

## APPENDIX E

# Texas Real Estate Commission and Texas Appraiser Licensing and Certification Board

## Fiscal Year 2013-2017 Workforce Plan

### I. Agency Overview

With the advent of the GI Bill providing unprecedented education opportunities for a new generation and the VA Home Loan Guaranty program enabling home mortgage loans with a federal insurance feature, the nation dramatically shifted to a substantial increase in home-ownership potential after World War II. Created in 1949 to respond to this trend, the Texas Real Estate Commission (TREC) administers four laws: Texas Occupations Code, Chapter 1101, the Real Estate License Act; Texas Occupations Code, Chapter 1102, Real Estate Inspectors; Texas Occupations Code, Chapter 1303, Residential Service Companies; and Texas Property Code, Chapter 221, Texas Timeshare Act. TREC is the state's regulatory agency for:

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, register, 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 statutes for TALCB are the Texas Occupations Code, Chapter 1103, the Texas Appraiser Licensing and Certification Act and Texas Occupations Code, Chapter 1104, the Appraisal Management Company Registration and Regulation Act.

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

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 license holders and others 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. Eight investigators located throughout the state assist in the TREC Standards & Enforcement Services Division. The Commission currently has 106 authorized full time equivalent (FTE) employees, a reduction of 4.5 FTEs from FY 2009. One hundred percent of the funds needed to finance the agency's activities come from fees paid by licensees.

#### A. Agency Mission and Philosophy

The agency exists to safeguard the public interest and protect consumers of real estate services. In accord with state and federal laws, the agency oversees real estate brokerage, appraisal, inspection, home warranty and timeshare interest providers. Through education, licensing and regulation, the agency ensures the availability of qualified and ethical service providers, thereby facilitating economic growth and opportunity in Texas.

To achieve its mission, the agency embraces these core values:

- Provide exceptional customer service that is accessible, responsive and transparent;
- Demand integrity, accountability and high standards, both of licensees and ourselves;
- Strive continuously for excellence and efficiency.

## B. Strategic Goals and Objectives

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

### *Ensure Standards*

**Objective** To maintain procedures through 2017 to evaluate applicants for honesty, integrity, trustworthiness, competency, and legal qualifications through education evaluation, requirement of continuing education, and criminal history background checks.

**Strategies** Perform the Commission's licensing function by:  
Reviewing applications  
Issuing exam eligibility letters  
Evaluating education  
Processing criminal history background checks  
Issuing licenses

### *Enforce TREC Regulations*

**Objective** To resolve 85 percent of documented complaints within six months by 2017.

**Strategies** Administer an effective system of enforcement and adjudication which includes investigating and resolving valid complaints.

### *Communicate Effectively*

**Objective** To maintain a communications center which is available via telephone ten hours daily Monday through Friday and responds to inquiries emails promptly, produce a minimum of eight newsletters annually, and maintain a website that provides clear, concise information through 2017.

**Strategies** Maintain a communications center which responds to inquiries via telephone and email promptly, produce newsletters, provide an informative website and maintain an online customer survey.

### *Implement and Enforce TALCB Standards & Regulations*

**Objective** To maintain procedures to evaluate applicants for honesty, integrity, trustworthiness, competency and legal qualifications to ensure qualified real estate appraisers through 2015.

**Strategies** Perform the Board's licensing function by:  
Processing appraiser license applications  
Issue licenses, certifications, registrations and renewals  
Approve appraisal educational coursework  
Develop standards and agreements for reciprocity with other states for licensing and certification

**Objective** eeToEnforce the provisions of the Texas Appraiser Licensing and Certification Act and the Uniform Standards of Professional Appraisal Practice and the Texas Appraisal Management Company Registration and Regulation Act by resolving 50 percent of complaints within six months by August 31, 2017.

**Strategies** Investigate and resolve complaints & failures of Uniform Standards of Professional Appraisal Practice (USPAP) standards  
Impose Penalties as Appropriate

## C. Core Business Functions

The agency licenses and regulates real estate brokers, salespersons, home inspectors, appraisers, appraisal management companies, easement or right-of-way agents. It also regulates timeshare projects and residential service companies. Its core functions are to issue licenses, registrations and certificates; and to accept and process complaints from consumers against persons regulated by the agency.

## D. 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 of 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 effective personal service;
- the knowledge, experience, and dedication of an exceptional staff;
- policies, 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:

- a dedicated commitment to personalized service, which is of tremendous value when it can be achieved without compromising efficiency, but now is undergoing review as the Commission and the Board strive to become more efficient in order to meet high stakeholder expectations;
- staffing that does not include many of the "support" functions one would expect to find in an agency overseeing such a large and important fields of activity, such as a staff training function to enhance increasing technical requirements of the agency, a robust staff development effort led by the Human Resources function, and a consumer outreach and education function;
- highly detailed historic processes which require the full-time involvement of management in variables arising in day-to-day operations, meaning that strategic initiatives, ongoing process improvements, and similar efficiency measures may be given lower priority than they merit; and
- in the areas of the TALCB Standards & Enforcement Services Division, Information & Technology, and the Reception & Communications Services Division, the adequacy of appropriately skilled staff. The issue of adequacy involves primarily the skill levels of qualified individuals appropriated to carry out differing duties, and the ability to pay enough to attract and retain those individuals who possess the skills and knowledge that are essential tools for change.

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

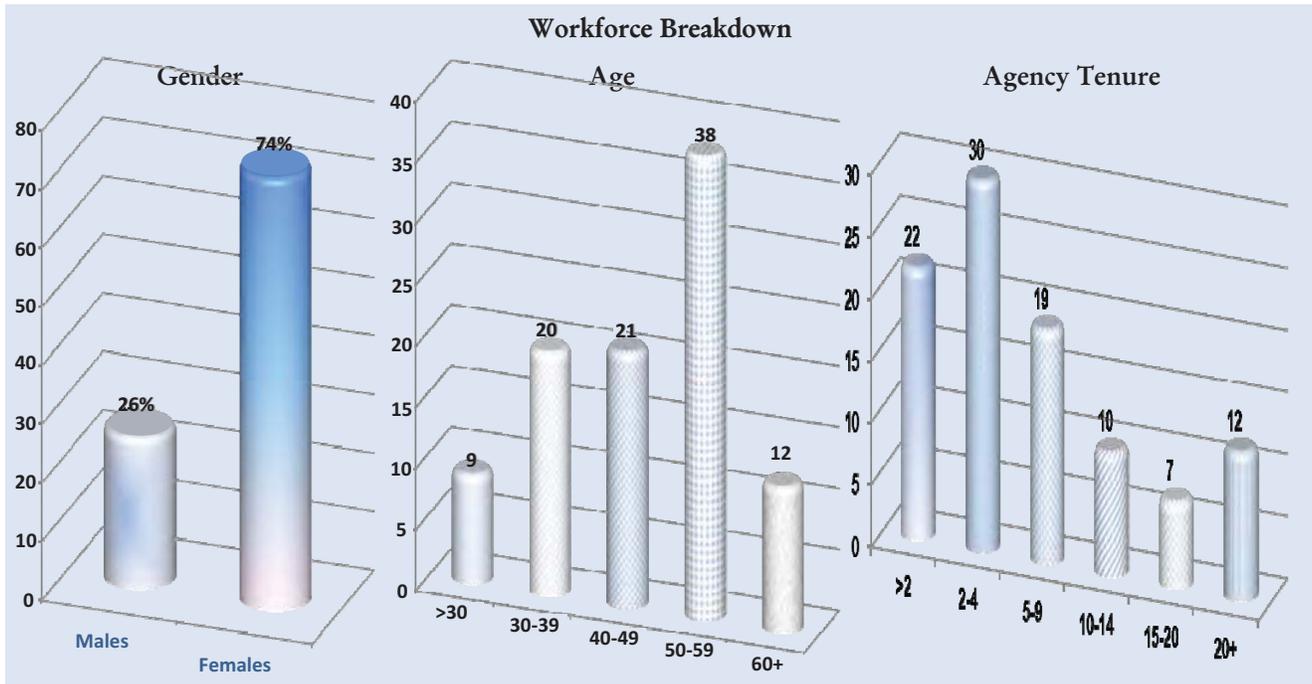
### **A. Critical Workforce Skills**

Staff must possess the following critical skills in order to provide basic business functions successfully, in no particular order:

Regulatory processes understanding and experience  
External customer service/communications  
Conducting comprehensive and detailed investigations  
Interpreting and applying legal statutes and rules  
Familiarity with administrative law processes  
Litigation and alternative dispute resolution experience  
Information systems development, programming and maintenance  
Internet systems development and maintenance  
Technology network support  
Computer data center operations support  
Rapid and accurate data entry  
Clerical, including administrative support  
Computer systems operations literacy  
Government and corporate accounting  
Government purchasing processes  
Human resources planning, recruitment and training Mail and funds processing  
Educational curricula development and evaluation  
Agency organizational effectiveness and strategic planning  
Effective public presentations  
Public relations management  
Inter-governmental relations management

**B. Workforce Demographics**

The following chart profiles the agency’s workforce as of August 31, 2011 and includes both full-time and part-time employees. The agency’s workforce is comprised of 74% females and 26% males. Approximately 72% of employees are over age 40. Almost 48% have more than five years of agency service .

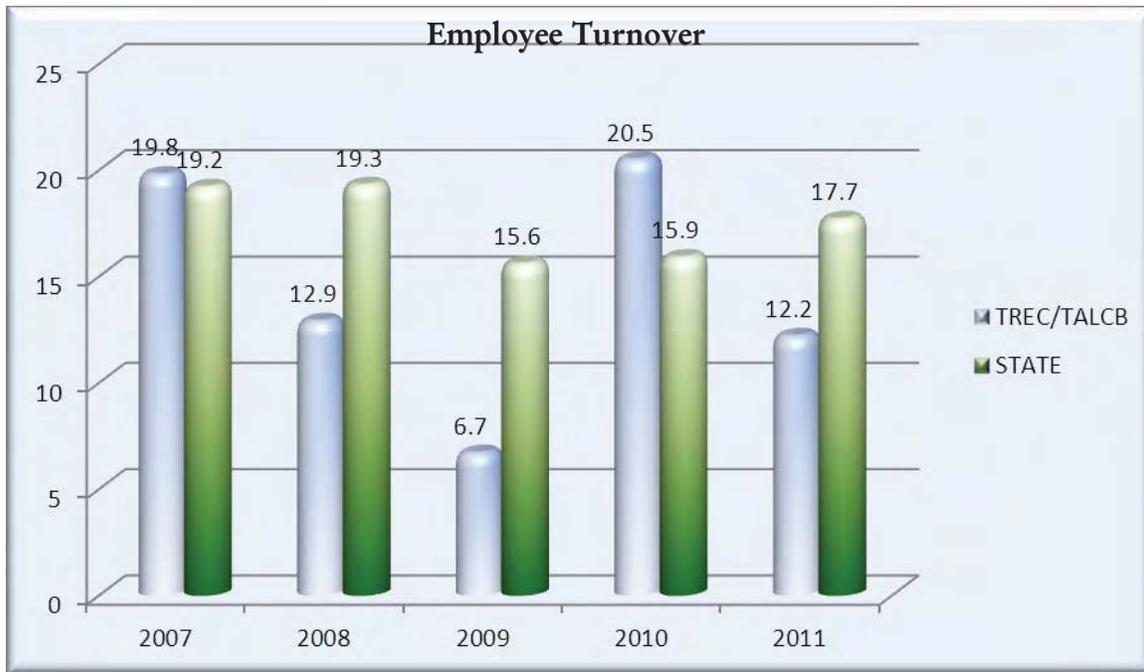


The following table compares the percentage of African American, Hispanic and Female agency employees (as of August 31, 2011) to the statewide civilian workforce, as reported by the Texas Commission on Human Rights. The agency's minority staffing patterns deviate only slightly from the minority staffing patterns in the state. Any major deviations will be addressed in the recruiting process.

Characteristics of Agency Employees to Texas Civilian Workforce						
Job Category	African-American		Hispanic		Female	
	State %	Agency %	State %	Agency %	State %	Agency %
Administration	8%	11%	15%	22%	39%	67%
Professional	10%	9%	20%	9%	55%	57%
Technical	14%	0%	26%	0%	56%	0%
Para-Professional	14%	15%	30%	27%	40%	98%
Administrative Support	13%	46%	32%	18%	66%	82%

**C. Employee Turnover**

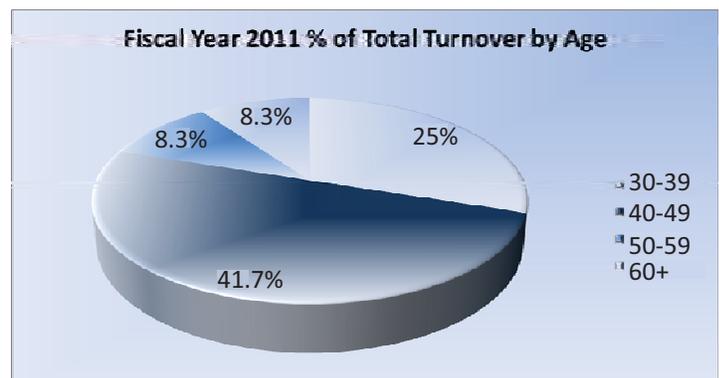
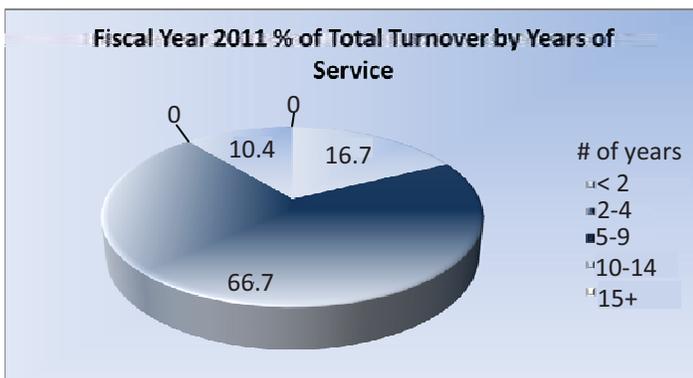
Turnover is an important issue in any organization, and this agency is no exception. The biggest workforce challenge facing the agency is the retention of qualified and experienced staff. The major cause of staff turnover has been employees leaving the agency for more lucrative positions within state government. The agency's turnover has not occurred in any particular occupational class. The turnover in the TREC Standards & Enforcement Services Division has affected the agency the most. The following graph compares the average percentage of agency turnover to the state as a whole.



During the last five years the agency has seen an improvement in turnover from 19.8% in FY 2007 to 12.2% in FY 2011. The only aberration was due to budget-cut layoffs in FY2010. Based on the turnover rate from the last five years, the projected employee turnover rate for the next five years will be 14%.

**D. Retirement Eligibility**

Currently 13.2% of the agency's workforce is eligible to retire. An additional 4.7% will be eligible to retire in the next two years. With the retirement of these employees the agency will lose institutional knowledge and expertise.



The greatest area of turnover is with employees with less than four years of experience. An average of 67% of the agency's employees who entered the agency in FY 07-09 did not make it to 4 years of tenure.

The Agency's turnover is higher in the 40-49 and 30-39 age groups

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

Technology innovation is driving business practice changes in the professions licensed by the agency. More effective communication methods provide better monitoring and oversight of day-to-day activities, allowing branch offices to be established far from the main office of experienced practitioners. Many transactions engaged in by license holders are allowed, and often even required, to deliver services by electronic means across vast information networks in rapid and secure formats. It is a legitimate expectation of the licensee communities and of the consuming public using the services that the agency which oversees and regulates these service providers will not only understand the implications of these changes, but will also enact rules and protections that reflect them.

The days of paper transactions and massive clerical data entry are behind us. The present and the future will be one characterized by customer maintained data, rapid and reliable electronic communications, and service delivery. These changing demands for licensing, enforcement, and communicating with license holders and with the public regarding the license holders within the real estate industry subject to the agency's jurisdiction call for the following changes in TREC and TALCB's future workforce:

#### A. Critical Functions

- Advanced technical skills in computer and web based application development
- Enforcement legal skills, especially in mediation and alternative dispute resolution
- Education curriculum standards development and evaluation
- External communications, especially in outreach and education of consumers and other government agencies

#### B. Expected Workforce Changes

Given the agency's strategic plan priorities, it is anticipated that the workforce will require the replacement of retiring workers with other FTEs in the areas of Information & Technology Services, TREC and TALCB Standards & Enforcement Services, and Education & Licensing Services. As funding develops over time, the agency will seek to upgrade these FTEs to the required appropriate professional skill levels.

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

Note: No increase in FTEs is anticipated, but funds need to be identified to reclassify and upgrade positions over time. Some funds may come from reducing specific positions based on lack of need as efficiency gains are realized.

#### D. Future Workforce Skills Needed

- Technical skills with computers and web based service delivery systems
- Excellent oral and writing skills for external communications with consumers
- Improved customer service skills for effective handling of inquiries and complaints
- Legal expertise especially in alternative dispute resolution methodologies

#### E. Outsourcing

The subject of outsourcing is always appropriate as a tool for exploring efficiencies or as a means to quickly access needed skills until an effective internal capacity is developed. 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 as a means by which to promptly resolve complaint cases in the Standards & Enforcement Services Division. The revitalization of the Peer Investigative Committee function has allowed TALCB SES to access this talent currently on a volunteer basis. Additional FTEs were hired to handle AMC regulatory matters. However, if the pace of complaints rises beyond staff's ability to manage effectively, the agency may have to consider outsourcing some investigation reports on a fee basis. Other suggestions involve the outsourcing of certain aspects of information technology services, which the agency will continue to explore in connection with the future development of its core operating database system and website.

### 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 administrative positions. There is, despite an improving trend, still an ongoing concern regarding turnover and retention. Similarly, an analysis of TREC and TALCB's 2013-2017 Strategic Plan reflects a gap in professional skills necessary to address the agency's critical functions and FTEs. The agency is struggling in a resource limited environment to upgrade positions from low-level administrative positions to a higher-level information

and technology skilled workforce. Some progress has been made in the past year since SDSI status to upgrade some positions, but more training needs to be done. No additional FTEs are needed, but additional funds must be identified to reclassify and upgrade existing FTEs over time.

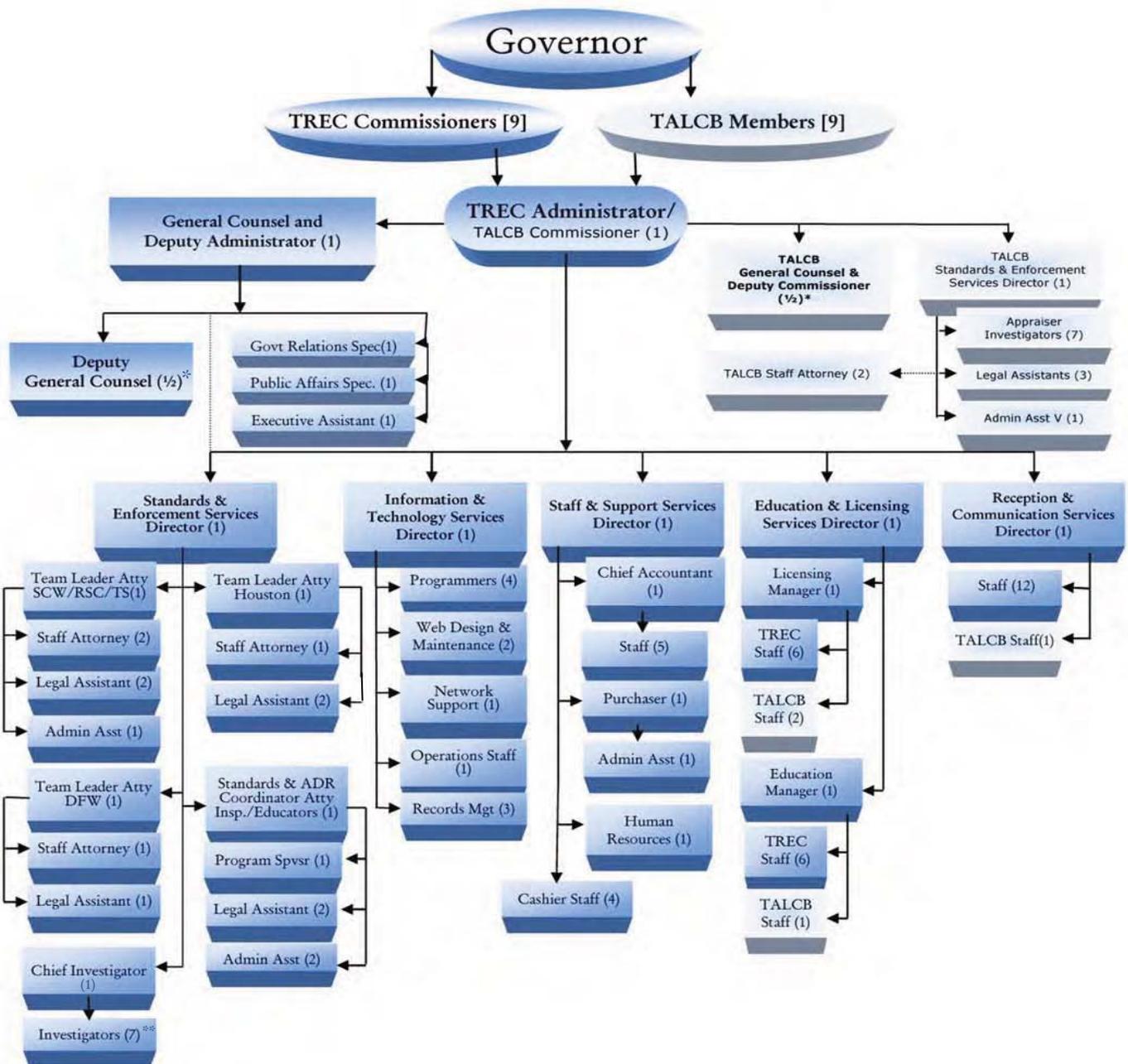
The primary concerns articulated by the public and the regulated industry address the agency's ability to communicate effectively with its stakeholders and to promptly and effectively resolve complaints filed with both TREC and TALCB. To the first issue, the agency has hired Public Affairs and Government Affairs Specialists to focus primarily on stakeholder and inter-governmental relations. On the latter, the agency has emphasized mediation training and skills in hiring new attorneys in the TREC SES division when openings occur. The agency will focus some additional resources in these two vital areas to ensure continued progress is made.

**V. Strategy Development**

In order to address 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. Future workforce requirements can be grouped into two key areas, both limited by available funding. .

<b>Gap</b>	The agency does not have a sufficient funding for the number of higher skilled FTEs needed to address all strategic planning priorities.
<b>Goal</b>	Develop funding to provide training to current staff and upgrade of positions as workload adapts to require higher skills.
<b>Rationale</b>	Given current workloads, ensure higher value tasks are prioritized over others to more effectively deliver priorities articulated in the agency's 2013-
<b>Action Steps</b>	Identify specific skills required to support higher value functions.  Determine fees needed to cover the costs of providing the services to beneficiaries under the program.  Request fee increases sufficient to cover program administration costs.
<b>Gap</b>	Continued difficulty in recruitment and 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 reduced over 5 years, turnover remains an issue for the agency. A major cause of this turnover has been employees leaving the agency for better paid positions both within state government and in the corporate arena.
<b>Action Steps</b>	Ensure sufficient funding is available for staffing issues to be reduced.  Hire new staff at the first quartile salary level rather than at the minimum for the position.  Increase staff education and development resources to allow staff members to receive critical skill and career enhancement training.  Where appropriate, give permanent merit raises annually based on key performance criteria.

## TREC/TALCB Organization Chart



\* TREC Deputy General Counsel/TALCB General Counsel & Deputy Commissioner positions are held by same person

\*\* Investigators are assigned to work with one or more of the four geographic and topic area teams