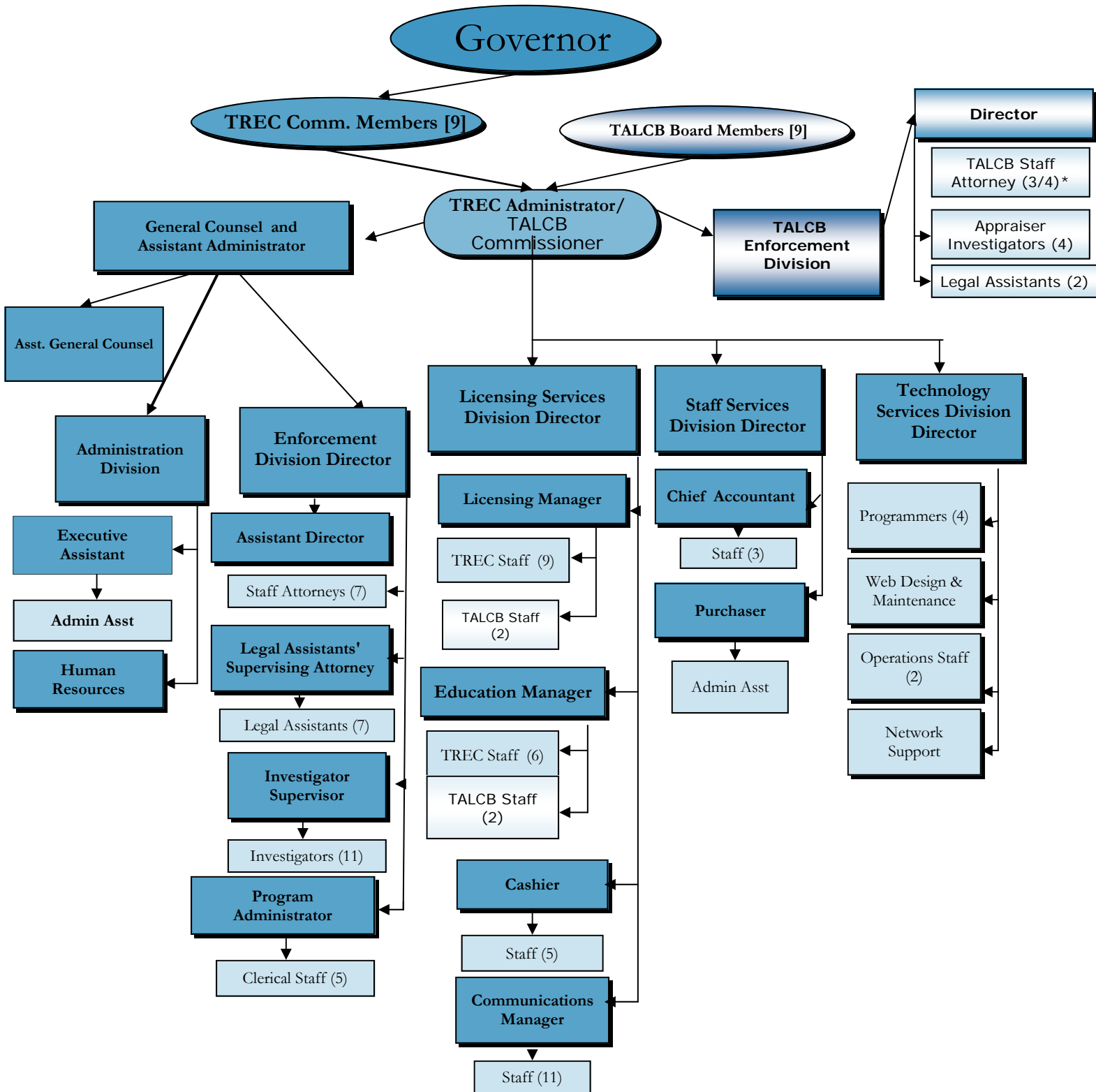
The primary concerns articulated by the public and the regulated industry address the Agency's ability to communicate effectively with its stakeholders and to promptly resolve complaints filed with both TREC and TALCB. To that end, the Agency intends to request additional funding and FTE's to fulfill the Agency's enforcement mission and goals and to communicate more effectively with the public, regulated industries and other state agencies.

**V. Strategy Development**

In order to address many of the deficits between the current workforce and future demands, the Agency has developed several goals for the current workforce plan. These are based on a range of factors identified by analyzing the agency and its workforce. TREC and TALCB's future workforce requirements can be grouped into three key areas.

<b>Gap</b>	Current employees lack critical skills in external relations
<b>Goal</b>	Recruit and retain professionals with the requisite skills to complement the Agency's existing workforce.
<b>Rationale</b>	Consumer protection priorities articulated in the Agency's strategic plan mandate an "external relations" position.
<b>Action Steps</b>	Post new position by August 2009 Hire new staff by October 2009
<b>Gap</b>	Difficulty in retention of new and existing staff
<b>Goal</b>	Retain qualified and experienced staff to ensure excellent customer service.
<b>Rationale</b>	Although the Agency's turnover has been significantly reduced from 24.6% in FY03 to 12.5% and 14% in FY06 and FY07, turnover remains an issue for the agency. A major cause of this turnover has been employees leaving the Agency for more lucrative positions both within state government and in the corporate arena.
<b>Action Steps</b>	Request additional appropriation from the legislature during the next session to make salaries comparable with other state agencies Hire new staff in at the first quartile rather than at the minimum for the position. Give permanent merit raises annually
<b>Gap</b>	The Agency does not have a sufficient number of FTEs to address all new strategic planning priorities
<b>Goal</b>	Hire a total of 7 new FTEs during FY 09.
<b>Rationale</b>	Given current workloads, additional staff must be hired to deliver on Enforcement, Communications, Administration and priorities articulated in the Agency's 2009-20013 strategic plan.
<b>Action Steps</b>	Request additional FTEs during 2009 legislative session Recruit for new positions Hire and train new staff in FY 09

**Organization Chart TREC/TALCB**



\*TALCB staff attorney is supervised by TREC Director of Enforcement.

## **APPENDIX G**

### ***Survey of Organizational Excellence*** **Measuring Employee Perceptions**

**2007**

Administered every two years by the School of Social Work at the University of Texas at Austin, the Survey of Organizational Excellence reflects how an agency's staff view the work environment. Since the survey has been given multiple times in past years and is administered to employees at several state agencies, this year's results can be compared with past performance and with the perceptions of staff at other state agencies.

Questions in the Survey of Organizational Excellence are grouped together into Survey Constructs designed to broadly profile organizational strengths and weaknesses. Scores for the constructs range from a low of 100 (negative) to a high of 500 (positive). Thus, scores above 300 suggest that employees perceive the issue more positively while scores below 300 are issues viewed more negatively by employees.

The following areas are especially noteworthy and are coded by the survey as the Agency's "areas of strength."

#### ***Strategic***

***Score: 372***

Strategic (Strategic Orientation) reflects employees' thinking about how the organization responds to external influences that should play a role in defining the organization's mission, vision, services, and products. Implied in this construct is the ability of the organization to seek out and work with relevant external entities.

#### ***Fairness***

***Score: 357***

Fairness measures the extent to which employees perceive that a level playing field exists for all members of the organization and that judgment of performance is based on fair, open, and job-based criteria. This construct helps organizational leaders determine the extent to which employees perceive their general experience in the organization as positive.

#### ***External***

***Score: 356***

This construct looks at how information flows into the organization from external sources, and conversely, how information flows from inside the organization to external constituents. It addresses the ability of organizational members to synthesize and apply external information to work performed by the organization.

#### ***Quality***

***Score: 355***

This construct focuses upon the degree to which quality principles, such as customer service and continuous improvement are a part of the organizational culture. This Construct also addresses the extent to which employees feel that they have the resources to delivery quality services.

#### ***Diversity***

***Score: 354***

This construct addresses the extent to which employees feel that personal differences, including ethnicity, social class or lifestyle, may result in alienation from the larger organization and missed opportunities for learning or advancement. It examines the extent to which the organization understands and uses diversity in the work force to relate to a complex culture and uses creativity coming from individual differences to improve organizational effectiveness.