

Smaller Smarter Government, Vol. 2

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Government, Volume 2

TDLR Strategic Plan

for the Fiscal Years 2015-2019

by the

Texas Commission of  
Licensing and Regulation

and the

Texas Department of  
Licensing and Regulation

Submitted June 23, 2014



# STRATEGIC PLAN

FOR THE FISCAL YEARS 2015 – 2019

BY THE

*Texas Commission of Licensing and Regulation*

*and the*

*Texas Department of Licensing and Regulation*

<b>Commission Member</b>	<b>Term</b>	<b>Hometown</b>
Mike Arismendez, Chairman	02/01/15	Littlefield
LuAnn Morgan, Vice-Chair	02/01/15	Midland
Thomas F. Butler	02/01/19	Deer Park
Fred Moses	02/01/15	Plano
Catherine J. Rodewald	02/01/17	Frisco
Ravi Shah	02/01/17	Carrollton
Deborah Yurco	02/01/19	Austin

*Submitted June 23, 2014*

Signed:

  
\_\_\_\_\_  
Executive Director

  
\_\_\_\_\_  
Commission Chair

# EXECUTIVE SUMMARY

## Overview of *Smaller Smarter Government, Vol. 2*

*Smaller Smarter Government, Vol. 2* describes who we are, where we have been, what we believe, where we want to go, and what we want to achieve. Written entirely by TDLR staff, this document is infused with ideas from across our agency, but it also amplifies the voices of the people we serve - our licensees and customers.

Throughout *Smaller Smarter Government, Vol. 2*, you will read about our mission, our vision, and our core values. We come back to these beliefs every day as we do our jobs, because they are the foundation of who we are. They are more than just words on a page. These values guide us as we continue to take on new challenges and maintain our focus on smaller, smarter government.

## TDLR's Philosophy: Achieving *Smaller Smarter Government*

Since 2000, TDLR has been the catalyst for the transformation of occupational and business licensing in Texas. The agency restructured to implement a functionally aligned business model that provides shared services across licensing programs. This dynamic structural change allows TDLR to manage an increasingly diverse mix of programs while maintaining a lean work force.

The TDLR business model focusses on efficiency in licensing and regulation. To ensure we maintain this focus, the following four key questions are asked when the Legislature asks for our input when considering sending additional programs to TDLR:

1. Is there sufficient critical mass of licensees to justify a licensing program?
2. Are there regulatory alternatives to a licensing program? If another entity – federal, state, or local – already effectively regulates in this area, a state licensing program may not be necessary.
3. Can the licensing program fit the functional business model at TDLR, which relies on electronic applications and renewals, online payments, and integration into our licensing software?
4. Does the program fit with the TDLR core competencies?

TDLR's responsibilities have continued to grow as the Legislature has invested more confidence and trust in our ability to successfully transform inefficient existing programs and take on new licensing responsibilities. In FY 2000, TDLR had 116,000 licensees and 17 programs; as of FY 2014 we now have over 650,000 licensees and 25 programs. TDLR has worked closely with the Legislature to abolish, transfer, repeal or privatize programs and licenses that no longer met the criteria for state licensing and regulation.

### ***Programs Abolished***

- Transportation Service Providers (2003)
- Career Counselors (2005)
- Talent Agents (2011)
- Personnel Employment Services (2011)
- Loss Damage Waivers (2013)

### ***License Types Repealed***

- Boxing Timekeeper and Ringside Physician (2013)
- Shampoo Apprentice (2013)
- Examination Proctor (2013)
- Freon Product Purchasing (2013)

### ***Programs Transferred***

- Discount Health Care Card Providers (2010, to Texas Department of Insurance)
- Licensed Court Interpreters (2014, to Office of Court Administration)

### ***Duties Privatized***

- Architectural Barriers inspections and plan reviews (2009)

## Key Points of *Smaller Smarter Government, Vol. 2*

While the Texas workforce continues to grow, so does the TDLR licensee population. At the same time, we have held agency growth in check and actually reduced the size of our workforce while still delivering outstanding customer service. (see *Who We Serve – TDLR Licensee Population*)

In 2013, TDLR reduced license fees for 11 different programs, affecting more than 360,000 Texans, with an estimated annual savings of \$5.9 million. We are proud to say that we put money back in the pockets of our licensees, something that makes us unique among state government agencies. (see *How We Do It – Budget Revenue and Appropriations*)

Our appropriations-per-licensee is among the lowest in Texas state government. (see *How We Do It – Budget Revenue and Appropriations*)

As TDLR's responsibilities have increased, so has our commitment to structuring our business model along functional lines, by emphasizing cross-training and eliminating redundancies. We reorganized our compliance structure and created a Field Operations division with focused responsibilities, and reorganized our highly trained business and process analysts into their own team to advise Executive leadership on process improvement. (see *What We Have Done – Reorganizations and Personnel Changes*)

Most recently, TDLR worked successfully with the 83<sup>rd</sup> Legislature to modernize our licensing programs and eliminate unnecessary regulation. (see *What We Have Done – Strategic Plan Report Card*)

We stand ready to work closely with the 84<sup>th</sup> Legislature to further streamline state government and deliver cost-effective, high-quality customer service. To this end, we have outlined Smaller Smarter Government Initiatives for the 84<sup>th</sup> Legislative Session. (see *Where We Want to Be – Smaller Smarter Government Initiatives*)

We face critical challenges in the following areas that need to be addressed (see *Where We Want to Be*):

- Employee recruitment and retention, retirements, and knowledge-loss;
  - Salary competition and equity;
  - Software, hardware, and technology upgrades; and
  - Information technology security.
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# THE VISION, MISSION AND PHILOSOPHY OF TEXAS STATE GOVERNMENT

## Governor Rick Perry's Vision for Texas

We must continue to 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 ensure 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.



Texas Governor Rick Perry

## 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 business by:

- Implementing clear standards;
- Ensuring compliance; 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 online.
- Number of new business permits issued online.
- Percentage 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 as 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
- Developing a well trained, educated, and productive workforce.

#### *Benchmarks*

- Number of new small businesses created.
- Number of new non-government, non-farm jobs created.
- Per capita gross state product.
- 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.

### Benchmarks

- Percentage of Texas waters that meet or exceed safe water quality standards.
- Average time required in responding to natural disasters such as wildfires and hurricanes.

## WHAT WE BELIEVE

### TDLR's Mission

To honor the trust of all Texans, ensure public safety and customer protection, and provide a fair and efficient licensing and regulatory environment at the lowest possible cost.

### TDLR's Vision

To be the leader in public service by creating innovative, low cost licensing and regulatory best practices, and cultivating employees who provide exceptional customer service.

### TDLR's Philosophy

To achieve smaller, smarter government, we:

- Honor the public by regulating in a fair, open, and consistent manner;
- Provide more opportunities and avenues for our customers and employees to be heard (Your Voice Matters);
- Deliver simple, clear, and courteous service to our customers;
- Maintain a culture of change and innovation by always challenging and re-evaluating the status quo;
- Build efficient and cost-effective public-private partnerships;
- Mentor leaders to exemplify TDLR's Core Values;
- Eliminate waste and maximize our resources to lower the cost for the customers we serve;
- Reward high-performing employees through promotion, raises, and recognition;
- Serve the citizens of Texas responsibly through transparency and efficiency; and
- Value the dignity and worth of our customers and employees.

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“Leadership is more than simply telling people what to do. Leadership requires discipline, integrity and vision. With these qualities woven together, the executive can lay out his plan with confidence, knowing that his team will develop and carry forward this strategy to heights greater than even the leadership imagined for the agency.”

**Deborah Yurco,**  
**TDLR Commissioner**

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## TDLR's Core Values

### *Accountability*

We are personally responsible to the citizens of Texas. We take pride in our successes and responsibility for our failures – celebrating achievements and using setbacks as opportunities for growth.

### *Customer Service*

We deliver courteous, timely and easily accessible service, getting the job done right the first time. Each person we serve deserves our best.

### *Innovation*

We foster a culture of creativity to generate out of the box thinking and ideas in order to bring about value added change and improvement in the services we deliver.

### *Integrity*

We are trustworthy, responsible and ethical in all we do.

### *Open and Free Communication*

We listen to everybody, honoring the right to be heard and respecting all opinions. We invite participation from all of our customers and employees.

### *Respect*

We value our customers and each other by treating everyone with courtesy and dignity.

### *Teamwork*

Our success is a result of our collective wisdom, dedication and energy, working together towards our shared vision and mission.

## WHO WE ARE

The Texas Department of Licensing and Regulation (TDLR) licenses and regulates businesses, individuals, industries, facilities, equipment, and occupations to ensure that Texans are served by qualified, competent professionals. To achieve this, TDLR applies clear standards that make compliance achievable, avoid unreasonable government involvement, and keep costs low while providing exceptional customer service.

The agency began in 1909 as the Bureau of Labor Statistics. In 1973, the Legislature changed the name to Texas Department of Labor and Standards. The agency was then restructured as the Texas Department of Licensing and Regulation in 1989.

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“The TDLR lives its core values - not by putting words on a plaque, but by respecting and listening to its licensees and the citizens of Texas. This single-minded focus in living these values every day in every decision we make has made every process within TDLR more efficient, most of them in a proactive way by addressing issues before they become problems. TDLR's commitment to these ideals has resulted in a real world savings of \$29 million to the taxpayers of Texas and demonstrates that in the marketplace of governmental services TDLR's core values work!”

**Tom Butler,  
TDLR Commissioner**

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“Since Bill became our leader in 1999, he's led the agency to take on greater responsibility. His guidance has not only improved the agency's reputation but made TDLR a great place to work. I am proud to say that I work for him, and I feel lucky to have had the opportunity to learn from him.”

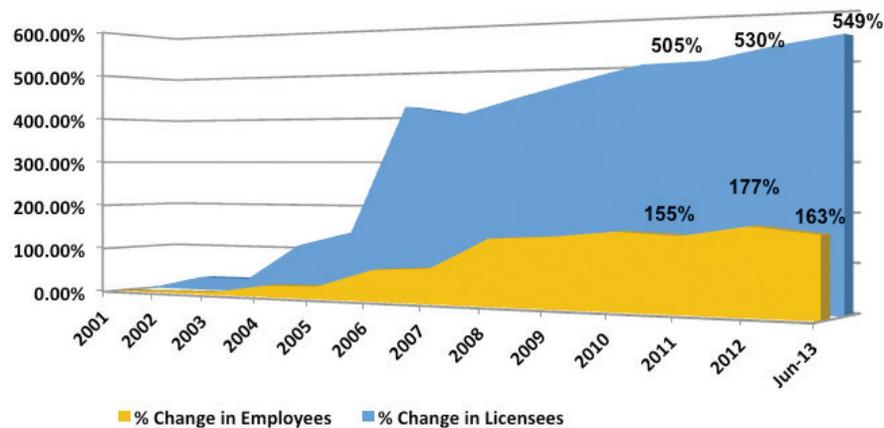
**George Ferrie, TDLR,  
Director of Compliance**

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Beginning in 1999, the agency's responsibilities increased from regulating 17 programs to a total of 28 by 2012. As of 2014, thanks to streamlining efforts led by the agency and enacted by the Legislature, the number of programs TDLR oversees has been reduced to 25. Since 1999 the licensee population has increased from 116,000 to over 650,000. During this same time period, the agency's employee cap grew from 144.5 to 382.2, although TDLR consistently stays below this cap with a current count of 354.7 positions. In 2001, TDLR had one employee for every 732 licensees; by 2013, this ratio increased to one employee for every 1,918 licensees, an increase of 262%.

While the rate of growth in the licensee population continues to increase, our employee growth rate has been steadily shrinking since peaking in 2011:

### Comparison of Percent Change in Employees and Licensees



The agency's success in managing diverse and increasing responsibilities while keeping a lean workforce is due to its culture of innovation that continually improves our processes and the services we deliver. TDLR's functional business model enables the agency to continually scale its operations and retain flexibility, ensuring greater productivity and lower fees as demands on the agency's resources change.

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;
- establish and assess fines and sanctions for violations of laws, rules and orders;
- approve TDLR's strategic plan, operating budget, and requests for funding;
- consider input from TDLR's 19 Advisory Boards;
- set fees to cover the cost of programs; and
- adopt and repeal rules.



Members of the Texas Commission of Licensing and Regulation

The Commission guides TDLR's common-sense approach to fair, efficient regulation and low-cost licensing. Before any rules are adopted, the Commission carefully considers any potential impact on businesses, customers, and licensees. The Commission strives to honor the trust of all Texans and ensure that the regulatory process is not heavy-handed or arbitrary. To support this endeavor, Commissioners regularly receive training from TDLR's Office of the General Counsel on the state's open government laws.

The Commission conducts its business in a setting open to the public, and all Commission meetings are streamed live on the internet, then archived and available to view anytime. The Commission promotes transparency and availability in all of its interactions with the public.

There are 19 TDLR programs with Advisory Boards. Input from each Advisory Board is critical in helping the agency effectively carry out its mission and achieve its vision. Advisory Board members provide vital technical knowledge and industry expertise, giving the Commission and staff real-world insight into the occupations and industries regulated by TDLR. In addition, Commission members attend and participate in Advisory Board meetings so the Commission better understands these occupations and industries.

The Executive Office builds trust with others through four key elements: Able, Believable, Connected, and Dependable. Able means having the skills to make things happen, including knowing the organization and equipping people with the resources and information they need to get their job done. Believable means acting with integrity, being honest and treating people equitably. Believability is also about acting in a consistent, values-driven manner that reassures employees that they can rely on their leaders. Connected means focusing on people and identifying their needs and is supported by good communication skills and openly sharing information about the organization. Dependable means following through on what they say they will do and being accountable as well as responsive.

The Executive Office believes that when employees are actively involved in the decision making process, they gain a professional and personal stake in the organization and its overall success. This commitment leads to increased productivity as they participate in various aspects of the organization and wish to see their efforts succeed. It's not only beneficial to the organization's growth, but is also on-the-job training. The increase in responsibility expands employee skill sets, preparing them for additional responsibility in the future.

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

- administering TDLR's programs;
- recruiting, hiring, and leading agency personnel;
- issuing licenses and certificates;
- approving complaint settlements, fines, and sanctions;
- issuing cease and desist orders and emergency orders; and
- referring cases to the Texas Attorney General.

The Legislature has entrusted TDLR with the important responsibility of licensing individuals and businesses in specific industries and occupations. We believe this responsibility does not allow for complacency or simply doing things the way they have always been done. We believe that every regulatory agency must carefully balance the interests of protecting the public and ensuring a safe work environment while preserving individual liberties and the freedom to pursue prosperity and opportunity. We pride ourselves on striking this balance by avoiding an overly aggressive regulatory environment, and striving to maintain an atmosphere of fair competition, smart regulation and outstanding service for all Texans.

## WHO WE REGULATE

We license individuals and businesses for 25 programs and issue 126 license types. Below is a snapshot of our total licensee population at the end of the third quarter of Fiscal Year 2014.

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“Bill is an honest, resourceful leader when it comes to dealing with ongoing growth and changes within the agency. He always gives us meaningful guidance and encouragement to accomplish our goals.”

***Elizabeth Soliz, TDLR,  
Human Resource Specialist***

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“Bill has taken TDLR to new heights as we have grown tremendously over the years. His employees truly respect and value his leadership as they know he will do what is best for the agency and for his employees.”

***Lisa Houdek, TDLR,  
Licensing Supervisor***

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PROGRAM	LICENSE TYPES	INDIVIDUAL LICENSES	BUSINESS LICENSES	TOTAL LICENSE POPULATION
Cosmetologists	27	237,886	29,721	267,607
Electricians	13	110,830	9,525	120,355
Boilers	2	258	54,916	55,174
Air Conditioning & Refrigeration Contractors	3	38,580	0	38,580
Elevators	3	163	38,281	38,444
Vehicle Towing and Booting	13	12,156	18,948	31,104
Barbers	19	19,241	3,975	23,216
Architectural Barriers	2	496	14,267	14,763
For-Profit Legal Service Contracts	3	9,063	15	9,078
Vehicle Storage Facilities	2	3,494	1,783	5,277
Property Tax Professionals	3	3,434	0	3,434
Combative Sports	9	3,257	69	3,326
Used Automotive Parts Recyclers	2	2,439	827	3,263
Auctioneers	1	2,426	0	2,426
Water Well Drillers and Pump Installers	2	1,711	0	1,711
Property Tax Consultants	3	1,576	0	1,576
Industrialized Housing and Buildings	6	49	570	619
Licensed Court Interpreters	2	537	0	537
Professional Employer Organizations	2	0	364	364
Service Contract Providers	2	0	317	317
Polygraph Examiners	2	262	0	262
Licensed Breeders	1	0	158	158
Temporary Common Worker Employers	1	0	96	96
Vehicle Product Protection Warrantors	1	0	52	52
Weather Modification	2	0	18	18
<b>TOTAL</b>	<b>126</b>	<b>447,858</b>	<b>173,902</b>	<b>621,757</b>

## WHAT WE DO

### Compliance



Texas Water Well

The Compliance division consists of the agency's technical and industry experts for our 25 programs. Staff determines compliance of buildings and equipment through plan reviews and inspections. Additionally, staff provides information through industry conferences and participates in speaking engagements and forums with associations. The division responds to technical questions asked by the public and licensees.

The staff's skills and experience are critical to the agency's mission to ensure public safety and customer protection and assure Texans that the services they receive are from qualified individuals. For example:

- the Electricians program protects consumers by ensuring the safe installation of electrical wiring and equipment;
- the Water Well Driller and Pump Installer program ensures protection of groundwater resources and the safety of the public water supply;

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“TDLR’s staff responded quickly and professionally to a conflict in the rules that was creating hardship for Texas vehicle storage facilities across the state.”

**Rodney Bryant, Licensee,  
Vehicle Storage Facility Program**

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- the Towing, Vehicle Storage and Booting programs ensure that these services are provided to consumers fairly and safely;
- the Air Conditioning and Refrigeration program ensures the safe installation and efficient operation of air conditioning, heating, ventilation and refrigeration systems – essential components of all businesses and homes; and
- the Weather Modification program ensures the safe use of cloud seeding by working with groundwater conservation districts and the public.

### **Customer Service**

The Customer Service division is the agency’s primary point of contact, responding to calls, emails, Facebook posts, and tweets. The agency engages with and fosters an interactive community through its social media channels. A typical day for our customer service representatives includes:

- Responding to over 1,500 calls;
- Answering over 160 questions received via email;
- Monitoring and engaging through social media;
- Assisting walk-in customers at TDLR headquarters in downtown Austin; and
- Providing Spanish, Vietnamese and Mandarin language assistance to customers.

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“TDLR does an excellent job on treating the public as customers, thereby providing excellent customer service and working to find solutions. I practice before numerous state agencies, and believe TDLR is one of the most responsive. The agency is willing to work where possible to find creative solutions to issues facing the industries it regulates.”

**Mark Vane, Partner,  
Gardere Wynne Sewell Law Firm**

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Our automated phone system helps non-English speaking customers reach the appropriate customer service representative. It also routes callers making electronic payments and those inquiring about specific programs. We are exploring web chat as another method of communication for licensees and the public.

The Customer Service division is the gateway through which employees begin a career with TDLR. After acquiring a strong base of customer service and program knowledge, many employees transfer to other divisions and become leaders and resources throughout the agency.

### **Education and Examination**

The Education and Examination division develops continuing education and pre-license education requirements for 12 programs. These requirements make sure licensees have the necessary knowledge and skills to practice their chosen profession. Education staff ensure that schools and continuing education providers are in compliance with laws and rules by:

- Evaluating and approving schools, providers and courses;
- Providing technical support and assistance to applicants;
- Conducting periodic best practice audits of schools, providers and courses;
- Managing TDLR’s online course completion database; and
- Developing and maintaining education information on TDLR’s website.

## Continuing Education and Pre-license Education Population by Program

PROGRAM	HOURS	LICENSEES SUBJECT TO CE (09/01/2013)
Cosmetology	4	180,746
Electricians	4	100,627
Air Conditioning and Refrigeration Contractors	8	14,735
Towing Operators	4	9,954
Property Tax Professionals – Appraisers and Assessor/Collectors	30	3,588
Auctioneers	6	2,534
Water Well Drillers and Pump Installers	4	1,669
Property Tax Consultants	12	1,510
Licensed Court Interpreters	8	544
Registered Accessibility Specialists	8	454
Property Tax Professionals – Collectors	10	383
Polygraph Examiners	2	242
Booting Operators	2	44
Elevator Responsible Party	4	0
<b>TOTAL</b>	<b>106</b>	<b>317,030</b>

The division coordinates examination development and monitors administration of examinations for the 11 programs requiring knowledge and competency tests to obtain a license. The division also:

- Collaborates with its current examination delivery public-private partner, PSI Services, LLC (PSI), industry subject matter experts, and Advisory Board members to review and update examination questions and answers;
- Assesses the effectiveness of examinations in conjunction with PSI on a periodic basis to ensure applicants are tested with the most current information; and
- Informs schools and instructors about the examination process and relevant pass-rate.

## Examination Population by Program

PROGRAM	EXAMINATIONS ADMINISTERED FY 2013
Cosmetologists	41,996
Electricians	6,189
Barbers	3,154
Air Conditioning and Refrigeration Contractors	2,967
Property Tax Professionals	596
Water Well Drillers and Pump Installers	535
Licensed Court Interpreters	190
Property Tax Consultants	180
Auctioneers	168
Registered Accessibility Specialists	77
Polygraph Examiners	29
Boiler Inspectors	17
<b>TOTAL</b>	<b>56,098</b>

## **Enforcement**

The Enforcement division investigates and resolves complaints received from consumers, industry, municipalities, inspections, and TDLR staff for our 25 programs. The division's structure, operations, and processes are aligned to ensure fair and efficient complaint resolution. The Enforcement division consists of three sections:

- The Intake section reviews all complaints received to determine if the agency has jurisdiction and recommends whether an investigation should be opened.
- The Investigation section compiles all the facts related to a complaint, including eyewitness interviews, in-depth research, on-site investigations, and prepares the written report based on these findings. It also coordinates and conducts sting operations to combat unlicensed activity.
- The Prosecution section includes prosecutors, legal assistants, and legal support. The prosecutors and legal assistants ensure the efficient resolution of each case and pursue penalties and sanctions whenever violations are found. The legal support staff track agreed orders, collect penalties, and assure compliance with probation requirements. The Prosecution section also screens applicants' criminal history information from the Department of Public Safety to identify crimes that may necessitate license denials or revocation.

Complainants and licensees have an opportunity to participate in the investigation process and help to ensure that information obtained is accurate. Consistency is maintained throughout the process by the use of the Enforcement procedures manual and Commission-approved penalty matrices and criminal offense evaluation guidelines.

## **Executive Office**

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“The Executive Office has the vision, the drive and the commitment to achieve that vision, and the skills to make it happen. “To honor the trust of all Texans, ensure public safety and consumer protection, and provide a fair and efficient regulatory environment.” is what guides the Executive Director and his staff to successfully achieve the strategic goals of TDLR. The Executive Office attributes its successes to the following measures:

- Building trust, communicating and influence with others.
- Effectively defining our employee's purpose and their “job to be done.”
- Creating a strategic link between the work of the employees and the goals of the organization.
- Connecting the work of the team to the organization's economic model.
- Aligning the four essential systems of execution, talent, core work processes, and feedback.”

***LuAnn Morgan,  
TDLR Commissioner***

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The Executive Office exemplifies the agency's core values while providing the leadership, motivation, and direction to achieve the agency's vision and mission. Along with managing the daily operations and resources to meet strategic goals, TDLR's leaders are working with each division to implement 14 core priorities for 2014 to keep the agency aligned and focused. The success of the Executive Office is attributed to:

- A respect-based management philosophy
- A firm commitment to open and free communication with all employees and customers
- A recognition of the importance of industry trends and systems thinking to implement process improvements
- Aggressively pursuing government transparency and efficiency

The Executive Office is passionate and sincere about building trust with the TDLR family, public officials, licensees and the citizens of Texas.

The Executive Office:

- Implements Commission policies;
- Recommends agency budgets and license fee changes to the Commission;
- Creates strategic planning initiatives;
- Represents the agency before the Legislature;
- Reviews Advisory Board applications for recommendation to the Chairman of the Commission;
- Assesses administrative sanctions and penalties;
- Reviews and recommends rules;
- Issues subpoenas and cease and desist and emergency orders;
- Monitors Historically Underutilized Business contracts;
- Supports TDLR's 19 Advisory Boards;

- Administers TDLR’s websites and social media channels;
- Manages and authorizes payments, grants and expenditures as appropriate from the:
  - Auctioneer Education and Recovery Fund;
  - Licensed Breeder Training and Enforcement Fund; and
  - Private Beauty Culture School Tuition Protection Account;
- Provides policy direction for workforce planning, recruitment, benefits and compensation, and staff development;
- Serves as TDLR’s contact with other government agencies and industry organizations;
- Streams and archives agency meetings;
- Solicits ideas and solutions through crowdsourcing platforms, ThinkTDLR (internal) and ImagineTDLR (external);
- Issues press releases and responds to media and legislative inquiries; and
- Encourages and implements employee suggestions and ideas consistent with our core values and strategic plan.

### **Field Operations**

The newly created Field Operations division performs inspections and educates licensees for the Cosmetology, Barber, Towing, Vehicle Storage Facility, Booting, Used Auto Parts Recycler, and Licensed Breeder programs. Our inspectors are the face of TDLR for many of our licensees, performing scheduled pre-license and unscheduled periodic inspections of licensed facilities. TDLR is moving to an electronic inspection process that will allow field staff to enter inspection results in durable tablet computers, which will upload results to our database as each inspection is completed. This e-inspection process will significantly reduce data entry and other administrative tasks, allowing for increased productivity.



Tow Truck Round-up inspection

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“I want to commend TDLR and its inspectors. It is a good idea to do consolidated tow inspections.”

**Jim, Licensee,  
Dodge Country Towing, Killeen,  
at the Killeen Towing Round Up**

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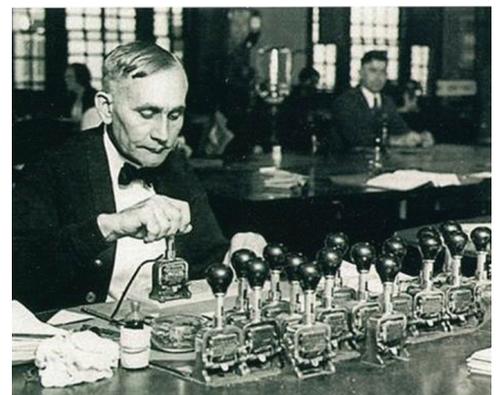
The agency is also implementing route-optimization software that will assign daily inspections and map out the most efficient route for inspectors. Inspectors will save administrative time by no longer manually creating a daily itinerary. The route-optimization program considers a variety of business rules including: inspection due dates; location of the facilities and inspectors; duration of inspections; and potential harm to the public. This program increases the productivity and efficiency of inspections and helps ensure public safety.

### **Financial Services**

The Financial Services division manages TDLR’s fiscal resources in compliance with state and federal requirements. Staff operates in a prudent and responsible manner, carrying out all of their duties to get the most value from each appropriated dollar. This division is organized into four cross-trained teams:

- Payroll and Accounting
- Budget and Administrative
- Reporting and Financial Support Services
- Purchasing and Procurement

Financial Services balances the agency’s budget and ensures all divisions spend within their means. The division allocates and monitors purchasing and capital asset requirements, develops the Legislative Appropriation Request, manages the annual budget, and prepares all agency fiscal reports.



The division goal is to fiscally serve: applicants and licensees by processing their paperwork and money in a timely manner; TDLR divisions with purchasing, payroll, and travel reimbursements; and, most importantly, the citizens of Texas by performing our duties and responsibilities cost-effectively, with integrity.

The main functions of the division are:

- Accounting;
- Budgeting;
- Cash receipt processing;
- Payroll;
- Expenditure and payment processing;
- Revenue recognition and reconciliation;
- Financial interface for USAS and the [Texas.gov](https://www.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 provides critical legal opinions and advice to the agency and the Commission. In this role, General Counsel proactively identifies and addresses issues that may expose the agency or Commissioners to legal liability. Additionally, General Counsel uses common sense in applying legal expertise when working with the legislature to draft legislation, collaborating with agency staff and Advisory Boards to develop administrative rules, reviewing contracts and contested case orders, and helping develop agency policies. General Counsel protects the public, promotes an efficient regulatory environment, and minimizes risk of litigation against the state, TDLR, Commissioners, and employees. General Counsel advises the Commission, the Executive Office and agency staff about 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.

The Office of the General Counsel:

- Advises the Commission and the Executive Office;
- Drafts and reviews rules;
- Drafts and reviews Commission orders;
- Responds to open records requests;
- Supports Advisory Boards and workgroups;
- Drafts and reviews contracts and requests for proposals;
- Provides legal opinions for the agency;
- Oversees the collection of administrative penalties; and
- Works with the Office of the Attorney General in administrative appeals, injunctive relief, collecting delinquent fines and coordinating other legal proceedings.

### ***Human Resources***

The Human Resources division promotes the agency vision and mission by fostering a healthy and respectful work environment. This is accomplished by attracting, developing, and retaining qualified employees who are dedicated to public service and who uphold TDLR's core values. The division staff provides:

- Recruitment and hiring;
- Training and career development;
- Employee benefits, compensation, and related matters;
- Personnel policies and procedures;
- Employee relations;
- Workforce planning;
- Wellness programs;
- Compliance with state and federal employment law;
- Prevention of employee fraud; and
- Legal support on personnel matters.

### ***Information Systems Development***

The Information Systems Development division creates and supports custom software to help carryout TDLR's regulatory responsibilities. The Texas Umbrella Licensing Information Project (TULIP) software system is scalable and accommodates most of our license types and licensees. The Texas Occupations Online Licensing System (TOOLS) software program, used for Towing, Vehicle Storage Facilities, and Booting programs allows:

- Insurance companies to update coverage information;
- Inspectors to post inspection reports; and
- Applicants to complete and submit applications online.

Many of TDLR's web-based systems connect directly with the TULIP and TOOLS systems, providing immediate access to license applications and renewals. This online accessibility allows for:

- Posting of pre-license and continuing education course completions;
- Reporting of barber and cosmetology student enrollment and classroom hours;
- Payment of administrative penalties; and
- Searches of TDLR licensee, disciplinary and elevator databases.

To keep pace with the ever-expanding licensee base, changes to program requirements, and advancements in technology, the TULIP database software system is now undergoing a comprehensive renovation.

### ***Licensing***

The Licensing division reviews applications and issues licenses to qualified individuals and businesses. Licensing staff have extensive knowledge of licensing requirements and procedures for processing applications and issuing licenses. The agency's 25 programs include 126 unique license types for over 650,000 licensees. During fiscal year 2014, the average time to issue a license is 5 days, faster than the Legislature established target of 10 days.

The Licensing division evaluates applicants':

- Criminal history;
- Required education and credentials;
- Experience and employment history; and
- Insurance, bonding, and net worth requirements.

Licensing employees are cross-trained to assist with seasonal workload spikes. During peak times, the entire division sets aside a portion of each day to process the extra high volume of applications. The Licensing staff is empowered through teamwork, open and free communication, and innovation to provide the best customer service from start to finish.

## Network Services

The Network Services division supports the agency's vision and strategic focus by planning for growth, installing systems, and supporting and maintaining all information technology, including phone systems and mobile devices. The division also manages the agency's infrastructure by providing maintenance, upgrades, and troubleshooting at each of the Austin offices and at all field locations.

Division staff have diverse skills that provide quick assistance and exceptional support on all hardware and software related requests. Network Services, through a Memorandum of Understanding, also supports the technology needs of other state agencies within our building headquarters as needed, including the Texas Emergency Services Retirement System and the Texas Commission on the Arts. Division staff participate in the mandated Data Center Services consolidation through the Department of Information Resources.

## HOW WE DO IT

### Texas Commission of Licensing and Regulation

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. Commission members by law cannot engage in any of the businesses or trades regulated by TDLR. Commissioners' valuable insight from their professional and business experience enhances and complements TDLR's common-sense approach to fair, efficient regulation and low-cost licensing.

The Commission's duties include:

- approving the agency's budget report, requests for funding, and strategic plan;
- providing policy direction for all agency operations;
- reviewing existing rules to eliminate unnecessary regulatory burdens, and adopting new rules as needed;
- issuing final orders in contested cases;
- approving the penalties that may be assessed in the agency's enforcement plan; and
- recruiting, supervising, evaluating and setting the salary for TDLR's executive director.

As successful business men and women, our Commissioners know that every dollar counts, so they make sure that agency funds are budgeted wisely. While focusing on the safety and protection of the public, the Commission also looks for ways to cut costs and reduce fees wherever possible. The Commission strives to honor the trust of all Texans while ensuring that the regulatory process is not burdensome or arbitrary. Before any rules are adopted, the Commission carefully considers all input and any potential impact on businesses, customers, licensees and the public.

TDLR makes full use of available technology and agency expertise to increase public access to the Commission. TDLR is a leader in using social media to keep the public informed and to increase its participation in the agency's activities, including Commission meetings. TDLR publicizes Commission meetings on the agency website, including live internet video broadcasts of all public meetings. TDLR notifies all email subscribers as soon as Commission meetings are scheduled, with links to download upcoming agenda items and information. TDLR posts status updates to Facebook and Twitter when the Commission is meeting, including direct links to live streaming of Commission meetings.

TDLR and the Commission promote transparency and accountability in all of our activities. All Commissioners regularly receive training and guidance from TDLR's Office of the General Counsel on the state's open government laws.



TDLR Facebook Page

The Chairman of the Commission provides his expertise and support 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 modeled, and clear lines of open and free communication are established, among Advisory Boards, Commission members, TDLR staff and the public we serve.

In 2013, TDLR bid farewell to Chairman Frank Denton, who began his service with the Commission in 2002. Vice-Chairman Mike Arismendez Jr. of Littlefield was appointed Chairman by Governor Rick Perry on May 21, 2013. Chairman Arismendez is committed to TDLR's mission to honor the trust of all Texans, ensure public safety and customer protection, and provide a fair and efficient licensing and regulatory environment at the lowest possible cost. Governor Perry also appointed two new Commissioners in 2013, Thomas F. Butler of Deer Park, and Catherine J. Rodewald of Dallas.

## Advisory Boards

Advisory Boards provide crucial guidance to 19 of TDLR's 25 programs. These Boards meet as needed to evaluate, review and make recommendations to the Commission on:

- rules and technical standards;
- examination development;
- continuing education requirements;
- trends affecting their regulated industries; and
- concerns and comments from their communities.

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 locations throughout Texas. Board members serve staggered terms of two to six years. The Board members' knowledge and technical expertise in their respective fields are essential in helping the Commissioners make informed choices and decisions. Before adopting or amending agency rules, Commission members carefully consider Advisory Board recommendations.

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 each of the Advisory Boards. These Commission members attend Board meetings and make sure that input provided by each Advisory Board is clearly understood and carefully considered during Commission deliberations. Board members' knowledge and expertise also make TDLR more effective in carrying out its mission and improving service to our licensees and the public. Advisory Board members are an important voice of the programs TDLR regulates, and the Commissioners and TDLR listen when they speak (Your Voice Matters).

Each Advisory Board conducts extensive reviews of its rules with the purpose of eliminating unnecessary, outdated, or burdensome rules. Work groups made up of Board members meet and evaluate TDLR rules, looking for opportunities to improve regulation, and then recommend these changes to the Commission. Additionally, Advisory Boards provide input for the development of the agency's criminal conviction guidelines and enforcement plan – identifying crimes that relate to the licensed professions and recommending appropriate penalties for violations of laws and rules.

## Book Club, Leadership Program, and Workplace Dynamics Initiatives

In 2013, our Executive Office expanded the mentoring and development of directors by initiating a new program called "Conversations in Leadership." This initiative began with the introduction of the book, ***"Mistakes Were Made, But Not by Me"*** by Carol Tavris and Elliot Aronson. Each director was provided with the book to read, and then they met as a group to share insights and learning about cognitive dissonance and understanding its presence in the workplace. Directors shared personal experiences about mistakes and self-justification and how these experiences influence their leadership and decision-making. The focus was on personal inquiry to apply these new principles when faced with leadership challenges.

The group then read, **“Decisive: How to Make Better Choices in Life and Work”** by Chip Heath and Dan Heath, opening up a new set of processes that TDLR leaders may use to avoid decision-making biases and offered practical tools for making better choices. The tools include “widen your options,” “reality-test your assumptions,” “attain distance before deciding” and “prepare to be wrong”. These topics are already being used to benefit the agency as we move TDLR forward, not only applying these in our daily workload, but also sharing them with the next generation of TDLR leaders.

The **Conversations in Leadership** program extends beyond the book club and is an ongoing dialogue where TDLR leaders share ideas and fears, pose thought provoking questions and seek guidance on difficult issues. The intent of this process is to build upon the existing camaraderie of the directors and move them out of their leadership silos into a shared and cooperative leadership model.

The **Workplace Dynamics** leadership initiative began as a survey offered to each TDLR employee to seek feedback on key areas to help the agency gain a better understanding of its strengths and weaknesses. The survey consisted of six workplace factors, three concerning organization health (direction, execution and connection), and three concerning job factors (my work, my manager, and benefits). The employees were presented with 19 topics and a scoring system of responses from Strongly Agree to Strongly Disagree. Survey topics included:

- confidence in agency leadership;
- whether the agency was going in the right direction;
- how confident they felt about their future at TDLR; and
- whether they felt their job made them feel meaningful.

Out of the 19 topics, TDLR scored higher in all but two when benchmarked against all participating state government agencies, in Texas and other states. Following the release of the survey results, the division directors were then briefed by executive leadership on how to use the information provided with the online tool to assist in improving our organization. This opportunity branched out into several assignments including directors performing self-evaluations on what they did or did not do to contribute to their division scores and what they could do to improve going forward; conduct one-on-one interviews with the other directors to gain insight into their survey scores contributing actions; and most importantly, meet with their staff to hear from them on how we could improve the agency.



TDLR Leadership Meeting

## Our Workforce

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“Bill’s leadership is great. He knows the TDLR way, and goes with it and leads TDLR employees to do it. He always listens to the voices of all TDLR employees and treats TDLR employees equally. He is a perfect leader.”

**Shufang Yu, TDLR,  
Systems Analyst**

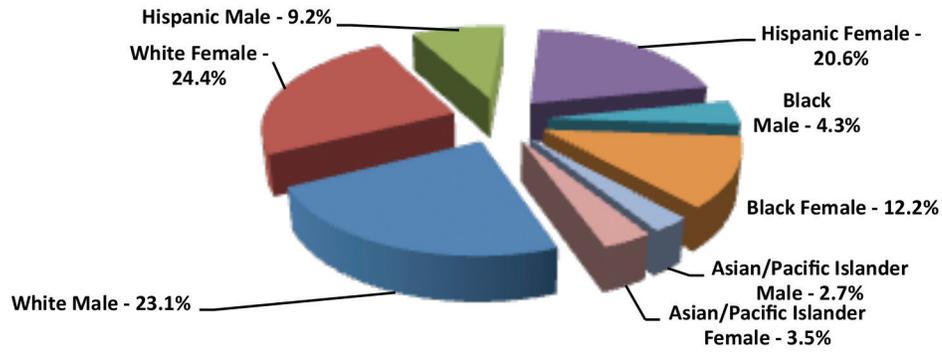
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Administering 25 programs that cover a broad array of occupations is only possible because of our talented and committed employees. TDLR maintains an empowered work force consisting of 382.2 full-time equivalent positions (FTEs). This number represents a 2.5 percent decrease over the 2012-2013 biennium. 321.7 of TDLR’s FTEs are located at two Austin locations, while 60.5 FTEs work at other locations throughout Texas.

TDLR is successful in providing challenging and rewarding career opportunities for each of its employees largely because it adheres to the following fundamental core values: Accountability, Customer Service, Innovation, Integrity, Open and Free Communication, Respect, and Teamwork. These values guide the agency in all of its interactions with our staff. TDLR honors its long-standing commitment to provide equal employment opportunities for all of our employees and job applicants.

Our workforce is as diverse as the state we serve. Currently, TDLR’s workforce is 29.8 percent Hispanic-American, 16.5 percent African-American, and 6.2 percent Asian-American. 60.7 percent of our employees are female.

### Fiscal Year 2014 Organization Profile (1st Quarter)



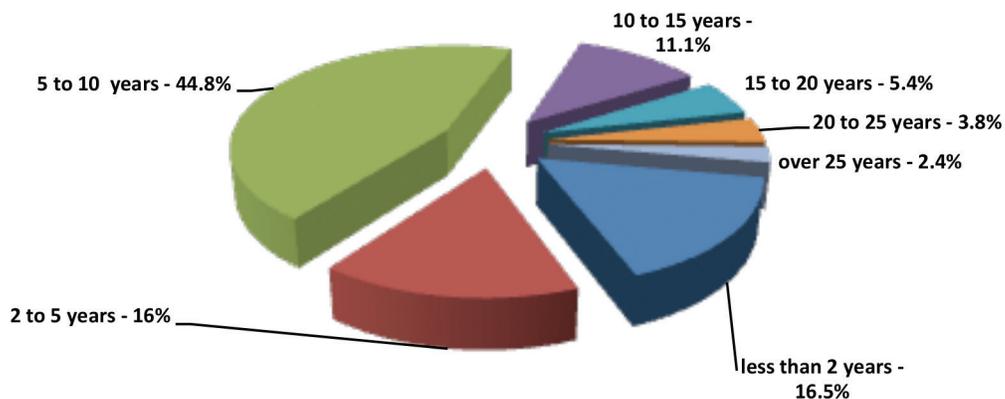
The table below compares our demographic profile with that of the statewide civilian workforce, as of the midway point of Fiscal Year 2014.

### Fiscal Year 2014 Agency Workforce Composition (1<sup>st</sup> quarter)

JOB CATEGORY	BLACK		HISPANIC-AMERICAN		FEMALE	
	TDLR %	STATE %	TDLR %	STATE %	TDLR %	STATE %
Officials/Administrators	12.5	10.7	6.25	16.7	18.8	47.1
Professionals	19.6	14.4	25.0	19.3	58.7	50.4
Paraprofessionals	8.3	32.7	41.7	28.5	87.5	71.3
Technicians	9.7	21.0	28.0	31.6	28.0	59.1
Administrative Support	23.3	19.7	33.3	32.5	82.5	86.7

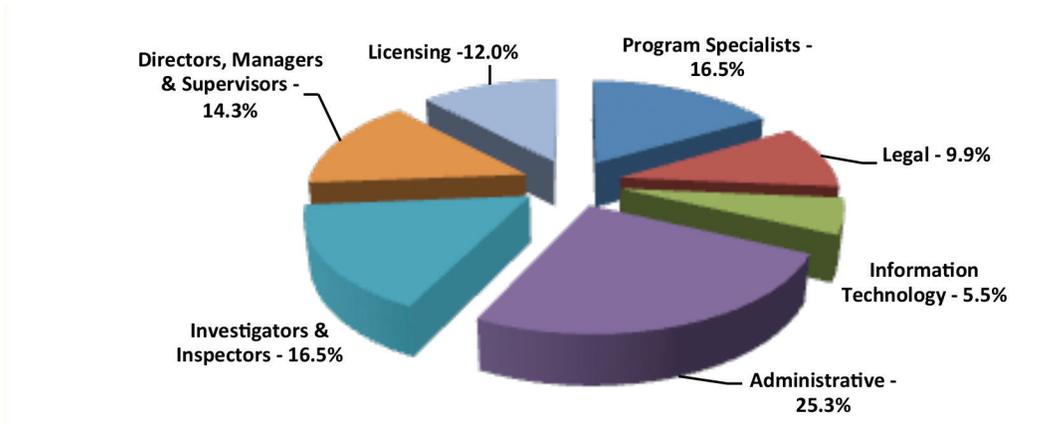
TDLR's workforce is also highly experienced. Serving a wide variety of industries, TDLR retains employees who demonstrate extensive familiarity with, and technical knowledge of, the complex activities of those industries. This wealth of experience and know-how is reflected in the age distribution of TDLR's workforce compared with the overall state workforce, as shown below.

### Fiscal Year 2014 Employee Length of Service with Agency Programs (1st Quarter)



Like any other organization, TDLR must minimize the loss of institutional knowledge as the “Baby Boom” generation retires. To respond to this challenge we mentor new leaders and recruit new talent for highly specialized areas. The percentage of employees eligible for retirement, by job category, is shown in the chart below.

### Retirement Eligibility by Job Category (through Fiscal Year 2019)



As one of the top-rated workplaces in Austin, TDLR retains employees longer than the statewide average. TDLR cultivates a work environment with opportunities for professional development that provide a real sense of achievement. This atmosphere contributes to TDLR having a comparatively low turnover rate for over a decade, as shown below.

### TDLR, Regulatory Agencies and State Turnover Rates



Additional factors also contribute to TDLR being an inviting place to work and build a career. Our core values, and the culture they promote, are strong motivation for pursuing a career at TDLR. For example,

- Our emphasis on open and free communication – evidenced by “town hall” meetings, task forces, regular staff meetings, the agency’s intranet and email newsletters – keeps employees informed of events affecting the agency;
- The value we place on our employees’ ability to offer innovative ideas on how work processes can be made more efficient is accentuated by our ongoing effort to gather their unfiltered input through our online forum, “ThinkTDLR;”
- The promotion of employee-friendly work arrangements – flexible, or compressed, work schedules along with opportunities to telecommute – allows employees to strike a healthy balance between work and personal life; and
- Human Resources keeps employees up to date on health insurance, wellness activities, and training opportunities, along with changes in personnel policies, compensation, and employee benefits.

TDLR consistently finds ways to improve the work experience of our employees. Those who pursue job-related professional development may receive partial reimbursement of tuition. Through a survey given to those resigning, or retiring, we learn how best to improve our workplace. The figure below identifies TDLR's rate of turnover by job category, which we also use to improve our work environment.

### Turnover by Classification Fiscal Year 2013

FY2013 TURNOVER BY CLASSIFICATION	PERCENT OF TOTAL FTES	PERCENT OF AGENCY TURNOVER
Legal Assistants	7.3	18.9
Inspectors	7.6	13.5
Attorneys	3.7	10.8

## 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 is key to the effective delivery of services to Texans and agency stakeholders and to the efficient expenditure of limited resources. Aligning those resources enables an agency to more effectively address the critical issues facing the state.

Strategically, the agency plans for continued growth even in the current economically stressed environment. 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 agency continues to be a part of the legislatively mandated consolidated data center contract. After the last contractor, IBM left, the contract was re-bid and we are now working with the new contractors, Xerox and CapGemini. This new partnership started in April 2013 and at this time has been a considerable improvement over the previous one. The new contractor has installed the level of architecture and infrastructure that should have been in place all along by providing dedicated networks, faster methods allowing for quicker turnaround times on projects and improved accountability processes.
- Computer replacements occur at the agency based on a four-year refresh schedule, or as project demands dictate. An example of this is our foray into tablet devices for our field inspectors. These new tablets allow for data entry in real time, bypassing paper entry-to-data entry.

#### *Other pertinent organizational issues affecting resources:*

- Commission, Advisory Board, other public meetings and large scale training sessions are all held in the meeting room at the North Campus located in the Twin Towers Building on Clayton Lane in Austin.
- A massive build out of the third floor space at our North Campus is currently underway. Broken into separate phases to allow for staff to continue working as we branch out into our new space.
- A new large training location has also been added to the North Campus 3rd floor, and when finished will offer SmartBoard technology as well the ability to offer training for up to 25 people.
- We continue to provide network scanners and desktop scanners to support the Legal Files system which provides a paperless case management system. Another added benefit is the removal of large filing cabinets, providing much needed space at the North Campus.
- The agency has installed additional SmartBoards devices in our field office in Fort Worth and Houston, providing the agency with the ability to conduct remote training or group meetings for staff. This results in considerable savings in travel costs and a reduction in work hours lost traveling to headquarters.
- The agency took a major leap in the email application utilized by all staff when we migrated from GroupWise to Microsoft Office 365 and Outlook. This change came with many advantages including offering each user a 25gb mailbox with a one-year retention, ability to install the Office suite on up to 5 unique systems giving staff the capability to easily work from home using the same applications and an instant messaging solution offering application and screen sharing functionality.

- The agency completed another substantial project by changing to a new mobile phone carrier offering improved rate plans, shared minutes across all devices and significantly superior coverage.
- In order to simplify the process used to share information with Commissioners for meetings, the agency replaced their bulky laptops for slim, lightweight iPads. Using a cloud service to share documents eases the process and gives the Commissioners a device they can easily transport, with a substantially longer battery life than their previous laptops.
- The customer service contact center also had a major overhaul with much improved call reporting that not only makes it easier to create customized reports, but also offers real-time snapshots on a large screen that are viewed by customer service management. These snapshots change in real-time to show the current call volume based on TDLR program or call group, number of emails and faxes in queue and current call wait time and more.
- TDLR has made great strides with social media applications including Facebook, YouTube and Twitter. These applications are used to further our reach to deliver important information, receive feedback and to offer a familiar location for citizens of Texas to ask questions and get a response from a subject matter expert.
- Another new product for getting information out to both internal and external parties, is GovDelivery. This application is a replacement to the agency's in-house ListServe application. Over half a million subscribers now receive important news and information directly to their email in a much reduced timeframe and a simplified process for the agency to manage.

## Budget Revenue and Appropriations (cost per license)

TDLR's commitment has always been to serve and protect the consumers of Texas and uphold the laws of the state. We believe in working with integrity and expect to be accountable, especially when using taxpayer dollars.

TDLR annually reviews the cost of operating each of its programs and compares that to fees collected for each program. In addition to providing Texans with the highest quality of service, TDLR continues its trend of reducing our licensees' fees to keep the cost of business as low as possible.

On November 21, 2013, the Commission approved rules to lower licensing fees in 11 different programs for more than 361,793 licensees effective January 1, 2014 with an estimated annual savings of \$5,932,249 and an estimated five-year savings of \$29,661,245 for our licensees.

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“Dear Texas Cosmetology Board, I have been licensed in Texas and other states for over 40 years. I have paid out much money to license fees for myself, and my salons. This is the FIRST time I have ever encountered a reduction in fees. So refreshing to see a government agency willing to help the professional, at a great loss to you...”

**Martha Cox, Licensee,  
Cosmetology Program**

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### Estimated Savings to Licensees from TDLR Fee Reductions

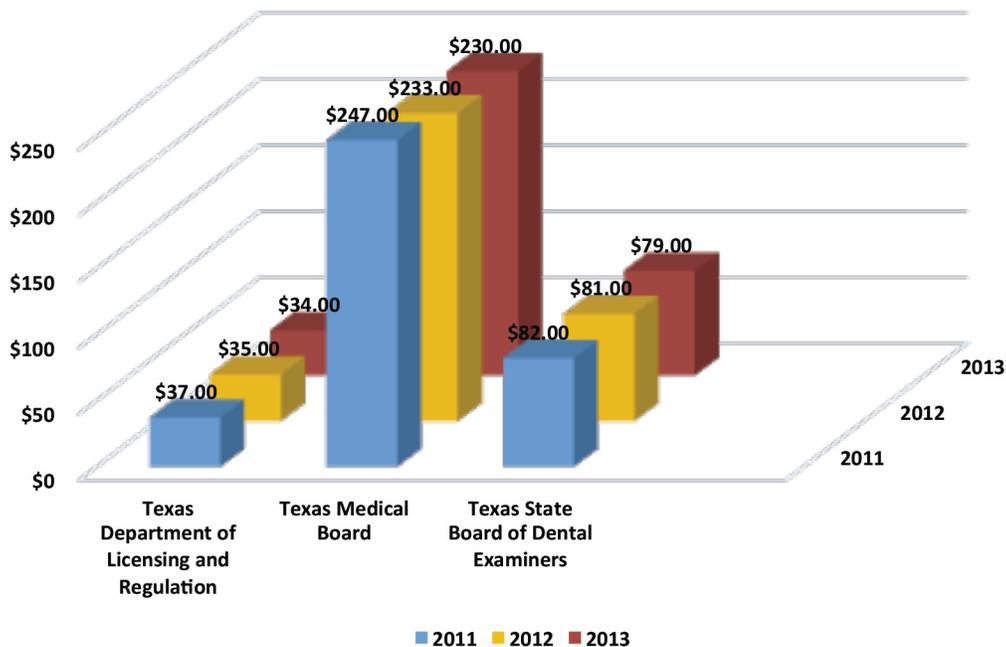
TDLR Program	Estimated Annual Savings	ESTIMATED 5-YEAR SAVINGS
Cosmetologists	\$4,722,735	\$23,613,675
Electricians	660,890	3,304,450
Barbers	323,790	1,618,950
Professional Employer Organizations	66,575	332,875
Used Automotive Parts Recyclers	52,364	261,820
Property Tax Professionals	36,333	181,665
Continuing Education	34,450	172,250
Temporary Common Workers	13,080	65,400
Vehicle Protection Product Warrantors	11,250	56,250
Auctioneers	4,301	21,505
Legal Service Contract Providers	3,431	17,155
Property Tax Consultants	3,050	15,250
<b>TOTAL</b>	<b>\$5,932,249</b>	<b>\$29,661,245</b>

TDLR's fee reductions from FY2004 to FY2014 have resulted in savings of \$28.4 million for licensees.

## Fee Reduction Accumulative Savings



## Appropriations per Licensee



The responsibilities of the agency, licensee population, number of new businesses and required legislative changes have all increased. The resource needs of the agency far outweigh the appropriations available to the agency.

Many agencies are organized into departmental silos which impede efficiency and cost effectiveness. A silo structure has several programs and several employees for each program, duplicating work functions. The silo model creates numerous job redundancies which equals less functionality, lower productivity and growing costs.

TDLR has chosen to structure its business model along functional lines. This business model recognizes the functional areas of the services we deliver and groups its employees by activities. This alignment emphasizes cross-training and eliminates redundancy across divisions. This significantly decreases costs, increases productivity and lowers the number of FTEs needed

Our functional business model and philosophy is unique in state government. It allows TDLR to be the leader in areas such as:

- saving money;
- protecting consumers;
- lowering fees for licensees; and
- creating opportunities for employment in the private sector.

TDLR has mastered the functional business model, which has allowed the reduction of license fees while generating sufficient revenue to cover appropriations. Nevertheless, TDLR faces a challenging fiscal environment that requires additional resources, including the following:

- **Salary Equity Adjustment**  
In spite of being recognized as one of the Top Workplaces in Austin, TDLR continues to lose great employees because the salary we can pay them is often less than what other agencies pay for the same position. According to the State Auditor's Electronic Classification System, "the average pay for 55 of TDLR's 66 job classifications is lower than the average pay for those classifications at other agencies," with the average difference being \$16,590 per job classification, for a cumulative of \$730,000. We are unable to offer competitive salaries and therefore are at a huge disadvantage within the public sector.
- **Additional Employees**  
Due to the budget reductions of the past biennium, our employee cap was cut from 392.2 to 382.2. TDLR needs to return to the prior employee cap, as well as additional employees for complaint resolution, inspections, industry expertise, customer service, and network and software security. These employees are required to address increases in responsibilities, licensees and consumer protection activities. TDLR also needs the appropriations to pay the competitive salaries for these employees. Additional employees and appropriations are needed because:
  - A growing segment of our licensees primarily speak Spanish or Vietnamese. To better serve these Texans, we need additional Spanish and Vietnamese speakers. The Legislature has authorized agencies to use retention bonuses to attract and retain employees with critical skills so TDLR may continue to provide quality service to all of our customers.
  - As part of the state-wide Enterprise Security Program, the Texas Department of Licensing and Regulation engaged Gartner to evaluate their IT Security Program, requirements and current capabilities against industry leading practices. The report highlighted the rising threat of cyber-attacks on the private and personal information that Texans have entrusted to the agency. To be able to implement Gartner's roadmap for improved security, TDLR will need additional employees who specialize in information technology security.

Like all business models and structures TDLR recognizes that its functional business model must evolve and adapt to the changing demands of its customers and business environment.

## Public-Private Partnerships

Building relationships through public-private partnerships allows TDLR to focus on its core responsibilities and to provide timely and easily accessible services. These partnerships allow TDLR to provide more services by leveraging what our public-private partners do best. TDLR regularly reviews agency processes to create more outsourcing and partnership opportunities to achieve greater efficiency and cost savings.

As part of our strategic planning process, TDLR met with many of its key partners. We asked what services and competencies they can provide and about major changes or trends they forecast over the next five years that may impact TDLR.

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“TDLR continues to focus on quality outcomes utilizing the right quantity of resources. TDLR manages its strategic plan by utilizing its human capital and other resources effectively and efficiently. Faster, smarter and better government exemplifies TDLR.”

**Ravi Shah,**  
**TDLR Commissioner**

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This innovative approach facilitated a candid dialogue, giving TDLR valuable insight into untapped resources, potential challenges and future opportunities. These partners shared invaluable knowledge of business trends that will affect TDLR’s practices. Understanding the core competencies and business impacts of our partners will help TDLR make better decisions about our future.

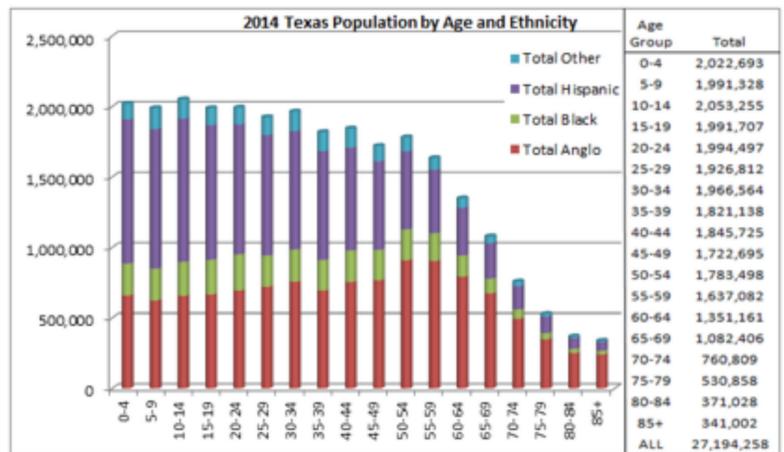
Identifying the resources available to TDLR helps the agency continue to increase efficiencies. For example, Xerox can provide light industrial printing and production. Adding this additional service to what we are already required to use through the Texas Department of Information Resources contract or Data Consolidation Center may provide further economies of scale unattainable using a separate printing firm for specialized forms and publications. Our examination provider, PSI, has the ability to issue licenses with the licensee’s photo. Printing licenses with photos taken at the testing site ensures positive identification, eliminates postage and allows licensees to immediately go to work after passing their exam. Zeacom expressed its concerns that TDLR may just be breaking the surface of the capabilities its contact center software provides. With additional integration and automation of contact center processes facilitated by Zeacom, TDLR is on track to experience an even greater increase in customer satisfaction.

TDLR continues to build partnerships through participation in industry conferences, trade shows and other events. Our community presence maintains the agency’s connection with and understanding of the trends and business practices of its industries. Working collaboratively with partners to implement best practices both within our agency and within the industries we serve creates “win-win” results. Through open exchanges of ideas and innovative thinking, TDLR creates public-private partnerships that result in positive change and improvement in the services delivered to our customers.

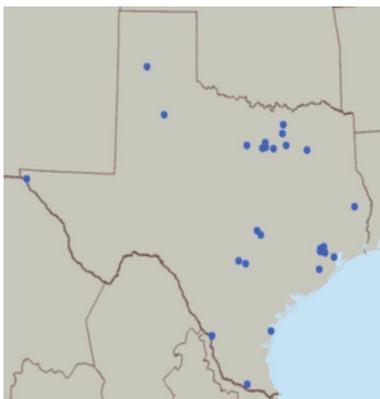
## WHO WE SERVE

### Consumer Protection

TDLR regulates 25 unique programs throughout Texas and has the privilege of protecting more than 27 million Texans. That protection stretches from border to border and includes daily activities like riding in an elevator and drinking clean water, from properly installed water wells to a special event such as an exciting night of watching boxing or mixed martial arts.



### TDLR Service by Region



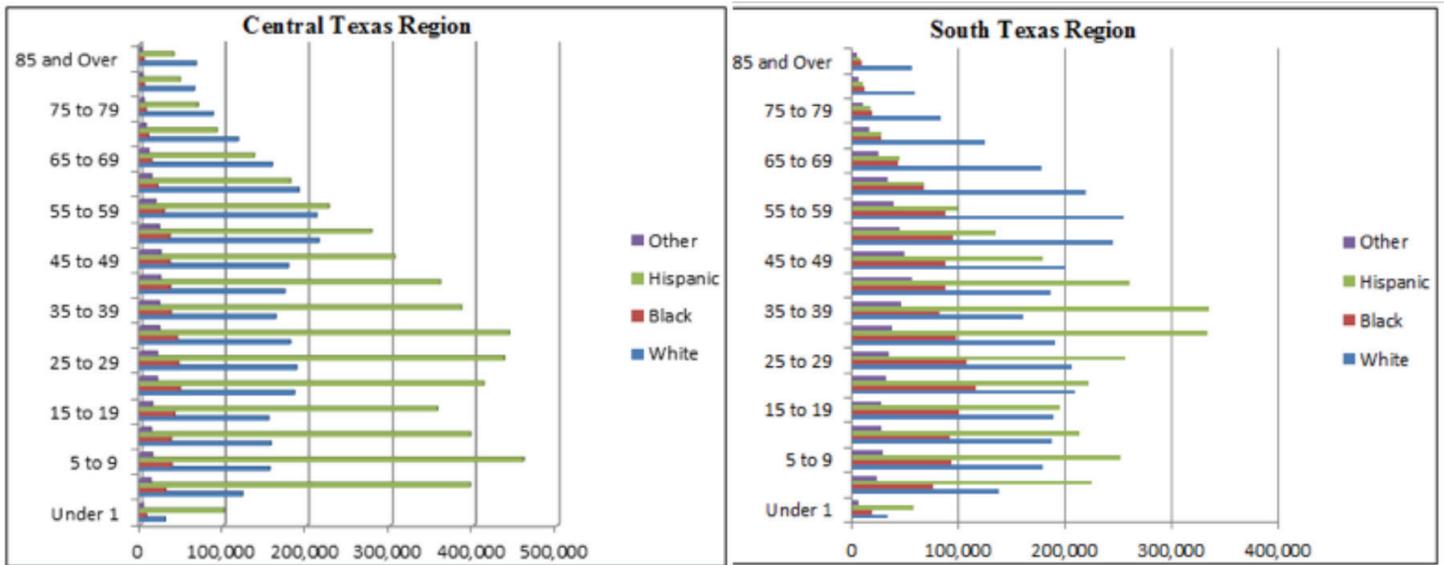
Understanding the differences in diversity and population density throughout Texas, helps TDLR prepare to serve the public and our licensees. TDLR maintains three regions to manage 27 Field Operations’ inspectors who work from their homes or from one of three region offices.

The North region office is located in Fort Worth. It includes the northern most part of Texas and runs along the New Mexico and Oklahoma borders, from Amarillo through the Dallas/Fort Worth metroplex to Waco.

The South region office is located in Austin. The South region includes the border of Mexico and runs all the way from El Paso to Brownsville in the Lower Rio Grande area along the Gulf Coast to Corpus Christi and includes Austin and San Antonio.

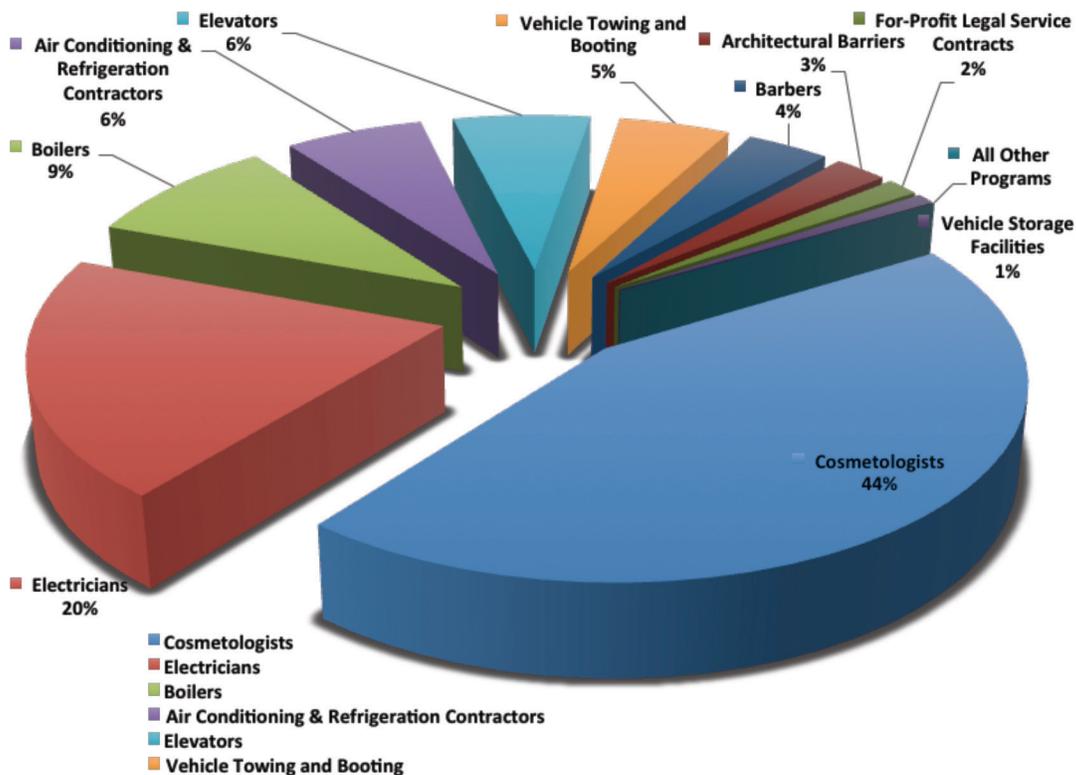
The East region office is located in Houston. The East region includes Houston and the coastal prairies along the northern gulf and the border we share with Louisiana.

Each region includes both densely and sparsely populated areas and licensees from diverse backgrounds and many different age groups. We attempt to locate more inspectors in areas with higher population density and hire inspectors with Vietnamese and Spanish language skills to serve in areas with more non-English speaking licensees.



By considering the average age of our license population we can anticipate if increased retirements of baby boomers will reduce the need for inspectors in some programs or areas in the state. The oil and gas boom and other growing industries are contributing to sudden population increases that will require more inspections in areas that may have traditionally had fewer licensees, such as Midland and Odessa. To be as responsive as possible to frequent changes in the number of licensees in different locations, TDLR will use a route optimization program to identify the most cost efficient routes for inspectors and use a hand held tablet to document and immediately upload inspection results.

### TDLR Licensee Population



In keeping with TDLR’s Strategic Plan, *Smaller Smarter Government*, TDLR was successful in working with the 83rd Legislature to eliminate unnecessary regulation and programs. Cosmetology licensees continue to represent over half of TDLR’s licensee population, while Electricians represent the second largest population with 17%.

## WHAT WE HAVE DONE

### Overview of Key Events Occurring Since the Last Strategic Plan



Former Commissioner  
Lilian Norman-Keeney

#### Commission changes

2013 brought several new members to the Commission of Licensing and Regulation. Catherine Rodewald of Frisco was appointed by Governor Perry to the Commission to replace Commissioner Lilian Norman-Keeney, who passed away in April 2013. Commissioner Norman-Keeney was a tireless public servant who served with integrity and grace. Her energy and her passion are missed. Chairman Frank Denton resigned from the Commission in May 2013 after ten years of service to accept an appointment to the Board of Medical Examiners. Under Chairman Denton's leadership, the agency lowered license fees, reduced regulation and improved services. Vice-Chairman Mike Arismendez was appointed Chairman on May 21, 2013. On the same day, Tom Butler of Deer Park was appointed to fill the vacancy created by Mr. Denton's resignation.

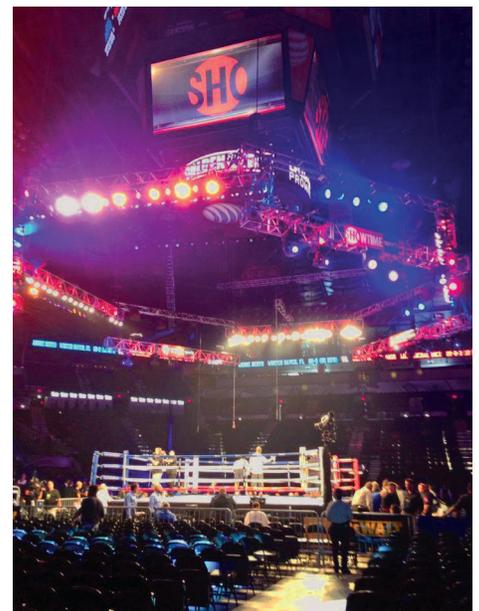
#### Reorganizations and personnel changes

Since our last strategic plan, TDLR experienced a number of personnel changes and reorganizations. The biggest of these was the creation of a new division, Field Operations, in July 2013. This division is staffed with a training, analytics and support section, three region managers and field inspectors. The inspectors conduct inspections of Vehicle Storage Facilities, Tow Companies, Licensed Breeders, Used Automotive Parts Recyclers, and Cosmetology and Barber establishments. The inspectors and program managers were formerly a part of the Compliance division. We created the Field Operations division to recognize the importance of the field inspector function and the extraordinary challenges involved in managing staff in the field. We believe the new division gives the inspectors a better "brand name" that fosters pride and a stronger sense of identity and purpose.

In another significant reorganization, the Process Improvement and Analytics (PIA) section was created. This section contains highly trained business and process analysts who conduct research and evaluate systems throughout the agency. They focus on objectively gathering and analyzing information to help executive leadership make effective decisions to improve agency operations. Three of the analysts have completed intensive study in the Six Sigma method for process improvement and have attained Black Belt status. All members of the PIA unit were promoted from within the agency.

The agency continues to experience personnel changes as a result of retirements and resignations. Key positions with recent turnover include the director of Education and Examinations; the manager of investigations in the Enforcement division; and the Boiler, Elevator, and Combative Sports program managers in the Compliance division. All of these positions have been filled with leaders mentored within the agency.

In the previous strategic planning process, the agency struggled with heavy turnover among the Enforcement division attorneys. That turnover was largely due to two factors: the availability of higher-paying jobs at other agencies and the extremely high enforcement caseloads at TDLR. We addressed this trend by finding the resources to make equity adjustments to the attorneys' salaries in late 2012. Since then the turnover has slowed significantly, but the average salary for the attorneys remains below the statewide average. We also need more attorneys and legal assistants in Enforcement to address the division's large workloads.



Combative Sports Event

## Leadership Development

In 2013 TDLR's executive leadership continued their commitment to invest in leadership training and development at the executive and director levels. This investment included participation in two high-level programs offered by the Lyndon B. Johnson School of Public Affairs. The director of Customer Service completed the Governor's Executive Development Program, a three-week program for agency leaders that concentrates on four key areas: organizational strategy, infrastructure management, resource management and personal effectiveness. The deputy executive director completed the Transformative Leadership Program, a six-month program focusing on complex thinking abilities such as adaptability, self-awareness, and boundary spanning. The program included public sector leaders from the United States, Australia and Europe. During the program, the Deputy began to acquaint TDLR's division directors with the core messages of transformative leadership through a series of intensive workshops with the directors and email dialogue entitled "Conversations in Leadership." The directors also completed assigned reading of two books starting in late 2013, and met for book club discussions about the applicability of the books' concepts to their own leadership responsibilities. The books were *"Mistakes Were Made, But Not by Me"* by Carol Tavris and Elliot Aronson, and *"Decisive: How to Make Better Choices in Life and Work"* by Chip Heath and Dan Heath.

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"Bill is a man that I look up to and have the highest level of respect for. He has been a positive role model to me and I aspire to reach his level of success in leadership. His leadership and drive brings out the best in everyone and inspires me to be the best I can be."

**Alaric Robertson, TDLR,  
Process Improvement Specialist**

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Another effort to develop leaders involved a survey of employee engagement. The survey measured employees' satisfaction with their workplace and their trust in the agency's leaders. After evaluating the survey results, the division directors and executive collaborated on how to meet with their employees and have open and frank discussions on key topics relating to leadership. To that end, the directors held a series of feedback sessions with their employees in January 2014. The directors also performed personal assessments to identify their own leadership successes and opportunities for improvement. Directors created personal action plans with detailed steps to address the leadership challenges and shortcomings they identified.

In March 2014, the directors assisted executive leadership in crafting core priorities for the agency. The core priorities represent a culmination of the leadership development exercises that started in 2013. Dubbed "14 for 14", the core priorities are action-focused items that will guide the agency's activities for the coming year and leverage our efforts. Some items state specific actions the agency will take, while others describe broader outcomes the agency desires to accomplish.

A central theme in all our leadership discussions has been how to improve internal communication. Directors have been challenged to create opportunities for more open and honest communication between employees and managers, and to break down barriers that inhibit communication across divisions. To that end, in December 2013 the agency introduced ThinkTDLR to provide an environment to promote internal dialogue and collaboration through crowdsourcing.

### **"14 for 14" Core Priorities**

- 1) All that we do must be guided by TDLR's vision, mission and core values.
- 2) TDLR employees should expect Bill, Brian, directors, managers, supervisors and team leads to model positive, respectful communication in all interactions – listen, learn, and respond.
- 3) Create an environment that makes everyone feel comfortable giving us honest, ongoing input and ideas and give them the feedback they deserve.
- 4) Renovate and expand TULIP.
- 5) Promote a culture of common courtesy and uncommon service.
- 6) Find more ways to improve pay, promote, recognize and reward our employees.
- 7) Break down cross-divisional barriers.
- 8) Create more opportunities for mentoring, knowledge-sharing, training, and self-improvement.
- 9) Always be willing to challenge and re-evaluate the status quo.
- 10) Simple, clean, and easy.
- 11) Explore and develop solutions for TDLR's future, long-term licensing software needs.
- 12) Know that laws and rules are not set in stone.
- 13) Create an Office of Innovation, led by a Chief Innovation Officer that will work in collaboration with the division directors and executive to help transform TDLR for the future.
- 14) \_\_\_\_\_  
Write Your Own Core Priority

ThinkTDLR is an online forum, available to TDLR employees only, where topics are offered and discussion is invited for a specified period of time. Executive leadership, directors and managers participate in and review discussions. Several change initiatives have already resulted from suggestions made on ThinkTDLR.

Also for the purpose of improving communications and fostering consistency across divisions in the interpretation of laws and rules, we created cross-divisional task forces for selected programs, including Tow Trucks and Vehicle Storage Facilities, Cosmetologists and Barbers, Air Conditioning and Electricians, and Licensed Breeders. Task force meetings provide an opportunity for the divisions to discuss and resolve challenging issues of common interest while increasing awareness and respect for the roles of each division.

### ***Advancements in Technology and Communications***

Since the last strategic plan, we have made new and significant advances in technology and communications. These improvements have made us more efficient and brought us closer to achieving our goal of simple and clear interaction with customers.

In 2013, the agency replaced and upgraded the Customer Service division phone system. The new system, Zeacom, provides a multi-channel communications center that allows Customer Service to queue and respond to multiple forms of communication: phone calls, faxes, emails and social media. It also includes callback and interactive voice response (IVR) features. The callback feature allows phone customers waiting on hold to leave a phone number and request a callback rather than continuing to wait. IVR is an automated self-service option that allows callers to obtain answers to the most frequently asked questions, and is available during and after business hours. With Zeacom, TDLR is more responsive and more helpful to its customers.

After the first five months on the Zeacom software platform, TDLR was able to leverage 35% of call volume into the new Zeacom IVR self-help feature. The new callback feature was an immediate success. TDLR's customers lodged 20,000 callback requests which helped address peak call volumes in the contact center.

Enhancements to our online systems have also improved our responsiveness to customers. Licensees are now able to update their addresses and contact information and order duplicate licenses online. The consumer complaint system was updated to make it easier for the public to file complaints online against unlicensed violators. Licensees are now able to pay administrative penalties online or by phone with a credit card.

TDLR's email communications have also been upgraded. In late 2012, we migrated our email system from Groupwise to Outlook, part of the Microsoft Office 365 suite of services. This change has given us greater flexibility and enabled us to more easily manage retention and recovery of emails for purposes of open records requests. In 2013, TDLR's listserv system, which sends important agency information to a large number of email subscribers, was discontinued in favor of the GovDelivery system. GovDelivery gives the consumers greater control of the topics they subscribe to and the frequency they receive the emails, as well as reducing the number of emails caught in spam filters, and is less labor-intensive for agency staff. GovDelivery will also be used for license renewal reminders.

TDLR's software development team continues working toward the goal of removing its Architectural Barriers and Combative Sports databases left on the legacy HP3000 system. A major accomplishment completed in late 2013 was the conversion of the Boiler database to the Jurisdiction Online (JO) system offered by Praeses. This change is an example of TDLR identifying and implementing a best practice used by many other states that administer boiler inspection programs. JO makes reporting easier for private-sector boiler inspectors who operate in multiple states.

### ***Space Planning and Cost Savings***

Our Austin employees are located in two buildings: the E.O. Thompson building located at 920 Colorado Street, and the Twin Towers Office Complex (known as North Campus) located at 1106 Clayton Lane. In late 2013, we embarked on a project of reconfiguring almost all of our office space at both buildings. This complicated process was successfully managed by our Architectural Barriers program manager. The majority of Austin employees were displaced for some period of time during construction. We undertook this project to make more efficient use of space, to bring together division employees who had previously been separated, and to shift more employees to the North Campus due to limited space and parking availability at the Thompson building. Despite the inconvenience, we are pleased to have improved work areas for our employees.

Another project in 2013 involved space of a different kind. Due to concerns for the rising cost of archive storage space at the Texas State Library and Archives Commission (TSLAC), the agency's Process Improvement and Analytics section completed a comprehensive review and revision of our records retention policy. Changes included clarifying the descriptions of records and reducing the retention period of many documents. TDLR projects a storage cost savings of \$80,000 - \$90,000 over the next five years as a result of these changes.

TSLAC approved our revised retention policy in January 2014. We then provided training to all divisions on the proper application of the retention policy, including appropriate methods for the storage and destruction of records. At this time we are exploring options for an electronic system that will help us monitor the storage and destruction of records for the agency.

### ***Strategic Plan Report Card***

TDLR was very successful in implementing initiatives identified in our last strategic plan.

## **Staffing Initiatives**

### *SUCCESS*

TDLR remains committed to attracting and retaining highly qualified employees. The Executive Office recognizes that our employees are our greatest asset and that promoting from within our organization produces effective leaders. The Executive Office continues to improve internal communications, systems, strategies and infrastructure to build a robust team of employees capable of carrying out the TDLR mission. To retain quality employees, TDLR provides one-time merit pay and bonuses and soft-dollar incentives such as flexible work hours, wellness activities, employee recognition awards, online training, and telecommuting.

TDLR worked with the 83rd Texas Legislature to add two full-time positions for the Water Well Driller and Pump Installer Program, including a hydrologist to assist with water quality oversight for the state. TDLR also worked to train our agency's current and future leaders by sending them to the LBJ School of Public Affairs Governor's Center for Management Development programs: Governor's Executive Development Program, Management Development Program, Excellence in Leadership Series, Executive Leadership for Information Technology Excellence, and the Transformative Leadership Program with the University of Texas at Austin and Adelaide University.

### *ONGOING EFFORT*

TDLR will continue to send more of its managers and future leaders to the Governor's Center for Management Development at the LBJ School to prepare them for greater roles in state government.

Employees in 55 of TDLR's 66 job classifications are paid less than employees in similar positions in other Article VIII regulatory agencies. We will continue to seek additional appropriations for salary adjustments in order to properly compensate employees for the work they do to serve our agency and the state.

## **Streamlining Regulation Initiatives**

### *SUCCESS*

TDLR recommended statutory changes to the 83rd Texas Legislature to streamline regulations, make the licensing process easier, and strengthen consumer protection. This chart describes TDLR's recommendations:

RECOMMENDATION	OUTCOME
Repeal the Loss Damage Waiver program to end regulation of rental-purchase agreements with a loss-damage waiver clause	SB 289 was enacted, effective 9/1/2013
Transfer the Licensed Court Interpreters program to the Office of Court Administration to improve functional alignment	SB 966 was enacted, effective 9/1/2014
Repeal the Barbers program licenses for Barber Shampoo Apprentice and Registered Exam Proctor	HB 2095 was enacted, effective 9/1/2013
Repeal the Cosmetology program licenses for Shampoo Specialist, Shampoo Apprentice, and Registered Exam Proctor	HB 2095 was enacted, effective 9/1/2013
Eliminate the separate Barber Booth Rental License and related fee by combining this License with the Class A Barber Certificate	HB 2095 was enacted, effective 9/1/2013
Eliminate the separate Cosmetology Booth Rental License and related fee by combining this License with the Operator Certificate	HB 2095 was enacted, effective 9/1/2013
Repeal the unnecessary and confusing refrigerant purchasing registration in the Air Conditioning and Refrigeration Contractors program	SB 383 was enacted, effective 6/14/2013
Clarify and remove outdated and inconsistent Polygraph Examiner program statutory education provisions	SB 562 was enacted, effective 9/1/2013
Repeal the requirement that food steamers be regulated as part of the Boiler program	SB 506 was enacted, effective 5/18/2013
Allow Barber program services to be performed at a location other than a barber shop to serve the elderly, sick, and homebound	HB 2095 was enacted, effective 9/1/2013
Allow Cosmetology program services to be performed at a location other than a salon to serve the elderly, sick, and homebound	HB 2095 was enacted, effective 9/1/2013
Update the Elevator program statute to allow qualified elevator inspector accreditation by any organization approved by TDLR	SB 540 and SB 673 was enacted, effective 9/1/2013
Repeal the timekeeper and ringside physician license requirements in the Combative Sports program	SB 618 was enacted, effective 9/1/2013
Create the Best of Texas Awards for businesses licensed by TDLR who have achieved a certain level of performance excellence.	No action taken by the Texas Legislature
Remove unnecessary statutory language regarding telemarketing activities for the Service Contract Providers program	No action taken by the Texas Legislature
Repeal the Temporary Common Worker Employer program to end regulation of temporary common worker employers	SB 473 was not enacted
Redefine the meaning of a completed water well for the Water Well Driller program to better protect Texas underground water resources	SB 1249 was not enacted

## Communication Initiatives

### SUCCESS

TDLR updated its website to make it easier to use by licensees, consumers, our employees, and the public. We also added video FAQs to our website that were uploaded on YouTube to offer a new way to provide responses to our most FAQs. The website content has been reviewed as part of the plain language initiative to ensure that our rules, procedures, forms and FAQs can be easily understood. Our website also includes more information in both Spanish and Vietnamese languages to improve TDLR's outreach to our licensees, consumers and the public.

TDLR also continued to communicate what we are doing and to receive feedback and inquiries using Facebook and Twitter. Over 19,200 people "like" the agency's Facebook page and over 1,600 people follow our Twitter account. We created the first-ever state boxing commission Twitter account, @TexasFights, to showcase Texas' nationally recognized combative sports scene.

In October 2013, TDLR began using GovDelivery to email notices to subscribers, improving the agency's efforts to provide important news and information. This new system allows users to easily control and customize the email updates they receive. GovDelivery sends our email updates more quickly than our previous system while reducing the workload of our staff and email servers. Approximately 520,000 people are subscribed to receive email updates through GovDelivery.

During the 2014 strategic planning process, TDLR for the first time used a crowdsourcing site, ImagineTDLR, to receive feedback about how our agency is doing and what we need to change. We had 333 participants submit ideas on ImagineTDLR.

## Office of Best Practices Initiative

### ONGOING EFFORT

TDLR continues to explore creating an Office of Regulatory Best Practices that can identify, develop, and assist all Article VIII regulatory agencies to implement cost-saving and innovative ideas. This Office would be modeled after TDLR's successful Process Improvement and Analytics section, which employs widely-accepted techniques for leveraging innovation, streamlining business processes, and employing Six Sigma analysis of agency methods and operations.

## Self-Directed Semi-Independent Initiative

### WILL NOT PURSUE FURTHER

TDLR determined it should not pursue Self-Directed Semi-Independent status similar to that of other state regulatory agencies, including the Real Estate Commission, Board of Architectural Examiners, and the Board of Public Accountancy.

## Cyber Investigation Initiative

### ONGOING EFFORT

TDLR will continue to seek use of a specialized online enforcement unit to combat violations of state laws and the agency's rules. More and more unlicensed persons use the internet to illegally advertise services which TDLR regulates, so we will pursue additional resources and employees to support this important initiative.

## Relevant Military Experience Initiative

### SUCCESS

TDLR worked with the 83<sup>rd</sup> Texas Legislature to seek implementation of several bills relating to expanding and improving occupational licensing opportunities for military service members, spouses, and veterans. The following bills that the Legislature enacted into law have been fully implemented by TDLR:

- **Senate Bill 162** requires expedited licensing for the spouse of military service members who hold an equivalent license from another jurisdiction; and requires any licensing agency to credit military service, training, or education when determining any occupational license requirements for military service members and veterans.
- **Senate Bill 242** permits TDLR to give an applicant credit for their military experience when determining any occupational license requirements for military service members and veterans.
- **House Bill 2029** permits TDLR to give an applicant credit for their military service, training, or education when determining electrician program occupational license requirements for military service members and veterans; and requires TDLR to expedite issuance of a temporary license or license by endorsement or reciprocity in the electrician program for an applicant with military experience who holds a current license issued by another jurisdiction that is substantially equivalent to the Texas license requirements.

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“I am proud of what TDLR is doing, I am proud of what the Legislature is doing, and I am proud to have played a small role in promoting a faster route to get (military service members, spouses and veterans) to work with their licensing procedures.”

**Rep. Jose Menendez, Chair, House  
Defense and Veterans Affairs  
Committee**

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- **House Bill 2254** permits all occupational licensing agencies to credit military service, training, or education for any apprenticeship requirement for military service members and veterans.
- **Senate Bill 1892** added TDLR as one of 22 state agencies on the Texas Coordinating Council for Veterans Services which is dedicated to eliminating barriers to and improving state services for veterans, including employment opportunities and housing, education and health services.

A team of TDLR employees oversaw implementation of these bills and created a guide, “TDLR Lessons Learned: A Primer for Developing Military Service Credit for Occupational Licensing.” The guide, along with other military occupational licensing information, is on our website and was shared with state lawmakers, state agencies, the Texas Coordinating Council for Veterans Services, and the U.S. Department of Defense.

## Technology Initiatives

### *SUCCESS*

TDLR’s effective use of technology allows our employees to work smarter, quicker, and more efficiently. We equipped our field personnel with smartphones and tablet computers so our inspectors and investigators can schedule, conduct, and record their activities electronically. We also partnered with Mobi Wireless Management to provide efficient route optimization for inspections and consumer complaint investigations.

TDLR began using Quick Response (QR) codes, two-dimensional barcodes that contain web address, text, or other information that can be read by a QR code scanner. We use QR codes on licensing renewal postcard notices, complaint forms and in cosmetology magazines to link to the TDLR website. We are working to imprint a QR code on each license issued by our agency that contains the licensee’s basic biographical information, so that inspectors and investigators can read them on their tablet computers and automatically populate any inspection or investigation form.

## Anticipated Growth

### *SUCCESS*

During the 83rd Legislative Session, TDLR provided its expertise in evaluating and crafting legislative proposals that would have moved programs from other agencies to TDLR or create new programs for TDLR. Although none of these proposals resulted in programs coming to TDLR, we anticipate that our responsibilities will increase and we will receive additional programs from the 84th Legislature.

## **Successes and Accomplishments**

### **Compliance Division**

- Enhanced online registration system for the Architectural Barriers program allows for immediate collection of project registration fees, providing our customers the convenience of online payment with a credit card and reducing paper-work and delays.
- With significant public involvement, the Architectural Barriers program took new federal accessibility standards and rules and created one complete, user-friendly document: the *2012 Texas Accessibility Standards (TAS)*. We were one of the first two states to submit standards to the U.S. Department of Justice for equivalency certification.
- The Boiler Safety program is now using Jurisdiction Online (JO), a real-time web-based boiler inspection software platform, and tablet computers, which allows inspectors to submit reports as soon as inspections are completed. These technology solutions improve the accuracy and efficiency of the inspection process and ensure that safety information about Texas boilers is up-to-date.
- At the invitation of local building officials, we conducted job site license sweeps to curb unlicensed activity and help licensed electrical contractors get in compliance with state law and rules.
- Improved the division’s effectiveness and public safety by hiring a Deputy Chief Elevator Inspector responsible for performing plan reviews, providing technical support, and assisting the Chief Elevator Inspector with accident investigations and monitoring inspector, contractor and owner compliance.

- *Elevator program staff* performed 700 plan reviews in the first seven months of Fiscal Year 2014, ensuring that new and altered elevators and escalators in Texas are designed in compliance with the Elevator Safety Code.
- *Continued our initiative, Late = Unsafe*, by developing improved courtesy notices for building owners to remind them to meet the annual inspection requirement for their elevator and escalator equipment.
- TDLR entered into the Texas Well Report Submission and Retrieval System more than 5,000 backlogged well reports transferred from the Texas Water Development Board. This effort gives the public access to additional information about the location of wells, soil conditions and water tables that will assist in the safe drilling and construction of water wells throughout Texas.

## Customer Service Division

- Replaced and upgraded the Customer Service division phone system with a new multi-channel communications center that allows staff to respond to phone calls, faxes, emails and social media. It also includes callback and interactive voice response (IVR) features.
- Refined our resolution process to allow Customer Service Ombudsmen to provide customers with faster and more accurate information for escalated calls.
- Created a social media queue in our contact center software which notifies agents when customers post on TDLR social media pages.

After only five months on the Zeacom software platform, TDLR saw a decrease in 'bad' abandoned calls from customers who simply hung up without getting the assistance they needed. At the same time TDLR saw an increase in 'good' abandoned calls due to customers getting the answers they needed from the IVR self-help feature during business hours. These new efficiencies led to a decrease in average wait times of over six minutes.

## Education and Examination Division

- Continued to support and grow Student Hour and Enrollment Automatic Reporting System (SHEARS) online reporting system as a vital tool for the Cosmetology and Barber education industries and TDLR.
- Partnered with PSI, our examination vendor, to maintain the integrity of TDLR's 76 licensing examinations and develop and launch the new Journeyman Lineman electrician examination.
- Collaborated with the new Judicial Branch Certification Commission, formerly the Office of Court Administration (OCA) to successfully transfer TDLR's regulation of the Licensed Court Interpreters to OCA.
- Launched the process for enabling distance education for cosmetology and barbering schools.

## Enforcement Division

- Issued and updated 15 penalty matrices in the Enforcement Plan, realigning violations by class and severity, lowering penalty amounts, and establishing uniformity of penalty amounts for first-time violators.
- Improved the online complaint system to make it easier for the public to file complaints against unlicensed violators.
- Conducted 12 stings across the state to improve consumer protection by identifying and prosecuting unlicensed air conditioning and electrical contractors.
- Issued 57 orders sanctioning or penalizing individuals who obtained, or attempted to obtain, cosmetology licenses through fraudulent means.
- In response to feedback from the Advisory Boards, we adjusted penalty amounts to more accurately reflect the concerns of the industry by lowering administrative-related penalties while maintaining a firm stance on consumer protection and unlicensed activity violations. In FY2012, the average penalty across the larger programs was \$1,475 per order. In FY2013, that amount dropped to \$1,245, demonstrating our commitment to regulate without imposing an unnecessary burden on our licensees.

## Key Enforcement Statistics and Improvements from FY2012 to FY2013

STATISTIC	FY 2012	FY 2013
Cases resolved with a disciplinary action	29.72%	34.51%
Agreed Orders issued	2,197	2,393
Default Orders issued	788	904
Cease & Desist Orders issued	544	697

### Field Operations Division

- Refined our functional alignment by creating the new Field Operations division made up of inspectors from the Compliance division. This reorganization flattened the organizational structure, provided more management resources, and created a closer relationship between the director and the inspectors. As a result, the new division is capable of providing targeted and timely information to field personnel and improving the efficiency of the inspection process.
- Created a Training, Support and Analytics section within the Field Operations division to provide standardized training to inspectors across regions, facilitate smooth workflow from Field Operations to other divisions, and monitor inspection statistics.
- Implemented an electronic inspection process that allows uploading of inspections as they are completed, and a route optimization software that maps the most efficient and cost effective routes for every inspector each day. These improvements will reduce administrative tasks, increase productivity and ensure efficient, well-documented inspections.

### Financial Services Division

- Financial Services started verifying contract billing to ensure accurate billing and rates from the Data Center Services vendor. This resulted in a cost savings of \$83,600 in FY2014 with an additional \$31,790 in pending and approved disputes expected.
- Financial Services worked with the Network Services division in reviewing billing, phone usage and mobile device deployment in our field offices to identify cost savings of \$14,000 in FY2013 and \$20,600 in FY2014.
- Financial Services implemented the Accounting module of Jurisdiction Online (JO) to coincide with the Boiler program's transition to JO's Inspection module. Financial Services is now able to apply fees directly to invoices and promptly deposit funds without the use of a suspense account.
- The outsourcing of both printing and distribution of cosmetology and barber books has resulted in an estimated savings of \$20,000 per year.

### Office of the General Counsel

The attorneys, legal assistants, and administrative staff in the Office of the General Counsel accomplished the following:

- Drafted and filed 17 rulemakings to implement legislation passed by the 83rd Legislature.
- Gave legal advice and guidance for 15 public meetings of our Commission and 52 public meetings of Advisory Boards in Fiscal Years 2013 and 2014.
- Analyzed proposals for decision and drafted final orders in 147 contested cases decided by our Commission in Fiscal Years 2013 and 2014.
- Responded quickly to enforce elevator safety requirements by preparing executive director orders to stop the operation of unsafe elevators.
- Worked closely with the Office of the Attorney General to obtain favorable rulings in federal and state court legal challenges.
- Collected over \$210,000 in administrative penalties owed to the state for Fiscal Year 2013.
- Met our commitment to provide greater transparency by responding to 1,193 open records requests in Fiscal Year 2013, a 17% increase over the prior year.
- Drafted and filed rulemakings to reduce fees in 12 TDLR programs, saving licensees an estimated total of \$5.9 million annually.

- Reviewed, edited, and corrected 2,244 default orders in Fiscal Years 2013 and 2014 to ensure that TDLR complies with notice requirements of the Administrative Procedure Act.
- Streamlined the procurement process by standardizing contract documents.

### **Office of Human Resources**

- Continues to provide excellent customer service to agency staff by providing timely assistance, support, administration and oversight regarding a number of issues involving time, benefits, leave, pay, workplace accommodations, wellness, and training.
- Maintained Personnel Policies and Procedural Systems deemed to be in compliance with the Texas Commission of Human Rights Act after undergoing an audit conducted by the Texas Workforce Commission Civil Rights Division.
- Instituted new and innovative avenues to increase pool of applicants in high-turnover and specialized positions.
- Provided support to the Commission on agency operations, including the development of the appraisal process and appraisal of the executive director.
- Developed TDLR's Workforce Plan, reviewing and analyzing agency data to craft a plan ensuring TDLR's dedicated and qualified workforce will be available to provide quality and efficient services to the citizens of Texas.

### **Information Systems Development Division**

- Successfully updated agency software to implement statutory changes for 9 programs resulting from legislation affecting TDLR passed by the 83rd Legislature.
- Created a new system for ordering duplicate licenses online, adding convenience and prompt service for our customers.
- Continued to upgrade our systems to make them more smartphone compatible.
- Added new features and smartphone compatibility to our popular TULIP Dashboard system, an in-house feature created to help staff better navigate our extensive licensing database.
- Completing conversion of Boiler program from outdated legacy system to TULIP.
- At the request of our customers, added the ability for them to change their address and update their contact information online.

### **Licensing Division**

- Completed implementation of the Licensed Breeder program. The first license was issued on August 16, 2012.
- The Texas Department of Public Safety performed an audit on TDLR's process of using and storing criminal history information for original and renewal license applications. The audit reported no adverse findings.
- Created a new Program Specialist III position responsible for updating all licensing forms, writing and updating division procedures, verifying and updating website content, and verifying licensing performance measures data.
- Entered into a public-private partnership with Praeses for the use of the Jurisdiction Online boiler licensing system. This new system will allow inspectors to enter their inspection results online and upload them to our database.
- Began issuing immediate duplicate and temporary licenses to Cosmetology licensees who visit the E.O. Thompson building to pay for or renew their license.
- Absorbed the responsibilities of the Water Well section of the Compliance division for entering Water Well reports into the Water Development Board website.
- Added a new electrician Journeyman Lineman license type.

### **Network Services Division**

- Partnered with telecommunications vendors to implement contact center software for the Customer Service division using IVR, web chat, fax and email handling, onsite-to-cloud servers, and a real-time statistics system showing queue volumes.
- Transferred our email system to Microsoft Office 365, a cloud-based solution giving us greatly improved email, IM, voice/video, remote tools, and screen sharing capabilities.

- Coordinated with a local vendor to install and set up SmartBoards in each of the field offices, reducing travel costs and giving field staff increased contact with TDLR’s home office.
- Fulfilled over 3,000 help desk requests annually, including password resets, new hardware and software installation, setting up SharePoint sites, and much more.
- Worked with the Process Improvement and Analytics section and division directors to update records retention policies, resulting in a cost-savings of nearly \$8,500 per year.

## HOW WE SEE OURSELVES

TDLR employees see themselves as a vital part of a successful organization, doing important and meaningful work. In the most recent Workplace Dynamics survey of employees, TDLR was recognized as one of the top 25 best work places, either private or public, in Austin. Executive management highlights employees’ contributions to the agency’s success and their role in creating and maintaining TDLR’s reputation as the premier state agency. We are determined, nimble and capable. We are ready to meet the many new challenges that confront us in today’s fast-paced business environment of constant change and growth.

Our leaders continually seek feedback from employees on how to improve our processes, customer service, culture and atmosphere of the agency. All employees are asked to provide their direct and first-hand feedback to leaders of the organization through such channels as the Top Workplace survey, our online discussion forum ThinkTDLR, and numerous face-to-face meetings with all employees, including our popular Town Hall Meetings. We have a team dedicated to processing and analyzing this input to develop and implement innovative solutions within the agency.

From recent surveys, meetings and discussions, several themes emerged for areas in which the organization could leverage improvements:

- Personnel – pay, job security, and privileges like flexible work schedules and the ability to work from home.
- Quality – job performance and effectiveness of processes.
- Technology – our licensing systems and online services.
- Agency Culture – the “feel” of the agency, fostering relationships between employees, managers, and divisions, and the extent to which core values permeate and shape the culture; and
- Communication – within divisions, between divisions, and with our customers.

### Personnel

The employees are happy with our leaders’ commitment to provide benefits such as flexible work schedules, telecommuting, and other creative and meaningful policies that help us achieve a healthy work-life balance.

However, we need an increase in our pay to keep pace with similar jobs in other agencies or in the private sector. Too many talented and valuable co-workers are leaving TDLR to accept higher pay elsewhere. Our salaries have also not kept up with our increasing workloads which result from the large number and variety of regulatory programs we are responsible for, as well as the associated increase in workloads and knowledge-base. For example, our Enforcement prosecutors carry multi-program caseloads much higher than the average for other regulatory agencies.

### Quality

We are smart, talented, resourceful and motivated, and we complete a large volume of high quality work. The organization of our work groups ensures we fulfill our mission efficiently and effectively.

The quality of our work is challenged by its high volume, fast pace, and wide range of responsibilities. We continue to analyze processes and look for better ways to streamline and leverage technology to our advantage. We would like to see even greater emphasis on training and communication to ensure consistency in processes across the agency.

## Technology

Our current licensing systems are able to support our business functions, and we benefit from the ongoing enhancements to our systems. We recently moved our Boiler Program to a third-party web based system that streamlined operation of that program. Still, our licensing systems could be more user-friendly by making upgrades and other improvements. However, this will place increasing demands on our software developers and their responsiveness to support employee needs.

## Agency Culture

Our core values guide us daily in our work and in our interactions with each other and the public. Respect is at the heart of our agency culture and shapes and informs everything we do. We respect and support one another, recognizing that we are all on the same team and share one mission. Integrity is a fundamental element of our culture, and we hold ourselves to high performance standards and accountability. Our leaders are accessible and genuinely appreciate our contributions, acknowledging that our employees are the reason TDLR is successful.

In an agency as diverse as TDLR, we need to nurture and maintain good relationships among divisions. We engage in frequent dialogue through such methods as multi-divisional work-teams and cross-divisional training, to increase understanding of each other's roles and perspectives. This open, constructive communication, focused on our agency's vision and mission, helps us work together in a more collaborative and respectful way. Based on the input from TDLR's employees, the agency developed 14 core priorities for 2014, "14 for 14". These priorities will guide us this year, and beyond, in making TDLR an even better place to work, and in pursuing excellence in all we do.

## Communication

We do a great job communicating with our customers, the legislature and other key stakeholders. Our proven track record of cost-effective, efficient and fair regulation is an easy story to tell – it is communicated with every interaction we have with our customers. We are successful because we invite feedback, listen to it – and we act on it. We are responsive to the industries we regulate, and collaborate successfully with Advisory Boards and industry associations. We pride ourselves on outstanding customer service, and constantly seek ways to make TDLR more accessible, such as our very successful social media outreach.

## HOW OTHERS SEE US

While staying true to our core value of innovation, we improved our strategic planning process by creating more ways for the public to provide their highly-valued feedback. TDLR continued to seek information from customers via email, Facebook, and Twitter and expanded its outreach through:

- A crowdsourcing website for interacting with customers – "ImagineTDLR"; and
- Face-to-face sessions in Lubbock, McAllen, Dallas, Houston and Austin.

### Number of Comments Received

Face-to-Face Sessions	ImagineTDLR	Facebook and Twitter	Email
1,050	321	113	131

**During our strategic planning process, we asked our customers and partners the following questions:**

- What are we doing well?
- What can we do better?
- What changes would you make to TDLR if you were king or queen for a day?
- Over the next five years, what major changes will affect the way you do business and the services we provide?

“Your Voice Matters” was the theme we communicated throughout the process. TDLR obtained internal, external and online feedback. Of TDLR’s 25 programs, the following programs had the highest number of comments:

- Barber and Cosmetology – 355
- Electricians and Air Conditioning & Refrigeration Contractors– 146
- Industrialized Housing and Buildings – 113
- Combative Sports – 103

Customers’ interaction with TDLR’s executive leadership was so positive they asked for more frequent regional meetings. There were many comments from participants concerning unlicensed activity, inspections and enforcement.

One participant at an external face-to-face regional meeting made the following comment, “*The response time has been very timely from licensing people. Customer service has been good about getting back in a good amount of time. Customer service is very friendly which is not common in other states. I was able to talk to a person in a timely manner.*” One attendee described TDLR as “*the hardest working agency.*”

We went through each online comment and grouped the comments into common themes. We then determined the three top themes for each question.

When asked what TDLR does well, the following three themes ranked highest:

- TDLR is superb at listening to its stakeholders, licensees, consumers, citizens and law makers. In addition to listening, TDLR provides helpful and relevant feedback.
- TDLR is highly effective when communicating new rules and laws, policy and procedure changes, and upcoming events to the public.
- TDLR does an excellent job of protecting consumers and industry professionals in Texas from individuals or companies that violate laws and threaten public safety.

Many comments expressed an appreciation for TDLR’s Facebook presence. One person said, “TDLR’s Facebook has been an excellent source for providing us with answers quickly. Thanks!”

These themes are in line with TDLR’s mission and vision. We strive to be a leader in public service by protecting consumers, being innovative, encouraging open communication, providing exceptional customer service, and promoting fairness.

When asked what TDLR could do better, the following three themes ranked highest:

- Concern about unlicensed activity. Licensees and consumers believe there may be a significant increase in unlicensed activity and that TDLR needs to increase its efforts to address it.
- The need for more locations for continuing education and examinations, and a change to testing requirements. Many people are inconvenienced by having to drive long distances to take continuing education courses or examinations.
- Inconsistencies in enforcement of laws and rules. As a result, some licensees feel they are being treated unfairly or singled out.

One of our cosmetology licensees stated, “Unlicensed salons are everywhere and they are hurting customers and law-abiding licensed individuals.”

When asked, what changes would you make to TDLR if you were king or queen for a day, the following three themes ranked highest:

- TDLR should increase enforcement efforts against people who engage in unlicensed activity. This could include higher penalties, more investigations and cases, license sweeps, and stings.
- TDLR should re-evaluate the number of required hours for continuing education. Licensees want more relevant courses. Some courses need to be removed that are not applicable to the licensees' industry. Also, they desire alternative ways to complete continuing education requirements.
- TDLR should offer national examinations because they are more accessible and widely available. Licensees also believe these examinations are more standardized, efficient and relevant.

One of our cosmetology licensees said, *“If the TDLR wants to put a stop to dirty salons and unlicensed workers, start doing public service announcements about what the rules are. It’s the PUBLIC who needs to be educated, not us!”*

The *Austin American-Statesman/Workplace Dynamics* survey of TDLR employees identified the agency as a Top Workplace in Austin. The results were distributed to all division directors who then met with their employees to explore ways to improve communication, processes and teamwork. 2,392 comments were received from employees during these meetings. The questions asked covered the following 20 areas:

Confidence	Grow	Meaningful	Balance
Appreciation	Execution	Manager	Values
Ideas	My Work	Future	Informed
Training	Understand	Pay	Connection
Frustration	Direction	Manager Helps	Customer Service

These responses were grouped with all external feedback and reviewed by four teams to evaluate and provide recommendations concerning these areas; Rules and Legislative, IT and Process Improvement Projects, Communications and Customer Service, and Core Values and Human Resources. The evaluation criteria used to review and rank feedback was our:

- Vision
- Mission
- Core values, and
- Common sense.

Evaluation team members also made clear recommendations to the Executive Office.

The dominant themes that emerged during the internal face-to-face meetings with employees were:

- **Ideas/Feedback** – Employees expressed their appreciation for TDLR’s efforts to improve communication and innovation by soliciting ideas and providing prompt feedback.
- **Task/Project Procedures** – Employees expressed their support for teamwork and integrity by voicing a desire for formalized organization and prioritization of tasks, and enough time to complete them.
- **Training** – Employees expressed their commitment to expanding open and free communication and improving customer service by asking for more and new training.

## WHAT CHALLENGES ARE WE FACING AND EXPECT TO FACE

TDLR increased agency efforts in gathering input from licensees, industry associations and the public on how we are doing. In addition to emails, public meetings in Austin, Facebook and Twitter, TDLR added a crowdsourcing online forum called ImagineTDLR and held regional face-to-face meetings in Lubbock, McAllen, Dallas, and Houston.

When we asked what major changes are expected over the next five years, participants identified the following challenges:

- an expectation that technology will be changing;
- a loss of experience and knowledge with the retirement of licensees and inspectors;
- concern that education requirements will be reduced;
- concern that the shortage in qualified licensees will lead to more unlicensed/unskilled workers;
- a need for more inspectors to conduct inspections throughout the state; and
- a concern that federal laws will either overlap, force change or completely pre-empt state laws.

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“I am very pleased to be a part of a state agency where the Executive Leadership Team strategically goes the “Extra Mile” to get relevant input from its constituents that it serves, which includes the licensees, advisory board members and employees. That input is invaluable in fulfilling the ongoing mission of the agency to be successful.”

**Fred Moses,**  
**TDLR Commissioner**

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### Changes in State and Federal Laws

One of TDLR's current challenges relates to implementing House Bill 3038, from the 83rd legislative session. House Bill 3038 amended Chapter 1802, the Auctioneer Law, to expand the definition of auctioneer. The new wording removed the live bid framework within the definition of auctioneer, and could potentially be interpreted to say that a person selling property using online portals would require licensure. On January 14, 2014, Texas House of Representatives Speaker Joe Strauss charged the House Licensing and Administrative Procedures Committee to study the implementation and possible impacts of House Bill 3038 including the effect it would have on multi-state auction companies, as well as business to business auctions. In response to this interim charge, TDLR communicated with stakeholders, industry leaders and licensees to solicit their input on how the bill should be implemented and to help TDLR determine what clarifications to propose during the 84th Legislative Session.

State law requires adoption of the new National Electric Code (NEC) every three years. Adoption of the most recent version of the NEC, effective in Texas on September 1, 2014, will require education of the licensees, inspectors and industries on the new standards.

Recent changes in federal law could impact industries regulated by TDLR. A change in federal law that increases health insurance requirements for small businesses could reduce the number of licensees in some programs. Additionally, there are over 100 new federal regulations related to commercial driver license (CDL) holders that will go into effect in July 2015. These changes related to CDL holders could significantly affect the licensee population and regulations within the towing industry.

### Budget

State agencies will likely be asked to continue to do more with less in upcoming state budgets. The state's fiscal health is improving with increases in sales, business, and petroleum tax revenues fueled by new businesses moving to Texas and by increased petroleum exploration and production; however, new funds will be needed to replace cuts in federal funding and to address demands for funding of public and higher education, transportation, health care, and water infrastructure.

TDLR has taken the direction of the lawmakers and focused on smaller and smarter government in the licensing and regulation of our programs. We stand ready to absorb other programs that may be effectively consolidated into our functional business model. TDLR's process improvement and analytics activities will bring additional efficiencies to state government when programs are transferred to us.

## Economic Environment

The Texas economy, which continues to outpace that of the nation, will present both challenges and opportunities for TDLR in the next five years. The nearly 5% growth rate of Texas' real Gross Domestic Product (GDP) has nearly doubled that of the national rate in the past several years. Within the last year, total nonfarm employment in Texas increased by 310,000 jobs, or 2.8%—compared to a national increase of only 1.7%. Continued expansion of the state's GDP and its workforce in the years ahead translates into more services provided by businesses regulated by TDLR.

Texas' unemployment rate dropped almost one percent in the last year, to 5.5%, staying at, or below, the national jobless rate for 87 consecutive months. With continued employment growth predicted, more employed workers means an increase in licensees and possibly an increase in programs TDLR regulates — and the associated licensing, inspection, customer contacts, and complaint-resolution demands the agency must address.

Continued strong economic growth will trigger an accelerated pace for construction of housing and business structures, which will place increasing demands on many of TDLR's programs, including Air Conditioning and Refrigeration, Architectural Barriers, Boilers, Electricians, Elevators, Industrialized Housing and Buildings, Professional Employer Organizations, Property Tax Professionals, Property Tax Consultants, Temporary Common Worker Employers, Water Well Drillers, and Water Well Pump Installers.

With the state's population expected to increase by nearly 3 million in the next five years, more people will be impacted by weather-related events, including natural disasters. TDLR will need to help people displaced by these disasters, as we did when Hurricane Rita struck Texas in 2005, with offers of temporary and emergency licenses to aid their recovery. Additionally, the increase in population will impact all of our programs, but most directly the services provided by Barbers, Cosmetologists, Service Contract Providers, Towing Companies, Vehicle Storage Facilities, and Used Automotive Parts Recyclers.

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“Thank you for helping our city after the fertilizer explosion here. Your agency's (West Disaster Response) web page is very informative.”

**Brian Muska, Building Official,  
Alderman, City of West, Texas**

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In addition to the demands that population and economic growth place on TDLR's programs and staff, the agency anticipates a rise in the number of applications from military personnel, veterans, and military spouses. This gives TDLR another opportunity to honor its commitments to reach out and to provide expedited services to this important population. Although TDLR has successfully implemented the military-related bills from the 83rd Legislative session, the agency will continue to leverage its services and resources to expedite the return of military personnel to the Texas workforce. TDLR will use its position and voice on the Texas Coordinating Council for Veteran Services to ensure that the licensing systems and statutes meet the employment needs of military personnel, veterans, and military spouses.

## Regulatory Responsibilities

Over the last 10 years, the Legislature has demonstrated its confidence in TDLR by consistently increasing our responsibilities and sending us new and existing programs. Our regulatory obligations will continue to increase as we are entrusted with more programs. By meeting these challenging responsibilities, TDLR established and continues to solidify its reputation as the premier state licensing and regulatory agency. To ensure Texans are efficiently, effectively and safely served by high quality professionals and businesses, TDLR uses regulatory tools such as enforcement, inspections, plan reviews and technical guidance. TDLR needs additional appropriations to hire inspectors, investigators and subject-matter-experts to cover the state.

The Sunset Advisory Commission released a staff report in May 2014 which outlined a plan to transfer 12 programs from the Department of State Health Services (DSHS) to TDLR. TDLR staff worked with the Sunset Commission to align the plan with the agency's functional business model and efficient processes to ensure a smooth transition. The plan would transfer the 12 programs in two phases beginning in September 2015. This plan will happen if a bill is passed in the next legislative session.

The twelve programs to be transferred are:

- Athletic Trainers
- Chemical Dependency Counselors
- Fitters and Dispensers of Hearing Instruments
- Laser Hair Removal
- Marriage and Family Therapists
- Massage Therapists
- Midwives
- Orthotists and Prosthetists
- Professional Counselors
- Sanitarians
- Social Workers
- Speech-Language Pathologists and Audiologists

The Sunset Advisory Commission's May report highlighted our strengths and performance as clear reasons to transfer the programs to TDLR:

- "TDLR has developed a strong record of administrative efficiency and effective regulation."
- "TDLR...provides a secure and knowledgeable agency structure to efficiently administer regulation..."

These are only a few of the positive comments about TDLR being the appropriate home for these programs. Once both phases are complete, these programs will add an additional 100,000 licensees to TDLR's more than 650,000 licensees.

With approximately 1,000 people moving to Texas each day, this rapidly increasing population will require additional housing, water resources, and consumer goods and services. TDLR's increased regulatory and enforcement efforts must address the areas of air conditioning, electrical, towing and service contracts to ensure that Texans receive the safety and consumer protection they deserve. Due to greater demand on available water supplies, TDLR's Water Well Driller, Water Well Pump Installer and Weather Modification programs will continue to work closely with the Legislature, property owners, water conservation districts, and other state agencies with water related programs. These partnerships will become even more critical as prolonged drought worsens. Partnering and working in collaboration with individuals, industries and other government agencies makes TDLR more effective and demonstrates to the public, our licensees and state leaders our commitment to serve them.

## Description of Future Technological Needs

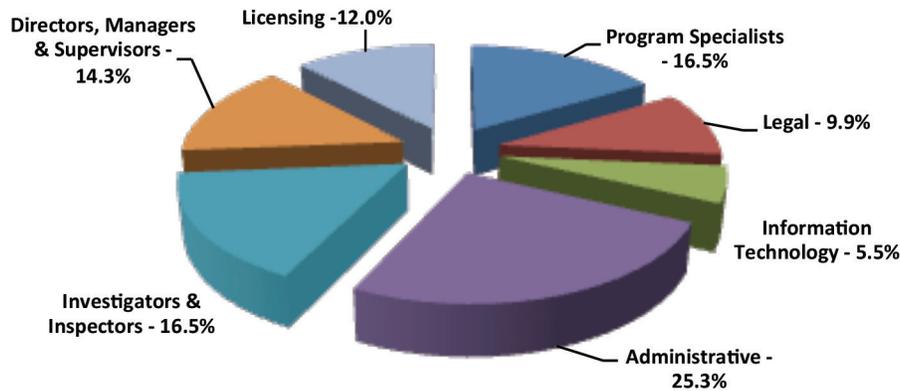
- The need for internal and external customers to stay current with ever-changing and evolving technologies presents a challenge to the Information Technology staff. Leadership continues to make the hard decisions necessary to balance our customers' need for speed, efficiency, and effectiveness against our budgetary limits. Mobile devices and the impact of a growing demand for mobile computing will further drive our software developers to create applications that will allow our customers to perform all needed services from their mobile devices.
- The use of Virtual Desktops allows us to move away from the conventional desktop to a computer with nominal functions. Additional functionality is available when connected to a larger shared system that provides the full range of networking, storage space and other computing functions.
- Web-based cloud services will continue to benefit the agency by offering a rapidly deployed, flexible environment at an affordable cost.
- Virtual servers provide the ability to request and deploy new servers for development, testing, or production in a secure, virtual environment that is much quicker than providing the same in a physical form factor.
- Switching from mailing to emailing notifications such as license renewals and enforcement case status updates using the GovDelivery service.

## Workforce

### Retirements

One out of four of TDLR's current employees will be eligible for retirement within the next five years. The chart below shows the distribution of these eligible employees across the agency's major job categories.

**Retirement Eligibility by Job Category (through Fiscal 2019)**



TDLR's employees who are near retirement possess valuable knowledge of the agency and its regulated industries. That knowledge is critical to the agency's success in carrying out its mission, and must be transferred to less experienced employees to avoid a drop in the level of service our customers and stakeholders have come to expect. To facilitate that transfer of knowledge we will continue to emphasize succession planning, training and the documentation of procedures, with the most senior employees playing a large role in these efforts. Because 46% of our executive leadership team will be eligible for retirement in the next five years, we will also continue to emphasize leadership training and development.

### Turnover

TDLR experienced 10% employee turnover in 2013. While our turnover rate remains lower than the statewide average, it is increasing. To stem this increase, we need additional resources to provide more competitive compensation for employees. Employee Exit Surveys for voluntary separations in FY2013 showed that 41% of departing employees left the agency for better pay. Of that group, 45% left for increases of \$10,000 or more in annual salary. Employees leaving for higher pay will likely increase because the average salaries for 55 of the 66 job classifications used by TDLR are below the statewide averages for salaries in those classifications.

### Gap Analysis

We have identified several challenges to attracting and retaining the talented employees we will need over the next five years:

- 1) Budget constraints have limited our ability to offer competitive salaries for staff, and have negatively impacted our recruiting and retention efforts.
- 2) We continue to see a decline in the number of qualified applicants for our technical programs such as the Air Conditioning, Architectural Barriers, Boilers, Elevators, and Industrialized Housing and Buildings programs. These positions require specialized technical knowledge and industry experience.
- 3) Employees need continued training in critical skills, including the use of new technologies – mobile devices, software and routing applications.
- 4) 25% of our entire workforce will be eligible for retirement. Many of these employees are in key positions and possess vital agency-specific knowledge and skills.
- 5) 46% of our executive leadership team will be eligible for retirement. These leaders possess critical leadership skills and institutional knowledge.

## 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. To ensure every voice is heard – Commissioners, employees, licensees, Advisory Board members, the public and our public-private partners – TDLR expanded the avenues and opportunities for them to participate in the strategic planning process. After careful review and evaluation of thousands of recommendations, TDLR developed its “14 for 14” core priorities and the following strategic planning initiatives.

### Our “Employees First” Initiatives

TDLR’s employees are our greatest asset. It is only with motivated, trained, and skilled employees that we will continue to succeed. TDLR remains committed to developing leaders by assigning employees challenging tasks and responsibilities, expanding our book clubs to mentor leaders, and providing them with management and leadership training. 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 opportunities for advancement.

Additionally, the agency must continue to attract and retain highly qualified employees. Consistent with TDLR’s “14 for 14” core priority six, we must find more ways to improve pay, promote, recognize and reward our employees. To achieve this core priority, TDLR needs additional appropriations to offer competitive salaries, and fund more professional development and training. TDLR will also seek funding for much needed positions in our Enforcement, Information Technology, Customer Service, and Compliance divisions.

TDLR will increase its extensive 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 increase the number of managers participating in the Governor’s Executive Development Program (GEDP) and other training they offer.



Employee Recognition Team Luncheon

### Smaller Smarter Government Initiatives

The following recommended statutory changes will reduce the size of government, strengthen consumer protection, streamline regulation, and better align our resources.

#### *Smaller Government*

- Consolidate the Vehicle Product Protection Warrantor program into the Service Contract Providers program.
- Clarify that the Vehicle Storage Facilities Act and the Booting Act do not apply to municipalities, educational institutions and other governmental entities that store or boot vehicles.
- Clarify that a license holder may perform cosmetology or barbering in conjunction with a wedding ceremony, provided that the service is scheduled through a licensed facility.
- Align the services that may be performed by Manicurist/Esthetician dual license holders with those performed by individual Manicurist license holders and Esthetician license holders.
- Amend the Vehicle Towing, Booting and Storage Facilities Acts to remove duplicative provisions already regulated by federal and state laws – OSHA, federal and state transportation codes.
- Remove the unnecessary 90-day Texas residency requirement for applicants seeking a water well driller license.

## Smarter Government

- Change the four-year mandatory readmission requirement on Cosmetology Schools to a more reasonable 24 months or less for students who have withdrawn or were terminated.
- Amend 1603.351 to permit the Commission to explore the creation of a pilot program allowing students to earn a portion of their practical hours under the Barber or Cosmetology curriculum through an agency-approved internship program.
- Ensure that the unique needs and voice of the nail services industry are represented on the Cosmetology Advisory Board by adding a member who holds a manicurist specialty license.
- Study the possibility of streamlining and refocusing the Vehicle Towing, Booting and Storage Facilities Acts to increase consumer protection elements and eliminate unnecessary business practice provisions. Ensure the laws include the same consumer protections, such as collection of unpaid civil judgments, notice requirements and licensed service fee provisions.
- Evaluate the benefits of amending Chapter 51, Occupations Code, to allow the agency to develop alternative methods to document and verify applicants' experience requirements, as well as permit the agency to provide notice to our licensees by alternative methods such as email.
- Enhance the safety of elevators and escalators by providing the agency with quick response, or "Out of Public Use," authority for equipment that is not in compliance with key safety code provisions. This authority could eliminate the timely and costly process of assessing fines and penalties to the business owner and provide a quicker path to remove dangerous elevators, escalators and other equipment from operation
- Consistent with the interim charge of the House Licensing and Administrative Procedures Committee to "Study the implementation and possible impacts of House Bill 3038, including the effect it would have on multi-state auction companies, as well as business-to-business auctions," consider modernizing the auctioneer statute, to remove any unnecessary burdens and restrictions, and consider licensing of auction companies.
- Clarify provisions of the legal service contract provider statute to remove outdated and unnecessary language and improve protection for consumers.
- Put money back in the pockets of consumers and not the coffers of the State, by amending Chapter 51, Occupations Code, to allow the agency to use a wider range of enforcement tools, including restitution and performance of corrective services in addition to assessing administrative penalties against a licensee.
- Study the pros and cons of modeling the Air Conditioning and Refrigeration program after the tiered licensing structure for the Electricians program, including the licensing of companies to promote better consumer protection.
- Provide greater boiler safety in Texas by clarifying the responsibility of boiler owners to have their boilers installed, operated and inspected in compliance with the boiler law.
- Enhance consumer protection by strengthening the financial security requirements for service contract providers.
- TDLR will review the statutes we administer to identify changes that will eliminate unnecessary and burdensome provisions, leverage economies of scale, and create greater efficiencies.

## Communication Initiatives

TDLR is committed to applying its "14 for 14" core priority ten – Simple, Clean and Easy – to all of its communications with our customers. We will redesign our website to further meet the navigational, informational and service needs of our customers. We will expand the use of our website and social media for providing information to and gathering input from our more than 162,900 monthly visitors. We will continue to improve and increase the online services we offer, including license applications and renewals, database searches, change of address, and other services identified by our licensees. TDLR will use online chat sessions with customers to improve communication and lower the number of phone contacts.

The agency will seek more ways of leveraging the services provided by GovDelivery. TDLR will continue to be recognized as a leader in the use of plain talk principles in our correspondence, rules, forms and FAQs. Finally, TDLR will use internal task forces, FAQs and its very successful internal communication strategies (In the Loop and Under the Umbrella) to facilitate better communication across divisions, so the agency provides more consistent interpretation and application of processes, rules and laws.

## Information Security and Cyber Enforcement Initiatives

Additional funding and personnel are needed to improve the agency's information technology security profile. The agency is working closely with the Department of Information Resources to develop a cost-effective roadmap to implement improvements recommended in the Gartner report for improving the security for information infrastructure, operations, applications and business operations.

TDLR also needs additional personnel to create and staff a specialized unit within our Enforcement division to combat the rise in fraudulent online advertisements by unlicensed people and companies preying on consumers. This unit would consist of employees who possess both traditional investigative skills and web expertise.

## Streamlining Military Experience Evaluation Initiative

During the 83rd Legislative Session, TDLR worked hand-in-hand with the Legislature to implement TDLR's recommendations to increase the tools available to occupational licensing agencies for expediting licensing for military personnel, veterans and their spouses. While these successes of the 83rd Session are applauded, opportunities remain for fine-tuning and improving the process for licensing this important population. TDLR will lead the discussion to streamline the provisions of Chapter 55, Occupations Code, regarding occupational licensing of members of the military and their spouses, to be more clear and consistent and to afford the greatest benefit to service personnel and their spouses.

## Technology Initiatives

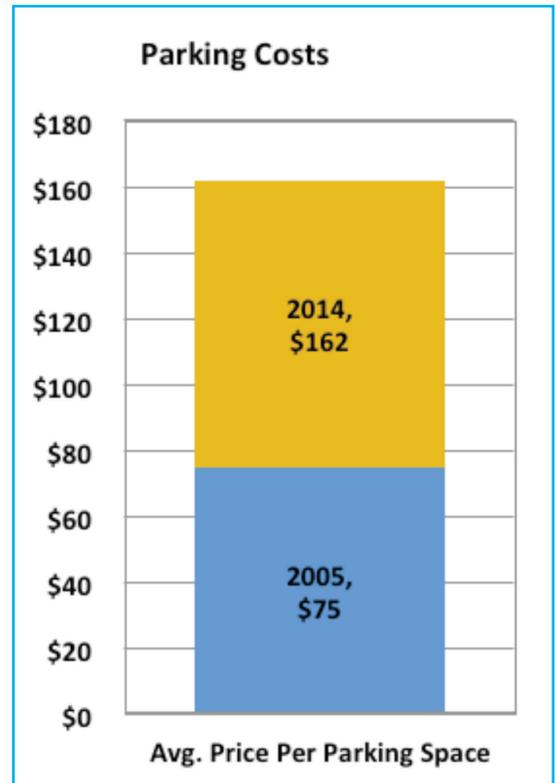
TDLR developed two "14 for 14" core priorities to guide improvement in information technology. TDLR relies more and more on technology to help leverage its resources, meet customer demands, increase efficiency and fulfill its mission. In addition to our "14 for 14" core priority four to renovate and expand the services offered through our primary licensing system, TDLR will explore the development and greater use of technology in the following areas:

- User demand for mobile applications will further drive TDLR's application developers to look at in-house developed software and make the necessary improvements to allow them to work effectively on mobile devices. TDLR's own mobile applications will effectively expand the agency's reach to mobile device users and enable TDLR's staff to access licensing and inspection data during field operations.
- Moving away from the physical desktop to a virtual desktop, that is a small footprint computer with nominal functions until plugged into a shared large system that provides their desktop, networking, storage space etc.
- Cloud Services are services provided over the internet and can benefit the agency by offering a rapidly deployed, flexible environment at an affordable cost.
- Virtual Servers give us the ability to request and deploy new servers for development, testing, or production and a virtual environment is much quicker than providing the same in a physical form factor.
- Switching from paper based to electronic notifications, such as license renewals and enforcement case status updates using the GovDelivery service.
- As outlined in "14 for 14" core priority eleven, TDLR will explore and develop solutions for our long-term licensing software needs. Depending on the outcome of this analysis, TDLR may seek funding for a comprehensive licensing software solution.

## Market-Based Parking Initiative

The parking situation for our downtown Austin headquarters is rapidly approaching a crisis point. Thanks to Texas' booming economy, Austin is experiencing record growth, and downtown is in a constant state of development. Many parking lots and garages in the area are now or will soon become hotels, condo towers, and new offices. At the same time this influx of new residents and businesses is happening, city government has eliminated over 200 downtown municipal parking spaces (both paid and free) within a few city blocks of our headquarters. This was done in the past year to make room for additional public transportation high-occupancy lanes. During the same time period, Travis County chose not to renew our contract for their county-owned garage, which we relied on for 61 parking spaces. These twin pressures of increased demand and disappearing parking options are placing greater strain on our resources and our employees' job satisfaction.

TDLR's surface lot, adjacent to the E. O. Thompson Building, is sorely inadequate for our current needs, with only 55 parking spaces for 189 downtown employees. Due to the lack of space on the surface lot and the shrinking pool of surrounding meter and street parking, we have been forced to spend money leasing nearby parking space, at ever-increasing costs due to the premium now placed on parking in downtown Austin. For example, in 2005, TDLR paid an average of \$75 per leased parking space; in 2014, the average cost has soared to \$162 per leased parking space (see chart). In all, we have spent over \$1.2 million purchasing additional parking spaces since November 2005.



TDLR's executive leadership believes it is imperative that we pursue a market-based solution to this problem. The solution could include working closely with the Texas Facilities Commission to explore a public-private partnership for the development of a multi-level parking garage on the site of our current surface lot. This process would include coordinating with the budget oversight committees in the House and the Senate to explore the advantages that could be gained by eliminating the appropriations drain due to parking costs, and identifying the cost-savings that could result from this initiative.

By seeking a private partner to build and develop the site, TDLR would gain additional parking spaces, eliminate our monthly parking expenditures, and have the added benefit of being able to charge for sub-leasing spaces when not in use by our employees. This new multi-story parking garage could potentially have additional office space equivalent in size to our current space and could also include ground-floor retail space. This concept would generate revenue for the state at a time when state agency budgets will continue to shrink. TDLR believes this approach makes sense given our current and future needs, and could serve as model for other agencies to follow who are experiencing similar space and fiscal limitations.