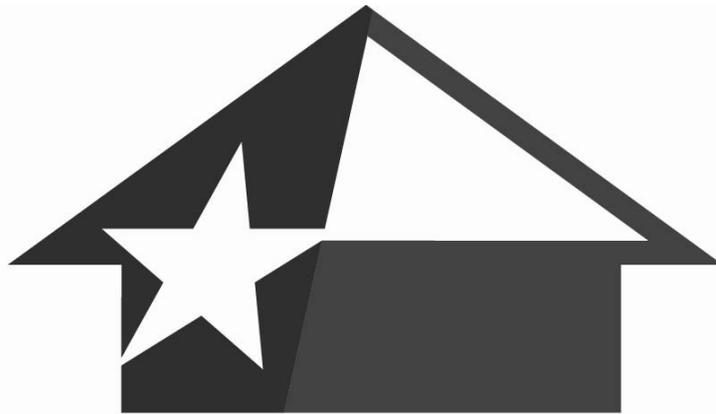


SELF-EVALUATION REPORT



***Texas Residential
Construction Commission***
Quality Construction for Texans

AUGUST 2007

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Texas Residential Construction Commission Self-Evaluation Report

I. Agency Contact Information

A. Please fill in the following chart.

Texas Residential Construction Commission Exhibit 1: Agency Contacts				
	Name	Address	Telephone & Fax Numbers	E-mail Address
Agency Head	Duane Waddill	Residential Construction Commission 311 E 14 th St Austin, Texas 78701	512-463-9534 512-463-9507	duane.waddill@trcc.state.tx.us
Agency's Sunset Liaison	Duane Waddill	Residential Construction Commission 311 E 14 th St Austin, Texas 78701	512-463-9534 512-463-9507	duane.waddill@trcc.state.tx.us

II. Key Functions and Performance

Provide the following information about the overall operations of your agency. More detailed information about individual programs will be requested in a later section.

A. Provide an overview of your agency's mission, objectives, and key functions.
--

The Texas Residential Construction Commission's mission is to promote quality construction for Texans by registering industry members and residential construction projects; providing information and educating homeowners and the residential construction industry; acting as a resource for complainants; and offering a neutral, technical review of alleged post-construction defects.

The commission promotes quality construction for Texans by effectively and efficiently performing its statutory functions. Principally, the commission is responsible for:

- Maintaining the state's minimum warranties and performance standards for residential construction;
- Overseeing the state inspection process when a post-construction defect is alleged;
- Assisting consumers with complaints about residential builders/remodelers;
- Educating Texas consumers and the residential construction industry;
- Registering residential construction projects;
- Registering residential builders/remodelers;
- Administering the Star Builder program for qualified builders/remodelers;
- Overseeing a continuing education program for builders/remodelers;

- Implementing and maintaining an inspection process for unincorporated areas of the state;
- Developing an energy-efficient building program for the state; and
- Enforcing statutory and regulatory requirements for registered builders/remodelers.

The commission's other responsibilities include providing for the voluntary certification of arbitrators and providing for the filing of arbitration award summaries.

B. Do each of your key functions continue to serve a clear and ongoing objective? Explain why each of these functions is still needed. What harm would come from no longer performing these functions?

Yes. Recently, in fact, the 80th Legislature passed House Bill 1038 (HB 1038) to strengthen the commission's enforcement authority, enhance the enforcement tools at its disposal and increase the number of entities required to register. During discussions about HB 1038 on the House Floor, Representative Ritter commented that the bill helps the commission, "to protect homeowners and to give builders in this state a fair and predictable set of guidelines to operate under."

See Attachment 20, *On the Level*, for additional details.

C. What evidence can your agency provide to show your overall effectiveness and efficiency in meeting your objectives?

See Attachment 20, *On the Level*.

D. Does your agency's enabling law continue to correctly reflect your mission, objectives, and approach to performing your functions? Have you recommended changes to the Legislature in the past to improve your agency's operations? If so, explain. Were the changes adopted?

The commission's enabling law reflects the agency's mission, objectives and approach. The commission offered a variety of recommendations for change to the Legislature during the 80th Legislative Session. The Legislature addressed a vast majority of those recommendations with its passage of House Bill 1038. House Bill 1038 resolved a number of public policy questions and also provided various technical corrections. The Legislature adopted numerous changes to the commission's enabling statute, including many of those the commission recommended.

Starting September 1, 2007, the commission will have a greater number of tools and employees to help ensure quality construction for Texans. House Bill 1038:

- Increases grounds for disciplinary action from 11 to 26. Persons operating as builders/remodelers in Texas violate the statute if they (list is not exhaustive):
 - Engage in common-law fraud or misappropriation of funds;
 - Repeatedly fail to participate in the state's formal inspection process;
 - Fail to register if required to do so;
 - Act as a builder/remodeler under a name other than the name registered with the commission;

- Fail to reasonably perform on an accepted repair offer;
- Repeatedly fail to make an offer at the end of the inspection process;
- Repeatedly fail to respond to commission requests for information;
- Abandon a project without justification; or
- Violate the Act or commission rule.
- Grants the commission the power to issue cease and desist orders;
- Increases penalty amounts;
 - Doubles administrative penalty to \$10,000 per violation;
 - Introduces \$100,000 penalty to builders/remodelers engaging in statutory or common law fraud or misappropriation of funds or the misappropriation or misapplication of trust funds (if found by a final nonappealable court judgment).
- Lowers the amount from \$20,000 to \$10,000 for interior remodeling projects requiring registration;
- Requires that builders/remodelers include commission contact information on all contracts subject to commission jurisdiction;
- Requires builders/remodelers to make any arbitration language in their contracts conspicuous;
- Requires builders/remodelers to complete five hours of continuing education every five years;
- Requires builders/remodelers to go through the state inspection process before initiating legal action;
- Allows a consumer to initiate a civil action without first using the state inspection process in a dispute against an unregistered or improperly registered builder/remodeler;
- Requires that cities issuing building permits check a builder/remodeler's status before issuing the permit; and
- Allows the commission to work with Texas A&M Engineering Experiment Station and the Texas Commission on Environmental Quality to create an energy-efficient building program.

By September 1, 2008, the commission must develop a reporting system to allow for the new requirement that a minimum of three inspections occur on projects in unincorporated areas not subject to municipal inspections.

E. Do any of your agency's functions overlap or duplicate those of another state or federal agency? Explain if, and why, each of your key functions is most appropriately placed within your agency. How do you ensure against duplication with other related agencies?

Commission functions do not overlap or duplicate those of any other state or federal agency. The amount and specificity of expertise required to effectively supervise the residential construction industry is substantial. The commission employs staff with the kind of targeted knowledge necessary to successfully regulate the industry.

While the commission has no shared jurisdictional authority, it does perform functions that enhance the work of municipal governments. Local municipalities develop, implement and enforce their own local building codes. These local codes dictate how any given residential construction project must be built, but code requirements vary from place to place.

When enforcing codes, municipal officials inspect for compliance during construction. They do not evaluate post-construction performance. Using the state's minimum warranties and performance standards, the commission evaluates performance in the residential construction industry across the state in a standard manner. In short, the commission-promulgated minimum warranties and standards dictate

how a qualifying structure or project must perform once construction is complete. The commission is concerned with questions such as: Does the home or remodeling project perform the way it is supposed to? Do the components work the way they should for at least a specified period of time?

Management staff at the commission has met with management staff at several other Texas state agencies—the Texas Department of Licensing and Regulation, the Texas Real Estate Commission and the Texas Department of Housing and Community Affairs—to clarify roles. Whenever the commission contemplates rules, it assesses what the ancillary effects might be to the other agencies. The commission also monitors rulemaking and statutory events at the other agencies to assess how those changes might potentially affect the commission.

F. In general, how do other states carry out similar functions?

Thirty-three states (including Texas) regulate residential construction or residential contractors to one degree or another. A few additional states maintain registration or registration-like requirements for out-of-state contractors.

Overview of Other States*

State	Regulatory Entity/Residential Requirement	Additional Residential-Related Information
Alabama	<i>Home Builders Licensure Board</i> License for residential homebuilders/remodelers.	<ul style="list-style-type: none"> • Exam includes testing of experience and ability • Participate in a recovery fund
Alaska	<i>Department of Commerce, Community and Economic Development Division of Occupational Licensing Contractors Registration Section</i> Registration — but with licensing-like demands — for general contractors	<ul style="list-style-type: none"> • Complete an Alaska craftsman home program • Pass a trade exam • Provide proof of insurance • Prove continuing competency at renewal • Possess separate and valid Alaska business license
Arizona	<i>Registrar of Contractors</i> License required for virtually all residential construction projects (construction contracts exceeding \$1,000 – including labor and materials – or if work requires a building permit)	<ul style="list-style-type: none"> • Evidence experience (depends on license sought) • Pass business law and trade exams • Provide a licensing bond • Participate in a consumer's recovery fund or post a bond • Maintains an inspection program
Arkansas	<i>The Arkansas Contractors Licensing Board</i> Licenses contractors doing residential construction work valued at more than \$20,000	<ul style="list-style-type: none"> • Pass a business law exam • Evidence experience • Provide a compiled financial statement
California	<i>Contractors State License Board (CSLB)</i> License required for residential projects exceeding \$500	<ul style="list-style-type: none"> • Pass business law and trade exams • Evidence experience • Demonstrate that operating capital exceeds \$2,500 • Requires contractor's bond • Has bond requirements for other responsible parties • Attempts to mediate disputes • Can refer a matter to its own arbitration program, assign the matter to enforcement for investigation or refer the item to an alternative civil or dispute resolution methods
Connecticut	<i>Department of Consumer Protection Occupational and Professional Licensing/ Department of Consumer Protection Licensing Services</i> Registers new home builders/Registers certain home improvement contractors	<ul style="list-style-type: none"> • Nothing of note
Delaware	<i>Department of Finance Division of Revenue</i> License required	<ul style="list-style-type: none"> • Registration is for revenue purposes only
Florida	<i>Department of Business and Professional Regulation The Construction Industry Licensing Board</i> License required for residential contractors	<ul style="list-style-type: none"> • Pass an exam covering business, finance and construction • Document experience • Provide a credit report and financial statement • Has net worth requirement • Requires continuing education • Maintains a recovery trust fund
Georgia	<i>State Licensing Board for Residential and Commercial Contractors</i> License required for residential contractors (beginning Jan. 2008)	<ul style="list-style-type: none"> • Will require general liability insurance

State	Regulatory Entity/Residential Requirement	Additional Residential-Related Information
Hawaii	<i>Department of Commerce and Consumer Affairs Professional and Vocational Licensing Division</i> License required	<ul style="list-style-type: none"> • Pass trade and business law/rule exams • Has supervisory experience requirement • Evidence liability coverage • Provide credit reports and a financial statement • May require bonds • Maintains a contractor's recovery fund
Iowa	<i>Iowa Division of Labor/Contractor Registration Section</i> Registration required	<ul style="list-style-type: none"> • Nothing of note
Louisiana	<i>State Licensing Board for Contractors</i> Requires license for single-family construction contracts exceeding \$50,000 and for home improvement contractors who perform work valued at more than \$7,500	<ul style="list-style-type: none"> • Pass business law and trade exams • Maintain mandatory general liability insurance • Requires continuing education • Maintains mandatory minimum warranties • Local permitting authorities verify licenses
Maryland	<i>Home Improvement Commission</i> License required for home improvement contractors	<ul style="list-style-type: none"> • Pass exam on rules/regulations and business subjects • Document experience and/or related vocational education • Evidence financial solvency • Maintain liability insurance • Maintains a consumer's recovery fund
Massachusetts	<i>State Board of Building Regulations and Standards</i> Licensed contractor supervisor for all one and two-family dwellings Registration required for home improvement contractors	<p>Construction supervisors</p> <ul style="list-style-type: none"> • Pass exam covering the state building code • Document three years experience <p>Home improvement contractors</p> <ul style="list-style-type: none"> • Maintains a consumer's recovery fund
Michigan	<i>Department of Labor and Economic Growth Bureau of Commercial Services – Builders Unit</i> License required for residential construction and remodeling	<ul style="list-style-type: none"> • Pass trade and business law exams • Maintains an inspection process
Minnesota	<i>Department of Labor and Industry Residential Building Contractors</i> Licensing required for residential building and remodeling	<ul style="list-style-type: none"> • Pass two-part exam covering business law and trade • Demonstrate liability insurance • Requires continuing education • Maintains a consumer recovery fund
Mississippi	<i>Mississippi Board of State Contractors</i> License required for residential building projects of more than \$50,000 and residential remodeling projects exceeding \$10,000	<ul style="list-style-type: none"> • Pass a trade exam • Document experience • Submit financial statements • Submit a certificate of insurance • Maintains minimum home warranty
Montana	<i>Contractor Registration Unit Employment Relations Division Department of Labor and Industry</i> License required for all construction work that exceeds \$2,500	<ul style="list-style-type: none"> • Nothing of note
Nevada	<i>Nevada State Contractors Board</i> License required for residential and home-improvement contracting	<ul style="list-style-type: none"> • Pass business law and trade exams • Document experience • Submit financial statements • Requires a license bond • Maintains a resolution process involving inspections • Maintains a consumer recovery fund
New Jersey	<i>Department of Community Affairs/ Division of Consumer Affairs Office of Consumer Protection Regulated Business Section</i> Requires residential contractors/Home repair contractors register	<p>New home builders</p> <ul style="list-style-type: none"> • Must provide minimum warranties <p>Home repair contractors</p> <ul style="list-style-type: none"> • Must possess general liability insurance
New Mexico	<i>Construction Industries Division Regulation and Licensing Department</i> License required for virtually every aspect of residential construction	<ul style="list-style-type: none"> • Applicant's qualifying party must evidence experience • Pass trade and business law exams (or substitute a 20-hour course from an approved school) • Submit a license bond, cash collateral or audited financial statement • Investigates building code violations
North Carolina	<i>Licensing Board for General Contractors</i> License required for virtually all residential construction	<ul style="list-style-type: none"> • Pass an exam • Provide financial statement • Maintains homeowners recovery fund
North Dakota	<i>Secretary of State</i> License required for virtually all projects exceeding \$2,000	<ul style="list-style-type: none"> • Present a certificate of liability insurance

State	Regulatory Entity/Residential Requirement	Additional Residential-Related Information
Oregon	<i>Construction Contractors Board</i> License required for virtually all residential construction	<ul style="list-style-type: none"> • Qualifying person must complete 16 hours business and law classes • Qualifying person must pass an exam • Post a bond • Carry liability insurance • Maintains a dispute resolution process
Rhode Island	<i>Contractors' Registration Board</i> Legislative changes in 2007 require all contractors to register	<ul style="list-style-type: none"> • Maintain liability and property damage insurance • Requires continuing education • Maintains a dispute resolution process
South Carolina	<i>Residential Builders Commission</i> License required for general residential work exceeding \$5,000 and specialty work for more than \$200	<ul style="list-style-type: none"> • Pass business law and trade exams • Document experience • Bond required (or acceptable personal financial statement)
Tennessee	<i>Board for Licensing Contractors</i> License required if total project exceeds \$25,000 Home improvement contractors licensed for specific counties and requirements vary from those for contractors	<ul style="list-style-type: none"> • Pass business law and trade exams • Provide financial statement • Prove general liability insurance • Provide a reference letter
Utah	<i>Department of Commerce</i> <i>Division of Occupational and Professional Licensing</i> License required for residential projects exceeding \$1,000	<ul style="list-style-type: none"> • Qualifying individual must pass business law and trade exams • Prove liability insurance • Demonstrate financial responsibility • Applicant's qualifier must meet experience requirements • Maintains a residence lien recovery fund
Virginia	<i>Department of Professional and Occupational Regulation</i> <i>State Board for Contractors</i> Licensed required for construction projects exceeding \$1,000	<ul style="list-style-type: none"> • A responsible member of applicant's management must complete a required education course and pass an exam • Designee must pass business and technical exams • Provide financial statements • Offers voluntary dispute resolution service • Maintains a transaction recovery fund
Washington	<i>Department of Labor and Industries</i> <i>Specialty Compliance Services Division</i> Registration required for construction work of all kinds	<ul style="list-style-type: none"> • Carry liability insurance • Post cash deposits or surety bonds
West Virginia	<i>West Virginia Division of Labor</i> <i>Contractor Licensing Board</i> License required	<ul style="list-style-type: none"> • Pass business law and trade exams • Employment security coverage required
Wisconsin	<i>Department of Commerce</i> <i>Safety and Buildings Division</i> State credential required on permit for a one or two-family dwelling	<ul style="list-style-type: none"> • Post a bond or document liability insurance

*Each entry provides major detail for the given state. Detail not meant to be exhaustive, nor does table provide information for states that only maintain registration requirements for out-of-state companies. Entries do not include requirements related to worker's compensation coverage.

G. What key obstacles impair your agency's ability to achieve its objectives?

The Legislature attempted to address many potential obstacles with the passage of HB 1038. The commission will be in a better position to identify additional obstacles once it implements all the provisions of HB 1038.

H. Discuss any changes that could impact your agency's key functions in the future (e.g., changes in federal law or outstanding court cases).

At this point, the commission is unaware of any changes with the potential to affect the agency's key functions.

I. What are your agency's biggest opportunities for improvement in the future?

The agency has identified several areas where opportunities for improvement exist, many involving the commission's expanded ability to assist homeowners.

The Ombudsman Program—Recently, the commission piloted an ombudsman program. During the program's pilot stage, a single ombudsman with detailed and specialized knowledge provided consumers individual attention. If the ombudsman was in the best position to provide assistance directly, she did so. In many cases the ombudsman was able to negotiate directly with the builder/remodeler to achieve resolution.

On the other hand, if the ombudsman determined that the consumer would be best served through the state's inspection process, the ombudsman guided the consumer to that process. As a result of the program's success, the commission will remove its pilot tag and hire two more individuals to serve as ombudsmen.

Complaint Resolution and the Formal Inspection Process—With the passage of HB 1038, the commission expects to see additional opportunities for improvement in complaint resolution and the state's formal inspection process. The commission has new authority to prevail upon its registered population about the importance of responding to complaints and of acting in good faith under the inspection program.

Before September 1, 2007, the statute did not require the registered population to respond to a commission request for information, nor did the statute require a builder/remodeler to make a repair offer at the completion of the state inspection process. House Bill 1038 changes that. Beginning September 1, 2007, the commission will be able to take disciplinary action against a registered entity that repeatedly fails to respond to a request for information. The bill also makes a number of changes to the inspection process that will influence builders/remodelers to participate fully. The commission can take disciplinary action against a builder/remodeler who repeatedly fails to make a repair offer at the end of the inspection process or who repeatedly fails to participate in the inspection process. The commission also may take action against a builder/remodeler that fails to perform on an accepted repair offer.

Regulatory Scope—House Bill 1038 reduces the minimum dollar amount for remodeling projects that require registration of both the project and remodeler. Projects and remodelers who engage in projects that change the habitable area of the home, regardless of cost, have required registration since the original statute's implementation. This has not changed. However, before passage of HB 1038, interior remodeling projects costing more than \$20,000 required registration. As of September 1, 2007, interior remodeling projects costing more than \$10,000 require registration. The commission expects to see a significant increase in both the number of entities and the number of projects registered with the commission. As a result, more Texans will be able to use the resources of the commission on qualified projects.

Enforcement and Disciplinary Effectiveness—House Bill 1038 also significantly broadens the commission's grounds for disciplinary action and strengthens the enforcement tools at its disposal. As a result, the commission expects to have greater latitude to achieve its primary mission of ensuring quality construction for Texans. Before passage of HB 1038, 11 grounds for disciplinary action existed in Section 418.001 of the Texas Property Code. House Bill 1038 raises that number to 26. Equally important, Section 418.001 (26) of the Texas Property Code provides the commission the power to subject an entity to disciplinary action for violating the title or a commission rule.

House Bill 1038 increases the amount of fines the commission can levy and enhances the commission’s authority to revoke a registration. House Bill 1038 also grants the commission the authority to issue cease and desist orders to persons or entities in instances where the commission believes that the person or entity is in violation of any statute to which Title 16 of the Property Code applies. The commission can levy an administrative penalty of \$1,000 per day for each violation against an individual or entity that violates a cease and desist order.

Education—Since its creation, the commission has understood its role in, and the value and importance of, educating the public and the residential construction industry. Education is vital if consumers and industry are to understand their rights, opportunities and responsibilities in the residential construction market. The commission uses numerous methods to reach its targeted audience. The commission seeks speaking engagements at industry and consumer events, attends trade shows, publishes consumer interest and industry informational brochures, prepares press releases and produces public service announcements that it delivers to print and radio outlets across the state.

While the commission will continue to increase its education outreach to all concerned stakeholders, it now has specific and additional responsibilities to the residential building community under House Bill 1038. The bill requires builders/remodelers to earn five hours of continuing education every five years. At least one hour of credit must address ethics and two hours must address the limited statutory warranties, building and performance standards, and the requirements of the International Residential Code and other statutes and rules that apply. The commission must recognize and administer programs that will allow registered entities to fulfill their responsibilities. As the commission develops these programs, it will look for effective ways to reach registrants with material that meets the mandate of the statute and helps ensure that Texans have quality construction.

J. In the following chart, provide information regarding your agency’s key performance measures included in your appropriations bill pattern, including outcome, input, efficiency, and explanatory measures.

Texas Residential Construction Commission Exhibit 2: Key Performance Measures Fiscal Year 2006			
Key Performance Measures	FY 2006 Target	FY 2006 Actual Performance	FY 2006 % of Annual Target
Percent of Registrants Who Renew Online	35%	43.35%	123.86%
Percent of Home Registrations Completed Online	35%	67.67%	193.36%
Number of Home Registrations Issued	100,000	160,741	160.74%
Number of New Builder/Remodeler Registrations Issued	1,000	5,850	585.00%
Number of Registrations Renewed	15,000	9,478	63.19%
Average Cost Per Registration Issued	7.44	2.00	26.83%

Texas Residential Construction Commission			
Exhibit 2 (continued): Key Performance Measures Fiscal Year 2006			
Total Number of SIRP Actions Closed	500	241	48.20%
Average Days to Complete SIRP	100	109.11	109.11%
Total Number of Complaints Received	1,100	771	70.09%
Number of Non-jurisdictional Complaints	600	686	114.33%
Number of SIRP Requests Received	500	315	63.00%
Total Number of Texans Reached in Person	2,500	82,440	3,297.60%

III. History and Major Events

Provide a timeline of your agency's history, and key events, including:

- 9/01/2003 Commission established.
- 1/01/2004 Builders/remodelers begin registering qualifying projects.
- 2/28/2004 Builders/remodelers begin registering their companies.
- 6/01/2005 Minimum warranties and performance standards become effective.
- 9/01/2007 Implementation of many of the provisions of HB 1038. Commission provided a greater number of tools to ensure compliance with the Act and promote quality construction in Texas.

IV. Policymaking Structure

A. Complete the following chart providing information on your policymaking body members.

Texas Residential Construction Commission			
Exhibit 3: Policymaking Body			
Member Name	Term/ Appointment Dates/ Appointed by ___ (e.g., Governor, Lt. Governor, Speaker)	Qualification (e.g., public member, industry representative)	City
Patrick. H. Cordero, Jr.	February 1, 2009/Appointed by Gov. Perry	Chair, Public Member	Midland
Lewis Brown	February 1, 2011/Appointed by Gov. Perry	Registered Building Inspector	The Woodlands
Art Cuevas	February 1, 2011/Appointed by Gov. Perry	Builder Member	Lubbock
Kenneth L. Davis, P.E.	February 1, 2009/Appointed by Gov. Perry	Professional Engineer	Fort Worth
Paulo Flores	February 1, 2011/Appointed by Gov. Perry	Public Member	Dallas
Geraldo M. Garcia	February 1, 2013/Appointed by Gov. Perry	Builder Member	Corpus Christi
John R. Krugh	February 1, 2009/Appointed by Gov. Perry	Builder Member	Houston
Glenda Marriott	February 1, 2013/Appointed by Gov. Perry	Builder Member	College Station
Mickey Redwine	February 1, 2013/Appointed by Gov. Perry	Public Member	Ben Wheeler

B. Describe the primary role and responsibilities of your policymaking body.

The commission consists of nine members appointed by the Governor with the advice and consent of the Senate. The statute requires that four members are builders/remodelers, three are members of the general public, one member is a licensed professional engineer, and one is either a licensed architect or a registered building inspector. The commission's members each serve six-year staggered terms with three members expiring February of each odd-numbered year.

The commission's major tasks are to set agency policy, adopt rules implementing the statute and oversee and approve enforcement. The commission also hears appeals on certain actions and hires the commission's executive director.

C. How is the chair selected?

The Governor appoints the chair.

D. List any special circumstances or unique features about your policymaking body or its responsibilities.

None.

E. In general, how often does your policymaking body meet? How many times did it meet in FY 2006? in FY 2007?

The commission typically meets every other month. In FY 2006, the commission met six times. In FY 2007, a legislative year, the commission met seven times.

F. What type of training do members of your agency's policymaking body receive?

Agency staff provides the training program required by the Texas Residential Construction Act (TRCCA or the Act) Section 406.006, which states that before a commissioner may participate in an open meeting of the commission, the commissioner must receive information regarding:

- The legislation that created the commission;
- The programs operated by the commission;
- The role and functions of the commission;
- The rules of the commission, with an emphasis on the rules that relate to disciplinary and investigatory authority;
- The current budget for the commission;
- The results of the most recent formal audit of the commission;
- The requirements of:
 - The open meetings law, Chapter 551, Government Code;
 - The public information law, Chapter 552, Government Code;

- The administrative procedure law, Chapter 2001, Government Code; and
- Other laws relating to public officials, including conflict-of-interest laws; and
- Any applicable ethics policies adopted by the commission or the Texas Ethics Commission.

Further, the Open Meetings Act and Public Information Act require that public officials have at least two hours of open government training, consisting of a one-hour educational course on the Open Meetings Act and a one-hour educational course on the Texas Public Information Act. The Office of the Attorney General provides training for compliance with the open government requirement.

In addition to statutorily required training, staff regularly briefs commissioners on legal and technical matters affecting agency decisions. Also, commissioners may attend professional and industry conferences and seminars.

G. Does your agency have policies that describe the respective roles of the policymaking body and agency staff in running the agency? If so, describe these policies.

The roles of the commissioners are spelled out in Chapter 406 of the Texas Property Code.

H. What information is regularly presented to your policymaking body to keep them informed of your agency's performance?

At each meeting agency staff provide the commissioners reports relating to the commission's individual programs and a financial report with actual and budgetary information about commission revenue and expenditure levels. Additionally, each quarter agency staff provides all the LBB's performance measure report information to the commissioners for approval. The commissioners also receive the agency's quarterly *On the Level* publication that describes each commission function and provides complete statistical information about that program.

I. How does your policymaking body obtain input from the public regarding issues under the jurisdiction of the agency? How is this input incorporated into the operations of your agency?

At each commission meeting, anyone wishing to provide information to the commission has an opportunity to do so during a public comment period. Additionally, the commissioners receive any written public comment in the materials prepared for the commissioners before each commission meeting.

On occasion, the commission posts questions seeking input in the *Texas Register* and on the commission's Web site. During the commission's infancy, the agency conducted a series of town hall meetings around the state to discuss and take input on proposed commission rules. The commission has used focus groups to review commission publications as well.

A formal advisory committee provides regular structured input on the commission's warranties and performance standards. Members of industry and consumer representatives make up the advisory committee. This group takes public input and suggestions, evaluates those and makes recommendations to the full commission.

J. If your policymaking body uses subcommittees or advisory committees to carry out its duties, fill in the following chart.

Texas Residential Construction Commission Exhibit 4: Subcommittees and Advisory Committees			
Name of Subcommittee or Advisory Committee	Size/Composition/How are members appointed?	Purpose/Duties	Legal Basis for Committee
Finance/Audit Subcommittee	Three to four commission members appointed by the chair	Review the commission's fiscal activities and direct the activities of the commission's contracted internal auditor	Appointed by Chair of Commission at an Open Meeting on July 19, 2006
Educational Outreach/Publications Review Subcommittee	Three to four commission members appointed by the chair	Review the commission's education efforts and provide commission oversight into the agency's publications	Appointed by Chair of Commission at an Open Meeting on July 19, 2006
Performance Review Subcommittee	Three to four commission members appointed by the chair	Manage the annual review process of the executive director and the general counsel	Appointed by Chair of Commission at an Open Meeting on July 19, 2006
Warranties and Performance Standards Advisory Committee	13 members selected by the commission. 4 homeowner reps, 4 industry reps, 3 technical experts, a representative from Texas A&M (chairs the committee) and the commission's executive director serves as an ex-officio member	Review the commission's warranties and performance standards and request to change those standards and make a recommendation to the commissioners whether to accept or reject the request for change.	Tex. Gov't Code ch. 2110 10 TAC 300.5 and 301.3

V. Funding

A. Provide a brief description of your agency's funding.

Fees are charged to the regulated industry for a variety of services, including builder/remodeler and agent registration, project registration and biennial renewal.

B. List all riders that significantly impact your agency's budget.

General Appropriations Act, Article IX, Sec. 19.03. Contingency for House Bill 1038.
General Appropriations Act, Article IX, Sec. 19.62. Appropriation for a Salary Increase for State Employees.

C. Show your agency's expenditures by strategy.

Texas Residential Construction Commission Exhibit 5: Expenditures by Strategy Fiscal Year 2006 (Actual)		
Goal/Strategy	Total Amount	Contract Expenditures Included in Total Amount
Goal A.1.1/Registration Program	\$535,795.17	\$132,192.78
Goal A.1.2/Texas Online	\$347,580.00	\$347,580.00
Goal B.1.1/Complaint Resolution	\$897,332.84	\$144,021.82
Goal B.1.2/Compliance	\$438,163.58	\$50,851.22
Goal B.1.3/Third-Party Inspections	\$96,980.44	\$0.00
Goal C.1.1/Education	\$406,781.02	\$264,005.87
Goal D.1.1/Indirect Administration	\$530,346.00	\$33,086.05
GRAND TOTAL:	\$3,252,979.05	\$971,737.74

D. Show your agency's objects of expense for each category of expense listed for your agency in the General Appropriations Act FY 2007-2008.

Texas Residential Construction Commission Exhibit 6: Objects of Expense by Program or Function Fiscal Year 2007							
Object-of-Expense	Registration	TX Online	Complaint	Compliance	Third-Party Inspections	Education	Indirect Admin
Salaries and Wages	\$214,305.04	\$0.00	\$588,327.81	\$299,421.93	\$0.00	\$92,982.92	\$290,341.92
Other Personnel Costs	\$13,884.81	\$0.00	\$21,080.85	\$5,280.00	\$0.00	\$6,662.42	\$8,396.89
Professional Fees and Services	\$31,527.14	\$0.00	\$17,494.39	\$47,175.94	\$95,530.61	\$217,317.34	\$71,363.34
Consumable Supplies	\$3,858.54	\$0.00	\$8,186.42	\$3,870.83	\$0.00	\$1,579.33	\$5,325.03
Utilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$40.16
Travel	\$3,598.19	\$0.00	\$14,937.81	\$7,204.27	\$1,345.30	\$16,585.86	\$1,845.66
Rent – Building	\$60.00	\$0.00	\$535.00	\$150.00	\$0.00	\$8,928.00	\$180.00

Texas Residential Construction Commission Exhibit 6 (continued): Objects of Expense by Program or Function Fiscal Year 2007							
Rent – Machine and Other	\$29,664.54	\$0.00	\$65,606.55	\$29,730.67	\$0.00	\$17,283.41	\$32,213.28
Other Operating Expenses	\$227,913.19	\$347,580.00	\$179,110.29	\$44,303.08	\$104.53	\$45,441.74	\$117,315.50
Capital Expenditures	\$8,930.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Not Related to LBB Tracking	\$2,053.72	\$0.00	\$2,053.72	\$1,026.86	\$0.00	\$0.00	\$3,324.22
Total	\$535,795.17	\$347,580.00	\$897,332.84	\$438,163.58	\$96,980.44	\$406,781.02	\$530,346.00

E. Show your agency's sources of revenue. Include all local, state, and federal appropriations, all professional and operating fees, and all other sources of revenue collected by the agency, including taxes and fines.

Texas Residential Construction Commission Exhibit 7: Sources of Revenue Fiscal Year 2006 (Actual)	
Source	Amount
General Revenue Fund (Legislative Appropriations)	\$3,097,249.00
Additional Appropriations	\$412,395.90
Federal Funds (FY2006 Only for Hurricane Rita)	\$5,662.94
License, Fees & Permits	\$394,048.23
Sales of Goods and Services	\$3,399.72
TOTAL	\$3,912,755.79

F. If you receive funds from multiple federal programs, show the types of federal funding sources.

The agency receives no federal funding.

G. If applicable, provide detailed information on fees collected by your agency.

Texas Residential Construction Commission Exhibit 8: Fee Revenue Fiscal Year 2006				
Fee Description/ Program/ Statutory Citation	Current Fee/ Statutory maximum	Number of persons or entities paying fee	Fee Revenue	Where Fee Revenue is Deposited (e.g., General Revenue Fund)
Initial Application Fee – Builder/Registration Texas Property Code Section 416.004(a)(1)	\$500	5,850	\$2,925,000.00	General Revenue Fund
Biennial Renewal Fee – Builder/Registration Texas Property Code Section 416.004(a)(1)	\$300	9,421	\$3,381,132.38	General Revenue Fund
Late Registration Fee – Builder/Registration Texas Property Code Section 416.004(a)(1) & 419.001 <i>et seq.</i>	\$1,000			General Revenue Fund
Star Builder Annual Application Fee – Builder/Registration Texas Property Code Section 416.011	\$100	44	\$4,400.00	General Revenue Fund
Initial Application Fee – Agent/Registration Texas Property Code Section 416.004(b)	\$25			General Revenue Fund
Biennial Renewal Fee – Agent/Registration Texas Property Code Section 416.004(b)	\$0			General Revenue Fund
Initial Application Fee – Arbitrator/Registration Texas Property Code Section 417.003(1)	\$50			General Revenue Fund
Biennial Renewal Fee – Active Arbitrator/Registration Texas Property Code Section 417.003(2)	\$50	5	\$200.00	General Revenue Fund
Late Renewal Fee – Active Arbitrator/Registration Texas Property Code Section 417.003(2) & 419.001 <i>et seq.</i>	\$50			General Revenue Fund
Penalties Texas Property Code Section 419.002(a)	Not to Exceed \$5,000		\$62,050.00	General Revenue Fund
Home Registration Fee/Registration Texas Property Code Section 426.003(c) & 426.004(c)	\$30 Online \$25	160,741	\$4,296,194.41	General Revenue Fund
Late Home Registration Fee/Registration Texas Property Code Section 426.003(d)	\$30			General Revenue Fund



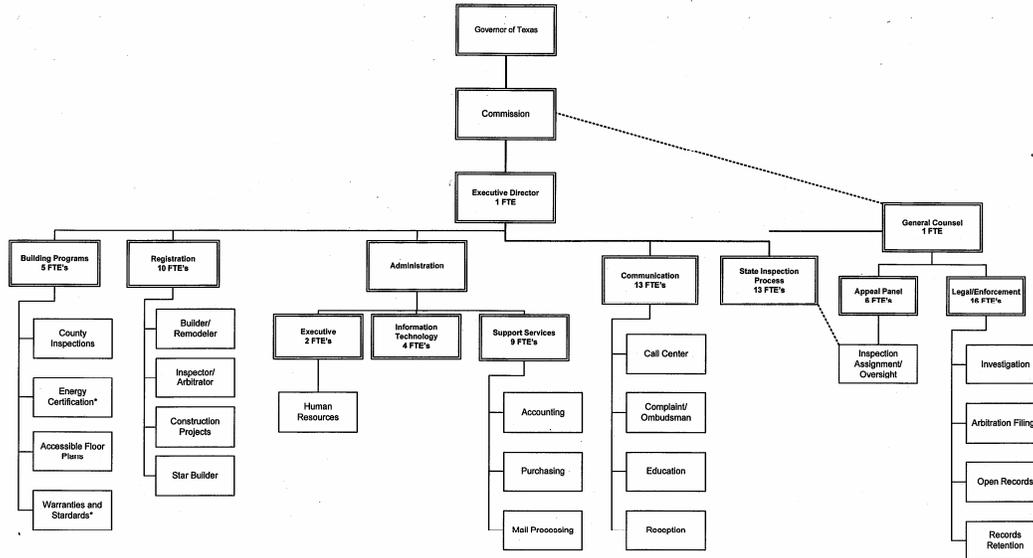
Texas Residential Construction Commission Exhibit 8 (continued): Fee Revenue Fiscal Year 2006				
Initial Application Fee – 3 rd Party Inspector/ Texas Property Code Section 427.001(a)(2)	\$50	92	\$4,595.00	General Revenue Fund
Annual Renewal Fee – 3 rd Party Inspector/ Texas Property Code Section 427.001(a)(2)	\$50			General Revenue Fund
Late Renewal Fee – 3 rd Party Inspector/ Texas Property Code Section 427.001(a)(2) & 419.001 <i>et seq.</i>	\$50			General Revenue Fund
Initial Application Fee – 3 rd Party Warranty Company/ Texas Property Code Section 430.008(b)	\$500			General Revenue Fund
Annual Renewal Fee – 3 rd Party Warranty Company/ Texas Property Code Section 430.008(b)	\$300	5	\$1,775.00	General Revenue Fund
Late Renewal Fee – 3 rd Party Warranty Company/ Texas Property Code Section 430.008(b) & 419.001 <i>et seq.</i>	\$300			General Revenue Fund
Late Filing of Arbitration Award Notification Texas Property Code Section 437.002(a)	\$100			General Revenue Fund
Change of Information Fee – Builder/Registration Texas Property Code Section 416.004(a)(1)	\$25			General Revenue Fund
Change of Information Fee – Agent/Registration Texas Property Code Section 416.004(a)(1)	\$25			General Revenue Fund
Change of Information Fee – Arbitrator Texas Property Code Section 417.003(1)	\$25			General Revenue Fund
Change of Information Fee – 3 rd Party Inspector Texas Property Code Section 427.001(a)(2)	\$25			General Revenue Fund
Change of Information Fee – 3 rd Party Warranty Company Texas Property Code Section 430.008(b)	\$25			General Revenue Fund
Duplicate Certificates – Builder/Registration Texas Property Code Section 416.004(a)(1)	\$25			General Revenue Fund
Duplicate Certificates – Arbitrator Texas Property Code Section 417.003(1)	\$25			General Revenue Fund
Duplicate Certificates – 3 rd Party Inspector Texas Property Code Section 427.001(a)(2)	\$25			General Revenue Fund



Texas Residential Construction Commission Exhibit 8 (continued): Fee Revenue Fiscal Year 2006				
Duplicate Certificates – 3 rd Party Warranty Company Texas Property Code Section 430.008(b)	\$25			General Revenue Fund
Homeowner Requested SIRP – All Inspection Types (Refunded when a defect is found) Texas Property Code Section 426.004	\$250			General Revenue Fund
Builder/Remodeler Requested SIRP – Workmanship & Materials Inspection Fee remitted to the 3 rd Party Inspector Texas Property Code Section 426.004 & 428.004(d)	\$450	315 for all SIRPS received	\$31,327.50	General Revenue Fund
Builder/Remodeler Requested SIRP – Structural Inspection Fee remitted to the 3 rd Party Inspector Texas Property Code Section 426.004 & 428.004(d)	\$450			General Revenue Fund
Additional Inspection Fee to the 3 rd Party Inspector – Structural Defect Found (Additional amount due from the builder/remodeler paid in addition to the structural fee to the 3 rd Party Inspector to obtain a recommendation of repair) Texas Property Code Section 426.004 & 428.004(d)	\$550			General Revenue Fund
Builder/Remodeler SIRP – Structural w/ Unrelated Workmanship & Materials Inspection Fee Remitted to the 3 rd Party Inspector Texas Property Code Section 426.004 & 428.004(d)	\$800			General Revenue Fund

VI. Organization

A. Provide an organizational chart that includes major programs and divisions, and shows the number of FTEs in each program or division.



B. If applicable, fill in the chart below listing field or regional offices.

Texas Residential Construction Commission Exhibit 9: FTEs by Location Fiscal Year 2006			
Headquarters, Region, or Field Office	Location	Number of Budgeted FTEs, FY 2006	Number of Actual FTEs as of August 31, 2006
Headquarters	Austin	32	32
TOTAL		32	32

C. What are your agency's FTE caps for fiscal years 2006 - 2009?

2006 – 32 2007 – 32 2008 – 80 with rider (37 w/o rider)* 2009 – 80 with rider (37 w/o rider)*
 *GAA Rider for implementation of House Bill 1038.

D. How many temporary or contract employees did your agency have as of August 31, 2006?

One.

E. List each of your agency's key programs or functions, along with expenditures and FTEs by program.

Texas Residential Construction Commission Exhibit 10: List of Program FTEs and Expenditures Fiscal Year 2006		
Program	FTEs as of August 31, 2006	Actual Expenditures
Registration	6.5	\$535,795.17
Texas Online	0.0	\$347,580.00
Complaint	10.0	\$897,332.84
Compliance	7.5	\$438,163.58
Third-Party Inspections	0.00	\$96,980.44
Education	1.5	\$406,781.02
Indirect Administration	6.5	\$530,346.00
TOTAL	32.0	\$3,252,979.05

VII. Guide to Agency Programs

Complete this section for **each** agency program (or each agency function, activity, or service if more appropriate). Copy and paste the questions as many times as needed to discuss each program, activity, or function. Contact Sunset staff with any questions about applying this section to your agency.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Registration
Location/Division	Austin
Contact Name	Dawn Doyle
Actual Expenditures, FY 2006	\$535,795.17
Number of FTEs as of August 31, 2006	6.5

B. What is the objective of this program or function? Describe the major activities performed under this program.

Registration is a significant agency function that plays a vital role in helping ensure quality construction for Texans. The registration department registers builders/remodelers, third-party inspectors, qualified residential construction projects, arbitrators, third-party warranty companies and applicants for Star Builder Program membership in accordance with the rules and procedures adopted by the commission for each category.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

See Attachment 20, *On the Level*.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Not applicable.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Residential builders/remodelers who work on qualifying projects must register with the commission before beginning any work. Registration is the first step in helping ensure that Texans have access to quality construction. As a result, this program affects all Texans in the market for a new home or

qualifying remodeling project. As mentioned earlier, the commission registers builders/remodelers, third-party inspectors, qualified residential construction projects, arbitrators, third-party warranty companies in accordance with applicable law and commission rules. The commission also registers companies wishing to be Star Builders.

For a statistical breakdown of affected entities, See Attachment 20, *On the Level*.

Type	Requirements	Property Code	10 TAC
Builder/ Remodeler	Application and Fee Seller, Constructor, or Supervisor of Qualifying Project Physical Texas Location Legal Entity Type Designated Agent Adult Legally Able to Work in U.S. Trustworthy Criminal History Bankruptcy Disclosure Affiliations Continuing Education Ownership (in some cases)	Chapter 416	Chapter 303, Subchapter A
Inspector	Application and Fee Experience Professional Qualifications (code certified, architect or engineer) Continuing Education <10% of Income from Witness Fees	Chapter 427	Chapter 303, Subchapter C
Arbitrator	Application and Fee 5-years Experience Warranties & Standards Familiarity Continuing Education Public Posting & Commenting on Application	Chapter 417	Chapter 318, Subchapter B
Warranty Company	Application and Fee Experience (5 years) Agrees to Warranty Obligations	Sections 430.008 & 430.009	Chapter 303, Subchapter D
Residential Project	Application and Fee Either: - New Home - Material Improvement - Interior Renovation >\$10,000	Sections 401.003 & 426.003	Chapter 303, Subchapter B
Star Builder	Registered Builder/Remodeler Application and Fee Education/Experience Insurance Participation in Program to Benefit Consumers Continuing Education	Section 416.011	Chapter 303, Subchapter E

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Staff reviews each initial builder/remodeler application to ensure compliance with agency regulations and to ensure that the application is complete and is accompanied by the appropriate fee. Staff conducts background checks, ensures that designated agents are eligible to serve as such, assists applicants with registration issues and responds to phone queries about registration. In addition, registration staff processes information changes to keep agency registration records up to date.

Builders/remodelers must renew biennially at the end of February. Builders/remodelers with odd-numbered registration certificates must renew in odd-numbered years and builders/remodelers with even-numbered registration certificates renew in even-numbered years. Each January, the commission issues renewal notices to alert affected builder/remodeler registrants of their renewal deadline. Registration runs background checks on every registered builder/remodeler due for renewal to ensure that no new conviction or civil judgment affecting registration has occurred since the last registration approval. If questions of eligibility arise, registration forwards the information to the investigative staff to look into the matter.

The registration department reviews third-party inspector applications to ensure that applicants meet the qualifications required for registration and that they have submitted the proper fee. Registration also runs a background check on third-party inspector applicants at the time of registration and renewal. Registration completes information updates and assists registered inspectors with resolving registration issues. Third-party inspectors must renew annually from the date of approval. Registration issues notices of renewal and reviews renewal applications to ensure that qualifications are still valid.

State law requires that registered builders and remodelers register residential construction projects for new home construction and for material improvements and interior remodeling projects in excess of \$10,000 on existing homes. Home registrations not filed timely in accordance with legal requirements are subject to a late fee. Builders and remodelers may renew online through a designated agency internet portal, or they may submit a paper registration form with payment. Registration staff reviews written registration forms to ensure completeness and works with the builder/remodeler to gather complete information and payment for any forms that are incomplete or that have not been filed timely. Staff manually enters home registration information from written forms into the commission's database. Registration staff also assists those builders and remodelers who encounter problems submitting home registrations online.

Registered builders/remodelers may transfer their warranty obligations to third-party warranty companies that comply with state law regarding the acceptance of warranty obligations. Third-party warranty companies submit applications and processing fees to the registration department, along with a copy of the proposed warranty documents for review. Once registration completes a background check to ensure that the applicant meets threshold qualifications, the registration department transfers the file to the legal department to review the warranty document for compliance with state requirements. Third-party warranty companies renew their registration annually. The commission publishes a list of certified third-party warranty companies on its Web site for public access.

Arbitrators who meet certain statutory requirements may voluntarily seek certification from the commission that the arbitrator has the requisite experience in conducting arbitrations between

homeowners and builders/remodelers about construction disputes. Once registration screens an arbitrator's application to ensure it meets the threshold requirements, notice of the application is published in the *Texas Register* for 21 days. During that time, interested parties can submit comments about the applicant to the commission. The commission considers the comments received when making a determination as to whether it is in the public interest to certify a given arbitrator. To remain certified the arbitrators must submit proof of continuing education related to arbitrating disputes. Certification is valid for a two-year period. Registration staff notifies certified arbitrators of upcoming renewal deadlines. The commission maintains a list of certified arbitrators on its Web site for public access.

Each type of registration application is subject to denial. The commission notifies denied applicants in writing and provides notice of the reason for denial. The notice explains how the applicant can appeal the denial and that the denial will become a final agency decision if the applicant does not request an appeal in a timely manner. In a proper case, in which the denial constitutes denial of a property right, the appeal process offers notice and hearing procedures conducted in accordance with the Administrative Procedures Act. If the denial does not constitute denial of a property right, the appeal is directly to the executive director for reconsideration of the decision.

Every approved registrant is subject to disciplinary action for failure to comply with the TRCCA or the commission rules regarding registration and renewal. Those matters are referred to the agency's enforcement staff. During the pendency of an investigation and enforcement action, registration staff locks the registration file so that no one can make changes without management-level authorization.

Although registration administers it, the Star Builder program is a standalone program. More information is available about the Star Builder program in a separate section contained later in the report.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

General revenue derived from the regulated industry.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

None.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Not applicable.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

As a result of HB 1038, localities must verify a builder or remodeler's registration before issuing a permit. The commission provides access to builder/remodeler registration and status information on its Web site, which allows cities and other interested parties to verify registration status.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2006;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

None.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Until the commission implements the requirements of House Bill 1038, it remains to be seen whether future statutory changes will be necessary.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

None.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

A builder or remodeler may not construct new homes or engage in remodeling projects that change the living area of the home or that cost more than \$10,000 in Texas without first registering with the commission. In addition to obtaining information about the builder or remodeler, the commission determines the physical location of each builder or remodeler. The review of the registration application includes a background check for a designated individual who serves as the registered agent for the builder or remodeler.

The commission audits its registration records against the Secretary of State's business organization

records and background information to ensure the accuracy of online renewal information provided by registrants that renew through a secure internet portal. The oversight of building practices is limited to alleged defect inspections conducted through the state-sponsored inspection and dispute resolution process (SIRP). When a defect is confirmed and a repair is made, the builder or remodeler is required to rehire the inspector to ensure that the defects were properly repaired. The inspector reports to the commission on the results of its re-inspection.

Procedures for handling complaints and compliance issues are forwarded to the appropriate section and handled through those processes that are discussed elsewhere in this report.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

See relevant portion of Attachment 20, *On the Level*.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Enforcement
Location/Division	Austin
Contact Name	Susan Durso
Actual Expenditures, FY 2006	\$438,163.58
Number of FTEs as of August 31, 2006	7.5

B. What is the objective of this program or function? Describe the major activities performed under this program.

The commission aggressively pursues administrative actions against builders and remodelers who fail to follow statutory and regulatory requirements. The enforcement section of the legal division enforces the TRCCA and agency rules using informal resolution processes and contested case procedures to ensure compliance with state law and agency regulations.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

See Attachment 20, *On the Level*.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Not applicable.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Actions under this section most directly affect a registered builder/remodeler involved in any given enforcement case. Often, a disciplinary action is the result of a complaint by a consumer against their builder/remodeler. On a larger scale, enforcement helps ensure that businesses in the residential construction industry in Texas are meeting their statutory obligations. When regulated entities meet their obligations, the residential construction industry is more likely to provide Texans with quality construction.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Staff investigates complaints received from external contacts or internal departments that are within the commission's jurisdiction to determine if reasonable grounds exist to believe that any business or individual is violating the TRCCA or an agency rule. If staff identifies evidence supporting the complaint, an investigator and an enforcement attorney determine the next course of action for prosecuting the alleged violation and make a recommendation to the executive director. In all instances, a person is given an opportunity to remedy the situation or respond to the allegations before the commission initiates formal administrative proceedings. If a person fails to respond or the response does not resolve the matter, then the commission pursues administrative action.

If a person is believed to be violating the Act because that person is acting as a builder/remodeler without having properly registered with the commission, staff first seeks voluntary compliance by notifying the person of the registration requirements and providing the necessary application information. Prior to the passage of HB 1038, the commission did not have jurisdiction over unregistered activity. The commission referred unregistered builders/remodelers to the Office of the Attorney General for assistance in bringing those builders/remodelers into compliance. House Bill 1038 includes provisions that allow the commission to pursue direct administrative action against a builder/remodeler that fails to register. One of the tools new to the commission's disposal is its ability to issue cease and desist orders.

If there is sufficient evidence to support a contested case that a registered person is not in compliance with agency regulations, the commission first seeks voluntary compliance by notifying the person of the complaint, the relevant regulation and the possible administrative actions that can be taken if compliance is not achieved. If the person fails to comply voluntarily, the staff sends a formal notice of violation outlining the facts that the commission has supporting its belief that a person is not in compliance, a list of the regulations allegedly violated, and the consequences that can be imposed if the alleged violations are proved in a hearing. If the person fails to comply, staff requests a hearing from the State Office of Administrative Hearings and sends notice to the respondent of the hearing date. Staff then pursues the contested case to its resolution.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

General revenue derived from the regulated industry.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

None.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The commission has an interagency contract with the State Office of Administrative Hearings (SOAH) for SOAH to conduct the commission's administrative hearings.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Not applicable.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2006;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

In fiscal year 2006, the agency spent \$17,993.53 on this contract.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Until the commission implements the requirements of House Bill 1038, it remains to be seen whether future statutory changes will be necessary.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

None.

- N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:**
- why the regulation is needed;
 - the scope of, and procedures for, inspections or audits of regulated entities;
 - follow-up activities conducted when non-compliance is identified;
 - sanctions available to the agency to ensure compliance; and
 - procedures for handling consumer/public complaints against regulated entities.

Not applicable.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency=s practices.

See relevant portion of Attachment 20, *On the Level*.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	State-Sponsored Inspection and Dispute Resolution
Location/Division	Austin
Contact Name	Janet Gallagher
Actual Expenditures, FY 2006	\$897,332.84*
Number of FTEs as of August 31, 2006	10.0*

*While the commission partitions its programs at this level for management purposes, it does not divide its budget to this degree of specificity. These amounts reflect the budgetary figures for all four programs (State Sponsored Inspection and Dispute Resolution, Communication/Call Center, Communication/Ombudsman and Appeal Panel).

B. What is the objective of this program or function? Describe the major activities performed under this program.

The state inspection department provides a neutral forum for homeowners and builders/remodelers to obtain a professional review of alleged defects by qualified third-party inspectors. If an inspector confirms a defect, they will also offer a repair recommendation. The inspection process helps the homeowner and builder/remodeler to resolve disputes on alleged defect items fairly and without the need for costly, time consuming litigation. If either party feels compelled to initiate a legal action after the inspection process is complete, the final commission report holds legal presumption as to whether a

construction defect exists and, if so, a reasonable method of repair. This should reduce the costs typically associated with traditional expert witness fees.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

See relevant portion of Attachment 20, *On the Level*.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Not applicable.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

This program has the potential to affect new home buyers, builders, remodelers, and those who have had residential remodeling work done. The inspection process provides consumers and builders/remodelers the opportunity to have an independent third-party inspector review alleged defects on qualifying projects before proceeding to litigation or arbitration. At the end of the inspection process, the inspector will provide a repair recommendation for a confirmed defect. In the broadest sense, the goal of the program is to help get a defective item repaired quickly while reducing the costs associated with litigation.

The eligibility requirements for the third-party inspectors who provide expert inspections are stringent. House Bill 1038 altered the inspector qualifications (see part L for changes and ramifications). There are three distinct types of inspectors. There are inspectors who examine issues related to workmanship and materials; there are inspectors who deal with structural issues only; and, there are inspectors who evaluate alleged structural defects and unrelated workmanship and materials issues. All inspectors, regardless of type, must maintain their neutrality. Inspectors must decline any assignment where they feel they cannot remain impartial.

Workmanship and materials inspectors are certified in all residential inspection areas by the International Code Conference, a globally recognized code group. Before the passage of HB 1038, workmanship and materials inspectors had to have five years of construction experience in the residential industry. HB 1038 lowered that number to three years. These inspectors examine non-structural components like finishes and certain materials installation. They only inspect items under the one and two-year statutory warranties. They perform approximately 47 percent of all inspections.

Structural inspectors are licensed engineers and architects who, before passage of HB 1038, had to have 10 or more years of construction industry experience, a majority of which must be in the residential field. House Bill 1038 lowered the experience requirement to five years. These inspectors examine foundations and structural components of a home for structural integrity. Typically, these inspectors examine items that are more than three years old, but less than 10. These inspectors note damage to fit and finish caused by structural defects. They perform 22 percent of all inspections.

Joint inspectors must meet all the qualification requirements of a workmanship and materials inspector, but also must maintain an engineering or architectural license and, under HB 1038, have five years of residential construction industry experience. There are only 6 such inspectors registered with the commission. These inspectors provide more than 31 percent of all inspections.

The commission expects to increase its pool of potential inspectors as a result of the experience-level changes dictated by HB 1038.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

When the commission receives an inspection request, staff reviews the request to ensure that it is complete and in compliance with agency regulations. Staff examines contract documents, warranties, work valuation, project size and notifications to determine the request's eligibility for the formal inspection process. Several factors affect eligibility. Staff checks to make sure that:

- The parties on the request form match those on the construction contract;
- The home is registered;
- The builder/remodeler is registered;
- The request is filed timely within the statutory requirements; and
- The defects are discovered and reported within the warranty time frame.

When judging the eligibility of remodeling projects, staff must consider two criteria in addition to the aforementioned: cost and whether the project involved a material improvement to the home. A remodeling project is only eligible for inspection if the project involves interior work exceeding \$20,000 (reduced to \$10,000 after September 1, 2007, effective date of HB1038) or, regardless of cost, the work results in a material improvement to the home. In this case, a material improvement is any alteration of the home's livable space.

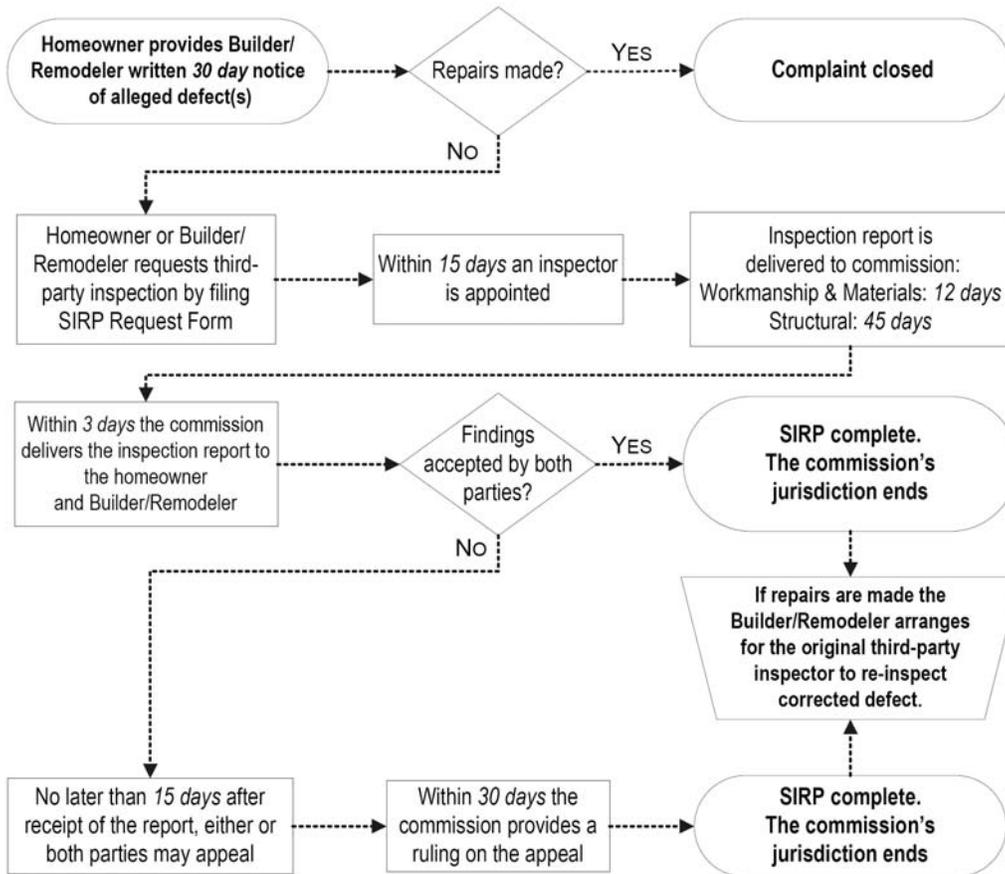
The commission maintains a pool of individuals it has approved to serve as third-party inspectors. Each inspector, when applying to serve, notes the areas of the state where they will work. When the inspection department determines that an item is eligible and issues an inspection number, staff uses a computer database to produce a list of available inspectors. The computer identifies an appropriate inspector based upon an inspector's county availability and qualifications for a given assignment. The homeowner and builder/remodeler each have one strike that they may use to disqualify an inspector. The inspector schedules the inspection.

At the commission, a member of the state inspection department serves as a case manager. This individual, who acts as the single point of contact for all parties, remains on an assigned case until the inspection process is complete or the complaint is resolved through repair or settlement. The case manager handles all correspondence with the inspector and other parties. The inspector forwards the final report to the case manager who in turn sends the report to the builder/remodeler and owner. By using a case manager as the single contact, neutrality is maintained throughout the process.

The law allows both parties the opportunity to appeal the findings in the inspector's report. If neither party appeals the case within 15 days of receiving the inspector's report, the findings in the report serve as the final agency decision.

Commission rules dictate that if a defect is confirmed in the final report, the involved contractor must make a repair offer within 15 days. The commission also requires that the contractor complete a 45-day report detailing any repairs, settlements or further legal action initiated by either party. The commission tracks a builder/remodeler's failure to respond or make a repair offer. The commission considers all the information it tracks when evaluating a business at renewal. House Bill 1038 necessitates several process and timeline changes.

Below is the current flowchart detailing the inspection process and a checklist is attached. As the commission implements House Bill 1038, timeframes on the flowchart are subject to alteration.



G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

General revenue derived from the regulated industry.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

None.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Not applicable.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

None.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2006;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

None.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Until the commission implements the requirements of House Bill 1038, it remains to be seen whether future statutory changes will be necessary.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Before House Bill 1038, consumers with alleged defect issues under the commission's jurisdiction had to proceed through the inspection process before initiating any legal action. Builders/remodelers were under no similar obligation. House Bill 1038 now requires that a builder/remodeler also proceed through the state's inspection process for items under commission jurisdiction before proceeding to civil action. As of September 1, 2007, a consumer who has an issue with a builder/remodeler who is not properly registered with the commission can bypass the state's inspection process in favor of direct court action or arbitration.

House Bill 1038 also reduces the threshold under which remodeling projects qualify. The commission used to have jurisdiction over remodeling projects if the work changed the home's living space (material improvement), or if the project involved interior remodeling costing more than \$20,000. While the material improvement qualification remains unchanged, starting September 1, 2007, the commission gains jurisdiction over interior remodeling projects costing \$10,000 or more. As a result of the lowered

threshold, the commission expects the number of registered companies and projects to increase substantially.

Without changes to third-party inspector criteria, the commission would have been hard-pressed to meet the demand for inspectors. House Bill 1038 contains provisions that should help. The bill slightly decreases the number of years of experience that each type of inspector must have. As of September 1, 2007, a workmanship and materials inspector only needs to have three years of experience in the residential construction industry as opposed to five. A structural inspector or an inspector performing work on a joint structural and workmanship and materials issue need only have five years of experience as opposed to 10 years.

House Bill 1038 authorizes the commission to pay inspector travel expenses. This should increase the geographical area in which a given inspector is willing to work. The bill exempts third-party inspectors from civil liability for negligence for inspections done for SIRP actions. Finally, the bill allows inspectors more time to return reports on non-structural issues. All the alterations that House Bill 1038 contains should help increase the pool of inspectors at the commission's disposal, which will help the commission meet the anticipated increase in inspection requests.

- N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:**
- why the regulation is needed;
 - the scope of, and procedures for, inspections or audits of regulated entities;
 - follow-up activities conducted when non-compliance is identified;
 - sanctions available to the agency to ensure compliance; and
 - procedures for handling consumer/public complaints against regulated entities.

Not applicable.

- O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.**

See relevant portion of Attachment 20, *On the Level*.

- A. Provide the following information at the beginning of each program description.**

Name of Program or Function	Communications/Call Center
Location/Division	Austin
Contact Name	Patrick Fortner
Actual Expenditures, FY 2006	\$897,332.84*
Number of FTEs as of August 31, 2006	10.0*

*While the commission partitions its programs at this level for management purposes, it does not divide its budget to this degree of specificity. These amounts reflect the budgetary figures for all four programs (State Sponsored Inspection and Dispute Resolution, Communication/Call Center, Communication/Ombudsman and Appeal Panel).

B. What is the objective of this program or function? Describe the major activities performed under this program.

The objective of the communications division and call center is to communicate effectively with the public and registrants concerning matters within the commission's jurisdiction.

The division imparts vital information to homeowners and the regulated industry by:

- Answering the commission's toll-free help line and local lines;
- Responding to email inquiries;
- Responding to inquiries posted on the commission's Web site;
- Designing and creating commission publications;
- Creating and managing public education programs;
- Interacting with the news media; and
- Promoting and taking part in public speaking events.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Communications has exceeded its key performance measures (number of phone calls received and number of Texans reached in person). Also see relevant portion of Attachment 20, *On the Level*.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

None.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

This program provides services to registrants and consumers. According to the Texas State Data Center, the state's population growth is expected to be substantial in the coming years. In one scenario, the Data Center predicts that by 2040, Texas will have a population of 35.8 million people—a 75 percent growth rate from 2000-2040. The nation's growth rate, expected to be roughly 49 percent for the fifty-year period from 2000-2050, is projected to be much lower than in Texas. Conservative projections also predict that Hispanics will be a majority in the state by 2035. The population is also expected to age substantially.

Clearly the demographic makeup of the state's homeowners will change in the coming years. In addition, the Comptroller of Public Accounts expects Texas to lead the nation in housing starts in 2008. More people will own homes. The commission expects more builders and remodelers to register to meet the increasing demand. The commission must be able to reach this ever-changing and growing group of homeowners and builders/remodelers in Texas with relevant and helpful information.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

The communications section provides centralized customer service to customers and provides researched responses to all written inquiries received.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

General revenue derived from the regulated industry.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

None.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Not applicable.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

The prevalent interaction with local governmental units is through city building departments and code enforcement. Building code enforcement is the purview of municipalities; the commission's involvement in the building process occurs upon completion of the construction and pertains to the performance of the home or qualified remodeling project.

This conjunction of related functions leads to significant interaction with the local officials, particularly as the city officials endeavor to determine a builder/remodeler's legal authority to perform within the industry as allowed through a valid registration certificate.

Further, as consumers contact the commission for assistance with building code-related issues, the division must make referral to the appropriate local officials.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2006;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

The commission spent \$213,159.06 on a contract to produce and place public service announcements in media outlets across the state. The messages provided information to Texas homeowners about the commission and its services.

The production and placement services were procured via a TXMAS contract administered through the Texas Building and Procurement Commission. The ads were placed based upon a cost-per-point basis. The short-term contract was fulfilled with no extension.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Until the commission implements the requirements of House Bill 1038, it remains to be seen whether future statutory changes will be necessary.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

None.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not applicable.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

See relevant portion of Attachment 20, *On the Level*.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Communications/Ombudsman Program
Location/Division	Austin
Contact Name	Patrick Fortner
Actual Expenditures, FY 2006	\$897,332.84
Number of FTEs as of August 31, 2006	10.0*

*While the commission partitions its programs at this level for management purposes, it does not divide its budget to this degree of specificity. These amounts reflect the budgetary figures for all four programs (State Sponsored Inspection and Dispute Resolution, Communication/Call Center, Communication/Ombudsman and Appeal Panel).

B. What is the objective of this program or function? Describe the major activities performed under this program.

Complaints filed with the ombudsman often include allegations of infringement of commission rules or registration requirements, trust fund violations, and monetary compensation complaints, such as deposit, earnest money or down payment reimbursements.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Since the commission created the ombudsman program in February 2006, the commission's ombudsman has helped resolve more than 220 complaints. Many of these complaints either were not eligible for the State-sponsored Inspection and Dispute Resolution Process, or were resolved before an inspection was initiated or completed. For example:

- In February 2005, Michael Paprocki, of Cibolo, bought a house from a builder selling homes in the area. Later that year, the company closed its doors.

A different builder purchased the defunct company's assets and homes still under construction, but not the warranty obligations on any existing homes.

Mr. Paprocki filed a complaint with the commission in March 2006 and asked for help, since his original builder was out of business and the new builder was under no obligation to help.

Following a series of phone calls and letters, the ombudsman persuaded both builders to work together and get Mr. Paprocki's house fixed. Mr. Paprocki's home was repaired by early July.

- Ordinarily, a tile floor's warranty coverage would last a year. The warranty on Midland homeowner Lawrence Hammond's six-year-old tile floor had long since expired when he filed a complaint with the commission in April 2006.

When the commission's ombudsman contacted the builder to discuss Mr. Hammond's claim, he

admitted the tiles were probably faulty, but with five solid years' performance behind them, he did not believe he should be solely responsible for replacing the tiles and bearing the expense of an out-of-warranty issue.

The ombudsman suggested fixing the tiles could be considered a good will 'marketing expense' that would foster a stronger relationship with the homeowner and lead to good word of mouth with potential customers. The ombudsman also recommended the builder contact his tile vendor to see if they would be willing to share some of the burden on the faulty, but non-warranted tiles. On May 15th, the builder informed the commission that he was able to secure assistance from his tile vendor and would make the repairs.

In September, the commission received this communication from Mr. Hammond, "It was only the weight of the commission that stirred (the builder)." He continued, "I thank the commission for their work and interest. The commission provides a valuable tool for the public interest for which I am grateful."

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

None.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

See previous discussion of demographics under the Communications/Call Center program (Part E).

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

By definition, an ombudsman investigates complaints and mediates fair settlements between aggrieved parties wherever practicable. This informal mediation process is designed to reach a middle ground in those cases where communication between the parties has broken down significantly, if not completely. Operationally, the complaints/ombudsman section responds to all written complaints received regarding the regulated industry. All complaints generate correspondence between the involved parties designed to facilitate communication and resolution of the issues. Intake processing occurs within 30 days of receipt.

If the builder/remodeler informs the commission that the parties have reached resolution, the ombudsman contacts the complainant to verify that assertion. If the homeowner affirms the resolution, the complaint is closed as resolved.

Complaints are closed as resolved, administratively closed or, when the ombudsman believes violations of commission rule or the law have occurred, closed and referred for investigation.

A complaint is closed administratively when it becomes apparent that further intervention of the ombudsman is fruitless, that both sides of the dispute are intractably opposed and no resolution appears achievable.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

General revenue derived from the regulated industry.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

None.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Not applicable.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Not applicable.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2006;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

None.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Until the commission implements the requirements of House Bill 1038, it remains to be seen whether future statutory changes will be necessary.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

None.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not applicable.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

See relevant portion of Attachment 20, *On the Level*.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Star Builder Program
Location/Division	Austin
Contact Name	Dawn Doyle
Actual Expenditures, FY 2006	\$535,795.17*
Number of FTEs as of August 31, 2006	6.5*

*Registration manages this program as one of its responsibilities. The amounts reflect the registration numbers as a whole.

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Star Builder program recognizes builders and remodelers who demonstrate a higher level of commitment to customer service and professionalism. This statutorily-required program allows registered builders and remodelers to distinguish themselves through membership in the program. Having Star Builders in the state is good for Texas consumers. As more and more builders and remodelers join the program, consumers should see better performance, increased professionalism and enhanced customer service throughout the whole of the residential construction industry.

To be a Star Builder, an applicant must offer at least three of the following premium services:

- A green building program.
- The Energy Star program.
- Certified Aging-in-Place Specialist program or EasyLiving Home Certification program.
- Enhanced foundation services, including site-specific engineering, additional inspections and foundation document retention.
- A third-party warranty program or a two-year warranty for all one-year workmanship and material items.
- Construct eight percent of homes annually with Universal Design Options.

As one of the three required programs, a Star Builder may also choose to take part in a nationally-recognized program that requires a greater standard of residential construction practice than the commission's limited warranty and building and performance standards.

Notice of Star Builder applications is posted in the *Texas Register* and on the agency's Web site for 21 days to allow the public to provide comment before an application is approved.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

The Star Builder program began accepting applications in April 2006. The first Star Builder members were approved July 1, 2007. The program qualifications are rigorous and most registered builders/remodelers do not easily meet them. The first program year ended June 30, 2007. As of August 1, 2007, there were 26,129 active builders/remodelers. Of those registered builders/remodelers, 77 applied for Star Builder status, but only 43 applications have been approved. There are currently seven applications pending. Twenty-six applications were determined to be ineligible or were withdrawn for failure to respond to a request to provide complete information demonstrating qualifications. The commission has denied one application.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

None.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

The Star Builder program has the potential to affect all Texas consumers in the market for a new home or a qualifying remodeling project by raising performance throughout the state's residential construction industry. Texans have a choice of businesses that have voluntarily agreed, by becoming Star Builders, to provide higher levels of customer service, professionalism and performance. Because consumers have this choice, the affects of the program should filter throughout the industry as more companies become Star Builders.

Program membership requires annual continuing education, a minimum threshold of insurance coverage for those builders/remodelers with a high volume of projects registered each year, agreed participation in a minimum of three select programs that offer greater opportunities or services for customers and a strict threshold for complaints lodged against members.

Star Builders must offer at least three of the following enhanced building programs: a green building program; the Energy Star program; the Certified Aging-in-place Specialist program or the EasyLiving Home Certification program; a program of construction to greater standards than the commission's warranty and building and performance standards; a private inspection program where at least three phases of construction are subjected to inspection; a foundation construction program requiring site-specific engineering, testing and documentation; a third-party warranty provided by a commission-approved third-party warranty company; a two-year warranty for all one-year workmanship and materials in addition to the two-year mechanical and delivery system warranties, the ten-year structural warranty and the ten-year warranty of habitability.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

The registration department reviews Star Builder applicants by conducting background checks, examining letters of qualification, compliance history, insurance coverage and proof of eligibility. If the application is missing information, the registration department seeks further information and makes a recommendation to the general counsel on the issue of approval. After review the general counsel approves the application for publication in the *Texas Register* and on the agency's Web site. The legal department compiles and addresses any comments received on the notice of application. If the applicant meets all the membership requirements and responds satisfactorily to any comments received, the application is approved. The registration department then notifies the applicant of the outcome of the review. The commission notes approved members on the Web site and provides information the program member can use to advertise their status as a Star Builder.

When the commission receives a Star Builder application, the registration department checks to see that the Star Builder applicant:

- Has provided the appropriate company information;
- Meets the experience and education requirements;
- Demonstrates appropriate financial responsibility;
- Maintains liability insurance as required;
- Provides at least three of several possible services that a Star Builder must provide; and
- Meets all other qualifications, including submitting the application fee.

Members must have 16 hours of approved continuing education each program year. The legal department reviews and recommends approval of continuing education courses that satisfy agency requirements for membership to the executive director. The commission's Web site contains a list of approved courses. Members submit evidence of participation in the required number of courses to the legal department and if the course participation is accepted, the information is maintained in the member's file as proof of continued eligibility. The legal department notifies members of compliance with the continuing education

requirements at the end of the program year. The legal department develops and maintains agency rules for membership and reviews them regularly for efficacy.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

General revenue derived from the regulated industry.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

None.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Not applicable.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

None.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2006;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

None.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Until the commission implements the requirements of House Bill 1038, it remains to be seen whether future statutory changes will be necessary.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Nothing.

- N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:**
- why the regulation is needed;
 - the scope of, and procedures for, inspections or audits of regulated entities;
 - follow-up activities conducted when non-compliance is identified;
 - sanctions available to the agency to ensure compliance; and
 - procedures for handling consumer/public complaints against regulated entities.

The commission administers the Star Builder program to recognize builders/remodelers that demonstrate the highest level of commitment to quality construction in Texas. The program operates in a promotional capacity, much like the Texas Department of Agriculture's Go Texan program.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

Not applicable.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Arbitration Filings
Location/Division	Austin
Contact Name	Susan Durso
Actual Expenditures, FY 2006	Not significant
Number of FTEs as of August 31, 2006	Not significant

B. What is the objective of this program or function? Describe the major activities performed under this program.

State law requires that parties to private arbitration proceedings between a builder/remodeler and a homeowner file a summary of the outcome of those proceedings with the commission within 30 days of the filing of an arbitration award with the appropriate jurisdictional court.

The program provides a central governmental depository for the arbitration award information. The commission provides public access to the information it collects.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Only ten award summaries have been filed with the commission since 2004. However, several factors may impact the number of summaries filed. The filing requirement only applies to arbitrations filed since September 1, 2003, which means that few disputes may have completed the arbitration process to date. Arbitration awards timely paid are not submitted to courts for collection; moreover, since historically arbitration awards were kept confidential by the parties, there is a greater incentive for a party who has been ordered to pay an award to pay that award before it is filed with a court for judgment.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

None.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Not applicable.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

The commission has developed a rule and a form for parties to use to submit those arbitration award summaries, both when required to do so and when the party chooses to submit the information voluntarily. The commission maintains a spreadsheet of the information submitted.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

General revenue derived from the regulated industry.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

None.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Not applicable.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

None.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2006;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

None.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

None.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

None.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

When the Legislature passed HB 730 to create the commission, its interest in arbitration activity related to the construction industry was clear. Information about the number of arbitrations occurring and the dollar amount at stake was unknown. As a result, the Legislature created requirements in House Bill 730 to require that award information subject to judgment be filed with the commission. Furthermore, to provide consumers access to information about arbitrators who have substantial experience arbitrating disputes between builders/remodelers and homeowners, the Legislature created the opportunity for those arbitrators to be certified by the commission and listed on the agency’s Web site. The Legislature also created a task force to study arbitration.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency’s practices.

Not applicable.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Appeal Panel
Location/Division	Austin
Contact Name	Susan Durso
Actual Expenditures, FY 2006	\$897,332.84*
Number of FTEs as of August 31, 2006	10.0*

*While the commission partitions its programs at this level for management purposes, it does not divide its budget to this degree of specificity. These amounts reflect the budgetary figures for all four programs (State Sponsored Inspection and Dispute Resolution, Communication/Call Center, Communication/Ombudsman and Appeal Panel).

B. What is the objective of this program or function? Describe the major activities performed under this program.

The appeal panel is comprised of state employees who review appeals to a third-party inspector’s report filed in the state-sponsored inspection program. The appeal panel also assigns third-party inspectors to state-inspection requests and consults with third-party inspectors as needed.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

See relevant portion of Attachment 20, *On the Level*.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

None.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Members of the appeal panel must be certified as residential combination inspectors by the International Code Council. To hear appeals concerning alleged structural defects, one member of the panel must be a licensed engineer.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

The commission has developed an appeal form that is provided to each party to an inspection request. Commission staff mails the form with the third-party inspector's report and notifies the parties of the deadline for appeal. If an appeal is timely received, it is forwarded to the appeal panel for review.

The opportunity to appeal allows each party involved in the inspection process to challenge the third-party inspector's findings and conclusions on the alleged defects. The state inspectors have the same qualifications as the third-party inspectors assigned. They review the record to determine if the third-party inspector's findings and conclusions are properly supported by the evidence in the record. If a matter is not properly supported, it is remanded to the third-party inspector to provide additional information. In addition to the authority to remand, the appeal panel can affirm, modify or reverse the third-party inspector's findings or conclusions.

An agency attorney reviews each appeal report to determine whether the report covers the issues presented by the appealing parties and provides sufficient information should the report later be submitted as evidence in a civil action between the homeowner and builder/remodeler.

Once the appeal panel receives notice of an appeal, the following steps occur:

- Staff prepares an appeal panel information packet. The packet includes copies of the documents that the third-party inspector had available when they prepared the inspection report; copies of the appeal document from the party or parties appealing the report; copies of the third-party inspector's inspection report; and, if necessary, an appeal summary from legal department.
- Staff schedules appeal hearings. The appeal panel usually hears five appeals during one session.

- One member of the panel drafts the appeal report and sends it to the other panel members for review.
- After receiving the appeal panel's comments, the drafter sends a draft report to legal counsel for review.
- After legal counsel grants final approval, staff prepares four copies of the final report and provides them to SIRP for distribution.

Sometimes appeal reports are remanded to the third-party inspector. In these cases, a few additional steps occur:

- Staff sends a copy of the appeal report to the third-party inspector. The inspector must prepare and submit a new inspection report for the remanded item(s).
- After the inspector submits the remand report, the appeal panel reviews it to make sure it includes the additional information requested.
- If the appeal panel approves the remand report, staff sends four copies to the inspection department for processing. If the remand report does not include all the requested information, the appeal panel returns it to the third-party inspector a second time to provide the necessary information.
- If an inspector refuses to provide information upon remand, the file is returned to the inspection department and a new inspector is assigned. The commission does not pay the original inspector for the original inspection. The commission can revoke an inspector's registration if the inspector continues to refuse to complete assigned inspections.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

General revenue derived from the regulated industry.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

None.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Not applicable.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

None.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2006;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

None.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Until the commission implements the requirements of House Bill 1038, it remains to be seen whether future statutory changes will be necessary.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

The appeal panel's duties for review of a third-party inspector's report will change with the implementation of House Bill 1038, which was enacted by the 80th Legislature. The new legislation clarifies that the appeal panel will review the third-party inspector's recommendation for compliance with Title 16 required by the rules adopted by the commission.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not applicable.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

See relevant portion of Attachment 20, *On the Level*.

VIII. Statutory Authority and Recent Legislation

A. Fill in the following chart, listing citations for all state and federal statutes that grant authority to or otherwise significantly impact your agency. Do not include general state statutes that apply to all agencies, such as the Public Information Act, the Open Meetings Act, or the Administrative Procedure Act. Provide information on Attorney General opinions from FY 2003 - 2007, or earlier significant Attorney General opinions, that affect your agency's operations.

Texas Residential Construction Commission Exhibit 11: Statutes/Attorney General Opinions	
Statutes	
Citation/Title	Authority/Impact on Agency (e.g., Provides authority to license and regulate nursing home administrators@)
Property Code, Title 16, The Texas Residential Construction Commission Act (TRCCA)	Agency's enabling legislation, contains authority for most agency functions required under state law.
Property Code, Chapter 27, The Residential Construction Liability Act (RCLA)	Contains procedures related to participants in the state-sponsored inspection process, which is administered by the agency.
Property Code, Section 41.007	Contains requirements for disclosures in home improvement contracts.
Occupations Code, Chapter 52, regarding the consequences of criminal convictions	Includes requirements for licensing agencies that evaluate the criminal histories of regulated individuals.
Local Government Code, Section 214.212	Allows municipalities to adopt local amendments to the International Residential Code, which is a residential construction code upon which the agency's residential construction performance standards are based.
Health and Safety Code, Section 388.003	The commission is authorized to establish an energy-efficient building accreditation program, in conjunction with others, for buildings that exceed the building energy performance standards under Section 388.003, Health and Safety Code, by 15 percent or more.
*Is part of HB 1038, which was passed by the 80th Legislature and will become effective Sept. 1, 2007.	

Texas Residential Construction Commission Exhibit 11 (continued): Statutes/Attorney General Opinions	
Attorney General Opinions	
Attorney General Opinion No.	Impact on Agency
Tx. Atty. Gen. Op. No. GA-0233 (2004)	Affirms that the TRCCA excludes from its definition of "builder" businesses and individuals engaged in residential construction and licensed by a municipality, and that the commission may seek to enjoin builders who have failed to obtain a certificate of registration from the Commission.
Tx. Atty. Gen. Op. No. GA-0297 (2004)	Affirms that the Local Government Code section 214.212(c)(1), permits a municipality to adopt local amendments to the International Residential Code (IRC), regardless of whether those amendments are greater or less stringent than the provisions of the IRC. Since the commission is required to utilize the IRC to set performance standards for the residential construction industry, the opinion clarified that local jurisdictions are not required to adopt local amendments that are equivalent or stronger than the IRC, as adopted by the International Code Council.

B. Provide a summary of recent legislation regarding your agency by filling in the chart below or attaching information already available in an agency-developed format. Briefly summarize the key provisions. For bills that did not pass, briefly explain the key provisions and issues that resulted in failure of the bill to pass (e.g., opposition to a new fee, or high cost of implementation).

Texas Residential Construction Commission Exhibit 12: 80th Legislative Session Chart		
Legislation Enacted - 80th Legislative Session		
Bill Number	Author	Summary of Key Provisions
HB 1038	Ritter	Relating to the operation of the Texas Residential Construction Commission.
HB 2936	Farrar	Relating to exempting certain community development corporations from the Texas Residential Construction Commission Act.
HCR 198	Swinford	Directive for the Texas Residential Construction Commission.

Legislation Not Passed - 80th Legislative Session		
Bill Number	Author	Summary of Key Provisions/Reason the Bill Did Not Pass
HB 295	Farrar	Relating to the regulation of and claims against residential home builders.
HB 325	Leibowitz	Relating to construction projects employing undocumented workers.
HB 326	Leibowitz	Relating to fees authorized by the Texas Residential Construction Commission Act.
HB 340*	Leibowitz	Relating to the creation and dissemination by the Veterans' Land Board and the Texas Residential Construction Commission of a list of builders who provide certain types of building services.
HB 1039*	Ritter	Relating to inspection of residential construction in unincorporated areas.
HB 1686*	McClendon	Relating to the registration and regulation of homebuilders and residential construction and improvements.
HB 1762	Leibowitz	Relating to interest on unpaid penalties imposed by the Texas Residential Construction Commission.

Texas Residential Construction Commission Exhibit 12 (continued): 80th Legislative Session Chart		
Legislation Not Passed - 80th Legislative Session		
HB 2008*	Smith, Todd	Relating to the regulation of residential construction and the authority of the Texas Residential Construction Commission.
HB 2284*	Naishtat	Relating to an energy-efficient building accreditation program.
HB 2721	Thompson	Relating to consumer protection for and remedies available to a homebuyer whose home does not comply with certain warranties.
HB 2914*	Raymond	Relating to the abatement of certain suits between a builder and a homeowner.
HB 3269	Eiland	Relating to the abolition of the Texas Residential Construction Commission.
HB 3411*	Gattis	Relating to the operation of the Residential Construction Commission.
HCR 90	Coleman	Relating to the 80th Legislature of the State of TX extending its appreciation to Richard Allen for his years of devotion to public service... and name the building located at 311 E. 14th St. the Richard Allen State Office Bldg
SB 215*	Fraser	Relating to the operation of the Texas Residential Construction Commission.
SB 628	Carona	Relating to expanding the application of the Residential Construction Commission Act to include condominium apartments.
SB 658*	Seliger	Relating to an energy-efficient building accreditation program.

*Included at least portions of the bills to the enacted version of HB 1038.

IX. Policy Issues

The purpose of this section is to briefly describe any potential issues raised by your agency, the Legislature, or stakeholders that Sunset could help address through changes in statute to improve your agency's operations and service delivery. This section is intended to give the Sunset Commission a basic understanding of the issues so staff can collect more information during our detailed research on your agency. Some questions to ask in preparing this section may include: (1) How can your agency do a better job in meeting the needs of customers or in achieving agency goals? (2) What barriers exist that limit your agency's ability to get the job done?

Emphasis should be given to issues appropriate for resolution through changes in state law. Issues related to funding or actions by other governmental entities (federal, local, quasi-governmental, etc.) may be included, but the Sunset Commission has no authority in the appropriations process or with other units of government. If these types of issues are included, the focus should be on solutions which can be enacted in state law. This section contains three components:

Brief Description of Issue.

Background. Include enough information to give context for the issue. Information helpful in building context includes:

- What specific problems or concerns are involved in this issue?
- Who does this issue affect?
- What is the agency's role related to the issue?
- Any previous legislative action related to the issue?

Possible Solutions and Impact. Provide potential recommendations to solve the problem. Feel free to add a more detailed discussion of each proposed solution, including:

- How will the proposed solution fix the problem or issue?
- How will the proposed change impact any entities or interest groups?
- How will your agency's performance be impacted by the proposed change?
- What are the benefits of the recommended change?
- What are the possible drawbacks of the recommended change?
- What is the fiscal impact of the proposed change?

A. Brief Description of Issue

Before the 80th Legislative session, commission members met to discuss and set out policy-related issues in need of attention. House Bill 1038 implemented many of the items the commission identified. Attachment 21 provides information about the deliberations and those items implemented.

B. Discussion

See Section A above.

C. Possible Solutions and Impact

See Section A above.

X. Other Contacts

A. Fill in the following chart with updated information on people with an interest in your agency, and be sure to include the most recent e-mail address.

Texas Residential Construction Commission Exhibit 13: Contacts			
INTEREST GROUPS (groups affected by agency actions or that represent others served by or affected by agency actions)			
Group or Association Name/ Contact Person	Address	Telephone	E-mail Address
Texas Association of Builders Kristi Sutterfield	313 E. 12th Street, Ste. 210 Austin, Texas 78701	(512) 476-6346 (800) 252-3625	Kristi@ texasbuilders.org
Homeowners for Better Building Janet Ahmad	P.O. Box 791438 San Antonio TX 78279	210-402-6800	president@hobb.org
Homeowners Against Deficient Dwellings John Cobarruvias			john.cobarruvias@ hadd.com
Public Citizen	1002 West Avenue #300 Austin, TX 78701	(512) 477-1155	jcarraway@ citizen.org
TexPIRG	1009 West Sixth Street Suite 208 Austin, Texas 78703	(512) 479-7287	info@texpirg.org
Texas Watch	1300 Guadalupe, Suite 108 Austin, TX 78701	(512) 381-1111	texaswatch@ texaswatch.org
31 local home builder associations across Texas	Complete listing available		
1000s of local homeowner associations across Texas	Complete listing available		
INTERAGENCY, STATE, OR NATIONAL ASSOCIATIONS (that serve as an information clearinghouse or regularly interact with your agency)			
Group or Association Name/ Contact Person	Address	Telephone	E-mail Address
International Code Council Jack Burleson	ICC Texas Field Office 445 E FM 1382, Ste 3, #266 Cedar Hill, Texas 75104	(888) 422-7233, ext. 7777	jburleson@ iccsafe.org
National Conference of States on Building Codes and Standards	505 Huntmar Park Drive, Ste 210 Herndon, Virginia 20170	(703) 437-0100	

LIAISONS AT OTHER STATE AGENCIES (with which your agency maintains an ongoing relationship, e.g., the agency's assigned analyst at the Legislative Budget Board, or attorney at the Attorney General's office)			
Agency Name/Relationship/ Contact Person	Address	Telephone	E-mail Address
Governor's Office Amanda Arriaga	Post Office Box 12428 Austin, Texas 78711	(512) 463-5157	amanda.arriaga@governor.state.tx.us
Office of the Attorney General Melissa Juarez	Post Office Box 12548 Austin, Texas 78711-2548	(512) 475-4300	melissa.juarez@oag.state.tx.us
Legislative Budget Board Thomas Galvan	P.O. Box 12666 Capitol Station Austin, Texas 78711	(512) 463-1200	thomas.galvan@lbb.state.tx.us
Senate Business and Commerce Committee Janice McCoy	Capitol Building Room 1E.15	(512) 463-0124	janice.mccoy@senate.state.tx.us
House State Affairs Committee Allison Scott	Capitol Building Room 4N.3	(512) 463-0470	allison.scott@house.state.tx.us
State Office of Administrative Hearings The Honorable Georgie Cunningham	300 W. 15th Street, Suite 502 Austin, TX 78701	(512) 475-4397	georgie.cunningham@soah.state.tx.us
Texas Real Estate Commission Della Lindquist	Post Office Box 12188 Austin, Texas 78711	(512) 465-3960	della.lindquist@trec.state.tx.us
Texas Department of Licensing and Regulation William Kuntz	Post Office Box 12157 Austin, Texas 78711	(512) 463-6599	executive.director@license.state.tx.us
Texas Department of Housing and Community Affairs Michael Lyttle	Post Office Box 13941 Austin, Texas 78711	(512) 475-4542	michael.lyttle@tdhca.state.tx.us

XI. Additional Information

A. Fill in the following chart detailing information on complaints regarding your agency. Do not include complaints received against people or entities you regulate. The chart headings may be changed if needed to better reflect your agency's practices.

Texas Residential Construction Commission Exhibit 14: Complaints Against the Agency Fiscal Years 2005 and 2006		
	FY 2005	FY 2006
Number of complaints received	0	1
Number of complaints resolved	0	0
Number of complaints dropped/found to be without merit	0	1
Number of complaints pending from prior years	0	0
Average time period for resolution of a complaint	0	5 days

B. Fill in the following chart detailing your agency's Historically Underutilized Business (HUB) purchases.

Texas Residential Construction Commission Exhibit 15: Purchases from HUBs				
FISCAL YEAR 2004				
Category	Total \$ Spent	Total HUB \$ Spent	Percent	Statewide Goal
Heavy Construction				11.9%
Building Construction				26.1%
Special Trade	\$338.00	\$0.00	0%	57.2%
Professional Services				20.0%
Other Services	\$350,779.00	\$254,949.00	72.7%	33.0%
Commodities	\$490,614.00	\$211,992.00	43.2%	12.6%
TOTAL	\$841,731.00	\$464,941.00	55.2%	

Texas Residential Construction Commission Exhibit 15 (continued): Purchases from HUBs				
FISCAL YEAR 2005				
Category	Total \$ Spent	Total HUB \$ Spent	Percent	Statewide Goal
Heavy Construction				11.9%
Building Construction				26.1%
Special Trade	\$995.16	\$311.25	31.2%	57.2%
Professional Services				20.0%
Other Services	\$761,780.30	\$299,504.46	39.3%	33.0%
Commodities	\$459,259.39	\$196,487.38	42.4%	12.6%
TOTAL	\$1,222,034.85	\$496,303.09	40.6%	

FISCAL YEAR 2006				
Category	Total \$ Spent	Total HUB \$ Spent	Percent	Statewide Goal
Heavy Construction				11.9%
Building Construction				26.1%
Special Trade				57.2%
Professional Services	\$8700.00	\$8700.00	100%	20.0%
Other Services	\$428,786.20	\$233,293.91	54.4%	33.0%
Commodities	\$304,469.33	\$228,433.19	75.0%	12.6%
TOTAL	\$741,955.53	\$470,427.10	63.4%	

C. Does your agency have a HUB policy? How does your agency address performance shortfalls related to the policy?

The commission follows the HUB policy set by the Texas Building and Procurement Commission. The commission continues to provide HUB outreach by supporting HUB conferences and soliciting HUB opportunities.

D. For agencies with contracts valued at \$100,000 or more: Does your agency follow a HUB subcontracting plan to solicit bids, proposals, offers, or other applicable expressions of interest for subcontracting opportunities available for contracts of \$100,000 or more? (Tex. Government Code, Sec. 2161.252; TAC 111.14)

Yes.

E. For agencies with biennial appropriations exceeding \$10 million, answer the following HUB questions.

Texas Residential Construction Commission appropriations did not exceed \$10 million in FY04 – FY06.

F. Fill in the chart below detailing your agency's Equal Employment Opportunity (EEO) statistics.

Texas Residential Construction Commission Exhibit 16: Equal Employment Opportunity Statistics							
FISCAL YEAR 2004							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	4	0	7%	0	11%	2	31%
Professional	13	2	9%	3	10%	9	47%
Technical	0	0	14%	0	18%	0	39%
Protective Services	0	0	18%	0	21%	0	21%
Para-Professionals	0	0	18%	0	31%	0	56%
Administrative Support	5	1	19%	2	27%	4	80%
Skilled Craft	0	0	10%	0	28%	0	10%
Service/Maintenance	0	0	18%	0	44%	0	26%

FISCAL YEAR 2005							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	4	0	7%	0	11%	1	31%
Professional	16	0	9%	4	10%	10	47%
Technical	0	0	14%	0	18%	0	39%
Protective Services	0	0	18%	0	21%	0	21%
Para-Professionals	0	0	18%	0	31%	0	56%
Administrative Support	6	0	19%	4	27%	6	80%
Skilled Craft	0	0	10%	0	28%	0	10%
Service/Maintenance	0	0	18%	0	44%	0	26%

Texas Residential Construction Commission Exhibit 16 (continued): Equal Employment Opportunity Statistics							
FISCAL YEAR 2006							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	3	0	7%	0	11%	1	31%
Professional	12	0	9%	4	10%	3	47%
Technical	0	0	14%	0	18%	0	39%
Protective Services	0	0	18%	0	21%	0	21%
Para-Professionals	0	0	18%	3	31%	5	56%
Administrative Support	8	1	19%	5	27%	8	80%
Skilled Craft	0	0	10%	0	28%	0	10%
Service/Maintenance	0	0	18%	0	44%	0	26%

G. Does your agency have an equal employment opportunity policy? How does your agency address performance shortfalls related to the policy?

Yes. Recruiting at various chambers of commerce, universities and builder associations whose mission is to serve minority constituencies. Additionally, job postings are placed in the state's Work-in-Texas system. When advertising is required for postings, job notices are also placed in minority news publications.

XII. Agency Comments

Provide any additional information needed to gain a preliminary understanding of your agency.

None.

ATTACHMENTS

Submit the following supplemental data or documents with the hard copy of the Self-Evaluation Report. Label each attachment with its number (e.g., Attachment 20). As part of the electronic version, attach a list of items submitted, but do not attach the actual documents to the electronic submission.

Attachments Relating to Key Functions, Powers, and Duties

1. A **copy** of the agency's enabling statute.
2. A **copy** of each annual report published by the agency from FY 2002 - 2006.
3. A **copy** of each internal or external newsletter published by the agency from FY 2005 - 2006.
Not Applicable.
4. A **list** of publications and brochures describing the agency.
5. A **list** of studies that the agency is required to do by legislation or riders.
6. A **list** of legislative or interagency studies relating to the agency that are being performed during the current interim.
7. A **list** of studies from other states, the federal government, or national groups/associations that relate to or affect the agency or agencies with similar duties or functions.

Attachments Relating to Policymaking Structure

8. Biographical information (e.g, education, employment, affiliations, and honors) or resumes of all policymaking body members.
9. A **copy** of the agency's most recent rules.

Attachments Relating to Funding

10. A **copy** of the agency's Legislative Appropriations Request for FY 2008 - 2009.
11. A **copy** of each annual financial report from FY 2004 - 2006.
12. A **copy** of each operating budget from FY 2005 - 2007.

Attachments Relating to Organization

13. If applicable, a map to illustrate the regional boundaries, headquarters location, and field or regional office locations.
Not Applicable.

Attachments Relating to Agency Performance Evaluation

14. A **copy** of each quarterly performance report completed by the agency in FY 2004 - 2006.
15. A **copy** of any recent studies on the agency or any of its functions conducted by outside management consultants or academic institutions.

Not Applicable.

16. A **copy** of the agency's current internal audit plan.
17. A **list** of internal audit reports from FY 2003 - 2007 completed by or in progress at the agency.
18. A **list** of State Auditor reports from FY 2003 - 2007 that relate to the agency or any of its functions.

None.

19. A **copy** of any customer service surveys conducted by or for your agency in FY 2006.
No surveys other than those in the commission's Strategic Plan are available.

Miscellaneous Agency Attachments

20. A **copy** of *On the Level*, the latest quarterly publication detailing key agency statistics
21. A **copy** of commission recommendations to the 80th Texas Legislature