

**ANNUAL  
BUDGET**

Presented :  
**August 19, 2024**

Approved  
**August 19, 2024**





# TABLE OF CONTENTS

Description	Page
Executive Summary	<b>01</b>
Budget Highlights	<b>02</b>
Budget Overview	<b>03</b>
2nd Draft Line Item Budget	<b>06</b>
FY20-27 Revenue Analysis	<b>07</b>
Agency Staffing	<b>08</b>



# EXECUTIVE SUMMARY

The following summary of the 2025-2027 budget proposal for the Texas Real Estate Commission is respectfully submitted for review and input. Thorough analysis has been performed in order to reasonably project revenue and expenditures of the agency. Two versions of the budget are enclosed for review and discussion.

This budget proposal is presented as a three-year budget. It is important to note that due to fluctuating circumstances from year to year such as anticipated number of licensees, the second and third year of the budget is intended to be informative and indicative of planned activity levels and will be refined as necessary during subsequent budget cycles.

The first year of the budget, labeled “proposed 2025” is the only year intended to be adopted, while “projected 2026 and 2027” are to be considered as a forecast using a constant active license holder count.

The second draft of the 2025 budget proposal is presented to the Budget Committee of the Texas Real Estate Commission (TREC) for consideration.



# HIGHLIGHTS

*The Texas Real Estate Commission operates on a lean budget, and there are not many categories where reductions in the budget are feasible. Staff thoroughly reviewed operational costs and have incorporated such costs in the FY25 Budget. The highlights are as follows:*

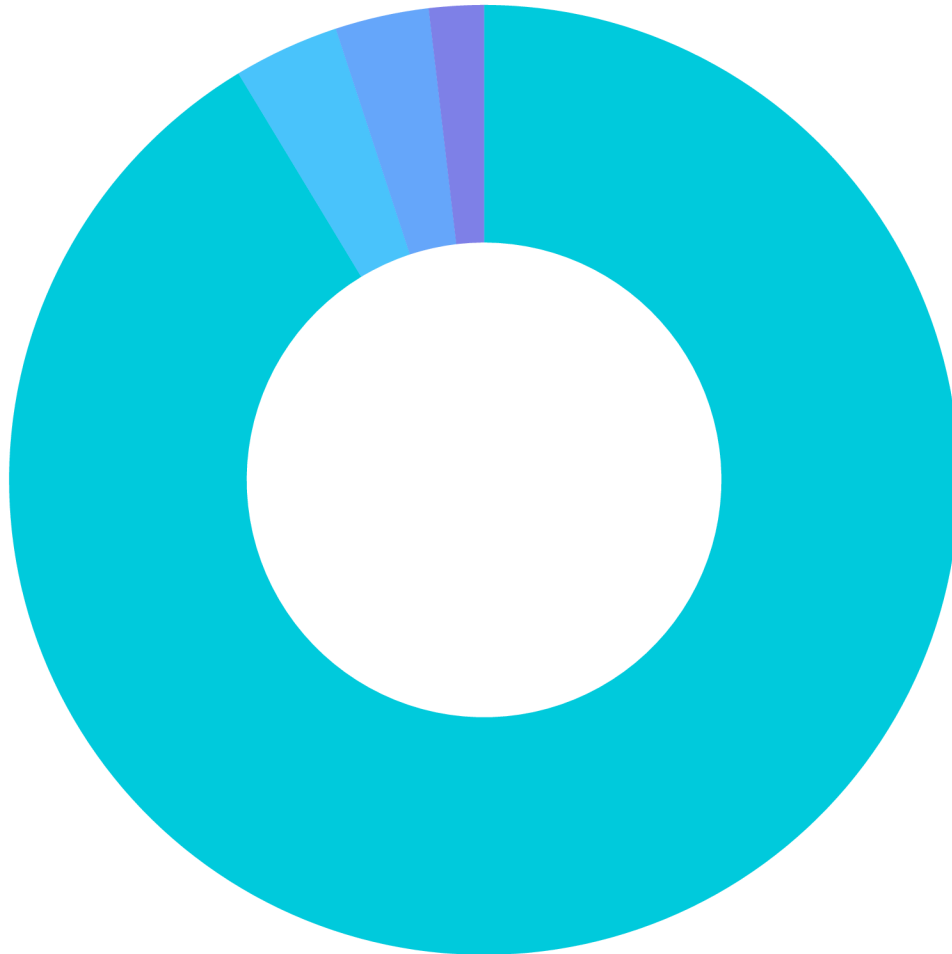
- Revenue projections are based on a 3-year weighted moving average, which means a higher weight was assigned to recent activity and a lesser weight percentage assigned to past activity
- A 3% merit is included in the salary and wages line item. No additional full-time equivalent (FTE)s are being added during this budget cycle.
- Equipment rental decreased as we shift to purchasing laptops instead of leasing the laptops and monitors. We currently have 2 leases remaining, with one expiring in FY25 and the other in FY26. We also are decreasing the number of leased copiers the agency has by two, which also aids in decreasing our equipment rental expense.
- Other Operating Expenses category increased slightly to account for the purchase of laptops in FY25 and FY26. We also have identified two information technology projects that will be procured as contracted services which include the HR Electronic Repository project and the Server Room Reconfiguration.
- Capital Expenditures include the Regulatory Application Modernization Project (RAMP), website redesign, installation of mailroom processing equipment, and emergency replacement of failed server equipment.
- The Statewide Cost Allocation Plan (SWCAP) is a varying cost determined by the Comptroller's Office and agencies are required to pay it's allocated share. The budgeted amount is based on the amount paid for FY24, \$313,008.



# BUDGET OVERVIEW

## REVENUE

REVENUE OVERVIEW							
Revenue	Actual	Actual	Approved	Projected	Proposed	Projected	
	2022	2023	2024	Actual 2024	2025	2026	2027
License Fees	\$13,521,772	\$13,283,998	\$13,075,723	\$13,542,746	\$12,637,910	\$12,354,649	\$12,609,037
Education Fees	\$450,273	\$480,363	\$507,225	\$568,345	\$498,110	\$522,548	\$496,480
Examination Fees	\$551,268	\$475,846	\$512,460	\$433,641	\$441,640	\$442,950	\$451,330
Other Miscellaneous Revenue	\$352,823	\$293,757	\$322,394	\$322,394	\$257,401	\$251,592	\$246,304
<b>Total:</b>	\$14,876,136	\$14,533,964	\$14,417,802	\$14,867,126	\$13,835,061	\$13,571,739	\$13,803,151

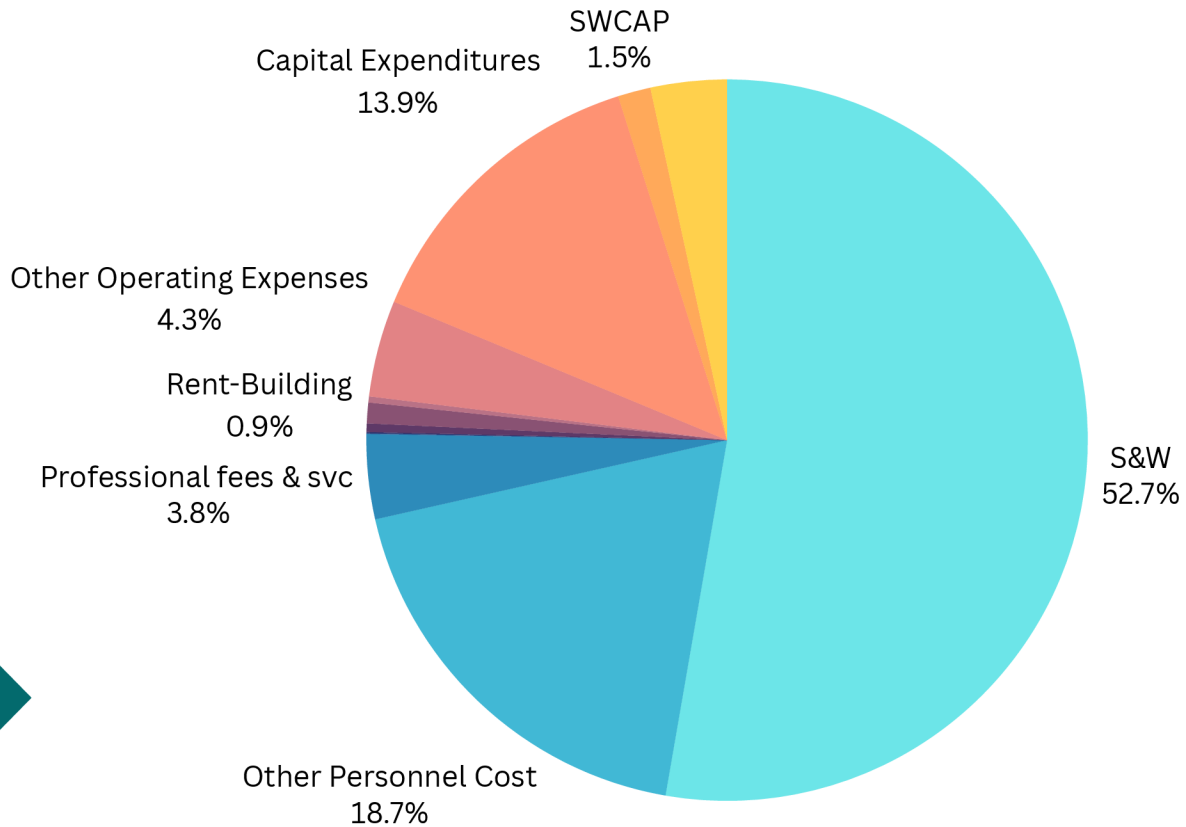




# BUDGET OVERVIEW

## EXPENSES

EXPENSES OVERVIEW							
Expenses	Actual	Actual	Approved	Projected	Proposed	Projected	
	2022	2023	2024	2024	2025	2026	2027
Salary & Wages	\$8,192,331	\$9,898,705	\$11,004,969	\$10,855,910	\$11,242,038	\$11,173,858	\$11,710,313
Other Personnel Costs	\$3,151,809	\$3,219,396	\$3,929,984	\$3,714,972	\$3,996,132	\$3,982,631	\$4,042,530
Professional Fees & Services	\$547,335	\$550,443	\$1,142,683	\$854,736	\$756,768	\$503,018	\$502,018
Consumables	\$7,231	\$6,805	\$7,500	\$6,513	\$7,500	\$7,500	\$7,500
Utilities	\$8,923	\$9,636	\$11,674	\$3,906	\$12,025	\$11,225	\$10,725
Travel	\$51,778	\$60,425	\$62,500	\$60,137	\$80,725	\$80,725	\$80,225
Office & Space Rent	\$175,519	\$168,047	\$177,165	\$175,165	\$197,694	\$197,694	\$197,694
Equipment Rental	\$114,948	\$81,116	\$53,500	\$53,000	\$57,686	\$34,708	\$14,186
Other Operating Expenses	\$852,265	\$814,624	\$879,601	\$602,652	\$882,911	\$890,490	\$812,570
Capital Expenditures	\$0	\$620,758	\$381,300	\$331,826	\$2,952,858	\$362,350	\$429,300
Statewide Cost Allocation Plan (SWCAP)	\$255,108	\$260,844	\$260,844	\$313,008	\$313,008	\$313,008	\$313,008
Annual General Revenue Contribution	\$727,500	\$727,500	\$527,500	\$527,500	\$727,500	\$727,500	\$727,500
<b>Total:</b>	<b>\$14,084,747</b>	<b>\$16,418,299</b>	<b>\$18,439,220</b>	<b>\$17,499,325</b>	<b>\$21,226,845</b>	<b>\$18,284,707</b>	<b>\$18,847,569</b>





# CAPITAL EXPENDITURES DETAIL

Capital Expenditures							
Expenses	Actual	Actual	Approved	Projected Actual	Proposed	Projected	
	2022	2023	2024	2024	2025	2026	2027
RAMP (Implementation Services & SaaS Contracts)	\$107,500	\$554,282	\$381,300	\$215,000	\$2,572,858	\$337,350	\$354,300
Independent Verification and Validation Services for RAMP(temp employee)		\$29,800	\$185,824	\$176,294	\$175,000	\$0	\$0
Server Room (emergency replacement of failed equipment)					\$10,000	\$10,000	\$0
Server Room Upgrades					\$0	\$15,000	\$0
Sonic Wall Replacement					\$25,000	\$0	\$0
Installation of Mailroom Processing Equipment					\$20,000	\$0	\$0
Website Redesign					\$150,000	\$0	\$0
Agency Move Related Costs					\$0	\$0	\$75,000
400A Conference Room Equip & Laptop Purchase		\$261,446					
<b>Total:</b>	\$107,500	\$845,528	\$567,124	\$391,294	\$2,952,858	\$362,350	\$429,300

- We are projected to meet several key deliverable milestones in FY25 for RAMP
- IV&V services contract is currently anticipated as a need through FY 2025.



# FY2025

## LINE ITEM BUDGET

### -3 MONTHS RESERVE AND NO FEE INCREASE

#### Texas Real Estate Commission

2nd Budget Draft as of June 27, 2024

#### Fiscal Year 2025-2027 Budget

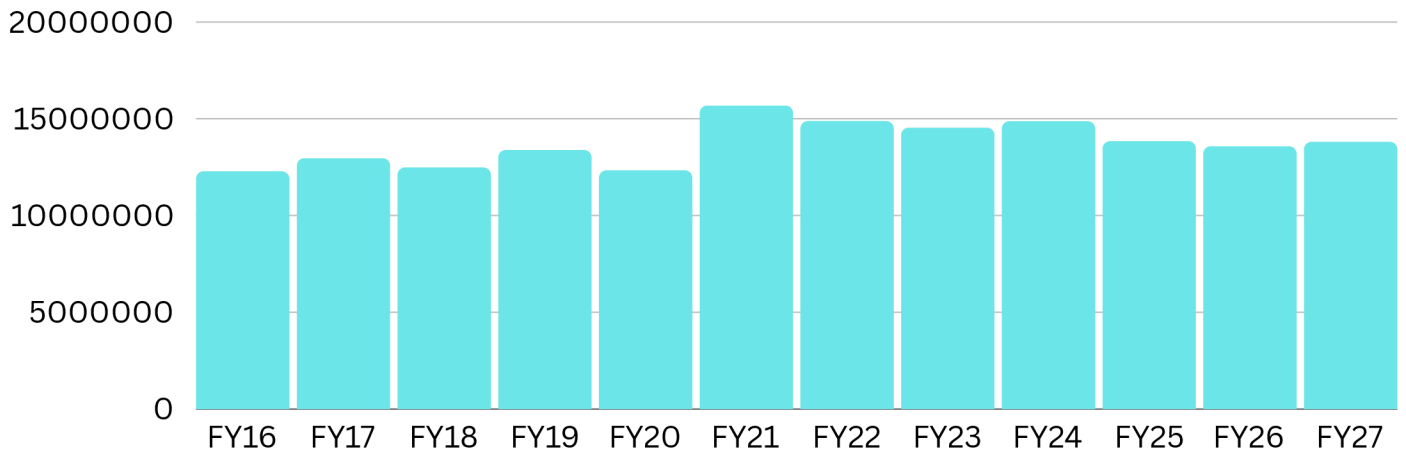
	Actual 2022	Actual 2023	Budget FY2024	FY2024 Estimated revenue/ expenditures	Budget FY2025	Budget Variance from FY25 to FY24	Projected Budget 2026	Projected Budget 2027
<b>Beginning Balance</b>	\$22,498,290	22,639,108	21,111,179	21,111,179	17,892,012		9,772,728	4,332,260
<b>Operating Reserves</b>	(\$7,432,904)	(9,768,368)	(8,955,860)	(8,955,860)	(5,124,836)		(4,389,302)	(4,530,017)
<b>Statutory GR Payment Reserves</b>			(527,500)	(527,500)	(727,500)		(727,500)	(727,500)
<b>Available fund balance within TTSTC</b>	<b>\$15,065,386</b>	<b>\$ 12,870,740</b>	<b>11,627,819</b>	<b>11,627,819</b>	<b>12,039,676</b>		<b>4,655,926</b>	<b>(925,258)</b>
<b>Revenues</b>								
License Fees	13,521,772	13,283,998	13,075,723	13,542,746	12,637,910	-3.35%	12,354,649	12,609,037
Education Fees	450,273	480,363	507,225	568,345	498,110	-1.80%	522,548	496,480
Examination Fees	551,268	475,846	512,460	433,641	441,640	-13.82%	442,950	451,330
Other Miscellaneous Revenue	352,823	293,757	322,394	322,394	257,401	-20.16%	251,592	246,304
<b>Total Revenues</b>	<b>\$14,876,136</b>	<b>\$14,533,964</b>	<b>14,417,802</b>	<b>\$14,867,126</b>	<b>13,835,061</b>	<b>-4.04%</b>	<b>\$13,571,739</b>	<b>\$13,803,151</b>
<b>Reallocation from Fund Balance</b>								
<b>Expenditures</b>								
Salaries & Wages (1001)	8,192,331	9,898,705	11,004,969	10,855,910	11,242,038	2.15%	11,173,858	11,710,313
Other Personnel Costs (1002)	3,151,809	3,219,396	3,929,984	3,714,972	3,996,132	1.68%	3,982,631	4,042,530
Professional Fees & Services (2001)	547,335	550,443	956,859	854,736	756,768	-20.91%	503,018	502,018
Consumables (2003)	7,231	6,805	7,500	6,513	7,500	0.00%	7,500	7,500
Utilities (2004)	8,923	9,636	11,674	3,906	12,025	3.01%	11,225	10,725
Travel (2005)	51,778	60,425	62,500	60,137	80,725	29.16%	80,725	80,225
Office and Space Rent (2006)	175,519	168,047	177,165	175,165	197,694	11.59%	197,694	197,694
Equipment Rental (2007)	114,948	81,116	53,500	53,000	57,686	7.82%	34,708	14,186
Other Operating Expenses (2009)								
<i>GAA Mandated Payroll Contributions</i>	106,520	137,959	162,303	155,033	167,186	3.01%	167,507	174,097
<i>Registration &amp; Membership</i>	18,407	23,175	18,909	17,000	26,845	41.97%	26,593	26,593
<i>Maintenance &amp; Repairs</i>	217,690	104,354	152,440	81,515	176,450	15.75%	185,300	178,100
<i>Reproduction &amp; Printing</i>	2,435	1,008	1,800	1,867	1,700	-5.56%	1,700	1,700
<i>Contract Services</i>	38,808	48,950	110,277	39,313	99,590	-9.69%	81,590	76,590
<i>Postage</i>	10,150	10,150	16,861	10,500	17,150	1.71%	17,150	17,150
<i>Supplies &amp; Equipment</i>	175,917	175,448	139,000	98,079	95,100	-31.58%	130,500	50,500
<i>Communication Services</i>	180,347	199,049	207,099	143,057	225,990	9.12%	207,250	214,940
<i>Other Operating Costs</i>	77,149	89,688	40,912	33,878	42,900	4.86%	42,900	42,900
<i>DPS Criminal History Checks (2009)</i>	24,844	24,844	30,000	22,410	30,000	0.00%	30,000	30,000
Capital Expenditures (5000)		845,528	567,124	391,294	2,952,858	0.00%	362,350	429,300
Statewide Cost Allocation Plan-SWCAP (9999)	255,108	260,844	260,844	313,008	313,008	20.00%	313,008	313,008
<b>Total Expenditures</b>	<b>13,357,247</b>	<b>15,915,570</b>	<b>17,911,720</b>	<b>17,031,293</b>	<b>20,499,345</b>	<b>14.45%</b>	<b>17,557,207</b>	<b>18,120,069</b>
Contribution to General Revenue (1105.003 (i	<b>727,500</b>	<b>727,500</b>	<b>527,500</b>	<b>527,500</b>	<b>727,500</b>	<b>37.91%</b>	<b>727,500</b>	<b>727,500</b>
<b>Total Expenditures and GR Contribution</b>	<b>\$14,084,747</b>	<b>\$16,643,070</b>	<b>\$18,439,220</b>	<b>\$17,558,793</b>	<b>21,226,845</b>	<b>15.12%</b>	<b>\$18,284,707</b>	<b>\$18,847,569</b>
<b>Operational Loss/Gain</b>	<b>\$791,389</b>	<b>(\$2,109,106)</b>	<b>(4,021,418)</b>	<b>(2,691,667)</b>	<b>(7,391,784)</b>	<b>83.81%</b>	<b>(4,712,968)</b>	<b>(5,044,418)</b>
<b>Estimated Carryover Balance</b>	<b>\$15,856,775</b>	<b>\$10,761,634</b>	<b>7,606,401</b>	<b>8,936,152</b>	<b>4,647,892</b>		<b>(57,042)</b>	<b>(\$5,969,675)</b>
FTEs	134.48	148.88	151.88	151.88	150.68		145.68	145.68





# HISTORICAL REVENUE ANALYSIS

TREC Revenue	Projected	Actual as of August 31 of each year	Over/Under Projected
FY16	9,969,543	12,279,393	
FY17	10,709,323	12,955,314	20.97%
FY18	11,011,708	12,478,545	13.32%
FY19	10,891,346	13,379,772	22.85%
FY20	10,804,974	12,329,504	14.11%
FY21	11,350,563	15,675,173	38.10%
FY22	14,818,142	14,876,136	0.39%
FY23	14,359,932	14,533,964	1.21%
Projected FY24*	14,417,802	14,867,126	3.12%
Projected FY25*	13,835,061	13,835,061	0.00%
Projected FY26*	13,571,739	13,571,739	0.00%
Projected FY27*	13,803,151	13,803,151	0.00%



Apps & Renewal Counts	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Projected	FY25 Projected	FY26 Projected	FY27 Projected	Trends
Broker Original Ind Apps	1,420	1,705	1,897	1,913	1,773	1,786	1,792	1,791	
Sales Agent Original Apps	23,777	35,314	32,213	27,688	23,769	24,387	24,521	24,477	
Inspector Apps	616	1,453	822	540	563	575	572	572	
Broker Renewals	15,776	16,527	15,957	16,498	15,555	16,424	15,646	16,341	
Sales Renewals	57,298	62,800	64,134	72,625	68,317	71,985	68,716	71,638	
Inspector Renewals	1,495	1,803	1,569	2,048	1,589	2,001	1,632	1,962	

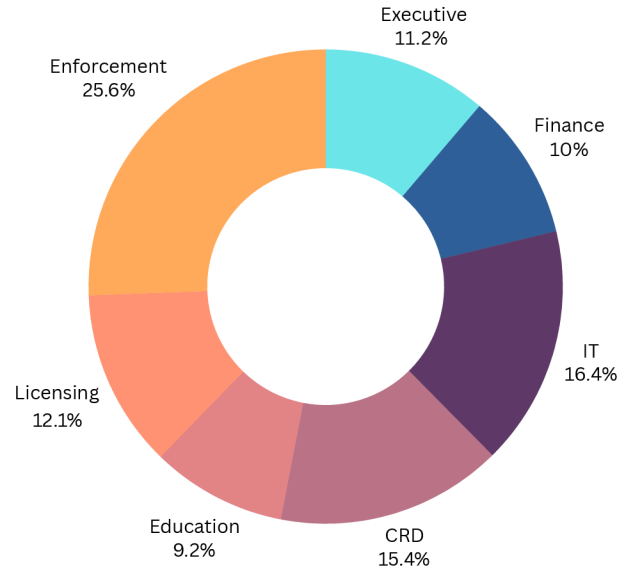
App and Renewal Fees	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Projected	FY2025 Projected	FY2026 Projected	FY2027 Projected	Revenue Trend
Broker Original Ind Apps	212,944	255,750	284,550	286,900	265,835	267,900	268,800	268,650	
Sales Agent Original Apps	3,566,549	5,297,155	4,831,980	4,153,164	3,565,325	3,658,050	3,678,150	3,671,550	
Inspector Apps	73,000	165,790	92,840	62,000	64,460	65,760	65,460	65,460	
Broker Renewals	1,135,858	1,189,944	1,148,903	1,187,820	1,119,964	1,182,528	1,126,512	1,176,552	
Sales Renewals	3,781,635	4,144,753	4,232,812	4,793,273	4,356,132	4,751,010	4,535,256	4,728,108	
Inspector Renewals	88,741	106,480	93,141	121,190	94,090	118,440	96,640	116,130	



# AGENCY STAFFING

BUDGETED FULL-TIME EQUIVALENT (FTEs)						
Functional Divisions	Authorized 2024	Currently Filled 2024	Vacant FTE 2024	Contractors 2024	New FTEs 2025	Proposed Authorized 2025
Executive Division	10.80	9.60	0.00	0.00	0.00	9.60
Financial Services Division	14.68	13.68	1.00	1.00	0.00	14.68
Information & Technology Services Division	20.00	20.00	0.00	2.00	0.00	20.00
Customer Relations Division	30.30	30.30	0.00	0.00	0.00	30.30
Education & Examination Services Division	16.10	16.10	0.00	0.00	0.00	16.10
Licensing Division	23.00	21.00	2.00	0.00	0.00	23.00
Enforcements Division	37.00	36.00	1.00	0.00	0.00	37.00
TALCB	17.40	17.60	-0.20	0.00	0.00	17.60
<b>Total:</b>	<b>169.28</b>	<b>164.28</b>	<b>3.80</b>	<b>3.00</b>	<b>0.00</b>	<b>168.28</b>
<b>TREC</b>	<b>151.88</b>	<b>146.68</b>	<b>4.00</b>	<b>3.00</b>	<b>0.00</b>	<b>150.68</b>
<b>TALCB</b>	<b>17.40</b>	<b>17.60</b>	<b>-0.20</b>	<b>0.00</b>	<b>0.00</b>	<b>17.60</b>

BUDGETED SALARY REQUIREMENT			
Functional Divisions	Authorized 2024	Proposed 2025	New FTEs 2025
Executive Division	\$ 1,556,899	\$ 1,252,352	\$ -
Financial Services Division	\$ 1,118,711	\$ 1,115,925	\$ -
Information & Technology Services Division	\$ 1,734,293	\$ 1,822,391	\$ -
Customer Relations Division	\$ 1,667,649	\$ 1,721,296	\$ -
Education & Examination Services Division	\$ 963,302	\$ 1,027,733	\$ -
Licensing Division	\$ 1,270,058	\$ 1,354,007	\$ -
Enforcements Division	\$ 2,694,057	\$ 2,852,025	\$ -
TALCB	\$ -	\$ -	\$ -
<b>Total:</b>	<b>\$ 11,004,970</b>	<b>\$ 11,145,730</b>	<b>\$ -</b>





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