

Smaller Smarter Government

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TDLR Strategic Plan

for the Fiscal Years 2013-2017

by the

Texas Commission of
Licensing and Regulation

and the

Texas Department of
Licensing and Regulation

Submitted July 6, 2012



STRATEGIC PLAN
FOR THE FISCAL YEARS 2013 – 2017

BY THE

Texas Commission of Licensing and Regulation

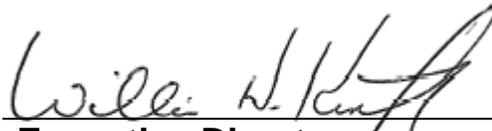
and the

Texas Department of Licensing and Regulation

Commission Member	Term	Hometown
Frank S. Denton, <i>Chair</i>	02/01/13	Conroe
Mike Arismendez, <i>Vice-Chair</i>	02/01/15	Littlefield
Ravi Shah	02/01/17	Carrollton
Lilian Norman-Keeney	02/01/17	Taylor Lake Village
Fred N. Moses	02/01/15	Plano
LuAnn Morgan	02/01/15	Midland
Deborah Yurco	02/01/13	Austin

Submitted July 6, 2012

Signed:



Executive Director

Approved:



Commission Chair

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THE VISION, MISSION AND PHILOSOPHY OF TEXAS STATE GOVERNMENT

Governor Rick Perry's Vision for Texas

We must critically examine the role of state government by identifying the core programs and activities necessary for the long-term economic health of our state, while eliminating outdated and inefficient functions. We must continue to adhere to the priorities that have made Texas a national economic leader:

- » ensuring the economic competitiveness of our state by adhering to principles of fiscal discipline, setting clear budget priorities, living within our means and limiting the growth of government;
- » investing in critical water, energy and transportation infrastructure needs to meet the demands of our rapidly growing state;
- » ensuring excellence and accountability in public schools and institutions of higher education as we invest in the future of this state and make sure Texans are prepared to compete in the global marketplace;
- » defending Texans by safeguarding our neighborhoods and protecting our international border; and
- » increasing transparency and efficiency at all levels of government to guard against waste, fraud and abuse, ensuring that Texas taxpayers keep more of their hard-earned money to keep our economy and our families strong.



The Mission of Texas State Government

Texas state government must be limited, efficient, and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities, and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just, and responsible manner. To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.

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

The Philosophy of Texas State Government

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

- » First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics, or individual recognition.

- » Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.
- » Decisions affecting individual Texans, in most instances, are best made by those individuals, their families, and the local government closest to their communities.
- » Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. Just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future and the future of those they love.
- » Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.
- » State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse and providing efficient and honest government.
- » Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.

STATEWIDE GOALS AND BENCHMARKS

TDLR has identified and defined its relationships to the relevant statewide priority goals and benchmarks.

Regulatory

Priority Goal

To ensure Texans are effectively and efficiently served by high-quality professionals and businesses by:

- Implementing clear standards;
- Ensuring compliance;
- Establishing market-based solutions; and
- Reducing the regulatory burden on people and business.

Benchmarks

- Percentage of state professional licensee population with no documented violations
- Percentage of new professional licensees as compared to the existing population
- Percentage of documented complaints to professional licensing agencies resolved within six months
- Percentage of individuals given a test for professional licensure who received a passing score
- Percentage of new and renewed professional licenses issued via Internet
- Number of new business permits issued online
- Percentage increase in utilization of the state business portal

Economic Development

Priority Goal

To provide an attractive economic climate for current and emerging industries and market Texas a premier business expansion and tourist destination that fosters economic opportunity, job creation, and capital investment by:

- Promoting a favorable business climate and a fair system to fund necessary state services; and
- Maintaining economic competitiveness as a key priority in setting State policy.

Benchmarks

- Number of new small businesses created
- Number of new non-government, non-farm jobs created
- Per capita gross state product
- State and local taxes as a percentage of personal income
- Texas unemployment rate

Natural Resources

Priority Goal

- To conserve and protect our state's natural resources (air, water, land, wildlife, and mineral resources) by:
- Providing leadership and policy guidance for state, federal, and local initiatives;
- Maintaining Texas' status as a leader in agriculture; and
- Encouraging responsible, sustainable economic development.



Water Well Drillers and Pump Installers are licensed by TDLR

Benchmark

- Percentage of Texas waters that meet or exceed safe water quality standards

General Government

Priority Goal

To provide citizens with greater access to government services while reducing service delivery costs and protecting the fiscal resources for current and future taxpayers by:

- Supporting effective, efficient, and accountable state government operations.

Benchmarks

- Total state taxes per capita
- Total state spending per capita
- Percentage change in state spending, adjusted for population and inflation
- State and local taxes per capita
- Number of state employees per 10,000 population
- Number of state services accessible by Internet
- Total savings realized in state spending by making reports/documents/processes available on the Internet and accepting information in electronic format

WHAT WE BELIEVE

TDLR's Vision

To be the leader in public service, customer satisfaction, and **innovation**.

TDLR's Mission

To honor the trust of all Texans, ensure public safety and consumer protection, and provide a fair and efficient regulatory environment.

TDLR's Philosophy

- Serve the public best by regulating in an open, fair, and consistent manner;
- Serve the citizens of Texas responsibly with maximum efficiency and transparency;
- Honor everyone's right to be heard by providing opportunities for participation for all our customers and employees;
- Provide the highest level of **customer service**;
- Develop leaders who model and foster our Core Values;
- Embrace change and **innovation** while never compromising quality;
- Create efficient and cost-effective partnerships with private and public sectors;
- Cut costs and reduce waste wherever possible, ensuring wise use of public resources; and
- Value the dignity and worth of our customers and employees.

TDLR's Core Values

The following core values reflect what is truly important to us as an organization. These are not values that change from time to time, situation to situation or person to person, but rather they are the foundation of our agency culture.

Integrity – We believe in being trustworthy, responsible and ethical in all we do.

Accountability – We are mindful that as public servants we are personally responsible to the citizens of Texas. We take responsibility for our own successes and failures – celebrating success and using setbacks as opportunities for growth.

Customer Service – We view each person we serve as deserving of our best efforts. We pride ourselves on courteous and timely delivery of services, getting the job done right the first time, exceeding customers' expectations and making services easily accessible.

Open and Free Communication – We believe in order to be successful we must communicate effectively with all of our customers, both internal and external. We honor everyone's right to be heard. We provide avenues for participation and creativity for all our employees and customers.

Innovation – We believe in an open exchange of ideas to foster creativity and change in our workplace and the services we deliver. We recognize that everyone has a contribution to make, and these contributions allow us to continually improve.

Teamwork – Our success is dependent on the combined intelligence and energy of all employees. We strive to create a work environment where employees can succeed and are motivated to achieve their highest potential. We expect the best from our employees and reward results.

Respect – We believe in conducting ourselves professionally and treating others with courtesy and respect.

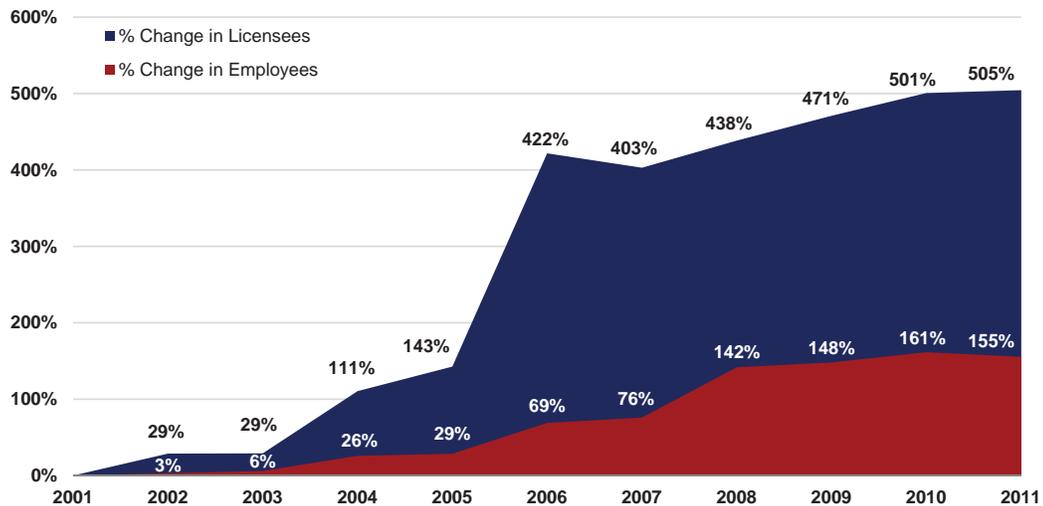
WHO WE ARE

The Texas Department of Licensing and Regulation's (TDLR) purpose is to license and regulate businesses, industries, individuals, and occupations, and to ensure Texans are served by qualified licensees. This is accomplished by creating clear and simple standards, providing guidance, ensuring compliance, and limiting the regulatory burden on individuals and businesses.

The agency began as the Bureau of Labor Statistics in 1909. The agency was renamed the Texas Department of Labor and Standards in 1973 and then restructured as the Texas Department of Licensing and Regulation in 1989.

Since 1999, the agency's responsibilities have grown from regulating 17 statutes to 28 and from oversight of 116,000 licensees to 655,987. Though the agency's employee cap has gone from 144.5 to 392.2 during this time, the licensee population has more than quintupled, resulting in the ratio of employees to licensees being reduced (see chart below). The agency's success in managing the dramatic increase in responsibilities is due to innovation, increased productivity, and efficiency. TDLR's strategic planning process enables the agency to refine its operations, retain flexibility, and ensure productivity as the agency's responsibilities increase.

Ratio of Employees to Licensees



Chapter 51 of the Texas Occupations Code establishes TDLR and its responsibilities. The Texas Commission of Licensing and Regulation (Commission) is TDLR's governing body, with seven public members appointed by the Governor with the consent of the Senate. The role of the Commission is to:

- select and supervise the executive director;
- set policy for the agency;
- approve TDLR's strategic plan, operating budget, and requests for funding;
- set fees to cover the cost of programs;
- adopt and repeal rules; and
- impose fines and sanctions for violations of laws, rules, and orders.

The Commission directs TDLR's common-sense approach to efficient, cost-conscious regulation. Before any rules are adopted, the Commission considers the impact of rules on consumers, businesses, and licensees. This balanced approach protects the interests of the public while ensuring that regulatory processes are not burdensome. Commissioners receive training on the importance of open, responsive government. The Commission promotes transparency in TDLR's interactions with consumers and regulated industries.

In addition, there are 19 Advisory Boards for programs regulated by TDLR. Input from the Advisory Boards is critical in helping the agency effectively carry out its mission and improve **customer service**. Advisory board members provide technical knowledge and industry expertise, giving the Commission real-world insight into the occupations regulated by TDLR. Commission members serve as liaisons between the Commission and each Advisory Board to gain a better understanding of these industries. Chairman Frank Denton has directed each Advisory Board to conduct a comprehensive review of its program's rules to eliminate unnecessary requirements.

TDLR's executive director, who reports to the Commission, is responsible for:

- administering TDLR's programs (see table below);
- hiring and overseeing agency personnel;

- issuing licenses;
- approving complaint settlements including fines and sanctions for violations of laws, rules, and orders;
- issuing cease and desist orders; and
- referring cases to the Texas Attorney General to get injunctions or collect fines.

TDLR is charged by statute to license individuals and businesses in specific industries. This important responsibility does not allow for complacency. We believe a regulatory agency should balance the interests of licensees and the public. TDLR prides itself on striking this balance by preventing an overly aggressive regulatory environment that kills jobs or permitting an environment that stifles fair competition and job creation.

WHO WE REGULATE

PROGRAMS	LICENSE TYPES	LICENSEE POPULATION
Cosmetologists	38	298,573
Electricians	12	110,747
Boilers	2	54,688
Air Conditioning & Refrigeration	4	50,289
Elevators	3	35,027
Vehicle Towing & Booting	13	30,837
Barbers	26	26,610
Architectural Barriers	2	12,750
For-Profit Legal Services Contracts	3	10,084
Vehicle Storage Facilities	2	5,937
Property Tax Professionals	3	4,001
Used Automotive Parts Recyclers	2	3,335
Combative Sports	11	3,038
Water Well Drillers	4	2,545
Water Well Pump Installers		
Auctioneers	2	2,497
Property Tax Consultants	3	1,537
Continuing Education Providers and Courses	2	1,267
Industrialized Housing & Buildings	6	546
Licensed Court Interpreters	2	538
Staff Leasing Services	2	364
Service Contract Providers	2	293
Polygraph Examiners	2	253
Temporary Common Worker Employers	1	106
Loss Damage Waivers	1	58
Vehicle Protection Product Warrantors	1	45
Weather Modification	2	21
Identity Recovery Service Contract Providers	2	1
Licensed Breeders	2	0
TOTAL	155	655,987

WHAT WE DO

Compliance

The Compliance division provides technical oversight, expertise, and training for TDLR's 28 statutes. As the agency's point of contact for technical questions from staff and the public, the division helps improve the quality and operations of businesses and industries throughout Texas by identifying hazards, providing information, improving health and safety, and ensuring consumer protection. The division's new Process Improvement Team is responsible for analyzing and implementing best practices and process improvements throughout the agency.

The responsibilities of the Compliance division are diverse, complex, and vital to the daily lives of Texans, for example:

- the Air Conditioning and Refrigeration program helps ensure the safe installation and efficient operation of air conditioning, heating, ventilation, and refrigeration systems - essential components of all Texas businesses and homes;
- the Electricians program helps ensure the safe installation of electrical wiring and equipment throughout the state, protecting consumers and businesses;
- the Tow Truck, Vehicle Storage Facilities and Booting program helps ensure compliance with tow fee schedules and safety requirements, provides technical assistance, and conducts inspections of facilities and vehicles;
- the Water Well Driller and Pump Installer programs help protect the quality of groundwater resources and the safety of the public water supply; and
- the Weather Modification program works with groundwater conservation districts, specialists, and the public to ensure the application of safe rain enhancement (cloud seeding) and hail suppression techniques, particularly in areas that have been impacted adversely by drought and extreme weather conditions in Texas.

Staff inspectors in the Field Operations section conduct inspections of businesses to ensure public safety and consumer protection. They provide education and hands-on assistance to licensees, businesses, and industry professionals during on-site inspections. Inspectors are located throughout Texas, minimizing travel costs and ensuring efficient use of resources. Field staff perform inspections for the Architectural Barriers, Barber, Cosmetology, Towing, Vehicle Storage Facilities, Booting, and Used Automotive Parts Recyclers programs.

These inspectors also answer questions from licensees and provide important information on State laws and rules. The division also oversees third-party inspections in our Architectural Barriers, Boiler, Elevator, and Industrialized Housing and Buildings programs.

In June 2012, Compliance Inspectors and Enforcement Investigators were trained by the Texas Academy of Animal Control Officers. Staff is ready to inspect breeder facilities as required by law.



Compliance staff and third-party inspectors conducted 142,933 inspections in fiscal year 2011, an increase of more than 11% over fiscal year 2010.

“Thank you for the good job that you all do. Our working relationship with you and your department has been excellent.”

*-Senator John Carona,
Chair, Senate Business
and Commerce Committee,
April 10, 2012*

For more information about the Compliance division, see Appendix J.

Customer Service

The Customer Service division is the agency's primary point of contact for providing prompt, accurate, and useful information to the public about our 28 statutes. Agents use a variety of methods to connect with our customers, including:

- a state-of-the-art phone system to respond to over 2,000 calls per day;
- timely correspondence via 320+ emails per day;
- innovative use of social media, responding to 200+ Facebook and Twitter posts per month;
- friendly in-person contacts to assist an average of 40 walk-in customers per day; and
- communicating in multiple languages.

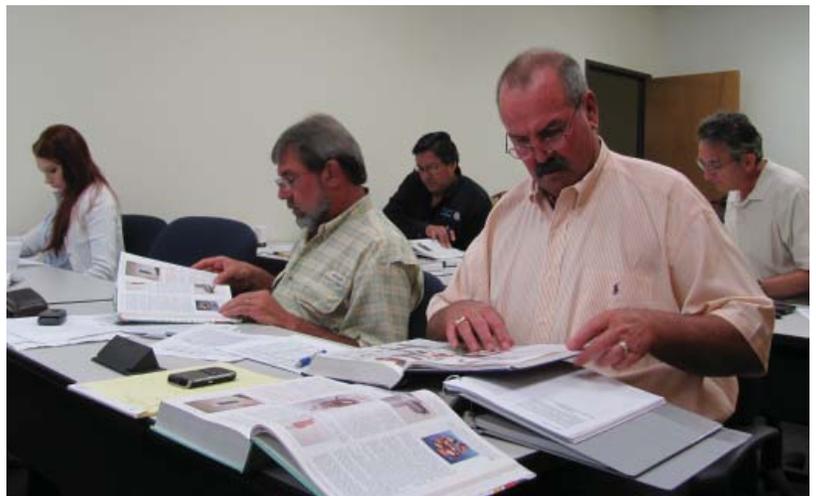
The phone system enables us to effectively route English, Spanish, and Vietnamese-speaking customers, electronic payments, and program specific calls to the appropriate agent. Instant messaging allows us to communicate in real time throughout the agency. This interactive, multi-platform customer service system provides "one-stop solutions" to questions and concerns in a single exchange. Soon, customers will be able to contact TDLR through web chat.

As part of TDLR's philosophy, Customer Service also provides expertise and develops leaders for the agency. Many agents successfully transfer to other positions throughout the agency, where their diverse knowledge and exceptional skills enhance TDLR's effectiveness.

Education and Examination

The Education and Examination division, through its Education section, develops continuing and pre-license education requirements for 11 programs to ensure that licensees are competent and knowledgeable. To ensure compliance with laws and rules, the Education section:

- evaluates and approves schools and courses;
- provides technical support and assistance to applicants;
- evaluates and approves continuing education providers and courses;
- conducts audits of courses, schools, and providers;
- manages TDLR's online course completion database; and
- develops and maintains education information on TDLR's website.



The examination section administered over 50,000 examinations in fiscal year 2011, an increase of 8.6% from fiscal year 2009.

Continuing Education and Pre-license Education Population by Program

PROGRAM	HOURS	POPULATION
Air Conditioning and Refrigeration	8	14,648
Auctioneers	6	2,485
Cosmetologists	4	177,575
Electricians	4	100,297
Licensed Court Interpreters	8	538
Property Tax Consultants	12	866
Property Tax Professionals – Appraisers and Assessors/Collectors	15	3,647
Property Tax Professionals – Collectors	5	396
Registered Accessibility Specialists	8	449
Towing Operators	4	11,498
Booting Operators	2	46
Water Well Drillers and Pump Installers	4	2,540

The Examination section oversees the development and administration of examinations for the 12 programs that require a test to demonstrate knowledge and competence to obtain a license. The Examination section also:

- reviews and updates examination content in collaboration with its private sector examination partner, PSI Services, LLC (PSI), subject matter experts, and Advisory Board members;
- works with PSI to assess examination effectiveness and the need for changes; and
- provides information to schools and instructors on the examination process, including pass-rate data.

Examination Population by Program

PROGRAM	POPULATION
Air Conditioning and Refrigeration Contractors	2,156
Auctioneers	132
Barbers	3,063
Boiler Inspectors	22
Cosmetologists	37,189
Electricians	5,956
Licensed Court Interpreters	203
Polygraph Examiners	28
Property Tax Consultants	152
Property Tax Professionals	670
Registered Accessibility Specialists	79
Well Drillers and Pump Installers	368

Enforcement

The Enforcement division investigates and resolves complaints received from consumers, industry, municipalities, and TDLR staff for our 28 statutes. The division's structure promotes an effective process for fair and efficient complaint resolution. Enforcement consists of three sections:

- The Intake section initially determines if the department has jurisdiction and recommends whether an investigation should be opened on each complaint.

- The Investigation section develops a detailed account of facts, including witness interviews, research, on-site investigations, and prepares a written report when the investigation is completed. It also conducts sting operations to identify and prevent unlicensed activity.
- The Prosecution section includes prosecutors, legal assistants, and legal support. The prosecutors and legal assistants ensure proper resolution of each case, pursuing penalties or sanctions when violations are found. The prosecutor represents TDLR before the State Office of Administrative Hearings when a case cannot be resolved by agreement. Legal support staff tracks final orders, collects penalties, and assures compliance with Commission-ordered probation requirements. They screen criminal history information received from the Department of Public Safety and review reports to identify crimes that may be the basis to deny or revoke a license.



In fiscal year 2012, the Enforcement division has issued 382 cease and desist orders for unlicensed activity

Accuracy and fairness in investigations and complaint resolution are essential to TDLR’s enforcement process. The division’s complaint resolution procedures manual, program penalty matrices, and criminal offense evaluation guidelines ensure consistency. Enforcement periodically reviews and revises these documents and submits them to the Commission for approval.

Executive

The Executive Office provides the leadership, motivation, and direction required to successfully achieve TDLR’s vision and mission by managing daily operations and resources to meet our strategic goals. The success of the Executive Office is attributed to:

- a **respect**-based management philosophy;
 - an enduring commitment to **open communication** with all employees and customers;
 - recognizing industry trends and implementing process improvements; and
 - adherence to transparency and efficiency in government.



The Executive Office provides the leadership, motivation, and direction required to successfully achieve TDLR’s vision and mission

The Executive Office works hard to build trust between the TDLR family, public officials, licensees, and the citizens of Texas.

The Executive Office performs the following functions:

- implement Commission priorities;
- recommend fee changes and budgets to the Commission;
- develop and implement strategic planning initiatives;

- review Advisory Board applications for recommendation to the Chairman of the Commission;
- assess administrative sanctions (denial, suspension, revocation, and probation of a license) and penalties;
- issue subpoenas;
- draft and review rules;
- represent the agency before the Legislature;
- monitor Historically Underutilized Business contracts;
- support TDLR's 19 Advisory Boards;
- manage and authorize grants from the Auctioneer Education and Recovery Fund;
- manage and authorize expenditures from the Licensed Breeder Training and Enforcement Fund;
- provide policy direction for workforce planning, recruitment, benefits and compensation, and staff development;
- act as TDLR's contact with other government agencies and industry organizations;
- broadcast and archive agency meetings;
- administer TDLR's internal and external websites and social media outlets;
- issue press releases and respond to media inquiries about the department's activities; and
- encourage employee suggestions and ideas consistent with our core values and strategic plan.

“The Texas Department of Licensing and Regulation celebrated 100 years of excellence as a model state agency in 2009, and it continues to earn the public trust by setting the standard for customer service, innovation, cost-effectiveness and efficiency.” - HR 1793 by Chairman Jim Pitts, 82nd Session, congratulating the Texas Department of Licensing and Regulation on being named one of the top workplaces in the Austin area by the Austin American-Statesman

Financial Services

Financial Services manages TDLR's fiscal resources in a prudent and responsible manner to ensure compliance with state and federal requirements. This division is organized into four cross-trained teams:

- Revenue
- Expenditures
- Purchasing
- Mail

Financial Services makes sure the agency balances its budget and lives within its means. We monitor purchasing and capital asset requirements, develop the Legislative Appropriation Request, manage the agency's annual budget, and prepare all fiscal reports for the agency.

Our goal is to serve: applicants and licensees by processing their paperwork and money timely; the other TDLR divisions with purchasing, payroll and travel reimbursements; and, most importantly, the citizens of Texas, by performing our fiscal responsibilities cost-effectively and with the

highest level of **integrity**.

The key duties of this division are:

- accounting;
- budgeting;
- cash receipt processing;
- payroll;
- expenditure and payment processing;
- revenue recognition and reconciliation;
- financial interface for USAS and the TexasOnline/Texas.gov portal;
- fixed asset management;
- mail processing;
- purchasing, property management, and contract administration;
- risk management; and
- vehicle fleet management.

Office of the General Counsel

The Office of the General Counsel takes a common-sense approach to the development of rules, contracts, and agency policies. The Office of the General Counsel protects the public, promotes an efficient regulatory environment, and minimizes the risk of litigation against the state, the agency, and its Commissioners and employees.

The Office of the General Counsel:

- advises the Commission and Executive Office;
- drafts and reviews rules;
- responds to open records requests;
- supports Advisory Boards;
- drafts and reviews contracts;
- provides legal opinions for the agency; and
- works with the Office of the Attorney General in administrative appeals, injunctive orders, seeking the collection of delinquent fines, and coordinating other legal proceedings as they arise.

The general counsel serves as the advisor to the Commission, Executive Office, and agency staff concerning pending litigation, bills and laws affecting the agency, ethics questions, and sensitive legal matters. The general counsel is also TDLR's Chief Audit Executive and Ethics Officer.

Since the beginning of fiscal year 2012, the Office of the General Counsel has improved efficiency among the agency's 28 statutes by:

- assisting the Commission in repealing 31 rule sections;
- drafting and revising 191 new or amended rules adopted by the Commission; and
- coordinating responses to more than 528 open records requests, an increase of 14.5% over fiscal year 2011.

Human Resources

The Human Resources division supports TDLR's vision and mission by promoting a healthy working environment to attract, develop, and retain qualified employees who are dedicated to serving the citizens of Texas. The division offers valuable services to employees, such as:

- workforce planning;
- recruitment and hiring;
- training and career development;
- employee benefits, compensation, and related matters;
- developing and maintaining personnel policies and procedures;
- employee relations;
- promoting wellness;
- ensuring compliance with state and federal employment law;
- detecting and preventing employee fraud; and
- legal support on personnel matters.

Information Systems Development

TDLR's Information Systems Development division designs and develops custom software to meet specific needs of the agency. The Texas Umbrella Licensing Information Project (TULIP) software system forms the framework for our licensing system and accommodates a multitude of license types, expanding easily to meet the agency's changing needs. The Texas Occupations Online Licensing System (TOOLS) software program, used for our Towing and Vehicle Storage Facilities programs, promotes self-service, allowing insurance companies to update coverage information, inspectors to post inspection reports, and applicants to complete and submit applications online.

Many of TDLR's Internet-based systems connect directly with the TULIP and TOOLS databases. This allows real-time applications and renewal of licenses through TexasOnline/Texas.gov; pre-license and continuing education course completion postings; barber and cosmetology student enrollment and classroom hour reporting; payment of administrative penalties; and extensive database searches.

Licensing

The Licensing division's primary responsibility is to review applications and issue licenses to

qualified applicants. We have extensive knowledge of licensing requirements and process applications and issue new licenses within 9.2 days for 28 statutes, with a combined 155 unique license types for 655,987 licensees - a growth of 5% since 2010.

Our license application process includes evaluating:

- criminal history;
- required education and credentials;
- employment history; and
- insurance, bonding, and net worth.

All Licensing employees are cross-trained to assist each other with seasonal workload spikes. During extreme peak times, the entire division allots a portion of its day to processing the high volume of applications. Through **teamwork, open and free communication, and innovation**, the Licensing division drives TDLR to provide the best possible experience for our customers from start to finish.

Network Services

The Network Services division supports the agency's vision by planning for growth, installing systems, and supporting and maintaining all information technology items, including our telephone systems and mobile devices. This division also manages the network infrastructure, providing troubleshooting, maintenance and upgrades as needed for TDLR's Austin-based facilities and remote field locations across the state.

Network Services also provides an online help desk system. Since 2008, our staff has handled more than 5,700 help desk requests per year, and have successfully completed over 3,400 in fiscal year 2012. Our cross-trained staff has a diverse range of skills allowing them to quickly provide exceptional support and assistance on all hardware and software-related requests. We support other state agencies, including the Fire Fighters Pension Commission and the Texas Commission on the Arts. We participate in the mandated Data Center Services consolidation through the Department of Information Resources.

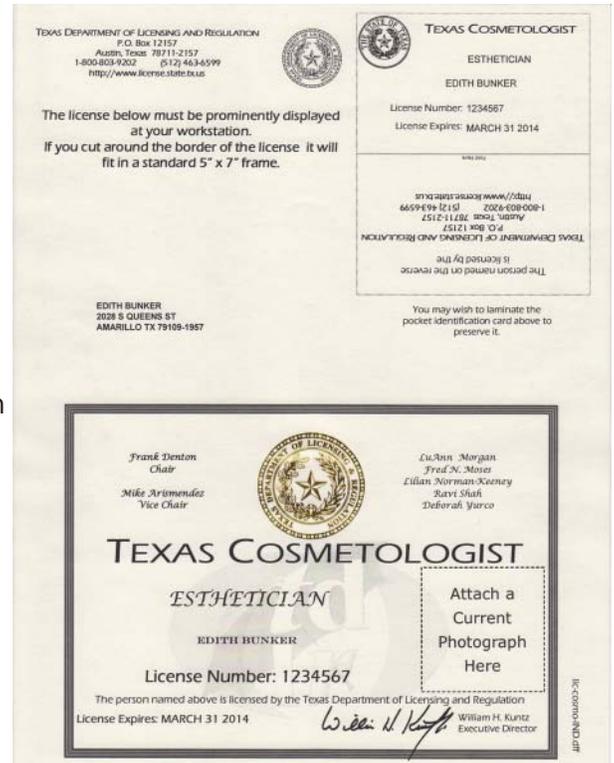
HOW WE DO IT

Commission

The Texas Commission of Licensing and Regulation (Commission) is the governing board and policy-making body of TDLR. The seven public members of the Commission are appointed to staggered six-year terms by the Governor with the consent of the Senate. As private citizens, Commission members cannot engage in any of the businesses or trades regulated by TDLR. Each Commissioner's valuable insight from their professional experience enhances and complements our common-sense and fiscally conservative approach to doing business.

The Commission's duties include:

- approving the agency's budget report, request for funding, and strategic plan;
- providing policy direction for agency operations;



- reviewing existing rules to eliminate unnecessary regulatory burdens, and adopting new rules as needed;
- issuing final orders in contested cases; and
- hiring, supervising, evaluating and setting the salary for TDLR's executive director.

As successful professionals, Commissioners know that every dollar counts, so they ensure that agency funds are budgeted wisely. While safeguarding the public, the Commission always looks for ways to cut costs and reduce fees.

Commissioners are averse to excessive regulation. Before new rules are adopted, Commissioners consider potential negative impacts on consumers, businesses, and licensees. This approach protects the public interest and ensures that private industry is free from hindrances to conducting business in Texas.

The Chairman of the Commission also lends his expertise to Advisory Board chairs on how to conduct efficient meetings and communicate effectively with the public, fellow board members, and TDLR staff. This ensures that best practices are shared and clear lines of **communication** are established among board and Commission members.



Since 2004, the Commission has reduced the amount of fees assessed to consumers and licensees by more than \$15.4 million.

Commissioners receive training on the importance of open government and promoting transparency in all of TDLR's interactions with consumers and industries. TDLR makes full use of technology to increase the public's access to the Commission and Advisory Boards. This is reflected in the following ways:

- TDLR is a state government leader in using social media such as Facebook, Twitter, and YouTube to answer questions and keep the public informed of and participating in the agency's activities, including Commission and Advisory Board meetings; and
- extensive use of email notifications and the TDLR website to publicize Commission and Advisory Board meetings and strategic planning brainstorming sessions, including live video and audio broadcasts of public meetings.

Advisory Boards

Advisory Boards serve nineteen of TDLR's programs. These Boards meet as necessary to study, review, and make recommendations to the Commission on:

- rules and technical standards;
- examination development;
- continuing education requirements; and
- other trends affecting their regulated industries.

The Advisory Board members are appointed by the Chairman of the Commission with the Commission's approval, representing a wide range of industries, professions, and geographic locations. Board members serve staggered terms ranging from two to six years.

Commission members carefully consider Advisory Board recommendations before adopting agency rules. Board members' knowledge and expertise are crucial to helping the Commissioners make informed choices and decisions. Their knowledge and expertise also makes TDLR more effective in carrying out its mission and improving service to our licensees and the public.



Advisory boards serve nineteen of TDLR's programs

To promote a better understanding of the industries and occupations regulated by TDLR, the Chairman of the Commission designates Commission members to serve as liaisons to the Advisory Boards. These Commissioners attend board meetings and help ensure that input provided by each Advisory Board is understood and considered during Commission deliberations.

Each Advisory Board is also charged with the responsibility of conducting comprehensive reviews of its rules for the purpose of eliminating unnecessary, outdated, or burdensome rules. Additionally, they provide input for the agency's enforcement plan – identifying criminal convictions that relate to the license professions and recommending the appropriate penalties for violations of the statute and rules.

Executive Leadership

The executive director and deputy executive director provide the guidance, inspiration, and leadership essential to achieving TDLR's mission. They oversee the use of agency resources to support strategic goals and provide guidance to the directors who manage the daily operations of the divisions.

The executives create and model the agency's core values: **accountability, customer service, integrity, open and free communication, innovation, respect, and teamwork**. They encourage a positive rapport between managers and staff. Decision-making is accomplished through an open and inclusive process, with input from every level of the organization. The executives foster a culture of ongoing process improvement, with a high value placed on unique perspectives and innovative thinking from all employees.

Three basic principles form the foundation of the executives' management philosophy. The first is functional alignment. Employees are organized into work groups by task or function, rather than by program. Each work group has clearly-defined responsibilities and performs those duties for all the programs administered by the agency. The agency's structure is described in more detail above in the What We Do section. Employees are trained in the concept of functional alignment and expected to understand how the divisions work together. This model allows TDLR to achieve exceptional levels of efficiency.

Second, TDLR's core values define the agency culture and establish a baseline for employees' interactions with each other and our customers. The core values are listed above in the What We Believe section. The executives, directors, and managers emphasize core values through example, training, and ongoing dialogue, and recognition of employees for performance that demonstrates the core values.

"It is a rewarding experience to sit as a Commission member and observe the entire agency, working as a single team, exhibiting professionalism, intelligence and energy. The results of TDLR's teamwork have been recognized by the Texas Legislature, industry associations and the Quality Texas Foundation." – Commissioner Ravi Shah

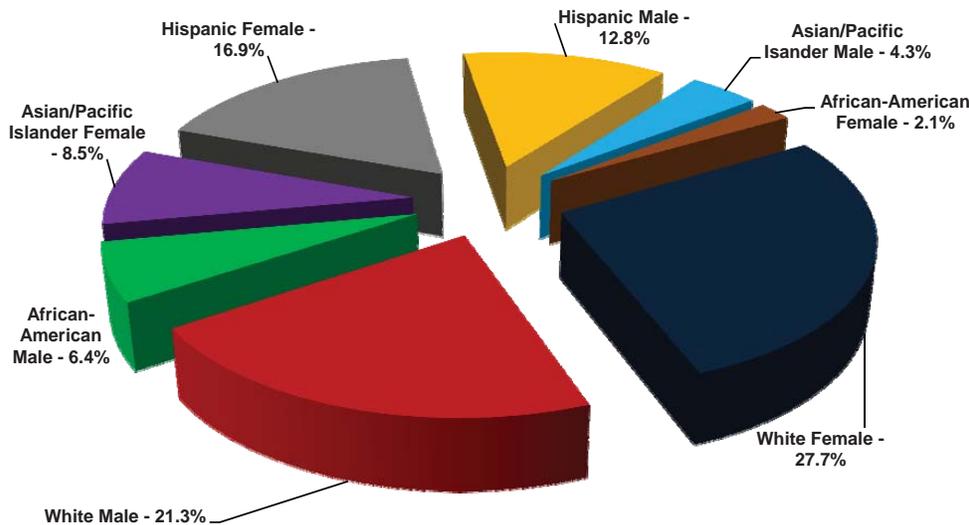
Third, the executives keep employees focused on the mission of the agency – “To honor the trust of all Texans, ensure public safety and consumer protection, and provide a fair and efficient regulatory environment.” This mission is the guiding purpose behind every service provided by TDLR. A consistent focus on the mission provides TDLR’s employees with a common aim and a true sense of ownership in the success of the agency.

Employees

Administering 28 diverse statutes requires TDLR to maintain a capable and empowered staff. For the 2012-2013 biennium, the agency’s authorized workforce consists of 392.2 full-time equivalent positions (FTEs), a 3.4 percent decrease over the previous biennium even though the 82nd Legislature assigned the agency new responsibilities, which included the regulation of dog and cat breeders. Of the total, 318.2 FTE’s are located at two sites in Austin and 74 FTEs work at other locations around the state.

TDLR’s work force reflects the diversity of the state we serve. In adhering to the agency’s core values of **integrity** and **respect**, we meet our commitment to provide equal employment opportunities to all of our employees and applicants. Shown below is the demographic distribution of the 24 new employees hired in fiscal year 2011 and the 23 hired during the first half of fiscal year 2012.

Hiring Profile - FY 2011 and FY 2012 (through 2nd Quarter)



Currently TDLR’s workforce is 29.2 percent Hispanic-American, 16.3 percent African-American, and 4.3 percent Asian-American. Of the total number of employees, 61.2 percent are female. Staff diversity is also illustrated in the table below, which compares TDLR’s demographic profile with that of the statewide civilian workforce, as of the second quarter of fiscal year 2012.

Demographic Profile for TDLR and the State

JOB CATEGORY	AFRICAN-AMERICAN		HISPANIC-AMERICAN		FEMALE	
	TDLR %	STATE %	TDLR %	STATE %	TDLR %	STATE %
Officials/Administrators	17.6	10.2	5.9	15.6	19.7	45.1
Professionals	15.3	14.9	24.5	19.9	56.4	51.9
Paraprofessionals	9.3	31.5	30.9	28.8	82.5	71.7
Technicians	10.2	15.2	26.5	28.6	44.0	55.1
Administrative Support	24.6	19.2	40.0	32.2	86.3	87.1

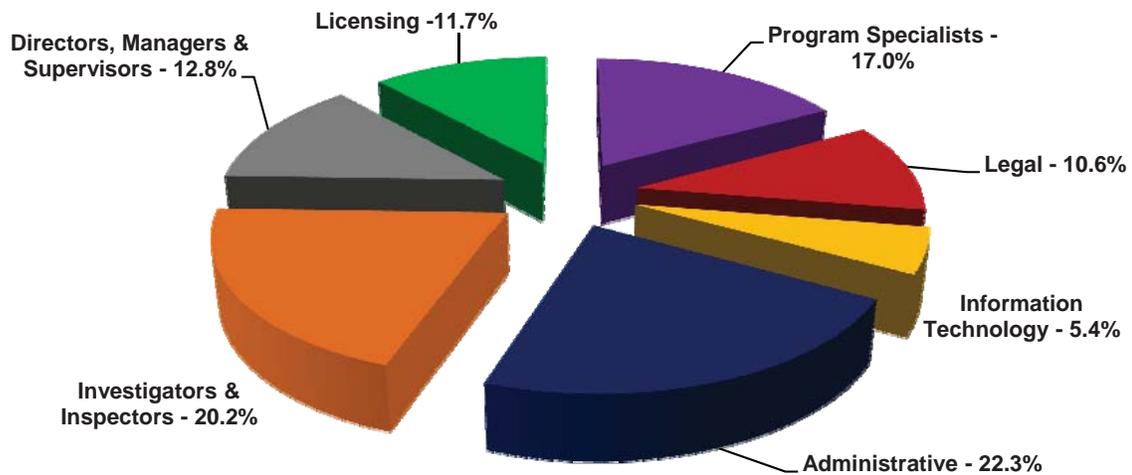
In serving a wide range of industries, TDLR relies on employees with extensive experience and technical knowledge essential to understanding often complex industry issues. The age distribution of the agency’s workforce is compared with the overall state workforce in the table below.

Age Distribution for TDLR and the State

FY 2011 AGE GROUPS	TOTAL FTES	PERCENT OF TOTAL FTES	TOTAL SEPARATIONS	PERCENT OF AGENCY TURNOVER
Under 30 years	17	4.6	1	2.9
30-39 years	66	17.9	7	20.6
40-49 years	131	35.5	12	35.3
50-59 years	102	27.6	8	23.5
60-69 years	50	13.6	6	17.6
70 years and over	3	.8	0	0

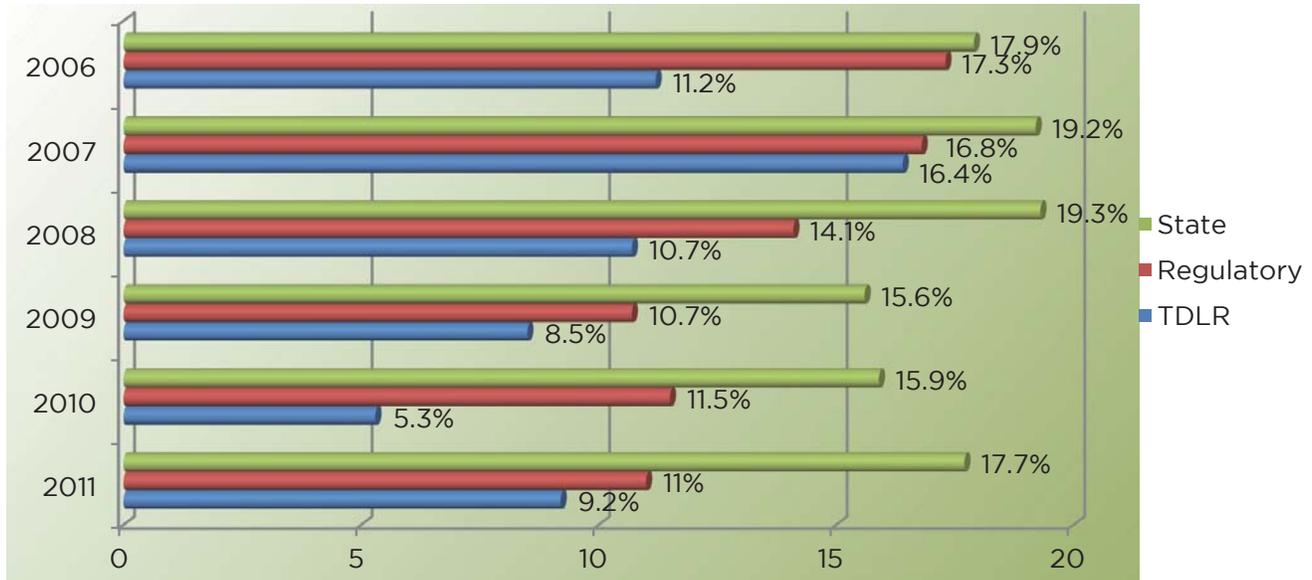
To deal with the projected retirement of the “baby boomers,” TDLR is strategically developing new leaders and focusing its recruitment of talent for highly specialized areas. The percentage of employees eligible for retirement, by job category, is depicted in the chart below.

Retirement Eligibility by Job Category (through fiscal year 2017)



TDLR’s turnover rate remains lower than the statewide average. This is due to the agency creating a fulfilling work environment that fosters opportunities for professional development and a real sense of achievement. Such an atmosphere has enabled TDLR to maintain a comparatively low turnover rate for over a decade, as shown below.

TDLR, Regulatory Agencies and State Turnover Rates



Our core values and our culture are strong incentives for pursuing a career at TDLR. What makes TDLR so attractive?

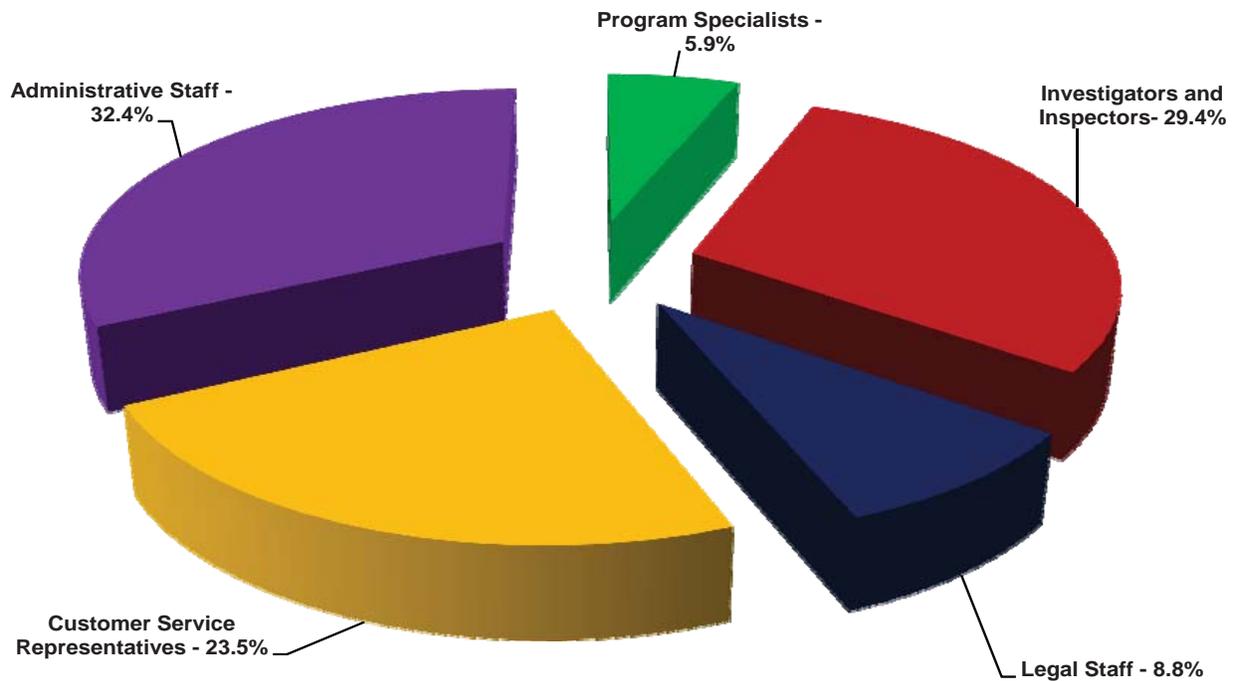
- An emphasis on **open and free communication**—evidenced by town hall meetings, regular staff meetings, the agency’s intranet, email notifications, and creation of the new communications specialist position—keeps employees in the loop on events affecting the agency.
- Human Resources establishes and promotes wellness activities and training opportunities such as Yoga, Tai Chi, Stress Management, Maintaining a Healthy Lifestyle, and the Governor’s Fitness Program.
- The promotion of flexible work schedules that allow employees to strike a healthy balance between work and personal life.
- Partial reimbursement of tuition for those who pursue job-related professional development.

These and other opportunities help ensure that employees at all levels share a sense of ownership in the agency’s success.

We always strive to find ways to improve the work experience of our employees. We survey employees about their perceptions of the agency and its operations, including employees who are retiring or resigning, about their reasons for leaving. The responses from these surveys guide us to improve our working environment. As shown below, we identify our rate of turnover by job category to fine-tune these adjustments.

We believe keeping our employees up-to-date on new management approaches and techniques is critical to our success. Contract management training is particularly beneficial as the growth of requests for proposals (RFPs) and requests for offers (RFOs) places a premium on access to internal and selective external training for those who handle the agency’s contracts.

Turnover by Job Category Fiscal Year 2011



Technological and Capital Resources

One of the purposes of strategic planning is to analyze the current and future needs of technology and capital resources. This analysis allows us to effectively deliver services to Texas citizens and agency stakeholders and to efficiently use limited resources. Aligning these resources enables our agency to more effectively address the critical issues facing the state.

Strategically, the agency plans for an increase in responsibilities due to the addition of new programs and rising license populations. TDLR's success with integrating new and transferred programs makes it an ideal candidate for consideration in future consolidations of programs that align with its current responsibilities.

Capital resource improvement considerations include:

- The consolidation of data center and disaster recovery services is mandated by statute. Based on the schedule and contract approved by the Department of Information Resources (DIR), IBM would transform TDLR's servers to the data center by the end of fiscal year 2009 and services would not decline. However, the servers were not transformed until April 2012. The transformation was not without other problems. It should also be noted that the agency continues to experience a decline in services offered by the data center support team, while costs associated with the contract continue to escalate. Outdated agency servers combined with agency growth have created a need for additional servers as well as upgraded server equipment. DIR has told the agency to expect even higher costs for this project. Ultimately, the department and its licensees are paying more and getting less.
- Currently, computer purchases are not funded in the agency's capital budget. As fewer computers are likely to be replaced in the upcoming biennium, the agency has taken an upgrade approach instead, installing additional memory and the latest Microsoft Operating System, Windows 7, thus standardizing the operating system across the whole agency. Replacement of network equipment is on a five-year refresh schedule. If equipment has not become obsolete due to technology advances and continues to function effectively, that schedule is frequently extended on a case-by-case basis.

- We replaced the outdated telephone systems at the north campus and EOT locations. We now have a centrally managed system allowing faster processing of moves, additions and changes, and a shared phone directory allowing rapid **communication** between staff in either location.

Other organizational aspects affecting resources:

- Commission, Advisory Board, and other public meetings are held in the meeting room at the North Campus located in the Twin Towers Building on Clayton Lane in Austin.
- The work space on the 3rd floor of the North Campus was remodeled to accommodate re-organization of Enforcement staff.
- We installed dedicated network and desktop scanners to support the Legal Files system which provides a paperless case management system. Another benefit is the removal of large filing cabinets, providing much needed space at the North Campus.
- We added Smartboards to both Austin locations, providing the agency the ability to conduct remote training. This will result in considerable savings in travel costs and a reduction in work hours lost traveling between locations.
- Field staff are provided laptop computers and other electronic tools such as smartphones. We use smartphones for telephone and email communication, wireless internet connections for laptop computers, and cameras for documenting inspection violations. The agency continues to explore the use of new technology to increase productivity for field operations.
- Laptop computers are issued to Commission members, and additional laptops are also made available to Advisory Board members during meetings. All meeting materials are now prepared in an electronic format. Commission and Advisory Board materials are sent to the members electronically in advance of meetings, reducing resources spent on the production, assembly, and mailing of paper materials. This streamlined meeting preparation benefits the Commission members, Advisory Board members, and staff.
- The customer service contact center management and reporting system is extremely successful in increasing the accuracy and delivery of information to our customers. We will add an Interactive Voice Response (IVR) system to assist people calling when the agency is closed and will improve customer experience by quickly directing callers to the service representative for assistance.
- TDLR expanded its online content by creating videos for YouTube, starting with a public safety video about elevators. TDLR is in the process of producing video FAQs that will enrich the **communication** and delivery of information to our customers.
- TDLR added Smartboards for video conferencing between home and field offices for staff training and development. We will expand our use of this technology to include webinars, public meetings, and forums.

Fiscal Aspects

TDLR's 2012-13 biennial appropriation is \$47.7 million, of which 96.2 percent, or \$45 million, is fee generated. Nearly all of TDLR's declining appropriations are dedicated to core functions including issuing licenses, conducting inspections, enforcing regulations, and resolving complaints. Total appropriations were reduced by \$300,000 in program funding and one-time implementation costs from the 2010-11 biennium.

In the 2010-2011 biennium, TDLR was required to collect \$7,168,601 in excess of the total appropriations and other indirect costs. In the 2012-2013 biennium, the required extra collections were

\$14,689,277.

Partnerships

Maintaining mutually beneficial partnerships with local, state, and federal entities helps TDLR regulate efficiently and effectively. We collaborate closely with local officials around the state by providing training and seminars on the various occupations and industries we regulate. Staff regularly participates in industry conferences, trade shows, and other events to maintain its connection with and understanding of the business practices of its licensees. This participation also promotes greater compliance with program requirements.

These partnerships provide many avenues to network with appraisal districts, local law enforcement, and municipal and county offices, including health departments and elected officials. A good working relationship with local building officials has proven essential to our success in conducting “license sweeps” and stings intended to identify and deter unlicensed and unsafe activities. Our cooperation with county health departments helps address sanitation problems in barber and cosmetology establishments.

Other state agency partners report critical information to us that helps ensure safe business practices in the industries we regulate. In turn, TDLR assists agencies like the Office of the State Fire Marshal with investigations of possible electrical hazards, and the Board of Plumbing Examiners with reports of unlicensed plumbing activity. TDLR participates with the Central Texas Contact Center Association (CTCCA), a multi-agency customer service focus group that identifies best practices in improving contact center services.

We give our expertise to anyone with technical questions about the programs we regulate. For example, staff from our Architectural Barriers and Elevators programs provided technical advice for the renovation of the Governor’s mansion. Our very knowledgeable employees assist state universities, state agencies, and other governmental entities in meeting the requirements of the Architectural Barriers, Boiler, and Elevator programs. Staff also provides training for state troopers and local law enforcement on the technical requirements of the Towing, Vehicle Booting, Vehicle Storage Facilities, and Used Auto Parts Recycler programs. Experts in our Water Well Drilling and Weather Modification programs contribute to the ongoing development of the state’s water resource policies.

Our staff monitors federal activities that may impact the programs we regulate, and we collaborate with federal agencies to make any necessary changes in our regulations to ensure compliance.

Contract Services

TDLR contracts with private sector vendors to ensure cost savings, efficiency, and optimal **customer service**. Contractors fill a critical role by freeing up staff to focus on the agency’s core responsibilities and to use its expertise more judiciously. Like many private companies, we rely on an outside auditor to objectively evaluate and analyze our fiscal, operational, and performance measures consistent with generally accepted auditing standards. A contractor with a web-based service helps us manage calls in our contact center, which routes our customers’ calls to the appropriate staff.

To reduce costs to our customers and Texas taxpayers, we regularly review agency practices for opportunities to outsource services that the private sector can provide more efficiently. For example, we will expand the types of documents imaged for customers to view and retrieve online. We will increase **communication** services offered through our contact center. We will use TexasOnline/Texas.gov to speed up the processing of license renewal and initial license applications. We will increase the use of plastic license cards rather than paper licenses, as they are more durable and less costly to produce and mail.

WHO WE SERVE

TDLR's regulatory responsibilities benefit all Texans and visitors to our great state – from those who depend on water from wells to those who do business in public buildings, ride elevators or escalators, or go to a barbershop or beauty salon, an auction, or a boxing match. If you engage in any of the above, or enjoy a cold beverage, hire a property tax consultant, or need help with a disabled vehicle, you are using one or more of the many services regulated by TDLR.

TDLR's versatility and service are unmatched in Texas state government, overseeing 28 diverse statutes with 155 license types. The agency has developed an efficient framework of licensing, accreditation, certification, and registration procedures for 655,987 licensees. As Texas' population approaches 25.1 million, nearly one-quarter of the nation's population growth over the last decade, licensees and the people they serve continue to grow in number and diversity. Yet, the exceptional service for which TDLR is known has kept pace with the expanding needs of our customers. This is recognized by the Legislature and legislative leadership, which has followed a pattern each biennium of sending programs to TDLR to administer. We are confident that this reliance on TDLR will continue in the years ahead.

Cosmetology licensees represent the largest portion of TDLR's licensee population, with 44 percent of the total. Electricians are the second largest group of licensees with 18 percent, followed by boilers with 9 percent and air conditioning and refrigeration service contractors with 7 percent.

While TDLR serves Texans everywhere, the majority impacted by our regulatory efforts live and work in the portion of the state bounded by the Red River in the north, Interstate highways 35 (west) and 10 (south), and the Sabine River (east). This region, which encompasses the major metropolitan areas of Dallas-Fort Worth, Austin, San Antonio, and Houston, has over 20 million people – about 4/5 of the state's population in 2010. Eighty-five percent of Texas' total gross service sales also occur in this area. To more effectively serve this large customer base, TDLR maintains field offices in state-owned space in El Paso, Fort Worth, Houston, and San Antonio. TDLR staff are also located in or near Amarillo, Corpus Christi, Laredo, Lubbock, Midland-Odessa, McAllen, and Nacogdoches.

WHAT WE HAVE DONE

Overview of the Key Events Occurring Since Our Last Strategic Plan

Our vision to be the leader in public service, customer satisfaction, and **innovation** guides how we do business every day. Our managers' demonstrated skill in fiscal discipline, efficiency, and **customer service** has enabled us to succeed and build toward this vision. The Legislature recognizes TDLR as an effective solution for new and existing licensing programs. We constantly evaluate our organizational and functional alignment to further improve our services. For example, TDLR recommended the 82nd Legislature consider the viability and continued regulation of the Personnel Employment Services and Talent Agencies programs. The 82nd Legislature took TDLR's evaluations into consideration. On finding no continuing need for the programs, the Legislature eliminated them. This continuous self-assessment leads to the flexibility we need to adapt to the changing and growing demands on our staff and financial resources.

Recognizing the agency's efficient organizational structure and common-sense approach to licensing and regulation, the Legislature sent TDLR a high-profile new program. House Bill 1451 created statewide licensing of dog and cat breeders. Implementing this program required the agency to develop new rules, licensing processes, forms, inspection procedures and specialized training, and enforcement criteria. The department is also allowed to accept donations and manage a Licensed Breeder Enforcement Fund, targeting unlicensed activity.

The Legislature also made significant improvements to several of TDLR's existing programs, most

notably the Barber and Cosmetology programs. TDLR recommended these improvements in its previous strategic plan. Several new combination license types were added, and a new license was created for the application of eyelash extensions. Expedited paths were also added for cosmetologists to obtain a barber license and barbers to obtain a cosmetology license. These and many other changes made by Senate Bill 1170 required a significant amount of work by staff to develop extensive rule additions and revisions; development of new school curricula; new licensing processes and forms; and significant computer programming.

Additional safety responsibilities were added to the Elevator program. House Bill 2643 created a requirement for review of plans for installation or alteration of elevators, and insurance and education requirements for elevator contractors. This change also required significant staff time to develop new and amended rules, plan review processes, licensing processes and forms, and new programming.

To perform these increased responsibilities, TDLR was given authority to hire some new positions, although we did not receive sufficient appropriations to pay for them. The positions the agency filled were distributed throughout the organization to provide critical support for necessary functions. These additions, and the agency's forward-looking management style, inspired fine-tuning of our organization and shifting of resources. A Process Improvement Team was created to facilitate and reinforce the agency's constant focus on being more efficient, effective, and accountable. In addition, an internal communications position was created to keep staff better informed of changes and improve the consistency of agency communications. Payroll services were also moved from the Human Resources division to the Financial Services division to better align this function.



The Texas Legislature recognizes TDLR's efficient organizational structure and common-sense approach to licensing and regulation

Culminating a multi-year effort, the Architectural Barriers program staff worked closely with industry groups, the Advisory Board, and design professionals to complete the development and implementation of the 2012 Texas Accessibility Standards. This is the first revision of these standards since 1994. The Texas program led the nation in adopting improved, easy to understand, and more effective accessibility standards.

Interim Charges

The agency's philosophy of excellence and its track record of success have earned TDLR a reputation for providing a wide variety of professions with effective program management, great customer service, and industry expertise. As Legislative committees take up interim charges, they may look to TDLR to provide information on interim issues they are studying.

The Speaker of the House has charged the House Committee on Licensing and Administrative Procedures with:

- studying all existing occupational licensing programs to determine their impact on consumers, competition, and the cost of services;
- exploring whether new licensing programs are necessary;
- studying the feasibility of streamlining processes for obtaining an occupational license; and

- considering consolidation of all occupational licenses under one state agency and whether such a move would increase efficiency and effectiveness.

The Lieutenant Governor charged the Senate Committee on Business and Commerce with a similar task – to study the state’s approach to licensing and regulation of occupations to ensure protection of public welfare, trust, health and safety, and to eliminate unnecessary, overly restrictive or anti-competitive regulations.

Since 1989, TDLR has been the Legislature’s choice to transfer and assign a wide range of licensing programs. In fulfilling these responsibilities, TDLR’s Commission maintains a philosophy of minimizing the impact regulation has on competition and on consumers. In pursuit of this philosophy, Commission Chair Frank Denton directed the agency’s 19 Advisory Boards to simplify their program’s rules, and eliminate outdated and unnecessary rules.

The House Committee on Natural Resources monitors the ongoing statewide drought and identifies short-term and long-term strategies to help the state better confront the drought. Agency staff has been invited by the legislature, including this Committee and the Senate Business and Commerce Committee, to provide information on efforts to deal with the drought, including weather modification techniques such as cloud seeding.

The House Committee on Ways and Means has been asked to analyze the results of the Comptroller’s Methods Assistance Program (MAP), which reviews appraisal district operations. The review will also determine whether the appraisal districts are applying uniform standards and procedures for the appraisal of property for ad valorem tax purposes. TDLR is currently working with the Comptroller of Public Accounts in reviewing several counties with deficiencies identified through MAP.

Developing Leaders

TDLR continues to benefit by developing leaders from within. For example, upon the retirement of our assistant deputy executive director, leadership training made it possible to assign the duties of this important position to other staff, creating further opportunities for development and advancement.

Our culture of **innovation** and belief in leadership development and team building enable TDLR to quickly and effectively respond to a changing environment. We encourage our staff to participate in training to prepare them for leadership. For example, staff is given the opportunity to attend management training programs such as the Governor’s Executive Development Program, the Governors Management Development Program, and the Executive Leadership in Information Technology Excellence Program. We also offer staff regular, on-site educational and health-related courses.

We also encourage our staff to take part in shaping the agency’s philosophy and operations through participation in internal brainstorming sessions, town hall meetings, strategic planning, analysis and implementation of legislation, and employee surveys (such as the Survey of Employee Engagement – Appendix K). Employees throughout the agency participate in bill implementation teams, analyzing new, transferred, and existing licensing programs to determine the best way to integrate them into TDLR’s functional alignment. These opportunities develop and showcase individuals’ skills while allowing management to evaluate their leadership potential.

Technology

TDLR maintains its position as a leader by creatively using technology to constantly add to our online licensing, registration, and information services. Our current online services include: renewal of many licenses; application for a number of new licenses; registration and payment for building projects; reporting of elevator inspections; searchable license databases; and access to many

inspection documents. Information Systems Development and Network Services staff also provide internal online services and a Helpdesk application to assist agency staff with computer hardware and software issues. We also offer online training to staff for professional development and continuing education.

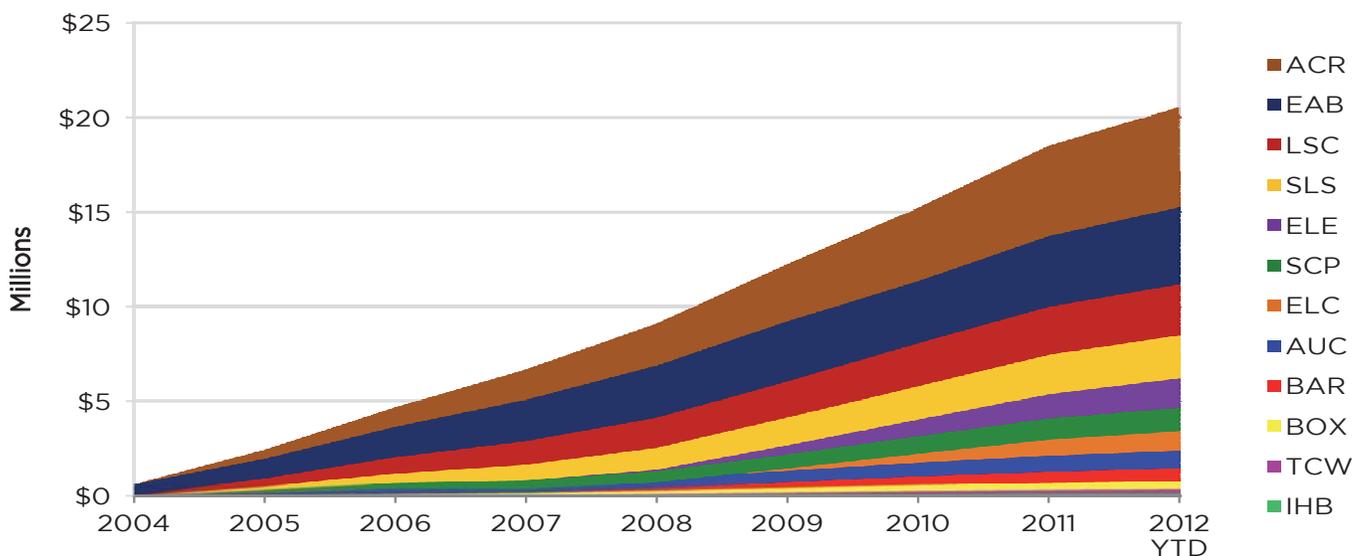
The agency followed through on its commitment in its previous strategic plan to reach our licensees and the public through social media with Facebook, Twitter and YouTube. Using social media has created an online community and dialogue that keep our licensees and the public informed of agency activities and provides the agency instant feedback from the public.

Over the last year, the Information Systems Development, Network Services, Enforcement, and General Counsel divisions invested significant time and effort to move from an older, more paper-intensive complaint system to a newer complaint tracking and case management software. This new Legal Files software has enabled the agency to be more efficient and effective in handling and resolving Enforcement cases.

Fee Reductions

TDLR has consistently provided effective and efficient licensing and regulatory services at the lowest possible cost. Every year, we review the costs of administering each program and compare that to the amount of fees collected specifically for that program. Through our functional alignment and constant process review and improvement, we have created cost savings for many of our programs. The Commission was able to lower fees for 17 different license types in 2012 as a result of this review process. As stewards of the public trust, we continue to look for opportunities to reduce licensing costs and ensure limited but highly effective use of public resources.

Fee Reduction Accumulative Savings



Budget Reductions

As Texas families tighten their belts to live within their means, so too must government. TDLR has exercised this same fiscal discipline. Because the majority of operating expenses for a regulatory agency are salary related, we have cut costs by leaving some positions unfilled. TDLR is concerned that the long-term effect of not filling positions will negatively impact our ability to accomplish key responsibilities such as safety inspections of barber shops, cosmetology and nail salons, tow companies, vehicle storage facilities, used auto part recyclers, and dog and cat breeders. It may also limit enforcement resources crucial to the public safety and consumer protection the Agency provides.

TDLR collects license fees to cover all of its operating costs, so taxpayer money from the State's general fund does not pay for the services we provide. We continue to find new and innovative ways to carry out our core services, streamline and improve our functions, and operate in a fiscally disciplined manner. Given our agency's fiscal discipline, TDLR believes that full funding of all authorized FTE positions is crucial for us to meet the vision and mission of the agency.

Changes in Commission Membership

Since our last strategic plan TDLR's Commission membership has changed. Commissioner Lewis Benavides left the Commission in 2011 after his term expired. He served as a member for six years. In 2011, Ravi Shah was appointed to the Commission by Governor Perry to fill this vacant position. Commissioner Shah lives in the City of Carrollton where he is the Director of Development Services. He has a Bachelor of Business Administration and Bachelor of Science in Architecture from the University of Texas at Arlington. Commissioner Shah is a Certified Building Official, past president of the Building Officials Association of Texas and was a member of the Texas Industrialized Building Code Council for eight years. He is on the Board of Directors for the International Code Council and is an associate member of the American Institute of Architects.

Strategic Plan Report Card

In TDLR's last strategic plan, we identified several initiatives. The following report card shows how well we did.

Staffing and Personnel Initiatives

SUCCESS

Our goal is to attract and retain highly qualified employees. TDLR remains committed to this initiative, despite budgetary constraints. Knowing that its greatest asset is its employees and that one of the best strategies is to promote from within, the Executive Office continues to build a robust team capable of handling all of TDLR's duties. A new communications specialist position was created to improve **communication** throughout the agency, so that all employees are up to date on the latest happenings at TDLR. Each employee will be better able to perform their duties when walls are broken down and **communication** is shared, and the communications specialist ensures that this happens with regular updates to agency staff.

ONGOING EFFORTS

TDLR will continue its pursuit of qualifying more of its managers for participation in the Governor's Executive Development Program to prepare employees for greater roles in state government.

Regulatory Response Rider Initiatives

SUCCESS

Recognizing the growth in the number of high profile combative sports events taking place in Texas and acknowledging the necessity of additional resources to ensure safety and effective administration of these events, the 82nd Legislature approved TDLR's request for a combative sports "mega events" rider. When event gross receipts from ticket sales and television contracts exceed \$2,000,000, providing a significant economic benefit to Texas, TDLR receives \$30,000 in funds to cover the cost of the additional resources required to regulate events of this size.

ONGOING EFFORTS

Another initiative explored by the agency was to modify the Architectural Barriers

"The Texas Department of Licensing and Regulation is the recipient of the Progress Level Award from the Quality Texas Foundation. The award recognizes organizations that demonstrate sound, balanced approaches to organizational management and performance." --- Quality Texas Foundation (TDLR, 2011 Progress Level Award recipient)

Reappropriation Rider by lowering the dollar threshold to reflect the downturn in statewide construction. While we were not successful in obtaining this modification, we will evaluate whether to pursue it again during the 83rd Legislative Session.

Streamlining Regulations Initiatives

SUCCESS

TDLR recommended changes in several of its programs after identifying several statutory changes that would make the licensing process easier, streamline regulation, and strengthen consumer protection. Financial security requirements in the Service Contract Provider program were strengthened in response to recent bankruptcies, ensuring greater protection for Texas consumers. Alternative licensing paths in the Barber and Cosmetology programs were created to allow holders of one license to “cross-over” to obtain the other license through a short course and examination. For those wishing to become barber and cosmetology instructors, new avenues were opened to recognize teaching experience gained in college and on the job. For entrepreneurs intending to open barber and cosmetology schools, out-dated square footage and equipment requirements were modernized to permit greater access to the market. Finally, two small license programs – Talent Agencies and Personnel Employment Services – were eliminated, freeing the market from unnecessary and ineffective regulation.

“It is always an honor to be recognized. When the legislature recognizes TDLR for regulating in a fair and efficient way or our licensees appreciate our making sure they are not competing against unlicensed individuals, it is an honor and it makes me proud to be leading this agency. But the greatest honor is when employees voice their feelings that TDLR is a great place to work. Receiving the Top Workplace award happened because of what you said in the survey. The award is great but your feelings and statements voiced through the survey is what matters most to Brian and me. It is an honor to lead you and we will strive to continue to make TDLR a great place to work. Thank you, TDLR employees!” --- Bill Kuntz (TDLR, recipient of 2010 & 2011 Top Workplace Award, among the top mid-sized employers in Austin)

Communication Initiatives

SUCCESS

We redesigned the agency’s website to make it easier to use in response to requests from licensees and the public.

We expanded **communication** with customers through Facebook and Twitter. As one of the first Texas state agencies to adopt Facebook, TDLR has seen its interaction with its licensee base and the public improve exponentially. TDLR knows that for many, email and phone calls are “outdated” communication methods. An increasing number of our licensees want to interact with the agency through social media. With over 11,400 “Likes” on our Facebook page, TDLR remains a leader in successfully using social media to stay connected.

Cyber Investigation Initiative

ONGOING EFFORTS

In evaluating best practices for creating a specialized enforcement unit to combat violations of the agency’s laws and rules online, TDLR has more work to do. Recognizing that many unlicensed people use the internet to illegally advertise services, TDLR will explore whether to pursue additional resources and employees towards this initiative.

Technology Initiatives

SUCCESS

Our use of technology allows our employees to work smarter and faster. Equipping field personnel with smartphones and continuing its successful use of document imaging keep the agency nimble and adaptable to its growing responsibilities. The recent addition of SmartBoards to TDLR’s

technological resources has increased productivity. Meetings and trainings can now be conducted with employees located across the state working on the same document, reducing travel costs, and focusing time on problem solving.

Consolidation and Sunset Contingencies

SUCCESS

As with all Legislative Sessions, during the 82nd session, TDLR stood ready to assist in any way as consolidation among agencies was explored again. Although the session did not result in any other agency being transferred to TDLR, we provided insight and guidance to the Legislature and the Sunset Commission when asked and will continue to do so.

Interim Charges

SUCCESS

TDLR provided testimony and research to committees with interim charges addressing occupational licensing issues. The agency will continue to do so and looks forward to being a resource for legislators and their staff. TDLR was requested to give testimony to the Senate Business and Commerce Committee interim hearings on licensing and the House Government Efficiency and Reform Committee on agency rule making.

Division Accomplishments

Compliance

- Developed and adopted new 2012 Texas Accessibility Standards;
- Reorganized Compliance sections to position the division for greater efficiency and future growth;
- Created a new Process Improvement Team with expertise in program analysis, benchmarking, and Six Sigma techniques;
- Staffed and managed two combative sports “Mega-events,” which had more than \$4 million in ticket sales and television contracts; and
- Completed over 128,000 inspections in fiscal year 2010 and a record high of nearly 143,000 in fiscal year 2011.

Customer Service

- Answered more than 313,000 calls;
- Expanded the acceptance of payments by telephone for license renewals and penalty payments;
- Evaluated and selected a new vendor to route incoming phone calls, emails and faxes in an even more efficient manner; and
- Employed peak load theory by using part-time customer service representatives to target high call volume periods, reducing wait times and resulting in fewer abandoned calls.

Education and Examination

- Administered 50,018 examinations in fiscal year 2011, up from 45,896 in fiscal year 2010 – 9% increase.

Enforcement

- Implemented the new Legal Files software that:
 - » integrated complaint processing, case management, document management, workflow, security, and reporting into one system;
 - » reduced postage costs 69% by eliminating the need to transfer paper case files between TDLR's Austin and field offices;
 - » reduced office supplies and paper products needed for the case management process; and
 - » lowered the average number of days for case resolution from 206 to 182 days.
- Exceeded the target number of cases resolved across all programs for each month during fiscal year 2011 (Total complaints resolved fiscal year 2010 – 12,884 and fiscal year 2011 – 12,884).

Financial Services

- Trained staff to ensure the most efficient and cost-effective use of postage;
- Improved the evaluation process in issuing and reviewing Requests For Proposal; and
- Worked to ensure that TDLR balances its budget and lives within its means by constantly looking for cost saving ideas.

General Counsel

- Processed and responded to 849 open record requests, an increase of 15% over the past year;
- Assisted the Commission in 24 rule adoptions, primarily implementing new legislation and streamlining unnecessary rules and regulations; and
- In coordination with the Office of the Attorney General, TDLR was able to obtain a permanent injunction against an unlicensed water well driller, protecting Texans' precious ground-water resources.

Human Resources

- Continued promoting employee wellness programs, including yoga and lunch time seminars on personal growth and maintaining a healthy lifestyle;
- Offered Mindleaders online education, which increases the variety and amount of training available to staff while reducing the cost of attending training offsite;

- Assisted the Executive Office in launching a pilot program for employees to use the Rosetta Stone language learning tool; and
- Underwent an audit which revealed no negative findings and, at the request of the auditor, offered to serve as a resource for best practices on personnel and payroll processes.

Information Systems Development

- Assisted in implementation of the new gold card licenses for air conditioning contractors and master and master sign electricians;
- Helped implement the numerous program statutory changes from the 82nd Legislature;
- Served as an agency resource when custom programming needs arose; and
- Expanded online services, including electronic payment of enforcement penalties and the renewal of cosmetology and barber booth rental licenses.

Licensing

- Processed record high numbers of licenses renewed and issued – for the first time in TDLR history the license population is 655,987; and
- Continue to meet our performance measure with over 95% of eligible licensees renewing online.

Network Services

- Decreased help desk requests as a result of staff training and a standardized suite of software for all users;
- Transitioned to Windows 7 for all staff computers;
- Completed transformation of all projected servers into the consolidated Data Center; and
- Updated TDLR’s telephone system which now supports almost 400 unique numbers throughout the agency.

HOW WE SEE OURSELVES

Executive management recognizes employees’ contributions to the agency’s mission and their role upholding TDLR’s reputation as the premier state agency. We are resilient, capable, and ready to meet any new challenge in today’s fast-paced atmosphere of constant change and growth. We engage in continual self-analysis, looking for smarter and better ways to achieve the agency’s goals. To that end, management continually seeks feedback from its employees. The following is a review of employee responses from the Survey of Employee Engagement and two questions from the internal brainstorming sessions, which revealed five themes:

- Personnel – job security, pay, and privileges like flexible work schedules;
- Quality – job performance and effectiveness of processes;

- Technology – computer systems and online services;
- Agency Culture – the “feel” of the agency, relationships between employees and divisions, and the extent to which core values are practiced; and
- External – the agency’s **communication** and responsiveness with oversight bodies and other external stakeholders.

Personnel

We have a strong sense that our jobs are secure. In recent years, like all agencies, we have had to make multiple budget cuts. In each instance our leaders have successfully reduced the budget without cutting jobs. We are also happy with our leaders’ commitment to flexible work schedules, telecommuting, and other privileges that help us achieve a healthy work-life balance.

We would like to see increases in pay. Our salaries are not keeping pace with similar jobs at other agencies or in the private sector. Valuable co-workers are leaving TDLR to accept higher-paying jobs elsewhere. Our salaries have not kept up with our work demands, particularly the large number of regulatory programs for which we are responsible and the rising workloads associated with those programs. Currently, the prosecutors in our Enforcement division carry average caseloads of 300 cases per attorney, and are expected to resolve a minimum of 75 cases per attorney each month.

Quality

We are talented, and we work hard. We produce a large volume of high quality work every day. The structure of our work groups ensures that we fulfill our mission efficiently.

The greatest challenge impacting the quality of our work is due to the fast pace and wide range of responsibilities that we face. We continue to analyze processes and look for ways to streamline and use technology to our advantage. We would like to see a greater emphasis on training to ensure consistency in processes. Greater specialization by statute would improve productivity and quality of work.

Technology

Our current databases and systems are adequate to support our business functions, and we are satisfied with the many recent enhancements. These include the TULIP Dashboard, Legal Files, instant messaging, Smartboards, integration of telephone systems, and laptop computers. The TULIP Dashboard integrates several common tasks and data sources into one user interface such as, address validation, links to TDLR’s intranet, document imaging, and the TULIP code and status pages, and TULIP applicant and licensee searches, which combine results for identification, licensing, education, and imaged documentation.

Our computer systems could be further improved by making interfaces more user-friendly, increasing the use of online license applications, and moving away from old database systems like HP3000. A significant increase in programming staff is essential. We are placing ever-greater demands on their time, and their ability to be responsive is limited. We also propose having programmers dedicated separately to each division’s needs.

Agency Culture

Our core values guide us in our work and in our interactions with each other and the public. **Integrity** is a fundamental element of our culture, and we hold ourselves to high standards of performance and **accountability**. We **respect** and support one another, recognizing that we are all on the same **team** with the same goal. We have accessible leaders who genuinely appreciate our contributions and recognize that we are the reason TDLR is successful.

Inevitably in an agency as diverse as TDLR, internal challenges will exist. The most evident is in the relationships between divisions or sections that have overlapping responsibilities. We are committed to engaging in more frequent dialogue and striving for greater understanding of each other's roles and perspectives. **Open, constructive communication** that is focused on the agency's goals will help eliminate negativity and misperceptions. We will target training to clarify each divisions' boundaries of responsibility and authority.

External

As an agency we do a great job in communicating with our customers, the legislature and other key stakeholders. TDLR's track record of cost-effective, efficient and fair regulation is unique in state government. It's an easy story to tell that is communicated effectively with each daily interaction our employees have with our customers. We are successful because we invite feedback, listen to the feedback, and act on it. We are responsive to the needs of the industries we regulate, and we collaborate successfully with Advisory Boards and industry associations such as the Texas Air Conditioning Contractors of America. We pride ourselves on outstanding **customer service** and are constantly seeking ways to make TDLR more accessible, such as our successful social media outreach. We have an excellent reputation with the public and the legislature.



External brainstorming sessions are lively and informative

HOW OTHERS SEE US

A great way to find out how to improve an organization is to ask its customers. Providing these opportunities to customers helps prepare us for the future and keeps TDLR in alignment with its Vision and Mission. During our strategic planning process, TDLR asked four key questions. A total of 5,341 comments were received in response to these questions. Out of 24 participating programs, the following programs had the highest number of comments:

- Cosmetology - 1,437
- Electricians - 1,015
- Air Conditioning & Refrigeration - 518
- Towing - 270
- Property Tax Professionals - 217

The following is a review of two questions from the external brainstorming sessions and the online survey:

- What are we doing well? - 1,312 comments
- What can we do better? - 1,402 comments

The majority of these comments were received online. Of the 5,341 comments in response to the four questions, 487 came from the April 9, 2012, external brainstorming sessions facilitated by TDLR's leadership. This reflects the comfort level of our stakeholders interacting with us online.

TDLR's customers sent a clear message that we communicate in ways that have a positive impact. If the "doing well" comments regarding communication, email notifications, and online services are bundled together as a communication benchmark (154 comments, 12%), TDLR is succeeding in our effort to reach those we serve. In short, TDLR is doing **communication** right.

78 commented on communication

- "Communication is a strength. Use of technology to communicate is excellent."

22 on email notifications

- "Email notifications are in a timely manner. I don't feel overburdened with emails."

54 about online service (including renewals, web, Facebook, communication)

- "Online renewal services work very well – user-friendly and easy to navigate through."

The best way to look at negative feedback from customers is to view it as constructive criticism. It has been said that a customer speaking negatively about an organization reaches the ears of at least five other people. If that is the case, then listening to the customer should be part of every organization's improvement efforts. This is why TDLR embraces the comments from our customers that point out areas of weaknesses, giving us an opportunity to develop them into strengths.

Sixty-four percent of the comments about what TDLR could do better concerned six topics:

- Communication – 218
- Education – 187
- Enforcement – 170
- Web – 117
- Inspections – 110
- Licensing – 107

"TDLR and the WBC have always worked closely together in a common struggle for safety, uniformity and justice for all boxers. I am extremely proud of the relationships with TDLR. They are firm with their rules and convictions and at the same time flexible to administer such a difficult sport as boxing, in which so many different scenarios can happen in any given day." – Jose Sulaiman, President, World Boxing Council

Stakeholder comments concerning communication, education, and enforcement make up 41% of the "do better" comments. Twenty-four percent of the issues highlighted as needing our attention were from communication and web comments. Even if this is balanced with the positive comments on communication above, further analysis of the comments needs to be done to improve our overall communication efforts.

Here is a sampling of the voice of our customers representing their concerns on particular issues and areas for improvement:

- What they said about our communication and web services:
 - » “Answer the phone promptly instead of leaving people on hold for long periods.”
 - » “Make rules simpler in rule books.”
 - » “The website is a little confusing to use.”
 - » “I feel that the CE look up procedure on your website is hard to navigate.”
- What they said about our Education section:
 - » “We need schools in Texas that are closer to small towns.”
 - » “Phase out continuing education hours of all areas.”
- What they said about our inspection and enforcement efforts:
 - » “Have more enforcement of unlicensed companies.”
 - » “More enforcement in rural areas.”

This brief overview highlights areas that TDLR customers said were significant. It speaks to our performance level today and provides the direction and motivation we need to improve.

WHAT CHALLENGES ARE WE FACING AND EXPECT TO FACE

Changes Over the Next Five Years

TDLR hosted external brainstorming sessions led by agency leaders to gather feedback from our licensees, industry experts, and the public on how we are doing. The sessions were divided into related programs in an effort to collect information that would be easy for the public to understand and useful to the agency. TDLR posted an online survey using social media and a web survey on the TDLR home page.

Four questions were asked of those participating in the online survey and/or external focus groups. The last question asked what major changes will occur over the next five years that will impact the way you do business and the services we provide. Of the feedback received for that question, there were four themes:

- a decrease in disposable income (26%)
- an increase in population (22%)
- an increase in construction (15%)
- an increase in the number of licensees (13%)

The remaining 24% of the responses addressed a variety of issues.

A common concern shared throughout the programs was related to a perceived decrease in disposable income over the next few years. Two major reasons for this perception are the current state of the economy and people moving out of cities into rural areas. As population increases and the cost to live in cities continues to rise, many people may move to more rural areas. For industries like barbering and cosmetology, this could hurt their businesses. Many in that industry have

stated that once the customers move out of the city, the customers are less likely to make trips as frequently to those shops.

Participants mentioned the increase in population. Texas continues to be one of the fastest growing states in the nation. The current population, according to the Texas Department of Health and Human Services, is approximately 26,142,000 and is projected to be 27,044,200 in 2014. There are two sides of the coin when it comes to the rising population in Texas: population for business will increase and there will be great demand for services.

An increase in population means an increase in licensees, according to the survey respondents. They stated that there may not be enough staff in our Enforcement or Compliance divisions to keep pace with this increase, causing the quality of service in those divisions to decline. Without enough enforcement, more people could get away with harmful or illegal business practices or operate on an unlevel playing field.

Online and Brainstorming Session Responses

The most responsive groups online were:	The most vocal groups in the brainstorming session were
Cosmetology with 28.18% of the responses	Cosmetology with 14% of the responses
Electricians with 20.5% of the responses	Electricians with 13.35% of the responses
Public with 14% of the responses	Barbers with 11.7% of the responses
ACR with 11% of the responses	Property Tax Consultants with 11.29% of the responses

Changes in State and Federal Laws

One of the biggest challenges facing the agency is the implementation of the new licensing of dog and cat breeders. House Bill 1451, passed by the 82nd Legislature, assigned this program to TDLR. This program presents unique challenges which mix personal beliefs, business interests, and pet ownership. As always, TDLR will administer this program in a fair and efficient manner.

At the federal level, the biggest challenge came with the publication of new accessibility guidelines by the Department of Justice. This required substantial work on TDLR's part to update state rules and standards in the Architectural Barriers program, ensuring the state's compliance with federal requirements.

Budget

The state's continued tight budget may result in agencies being called on to do more with less. To meet this challenge, we are constantly searching for and implementing innovative and cost-saving measures. Anticipating yet another increase in postage, for example, we are currently exploring greater use of email, decreasing our need for mailed notices to licensees.

Interim charges of both House and Senate Committees reveal leadership's interest in ensuring the protection of public trust, health, safety, and welfare while eliminating unnecessary regulation. In assessing Texas' regulatory climate, the legislature will focus on the impact on consumers, competition, and the cost of services. The Governor's Texas Budget Compact suggests that the legislature may again consider program consolidation as a way of addressing budget shortfalls. TDLR's functional business model is poised and ready to cost-effectively and efficiently absorb any consolidations that the Legislature deems necessary.

“Thank you, TDLR, for issuing the release regarding Firefighters’ Emergency Option. Texas Hotel & Lodging Association and the Texas lodging industry are committed to maintaining guest safety and comfort across the Lone Star State. We appreciate the opportunity to work with TDLR in getting important safety messages out to our members.” - Justin R. Bragiel, General Counsel, Texas Hotel & Lodging Association

The agency continues to plan and prepare for multiple budget scenarios: the budget will not grow, despite a growth in the amount of work output required by TDLR; the budget may grow as a result of consolidations; or further budget cuts may be required.

Economic Environment

Texas will lead the way in economic growth in the next five years. As in the past three years, the state's Gross State Product (GSP) growth rate will surpass that of the nation's Gross Domestic Product, expanding at an average annual rate of 3.7 to 5.8 percent. Continued expansion of the GSP translates into more services provided by businesses regulated by TDLR. A similar annual growth rate in the inflation-adjusted Texas Real Gross Product will enable Texas to lead the nation in job creation, projected to be between two and three percent a year over the next five years.

Furthermore, the state's unemployment rate – consistently below the national average in recent years – is forecast to decline to near 6.8 percent by 2015, with further declines anticipated in subsequent years. More jobs and lower unemployment rates mean increases in services TDLR must regulate and the associated licensing, inspection, and complaint-resolution demands the agency must address.

Strong economic growth translates into an accelerated pace for construction of housing and commercial facilities, which will intensify demands on many of our programs, including Air Conditioning and Refrigeration, Architectural Barriers, Boilers, Electricians, Elevators, Industrialized Housing and Buildings, Property Tax Professionals, Property Tax Consultants, Water Well Drillers, and Water Well Pump Installers.

Natural disasters and weather-related events will adversely affect Texas in unexpected ways, so TDLR will need to be prepared to offer temporary or emergency licenses to ensure that a displaced population is helped to recover.

“ It is an honor to be associated with a group of employees which have gained TDLR the reputation as a model state agency. TDLR remains focused on our customers by streamlining our processes and continuously searching for more cost efficient, effective ways to serve our licensee base, as well as the citizens of Texas.” -
Chairman Frank S. Denton

Regulatory Responsibilities

The Legislature continues to demonstrate its confidence in TDLR by increasing our responsibilities and sending new and complex programs to us. By meeting these challenging responsibilities, TDLR has enhanced its reputation as the premier state licensing and regulatory agency. Our regulatory responsibilities will increase as current and future programs are entrusted to us to administer within tight budgetary limits. To ensure Texans are efficiently and effectively served by high quality professionals and businesses, TDLR's increasing regulatory responsibilities include implementing clear standards for the regulated industries and achieving compliance through inspections, technical assistance, and enforcement. In the area of ensuring compliance, TDLR does not have enough inspectors and investigators to cover the state but cannot increase field staff because of funding restrictions.

The increasing population will require additional housing, water resources, and consumer goods and services. To ensure that Texans are afforded proper safety and consumer protection, TDLR's increased regulatory and enforcement efforts will occur in the areas of service contracts, air conditioning, electrical, maintenance agreements, and other areas indicating the need for increased services. Due to greater stress on available water supplies, TDLR's Water Well Driller, Water Well Pump Installer, and Weather Modification programs will work even closer with property owners, water conservation districts, and other state water-related agencies. This cooperation will be especially critical during times of severe drought. Working in collaboration with individuals, industries and other regulatory agencies makes TDLR more effective during these economic times and demonstrates to the public, our licensees, and state leaders our unwavering commitment to excellence in government.

Future Technological Needs

TDLR will stay focused on using technological advances to best serve our customers. With more people choosing online and mobile services to communicate and do business, we will continue updating and adding such services to help our customers obtain and renew licenses and register projects. While most of our license databases and many inspection documents are already accessible through our website, we will continue to make more information available. Our program-specific “home pages” are evaluated and refined periodically to ensure our customers have the latest information about our programs and services.

As TDLR is given new programs to administer, our staff will tackle this rising workload by developing software so these new responsibilities are handled by our in-house developed Texas Umbrella Licensing Information Project (TULIP) software. We want our licensees to experience a seamless transfer, with virtually no change to their business practices as they comply with licensing requirements.

In our quest to gather feedback from our customers on how we can improve our services, we will use the latest technologies to receive that information online. We will explore new software to keep our website current, making it even easier to navigate. We will evaluate email notifications that allow customers to choose the frequency and type of information they receive from us. We will use the latest online technology to offer our customers the services they need, including information delivery, license applications and renewals, penalty payments, database searches, and changes of address.

As mobile technology continues to evolve, we will assess how these improved tools can help our inspectors schedule, conduct, document, and report on their activities electronically.

New imaging technology will afford us a way to manage the amount of documentation we maintain for our use—and that of our customers.

Workforce

Retirements

There are more TDLR employees eligible to retire than ever before, and 46% of those eligible to retire are in higher classifications or in positions difficult to fill. These employees have valuable experience with the agency’s programs. The loss of their knowledge, industry expertise, and team cohesiveness, if not transferred or replaced, will adversely impact the agency’s efficiency and effectiveness in the future.

To address the potential loss of knowledge, TDLR will need to continue to develop leaders, initiatives of job sharing, mentoring, and training. As employees are promoted or hired to fill these slots, they may need extra support by executive and senior department staff to continue to deliver the high level of service our internal and external customers and stakeholders have come to expect.

The challenge of retirement will also stress the agency’s hiring process and could result in multiple, simultaneous vacancies in leadership positions. Management will be vigilant in monitoring and adjusting the organizational structure and lines of responsibility to ensure a smooth and efficient transition.

“I’ve spent the last decade of my life in the professional private sector. I have seen how the success of private companies have been achieved. Many people have a stereotype of government agencies as being slow, with no innovation and a lot of red tape. Even before I started working for this agency, I noticed that it has the “it” factor that has made the private businesses successful. I’ve also noticed that TDLR is the opposite of those government agency stereotypes. I truly believe that is one of the main reasons for it being a leading state agency. It is innovative, fresh, unique and the work atmosphere is like no other. The pride and joy that this agency brings to its employees spills over into the public and it becomes a win win situation for all.” - Alaric Robertson, Process Improvement Team, Compliance

Turnover

While TDLR's turnover continues to remain lower than the state average, it has recently increased. To stem the increase in the agency's turnover rate, we need additional resources to provide better compensation for the employees.

Gap Analysis

1) Shortage in qualified applicants – The technical programs (Air Conditioning, Architectural Barriers, Boilers, Electricians, Elevators, Industrialized Housing and Buildings, Water Well Drillers, and Weather Modification) continue to have smaller pools of qualified applicants, due to the specialized knowledge and skills required for those industries.

2) Shortage in skills – Employees continue to need training in critical skills and cross-training within functional areas.

The technical programs also have fewer applicants for available positions because the private sector pays higher salaries than state agencies. The state benefit package no longer offsets the difference between state salaries and private sector compensation.

While the gap in training and cross-training can be filled, the agency and employees must always keep up with technological advances. While there is no easy way to get ahead of the technological learning curve, cross-training can be raised in priority with other human resource activities, training, and organizational issues to address this need. This effort can be enhanced by management adopting department expectations and measurable staff goals.

WHERE WE WANT TO BE

Listening to the voice of the customer is the most important thing an organization can do to make positive and sustainable changes. TDLR asked for feedback from its Commissioners, employees, Advisory Board members, licensees, and the public in our external and internal brainstorming sessions, social media, and online surveys. After careful review and evaluation of thousands of recommendations, TDLR has developed the following strategic planning initiatives:

Staffing Initiatives

TDLR's employees are its greatest asset. It is only with motivated, trained, and skilled employees that we will succeed. TDLR remains committed to developing leaders by assigning employees challenging tasks and responsibilities. We know that with the proper support and motivation, today's administrative assistant can become tomorrow's division director. We do everything possible to create a culture that fosters these promotion opportunities. Additionally, the agency must continue to attract and retain highly qualified employees. We believe we can achieve this by fine-tuning our compensation package to offer more competitive salaries, increased benefits, professional development, and training. The agency continues to work closely with the Legislative Budget Board, the Office of the Governor, and House Appropriations and Senate Finance committees to find the necessary appropriations to fill vacant positions, enhance compensation for existing employees, and fund new positions in the areas of Compliance division inspectors and Enforcement division investigators. TDLR will also increase the use of soft-dollar incentives such as flexible work hours, wellness activities, employee recognition awards, online training, and telecommuting. Finally, we will also work with the LBJ School of Public Affairs to find ways of qualifying more of our managers for participation in the Governor's Executive Development Program (GEDP).

“When I started with TDLR in 1991, it was a relatively small two year old organization struggling to find its identity. Now, 20 plus years later, it is an extremely successful, highly respected organization with a clear direction and tremendous leadership. I’m glad I’ve had the opportunity to be a part of that.” - George Ferrie, Director of Compliance, 1991 - Present

Streamlining Regulations Initiatives

TDLR identified the following recommended statutory changes that we believe will reduce the size of government, streamline regulation, better align resources, and strengthen consumer protection:

- Consider eliminating TDLR’s licensing and regulation of two low-volume programs:
 - » Rental Agreement Loss Damage Waivers, Chapter 92, Business and Commerce Code; and
 - » Temporary Common Worker Employers, Chapter 92, Labor Code.
- Evaluate transferring the licensing and regulation of the Licensed Court Interpreter program to the Office of Court Administration. This transfer would align court interpreter functions with other court-related duties and personnel, such as court reporters, process servers, the judiciary, and court administrators.
- Consider the elimination of the barber and cosmetology shampoo licenses. Currently, Texas is one of only five states that require a person to successfully pass an examination and pay a fee to become licensed to shampoo hair. Further, a two-year apprentice license requires neither a fee nor an examination. This would reduce an unnecessary burden on Texans.
- Explore creating the Best of Texas Award for businesses licensed by TDLR that have achieved a certain level of performance excellence, as measured by the agency’s inspection and enforcement processes. The award would acknowledge and recognize those businesses that do it right – “The Texas Way.” The program would be modeled after the Department’s very successful “Access for All” decal program.
- Look at transforming the outdated licensing provisions relating to cosmetology and barber booth renters to a more progressive and less intrusive regulation of “mini” salons without diminishing public safety.
- Recommend clean-up of statutes in the following areas:
 - » Removal of unnecessary and confusing Federal requirements relating to the sale and purchase of refrigerants from the Texas Air Conditioning and Refrigeration Contractors statute, Chapter 1302, Occupations Code;
 - » Clarification of outdated and inconsistent education provisions in Texas Polygraph Examiners statute, Chapter 1703, Occupations Code;
 - » Removal of unnecessary language relating to telemarketing activities included in the Service Contract Providers and Administrators statute, Chapter 1304, Occupations Code;
 - » Replace or redefine the terms “complete” and “completion” in the Water Well Driller’s statute, Chapter 1901, Occupations Code, to allow for better protection of the States’ water resources; and
 - » Consider amending the definition of “boiler” under the Texas Boiler statute, Chapter 755, Health and Safety Code, to recognize current technologies and align our statute with other states’ exemption of steamers.
- Evaluate amending the Cosmetology and Barber statutes to allow for the performance of in-home licensing services for the elderly, sick and other similarly situated Texans.
- Amend the Elevator statute to replace the language requiring that Qualified Elevator Inspectors be certified “by an organization accredited by the American Society of Mechanical Engineers” with “by an organization recognized by the Department”.

Communication Initiatives

TDLR is redesigning its website to meet the needs of its customers. We will expand the use of our website and social media outlets for gathering valuable information from 600,000 plus subscribers. We will continue to increase the online services we offer, including license applications and renewals, database searches, changes of address, and other services identified by our licensees. TDLR is exploring the use of real-time online chat sessions with customers to improve communication. The agency will explore adding options for consumers to choose the frequency and type of information they receive from our automatic email notifications.

“I’ve spent my entire career of nearly 30 years with the State of Texas. While working in different divisions at different positions through the years, I always felt and continue to feel that my voice counts toward giving the best service possible to the citizens of Texas.” - Tanya Gauthreaux, Licensing Program Supervisor, 1984 - Present

Other Communication Initiatives include:

- Plain language - Plain language now holds a central role in TDLR’s culture. We have already improved many documents and we will continue to identify more forms, documents, and applications that would benefit from a more direct writing style so that all information is clearly written and easy to understand.
- Video FAQs - We will offer video answers to our most frequently asked questions through our website and YouTube. These videos will help reach and engage customers in new and interesting ways.
- Multiple languages - Much like the plain language priority above, TDLR will continue to offer more information in Spanish and Vietnamese to ensure our message is easily understood.

Office of Best Practices Initiative

Explore the value of creating an Office of Regulatory Best Practices that will identify, develop, and assist all Article VIII agencies implementing cost saving and innovative ideas. This Office would be modeled after TDLR’s Process Improvement Team, which employs widely accepted techniques for leveraging innovation, streamlining processes, and employing Six Sigma methods.

Self Directed Semi-Independent Initiative

“I can always count on the TDLR to respond quickly when presented with information about unethical or illegal activities by a licensee. That kind of action protects the citizens of Texas from becoming victims of unscrupulous contractors. It is amazing to me that this agency can regulate so many different occupations and activities. The TDLR staffers I’ve worked with in the past have been dedicated to protecting the citizens and rooting out the bad licensees or the unlicensed contractors.”

Brian Mylar, KSAT-12 Defenders Consumer Advocate

Seek Self-Directed Semi-Independent status similar to that of 5 other regulatory agencies including the Real Estate Commission, Board of Architectural Examiners and the Board of Public Accountancy.

Cyber Investigation Initiative

The department will evaluate best practices for creating a specialized enforcement unit to expand consumer protection by combating violations online. This unit would require employees who possess both traditional investigative skills and computer expertise. The department may seek additional employees and funding to staff this new unit and address this rapidly growing area of fraudulent and illegal activity.

Relevant Military Experience Initiative

During the 82nd Legislative Session, we started the discussion to recognize relevant experience gained in the military to meet licensing requirements for air conditioning contractors. The Legislature

added the following language to Chapter 1302, Occupations Code, regarding the licensing of air conditioning contractors who gained air conditioning experience while serving in the military:

- 1302.255(e)(1), Occupations Code, (e) Notwithstanding the requirements of Subsection (a) (2), each of the following qualifies as practical experience for purposes of satisfying the 48-month requirement:
 - » verified military service in which the person was trained in or performed air conditioning and refrigeration-related work as part of the person’s military occupational specialty.

Consider recommending a similar provision to Chapter 1305 Occupations Code, Electricians, and consider amending Chapter 51, Texas Occupations Code, to allow the Commission to adopt rules allowing certain military training or experience to qualify as education or experience requirements for licensure so that all programs can have this flexibility.

Technology Initiatives

TDLR will expand the use of smartphones and other mobile technology to allow our inspectors and investigators to schedule, conduct, record, and report their activities electronically. TDLR will increase the availability of ‘self-serve’ report creation and delivery, allowing users to create electronic versions of reports currently printed, reducing paper costs and increasing the timeliness of delivery. TDLR will continue to expand its use of imaging for document management to all programs for the benefit of internal and external customers. TDLR will evaluate the use of new technologies, such as QR codes, for added benefits to the citizens of Texas who rely on TDLR services. A QR Code (Quick Response Code) is a two-dimensional barcode, which has encoded in it a URL (web address), text, or other information. It can be read by a QR code scanner, including QR scanner smartphone apps. QR codes are used to take information from a transitory media and put into your mobile device.

We will also explore the benefits and costs of creating and maintaining online account profiles for licensees, allowing them to easily track the status of their license(s), continuing education hours, penalties, and fees.

Anticipated Growth

Since 2001, the Legislature has looked to TDLR each session to bring fiscal discipline and oversight to a variety of programs. We anticipate this trend will continue. TDLR’s current licensing model provides the avenue for consolidating programs to achieve cost savings and efficiencies. As the legislature sends additional licensing responsibilities to TDLR, we will need employees with program knowledge and the aptitude for process analysis and redesign, critical thinking, and **communication**. These highly qualified employees will enable TDLR to efficiently integrate new programs into our business model.

As new programs and agencies are added to TDLR, we will work closely with the Office of the Governor and Legislative leadership to identify statutory changes that will increase consumer protection, ease the transfer of programs, and improve the overall effectiveness and efficiency of program regulation. For a successful consolidation, TDLR will need the following:

- funding for program and administrative support staff,
- elimination of unnecessary legacy performance measures,

“Turning strategic planning ideas into reality requires innovation and teamwork on the part of TDLR employees. TDLR Strategic Plan for 2011 - 2015 included a communication initiative to expand our customer outreach through social media. In less than two years TDLR has more than 11,000 followers on Facebook and has the second largest following of any Texas agency. I’m proud to be part of an agency with a forward- looking approach to reaching all Texans.” - Bill Kuntz (TDLR, recipient of 2010 & 2011 Top Workplace Award, among the top mid-sized employers in Austin)

- funds for computer conversions,
- office furniture and equipment,
- rent or additional state office space, and
- adjustment to out-of-state travel caps.