

AGENCY STRATEGIC PLAN

FOR THE FISCAL YEARS 2009-2013 PERIOD

BY

STATE OFFICE OF ADMINISTRATIVE HEARINGS

**SHELIA BAILEY TAYLOR
CHIEF ADMINISTRATIVE LAW JUDGE
AUSTIN, TEXAS**

**SUBMITTED
JUNE 27, 2008**

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| CHIEF ADMINISTRATIVE LAW JUDGE | DATES OF LAST TERM: | HOMETOWN: |
| SHELIA BAILEY TAYLOR | SEPTEMBER 12, 2005 | AUSTIN, TEXAS |
| | THROUGH SEPTEMBER 12, 2007 | |
| | (SERVED THROUGH JUNE 30, 2008) | |

SUBMITTED
JUNE 27, 2008

SIGNED AND
APPROVED:

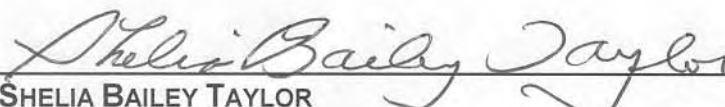

SHELIA BAILEY TAYLOR
CHIEF ADMINISTRATIVE LAW JUDGE

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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 IN A FISCALLY RESPONSIBLE MANNER.

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 are best made by those individuals, their families, and the local governments 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.

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

PRIORITY GOAL

TO ENSURE TEXANS ARE EFFECTIVELY AND EFFICIENTLY SERVED BY HIGH-QUALITY PROFESSIONALS AND BUSINESSES BY

- IMPLEMENTING CLEAR STANDARDS;
- ENSURING COMPLIANCE;
- ESTABLISHING MARKET-BASED SOLUTIONS; AND
- REDUCING THE REGULATORY BURDEN ON PEOPLE AND BUSINESS

BENCHMARKS

- Average annual homeowners and automobile insurance premiums as a percent of the national average
- Number of new homes registered with the Texas Residential Construction Commission
- Percent of state professional licensee population with no documented violations
- Percent of new professional licensees as compared to the existing population
- Percent of documented complaints to licensing agencies resolved within six months
- Number of utilization reviews conducted for treatment of occupational injuries
- Percent of individuals given a test for licensure who received a passing score
- Percent of new and renewed licenses issued via Internet
- Ratio of supply of electricity generation capacity to demand
- Percent of state financial institutions and credit providers rated "safe and sound" and/or in compliance with state requirements
- Number of new business permits issued online
- Percent increase in utilization of the state business portal

AGENCY MISSION

The mission of the State Office of Administrative Hearings is to conduct fair, objective, prompt, and efficient hearings and alternative dispute resolution (ADR) proceedings and to provide fair, logical, and timely decisions.

AGENCY PHILOSOPHY

As a central hearings agency, the State Office of Administrative Hearings will provide objective decision-making, independent of any improper influence. We will provide cost savings for Texans through the efficiencies of consolidation, stewardship of resources, effective use of technology, and management accountability. We will strive for excellence in the performance of our mission and demonstrate impartiality, teamwork and timeliness. We will show respect to each other and those we serve, and will act with personal integrity, trust, and professionalism.

AGENCY VISION STATEMENT

To maintain a model administrative tribunal, recognized for its quality, competent and reliable service, and fair and effective dispute resolution processes.

Shelia Bailey Taylor
Chief Administrative Law Judge
June 2008

II. AGENCY OVERVIEW

II.A. BACKGROUND

The State Office of Administrative Hearings (SOAH or the Office) was created by the Texas Legislature in 1991, began operations in January 1992, and began conducting hearings in April 1992 with six Administrative Law Judges (ALJs) and three support staff. The responsibilities and duties of the Office are set out in Chapter 2003 of the Texas Government Code.

SOAH is headed by a Chief Administrative Law Judge (Chief ALJ) who is appointed by the governor to a two-year term with the advice and consent of the Senate. SOAH has had two Chief ALJs in its history. The first, Steven L. Martin, was appointed in December 1991 by Governor Ann Richards and began serving in January 1992. SOAH's second Chief ALJ, Shelia Bailey Taylor, was appointed by Governor George W. Bush in May 1996. After serving several consecutive terms, she was reappointed to the position by Governor Rick Perry, and served through June 2008.

II.B. JURISDICTION AND PROCEDURAL RULES

Initially, SOAH's jurisdiction was limited to administrative hearings held under Chapter 2001 of the Government Code (formerly the Administrative Procedure and Texas Register Act) for state agencies that did not employ hearings officers whose only duty was to hear contested cases.

Over the years, the Legislature has significantly broadened the scope and nature of the Office's jurisdiction. Major changes include the implementation of the Administrative License Revocation (ALR) program; the authority to hear contract claims brought against the State; and the transfer of the hearings functions of the Public Utility Commission, the Texas Commission on

Environmental Quality, the Department of Aging and Disability (contested cases and arbitrations), the Division of Workers' Compensation of the Texas Department of Insurance, the Department of Family and Protective Services, the Texas Department of Licensing and Regulation, the Texas Department of Transportation, and the Comptroller of Public Accounts. (See Appendix H for summary of transfers of jurisdiction.) In addition to mandatory transfers of jurisdiction, SOAH holds hearings and dispute resolution proceedings for agencies and other governmental entities that choose to refer cases to the Office. One of the most significant voluntary transfers of jurisdiction involves the Title IV-D administrative license suspension proceedings referred from the Child Support Division of the Office of the Attorney General.

SOAH currently has 114 authorized full-time employees, including 62 ALJ positions (full and part-time), excluding the Chief ALJ. During FY 2007, SOAH heard cases referred by 47 state agencies and governmental entities.

The hearing process is performed in accordance with SOAH's procedural rules set out at 1 TEX. ADMIN. CODE (TAC) chapters 155, 157, 159, and 161. Under this process, SOAH's independent ALJs conduct hearings, handle all related pre-hearing and post-hearing matters, and issue proposals for decision (PFDs) or, where authorized, final orders. ALJs also arbitrate disputes between licensed nursing facilities and the Texas Department of Aging and Disability Services in accordance with the rules set out in 1 TAC Chapter 163.

II.C. GEOGRAPHICAL LOCATION

SOAH operates from its home office in Austin; field offices in Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Lubbock, San Antonio,

and Waco; and 29 remote hearing sites used primarily for ALR hearings. (See Appendix I for locations.)

III. AGENCY ORGANIZATIONAL STRUCTURE

SOAH's organizational structure has changed significantly over the years in conjunction with its increased jurisdiction and responsibilities. As part of SOAH's effort to provide the best possible service for its customers, the organizational structure is reviewed regularly to assess what adjustments, if any, are needed to accommodate changes in workload.

Under the current agency structure, the Chief ALJ oversees all SOAH functions. The General Counsel, Assistant to the Chief for Team Coordination, Assistant to the Chief for Direct Hearings Support, Chief Operating Officer, Human Resources Manager, and Information Resources Manager directly report to the Chief ALJ and form the core of the Office's executive team. The General Counsel is responsible for open records responses, legal and legislative affairs, and external communication, and serves as the first designee in the absence of the Chief ALJ. The Assistant to the Chief for Team Coordination coordinates and supervises the ALJ teams, provides team management support, and serves as the second designee in the absence of the Chief ALJ. The Assistant for Direct Hearings Support coordinates functions of Docketing and Legal Services. The Chief Operating Officer directs the fiscal operations, oversees the facilities management (including planning, procurement, and management of adequate leased office space, and space in state-owned buildings in Austin, El Paso, and Waco) and serves as the Chief Audit Executive. The Human Resources Manager administers the personnel and benefits related activities of the Office and serves as

risk manager. The Information Resources Manager directs the Information Technology unit and guides all information technology and support matters for the Office. (See Appendix B for SOAH's organizational structure).

III.A. HEARINGS DIVISION

The work of SOAH's hearings divisions is organized into seven teams: Administrative License Revocation (ALR) and Field Enforcement; Alternative Dispute Resolution (ADR); Economic; Licensing and Enforcement; Natural Resources; Utilities and Tax. Each team, headed by a team leader, focuses on hearing cases and maintaining ongoing legal expertise in the relevant subject area. (See Appendix J for agencies associated with each team.)

Each ALJ is assigned to a home team for supervision by that team leader. Except for Tax team members, who hear only tax cases, each ALJ is cross-trained and joins other teams for case assignment. Each team, except the Tax team, handles cases referred from multiple agencies. All teams hear matters involving broad and complex issues and handle voluminous caseloads.

Hearing participants include state agencies, individuals subject to discipline by or contesting an action of a state agency, public interest groups, governmental bodies, advocates for commercial or private interests, lawyers, expert witnesses, and citizens affected by permitting or licensing proceedings. (See Appendix J for a list of populations served by SOAH.) Depending on the referring agency's statutes, ALJs either issue final decisions or recommendations for final decisions by the agency's commissioner, commission, or board.

The length of hearings ranges from less than an hour to several days or weeks, and amounts in dispute can range from hundreds to millions of dollars. Parties involved in

contested cases may be individuals, sole proprietors, or multi-billion dollar companies. The Chief ALJ has adopted an ALJ Code of Conduct that establishes standards of conduct for all persons conducting hearings and ADR proceedings at SOAH, whether they are employed by SOAH or serving as temporary ALJs under contract. The code is patterned after the Model Code of Conduct for Hearings Officers, the Texas Code of Judicial Conduct, and applicable portions of the Texas Rules of Civil Procedure. The ALJ Code of Conduct sets out basic criteria to guide the ALJs in establishing and maintaining high standards of judicial and personal conduct.

The respective responsibilities of SOAH's hearings teams and support units are described below.

□ ADMINISTRATIVE LICENSE REVOCATION AND FIELD ENFORCEMENT

The Administrative License Revocation and Field Enforcement team hears:

- administrative driver's license suspension cases under the Texas Transportation Code;
- licensing and enforcement cases under the Texas Alcoholic Beverage Code;
- enforcement cases involving child care facilities; cases reviewing the plan of care for children who have been in the custody of the Texas Youth Commission for a year or longer;
- appeals initiated by individuals challenging findings against them of child abuse or neglect under the Texas Family Code; and
- Lemon Law cases referred by the Texas Department of Transportation.

Work for this team is handled through ALJs both in Austin and in SOAH's eight field offices. Field Office ALJs are directly

accountable to the ALR and Field Enforcement team leader for ALR, Texas Alcoholic Beverage Commission, Department of Family and Protective Services, and Lemon Law cases, but receive direction from other team leaders as needed when assigned Department of Aging and Disability cases, Texas Commission on Environmental Quality work, and windstorm hearings referred to SOAH by the Texas Department of Insurance.

□ ALTERNATIVE DISPUTE RESOLUTION TEAM

The ADR team provides mediation, arbitration, and other customized ADR processes. Mediation is the most frequently used ADR processes at SOAH. SOAH mediators facilitate negotiations between opposing parties with the goal of enabling them to create a mutually satisfactory resolution of their dispute, rather than having a third party make a decision for them. SOAH mediators conduct mediations for state agencies that refer contested cases to SOAH and for other governmental units that contract with SOAH for ADR services. From the beginning of FY 2007 through mid-May of FY 2008, the ADR team mediated more than 360 cases.

The ADR team has administered two arbitration programs. The first program involved audits of private entities given grants through the former Texas Commission on Alcohol and Drug Abuse. The second involved enforcement cases brought against nursing homes for failure to meet state standards.

ALJs on the ADR team also hear contract claims brought against public entities under TEX. GOV'T CODE Chapter 2260. These claims are handled through a process that can best be described as quasi-arbitration.

Since 2001, SOAH has administered the Texas Intergovernmental Shared Neutrals Program (TISNP). TISNP is a collaborative

group of state and local governmental entities that mediate employment disputes using the services of trained mediators from the member agencies. Since its pilot year of 2002, TISNP has mediated an average of 24 employment disputes annually.

□ ECONOMIC TEAM

The Economic team hears cases involving licensing and enforcement; employee and retirement benefits; contract disputes; and monetary issues in economic-based subject areas referred from approximately 20 state agencies. The cases include:

- reimbursement disputes and enforcement proceedings involving medical care providers, insurers, and injured workers for the Texas Department of Insurance, Division of Workers' Compensation;
- agent, adjuster, and insurer licensing and enforcement; insurer solvency; insurance rates; coastal windstorm claims; and regulation of fire extinguishers, alarm systems, and sprinkler systems for the Texas Department of Insurance;
- automobile dealer licensing and enforcement; motor carrier enforcement; billboard licensing and enforcement; and contractual disputes for the Texas Department of Transportation;
- manufactured housing licensing and enforcement cases for the Texas Department of Housing and Community Affairs;
- retirement, disability, and insurance claims for the Employees Retirement System, the Teachers Retirement System, the Municipal Retirement System, the Firefighters' Pension Commissioner, and the County and District Retirement System;
- cases referred by the Texas Lottery Commission relating to lottery and

- bingo licensing and enforcement;
- Title IV-D administrative license suspension proceedings for the Office of the Attorney General, Child Support Division;
- agent and broker licensing and enforcement for the State Securities Board;
- unsurveyed land claims for the General Land Office;
- disputes involving blind vendors under the Business Enterprise Program administered by the Department of Assistive and Rehabilitative Services; and
- contested case hearings covering a variety of subject areas for the Secretary of State, Texas Historical Commission, Texas Department on Aging, and Credit Union Department.

□ LICENSING AND ENFORCEMENT TEAM

Licensing and Enforcement team cases involve the licensing and disciplining of individuals or entities under the authority of 32 state agencies. The cases include:

- nursing home and nursing facility administrator enforcement cases for the Department of Aging and Disability Services
- cases deciding the validity of charges of abuse and neglect of nursing home residents by nurses' aides, and certification, eligibility, and disciplinary issues regarding medication aides;
- disciplinary cases for the State Board for Educator Certification;
- cases related to a variety of programs overseen by the Texas Department of State Health Services;
- Medicaid vendor drug program cases for the Health and Human Services Commission; and
- licensing and disciplinary cases brought by, among others, the Texas Medical Board, the Texas State Board

of Public Accountancy, the Texas State Board of Veterinary Medical Examiners, the Texas Department of Licensing and Regulation, the Texas Board of Nursing, the Texas State Board of Dental Examiners, the Texas Racing Commission, the Texas Funeral Service Commission, and the Texas Commission on Law Enforcement Officer Standards and Education.

Allegations in the Licensing and Enforcement team cases may range from the licensee's or certificate holder's failure to have sufficient continuing education to an alleged act of malfeasance against, mistreatment of, or inappropriate behavior toward students, patients, clients, inmates, nursing home residents, or the public.

☐ NATURAL RESOURCES TEAM

The Natural Resources Team hears cases involving an impact on or use of Texas' natural resources, including water, air, and wildlife. Most of these cases are referred to SOAH by the Texas Commission on Environmental Quality (TCEQ). Although the TCEQ caseload is about evenly divided between hearings involving water and sewer utility rates and service, and hearings related to environmental permitting or enforcement, more time is spent on the permitting and enforcement cases. The team also hears contested cases for the Texas Department of Agriculture and the Texas Parks and Wildlife Department.

☐ TAX TEAM

The Tax Team hears cases referred to SOAH by the Texas Comptroller of Public Accounts. These confidential cases are governed by the Texas Tax Code and the Administrative Procedures Act. Taxpayers enter the hearing process by requesting a redetermination of their audit assessment or by disagreeing with

the denial of a refund claim. SOAH does not differentiate between the two types of cases for docketing purposes, but the Comptroller's office identifies a case as either a redetermination hearing or a refund hearing. Tax hearings last a day or less. The amount in controversy ranges from \$100 to millions of dollars. Taxpayers in contested cases before the Tax Team ALJs range from individuals who operate a business as a sole proprietorship to Fortune 500 companies.

☐ UTILITIES TEAM

The Utilities team hears cases involving electric and telephone industries regulated by the Public Utility Commission (PUC). The majority of these cases involve rate setting (including fuel), certificates for construction of transmission facilities (including transmission lines), complaints, telephone company certification, application of federal rules to telephone providers, and administrative penalty cases.

☐ DOCKETING SECTION

The Docketing Section:

- receives and handles agencies' requests to docket cases before SOAH;
- processes all ALR orders and subpoenas;
- receives and distributes pleadings to the ALJs;
- opens, maintains, and closes case files;
- schedules hearing rooms;
- locates additional suitable hearings facilities as needed;
- creates and maintains a daily docket of hearings; and
- enters data into SOAH's case management system, Lotus Notes, and the time slips database.

The section includes the receptionist, intake, mail and docket clerk operations; responds to

most requests for information from the public, including requests for ALR hearing transcripts for appeal purposes; and is the direct link with agencies that refer cases to SOAH. Some information for SOAH's quarterly and annual performance measures reports is compiled from information captured and maintained by the Docketing section.

□ LEGAL SERVICES SECTION

The Legal Services section helps to more effectively process legal research requests from the ALJs. The four legal assistants in the section provide services to assigned teams, but also are cross-trained to work in any area if the work load demands. The legal assistants provide research support on an agency-wide basis in the areas of employment law, contracts, open records, ethics, and other matters that involve the efficient and smooth operation of SOAH as a state agency. They may also draft basic orders for ALJs and assist in drafting proposals for decision where appropriate. For case-related work, the legal assistants are aided by law school interns from Baylor University, Texas Tech University, and the University of Texas. The interns receive between two and four hours of pass/fail credit depending on the number of hours worked at SOAH. The six to eight law students who intern at SOAH in the course of a year work an average of 120 hours each.

III.B. AGENCY ADMINISTRATION

□ OPERATIONS

All financial activities for the Office are conducted in Fiscal Services. Budgeting (including but not limited to the Legislative Appropriation Request, Operating Budget and internal budget), performance measures, facilities management, accounting, billing, purchasing, asset management and HUB Coordination duties are the main responsibilities of this six FTE department. This area also coordinates the development

and publication of SOAH's strategic plan.

The challenges to Fiscal Services are varied in terms of providing both internal and external support to SOAH customers. Fiscal Services enters the hearing time as reported by the ALJs and paralegals for both general dockets and ALR dockets. It maintains the internal timekeeping system used to record ALJ billing time for general dockets. From this system, Fiscal Services produces monthly billing statements and periodic billing status reports to referring agencies, in addition to generating internal agency reports and state required hearings and financial data.

The magnitude of agency billing for SOAH services has decreased as direct general revenue funding for these services has been provided. However, the complexity varies as SOAH's jurisdiction evolves and a single agency can have more than one Method of Finance (e.g., General Revenue or Interagency Contract) for payment of SOAH's services. Finally, the level of detail and data entry required to track the services provided and the associated costs has not decreased due to SOAH's ongoing reporting requirements, including the Hearings Activity Report produced twice a year.

□ HUMAN RESOURCES

Human Resources is responsible for implementation of Office personnel policies. Human Resources administers programs for employment (recruiting, selection, job analysis, human resource records, performance management, performance appraisals, position control, separation, and employee recognition), professional development, compensation, leave, benefits, risk management, workers' compensation, complaint investigations, and the employee assistance program. This two FTE department also works with SOAH management to develop and publish the

SOAH Employee Handbook that details policies, procedures, and practices.

□ INFORMATION RESOURCES DEPARTMENT

SOAH's Information Resources (IR) Department is comprised of an Information Resources Manager, two Network Specialists, a Systems Analyst, and a System Support Specialist. In addition to file, application, and print server and workstation operation and maintenance, IR's routine responsibilities include maintenance of the local and wide area networks and telecommunications systems for SOAH's central and field office locations. IR also forecasts and plans for SOAH's technological needs, maintains and updates the Office's public and internal websites, and provides hardware and software upgrades, system development, and information security. The department assists the Office by designing and developing automated data collection, processing, and reporting tools. IR continually strives to provide enhanced technological capabilities to better serve office, client, and customer needs.

The department is currently engaged in modifying a system that publishes documents filed with or issued by SOAH in non-confidential cases to be posted to SOAH's website. The Case Information System (CIS) is being developed to include more case related documents than the original system which only published Proposals for Decision. This will enable parties and the public to have ready and convenient access to case file documents.

IV. INTERNAL ASSESSMENT

IV.A. CUSTOMER SATISFACTION

SOAH conducts an annual customer satisfaction survey to help identify areas that are perceived to be functioning well and areas that may need improvement. SOAH's customer satisfaction rating in FY 2007 was

76 percent overall. SOAH has consistently received favorable ratings in the customer satisfaction surveys, and SOAH will continue to strive to achieve high customer satisfaction. In view of SOAH's function as a quasi-judicial tribunal with winners and losers in each case not resolved by settlement, the receipt of some negative feedback is expected.

STRENGTHS

- SOAH's dedication to providing efficient and quality service for all of its customers;
- efficiencies within SOAH to maximize its use of existing resources while simultaneously analyzing ways to improve existing services or extend new services; and
- understanding the correlation between quality of service SOAH can provide and available resources.

NEEDED IMPROVEMENTS

- The Office will continue to embrace innovative methods to improve its customer service and strive to ensure an efficient hearings process.

SOAH is dedicated to providing efficient and quality service for all of its customers. The Office is also cognizant of the strong correlation between the quality of service it can provide and the availability of resources. SOAH makes every effort to maximize the use of existing resources while simultaneously analyzing ways to improve existing services or extend new ones, whether by means of adopting new processes, applying technological advances, making changes to facilities, hiring additional staff, or purchasing updated equipment.

SOAH is equally dedicated to maintaining a professional, skilled, and trained workforce. Providing SOAH employees with all of the

necessary tools and resources to do their jobs in an accommodating and supportive workplace environment is a high priority.

IV.B. FUNDING

SOAH's current method of finance includes:

- general revenue appropriations for 36 agencies
- state highway funding appropriation
- one lump sum contract
- multiple hourly or lump sum billing contracts with referring agencies

SOAH's current funding structure components are shown on the chart in Appendix K. This appendix also includes a table that identifies the agencies served by SOAH grouped by SOAH's method of finance; and the riders accompanying SOAH's appropriation for the 2008-2009 biennium.

This arrangement, initially adopted by the 75th Legislature and modified by the 77th and 79th Legislatures, is reflective of the flexibility needed by the Office to respond to growing statutory duties and responsibilities. SOAH's current funding arrangement reflects continued legislative efforts to provide more stable funding for SOAH.

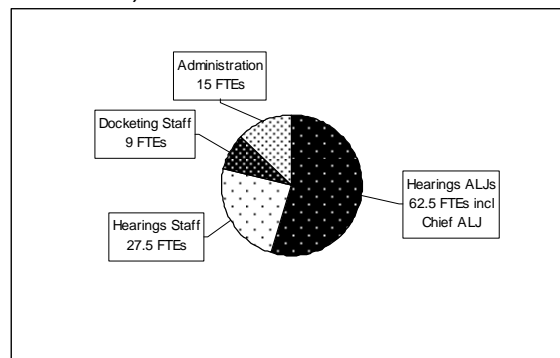
IV.C. WORKFORCE

To better manage its workforce expertise and longevity, the Office implemented a career ladder for ALJs and Administrative Assistants and is developing similar plans for other employees. With the implementation of these plans, the Office's employees are better informed about the requirements and opportunities to advance or move into other positions, and are more likely to remain. SOAH's overall workforce turnover has dropped since 2006 and the tenure of employees continues to increase.

CURRENT WORKFORCE PROFILE

SOAH's workforce has grown from a staff of nine in FY 1992 to over one hundred employees today. SOAH's growth is in direct response to the legislative assignment of additional duties and jurisdiction over the years. In some instances, SOAH has gained experienced staff that otherwise may have been displaced from the transfer of jurisdiction. In other instances, SOAH has absorbed the transferred work without additional resources. A positive aspect has been blending multiple agency cultures into a single homogenous one, allowing ALJs of different agency backgrounds to share their particular expertise and knowledge. The retention of highly qualified ALJs with experience and expertise is necessary for SOAH to produce quality judicial decisions in an efficient manner.

SOAH is currently (FY 2008) authorized 114 full-time equivalent (FTEs) positions. This number, increased due to the transfer of the tax hearings staff from the Comptroller of Public Accounts, is an increase over the 111 authorized positions in fiscal year 2007. The following chart shows the distribution of SOAH FTEs by program and includes both part-time and full-time employees; therefore it is representative of FTEs and not headcount, (e.g., ALJ headcount is 62, excluding the Chief ALJ).



Authorized FTEs for FY 2008- 2009 Biennium

OVERALL TURNOVER STATISTICS

SOAH's FY 2007 turnover rate was 9.3%, inclusive of interagency transfers (as shown in Appendix E (page E-5)). This rate is approximately 9.9% below the statewide turnover rate of 19.2% and a 1.9% decrease from the 11.2% turnover rate SOAH experienced in FY 2005.

RECRUITMENT AND RETENTION OF ADMINISTRATIVE LAW JUDGES (ALJs)

In general, to be eligible for employment as a SOAH ALJ, an individual must be licensed to practice law in the state of Texas and meet other requirements prescribed by the Chief ALJ. (See TEX. GOV'T CODE ANN. § 2003.041[b]). Additional eligibility requirements were established by the Office, and are directly related to the primary functions of the ALJs. Furthermore, in FY 1995, Senate Bill 12 amended the SOAH statute to require that a SOAH ALJ presiding over a TCEQ case, regardless of the ALJ's temporary or permanent status, not only be licensed to practice law in Texas, but also "have the expertise necessary to conduct hearings regarding technical or other specialized subjects that may come before the commission." (See TEX. GOV'T. CODE ANN. § 2003.047(d).) Similarly, S.B. 373 amended the SOAH statute in FY 1995 to require that a SOAH ALJ presiding over a PUC case, regardless of the ALJ's temporary or permanent status, in addition to being licensed to practice law in Texas, have not less than five years of general experience or three years of experience in utility regulatory law. (See TEX. GOV'T CODE ANN. §2003.049(d).)

In 2007, the transfer of the Tax Division to SOAH from the Comptroller of Public Accounts established the creation of the Master Administrative Law II position. In order to hold this position, a judge must:

- be a citizen of the United States,

- be an attorney in good standing with the State Bar of Texas,
- have been licensed in this state to practice law for at least seven years,
- have substantial experience in tax cases in making the record suitable for administrative review or otherwise, and
- have devoted at least 75% of the person's legal practice to Texas state tax law in at least five of the past ten years before the date on which the person began employment in the tax division.

SOAH's career plan is designed to help ensure a well-qualified pool of ALJs to meet the workload requirements of the Office.

In an effort to increase the diversity of the applicant pool for filling ALJ vacancies, all postings of ALJ positions are widely distributed and advertised to reach a culturally diversified applicant pool. Additionally, SOAH's internship programs with Baylor University School of Law and the University of Texas School of Law help educate law students in the area of administrative law and provide valuable assistance to ALJs. SOAH anticipates that these programs will help promote greater awareness about and interest in administrative law and SOAH in particular.

Further, to attract and recruit highly experienced ALJs and support staff, SOAH offers a Work Alternative (WALT) program, including flex time and compressed work weeks. The majority of the ALJs participate in the program. A teleworking program was developed and implemented in FY 2001, providing another avenue to attract and retain good employees. Other retention strategies that have been implemented with great success include the granting of administrative leave for outstanding performance, salary reviews, as available funds permit, and

continued training and development opportunities.

Additionally, SOAH's multiple team structure facilitates cross-assigning cases to ALJs. One of the benefits of cross-assigning is the cultivation of a broadly experienced ALJ workforce possessing the expertise and procedural skills necessary to provide efficient and effective resources and flexibility to meet SOAH's increasing and varied caseload demands.

RACE/ETHNICITY AND GENDER BY CLASSIFICATION

SOAH's Workforce Plan [Appendix E, Table 1 (page E-4)] includes the Office's workforce diversity detail as of August 31, 2007. The table in Appendix E shows ethnicity and gender by classification of all SOAH staff.

WORKFORCE STRENGTHS

SOAH has:

- a team structure that better equips ALJs to handle diverse case assignments
- several employee incentives, such as a WALT program and a teleworking program, to help retain employees
- a strongly bonded staff of employees, which is conducive to a harmonious teamwork environment
- a strong customer focus and highly skilled and dedicated employees
- an Employee Assistance Program (EAP) to provide professional support for employees and their immediate families
- career ladders for ALJs and administrative assistants, and career ladders for other units of the agency are being developed
- a growing wellness program which focuses on encouraging employees to assess their current health risks and provides flexible time for employees to

participate in wellness activities.

WORKFORCE NEEDED IMPROVEMENTS

SOAH needs to:

- continue to advance salary levels whenever possible for ALJ and non-ALJ staff
- continue promoting diversity among its workforce
- expand career path opportunities for non-ALJ staff
- continue to seek out training and development opportunities for its staff

IV.D. FACILITIES

SOAH's Austin office space is located in the William P. Clements (WPC) Building, with the hearing rooms on the 4th floor, and the Docketing Department and staff offices on the 5th floor.

Six of SOAH's eight field offices are in leased space and two of the eight (El Paso and Waco) are in state-owned buildings. SOAH obtains remote site facilities free of charge from counties, cities, or other state agencies for regularly scheduled hearings in locations where the workload is not sufficient to require staffed offices.

SOAH's office locations and remote hearing sites are identified on the map in Appendix I.

STRENGTHS

SOAH has:

- adequate office space for current employees in Austin
- adequate facilities for hearings in Austin
- relocated two field offices into state-owned buildings
- ADA compliant facilities
- implemented a teleworking program that will reduce office space needs in Austin and in some field offices

NEEDED IMPROVEMENTS

SOAH needs:

- to continue working with the Texas Facility Commission (TFC) to move into state-owned buildings as available in cities where SOAH has offices in leased space
- to continue working with TFC to comply with the allocation of office space consistent with industry best practices (while maintaining status quo for exemption of hearing rooms), as well as maintain locations accessible for SOAH's customers
- to continue working with TFC to locate facilities in Austin with better parking availability for hearing participants and members of the public.

IV.E. INFORMATION TECHNOLOGY SERVICES

The most significant activities within SOAH's Information Resources (IR) Department during the past biennium involved enhancement of existing and development of new applications, PC and server upgrade and installation, and improvement of SPAM control. These improvements have enhanced efficiency within all areas of SOAH while increasing reporting accuracy.

One major accomplishment was the replacement of all 72 of SOAH's oldest PCs. With this replacement, the oldest primary use PCs are now only four years old. Twenty-eight of the old replaced PCs were placed in our court-rooms so our ALJs would have access to a networked computer during hearings.

All replacement PCs have flat panel monitors. The improved visibility and the capability to see more of each document on the screen have contributed to improved efficiency in completing case documents.

As with previous system upgrades, IR cloned

all new PCs from a master image stored at the home office and monitors most application installations from management PCs within the IR Department. The result of these upgrades has been a tremendous savings in support hours, fewer help desk calls, and greater user satisfaction and productivity.

Additionally, all five IR Department laptops were replaced with current technology. This allows IR staff to complete tasks efficiently, perform multi-task functions, and increase daily production. The old IR laptops are now part of the rotation loaner pool.

SOAH continues to enhance our Docket Index Program application which complements the Agency's Case Management System. The Docket Index Program maintains the list of parties and representatives for each general docket case, and maintains an index of case related events and documents produced by SOAH.

A new project, the SOAH Case Information System (SOAH CIS) is in the requirements gathering, investigation, and development stage. The primary purpose of SOAH CIS is to programmatically publish all non-confidential case-related documents to SOAH's public web site, and to make those documents available to the public via a fully searchable interface. Other goals include: 1) to make virtually all case related documents (including confidential case documents) available for research only to SOAH personnel through a different searchable interface on SOAH's internal network; and 2) to allow parties to file documents electronically.

SOAH staff can request IR assistance via email, instant messenger, or phone. Austin office staff can also request assistance in person. Email requests are also forwarded to IR staff pagers. While one staff position is

specifically dedicated to provide desktop support and first line help desk assistance during business hours, all members of IR are available to assist system users. First line help desk functions include support of user PC hardware and printers, support of basic network connectivity, and assistance with software applications.

The most significant challenge during the upcoming biennium will be to obtain funding to implement the programming development for the Case Information System. An external contractor will be needed to write code for the system to meet design specifications of the agency. Other challenges include:

- Continuing to streamline IR processes to increase productivity and efficiency in managing SOAH's technical needs. For example, implementation of server virtualization will help transform certain IR strategic visions into operational realities.
- Identifying low-cost training resources and free online portals for the IR Team in order to keep up with the ever changing technologies.
- Balancing limited resources with reduced risk and lower cost solutions. SOAH has managed to do a lot with a little, but this becomes increasingly more challenging as prices soar for IT products and services.
- Ongoing replacement of computers, laptops and servers to maintain end-of-life-cycle schedules. Funding is not always available to replace all of SOAH's computer hard-ware simultaneously; as a result, projects are divided into departmental segments that can be completed within budget constraints. Even this approach is based on timing and available funds.

These challenges can all be overcome with careful strategic planning and as funding becomes available.

SOAH's information technology infrastructure includes both voice and data networks. The private data network connects the home office to the field offices throughout the state. Voice services are provided through the Department of Information Resources Capitol Complex Telephone System (CCTS) in the home office, while field office voice support is provided through AT&T and locally contracted service providers under DIR's TEXan 2000 contract. The home and field offices all use the state's TEXan network for long distance services.

SOAH utilizes voice networks extensively for telephonic hearings. Current audio conferencing capabilities are sufficient at all field office locations.

SOAH's data systems are built around local area networks at the home and field offices, and are interconnected through a private frame relay network. The network allows staff to share information concerning individual cases, management statistics, performance measures, and general administration. It also allows staff to save all work files on home-office file servers, which allows all data files to be backed up centrally to tape every week night.

The data network supports standard office automation tools including word processing, spreadsheet, database management, and scheduling, along with more specialized applications for time and cost accounting.

Field office users can access the home office network directly from their office PCs. Remote users – including teleworkers and employees on travel status or at home – can currently access their office email from their PCs through web-based email services.

SOAH's case management, Administrative License Revocation, accounting, and human resources systems all continue to undergo adjustments and modifications to accommodate minor changes to business rules and enhanced business processes.

SOAH implemented a system control solution that allows IR to have refined control over automated rejection of unwanted or unsolicited advertising email messages (SPAM). This solution allows IR to add or alter rules to respond to changing requirements.

SOAH constantly works to improve network security. This includes updates to SOAH's firewall security rules and policies, and regular application and security software updates to keep abreast of current threats. SOAH maintains stringent password policies to help prevent access to Office resources by unauthorized personnel.

The video conference equipment acquired in FY 2003 has continued to pay dividends in time and fuel savings. SOAH continues to find ways to make use of the system for such things as meetings, conferences, interviews, staff orientations, and hearings.

SOAH's IR department is working to implement a secure wireless network environment for the Austin office to enhance our existing wired infrastructure.

STRENGTHS

- SOAH provides strong IR support to system users.
- SOAH conducts focused IR planning.
- SOAH has standardized its word processing and e-mail.
- All agency databases are operating on dedicated servers.
- Agency-wide reporting can now be accomplished.
- Security and access controls can be

better maintained and instituted.

NEEDED IMPROVEMENTS

- SOAH's IR department needs a stable and reliable operating budget projection to facilitate IR planning.
- SOAH's IR department needs to provide additional training for agency users of the database system, particularly concerning use of the system for reporting purposes.
- SOAH IR needs continued funding for external hardware and software support on an as required basis.
- IR staff needs to provide regular annual training for:
 - network managers;
 - programmer;
 - security officer; and,
 - help desk technician

IV.F. PUBLIC ACCESSIBILITY

SOAH is committed to providing high quality service to the citizens of Texas. Important aspects of this commitment include that the public has access to information, either through direct contact with Office support staff or SOAH's public website; receives services such as the presence of certified translators at hearings when necessary; and has access to all SOAH's facilities.

IV.G. ELECTRONIC ACCESSIBILITY

The SOAH website is continuously accessible to all Texans and other agencies. It provides not only an Office overview, but also procedural rules, current and future docketing information, selected proposals for decision, employment opportunities, directions to and contact information about all of our sites, and a means to collect feedback from SOAH's customers. SOAH allows parties to participate in hearings by telephone, when appropriate. A state-of-the-art sound system has also been installed in most of the Austin hearing rooms to provide extended sound and

recording capabilities during hearings.

STRENGTHS

- The SOAH website offers key consumer and public information.
- Telephonic hearings are offered for customer convenience and to reduce travel costs.
- SOAH's facilities are centralized in each region for public and customer access.

NEEDED IMPROVEMENTS

- Enhancements to ensure continued compliance with the ADA accessibility guidelines on SOAH's website.
- Increase access to proposals for decisions on the website.

IV.H. FUTURE PLANS

SOAH has successfully accomplished its previously stated goals of replacing outdated servers and PCs as their life cycles expire. The Docketing Department computers will reach the end of their life cycle in 2009.

What's new in SOAH's Futurescope?

MICROSOFT WORD APPLICATION:

SOAH has shifted its Information Technology (IT) Strategic direction regarding our standard word processing application. Beginning June 1, 2008, the official word processing application in SOAH will be Microsoft Word 2003. While WordPerfect has served the Office well for many years, SOAH staff receive and are asked to provide an ever increasing number of Word documents. Currently, all Word documents must be converted to WordPerfect format. During the conversion process, many documents lose some or all of their formatting and become difficult to edit. SOAH will significantly reduce the amount of conversion requirements by having Word as its standard word processor.

DIGITAL RECORDERS:

Another new direction for SOAH is moving to the use of digital audio recorders to replace our aging fleet of analog tape recorders. The result will be excellent sound quality, convenient file management, and longer recording times. The quick transfer of audio files to a computer via USB, PC connection saves administrative time when compared to handling physical tapes. Having the files on a centrally located file server makes reviewing audio records much faster and simpler for the ALJs. It will also allow designated users to quickly and easily copy the audio files to CD or DVD whenever audio records are requested. Taking the old analog recorders out of service should also yield a notable cost savings as the cost of repairing or replacing the analog recorders has been rising sharply over the last few years.

Standards and Procedures are currently being established by a team of ALJs and administrative and technical support staff members. Training will be provided to the users before the go-live date. SOAH ALJs are excited about this project which will enable them to be more productive and efficient in their hearing processes. Digital Recorders will surely guide the agency's behavior in providing it's customers with a more reliable and effective recorded media in the near future.

CASE INFORMATION SYSTEM (CIS):

Still to come as funding methods develop, is the Case Management System (CIS) which was initially discussed in the Agency Strategic Plan for Fiscal Years 2007-2011. Some key components for this project are already in place; however more are needed before the development stage can be launched.

SERVER VIRTUALIZATION PROJECT:

Virtualization will allow SOAH to run multiple servers and operating systems independently on a single physical server. Administrators

can quickly and easily move workloads from one virtual workspace to another - prioritizing agency needs while maximizing server resources. This infrastructure enhancement will help ensure cost-effective delivery of end-user services. Virtualization offers flexibility and fluidity to seamlessly scale and manage the infrastructure based on varying demands and at the same time maintain the desired service quality levels. It allows disparate resources to run side-by-side on the same physical machine while maintaining isolation between virtual machines. These resources can then be managed remotely and optimized globally by administrators - lowering total cost of ownership and increasing efficiency - while maintaining a seamless, high-quality user experience.

SOAH plans to test and implement this project over the next two fiscal years. Server virtualization is available in three categories - hardware virtualization or hardware emulation; OS virtualization or OS partitioning; and para-virtualization (a virtualization technique that presents a software interface to virtual machines that is similar but not identical to that of the underlying hardware).

SOAH plans to use hardware emulation, characterized by VMWare and Microsoft Virtual Server. This is a host-based approach that runs multiple OSs from a single server, effectively partitioning a single machine into multiple servers. The benefit of the hardware emulation approach is the ability to add extra server capacity without additional hardware purchases, run multiple applications on the same physical host server, and easily move virtual machines from one physical host to another.

The ability to improve performance and resource utilization, speed up provisioning of new services, rapidly develop and deploy applications while avoiding downtime due to outages or maintenance windows are all

technical benefits that ultimately drive the bottom line, especially for SOAH's crucial business applications.

Server virtualization also provides significant benefits for disaster recovery and business continuity considerations.

SOAH believes that virtualization will enhance IR management efficiencies and reduce maintenance costs by enabling the consolidation, flexibility and security of deployed applications and infrastructure leading to better alignment of IR resources with the needs of the agency.

IV.I. HISTORICALLY UNDERUTILIZED BUSINESSES

SOAH's procurement practices reflect a good-faith and successful effort to achieve the goal of maximizing opportunities for HUB businesses to participate in the state procurement process. SOAH has a strong history of HUB usage and follows strict purchasing guidelines and procedures. SOAH continually explores opportunities to identify HUB vendors. HUB applications are included and made a part of all invitations for bids. SOAH refers to the Texas Procurement and Support Services (TPASS) bidders and HUB lists for purchases and sends notification of bid opportunities with SOAH as they arise. SOAH attends various HUB forums at which new vendors are given the HUB applications for TBPC certification. SOAH actively participates in HUB workgroups which include updates from various vendors and HUB rules and regulations. SOAH's planning elements for its use of HUBs are shown in Appendix G.

STRENGTHS

- SOAH has met or exceeded its HUB goals for the last four fiscal years.

NEEDED IMPROVEMENTS

- The Office will continue to embrace innovative methods to increase HUB usage.

| Fiscal Year 2007 HUB Progress Report | | | | |
|--|-----------------------|---------------------------|--------------------------|-----------------------|
| Procurement Category | Total \$ Spent | Total HUB \$ Spent | Percent (Actuals) | Statewide Goal |
| Heavy Construction | N/A | N/A | N/A | 11.9% |
| Building Construction | N/A | N/A | N/A | 26.1% |
| Special Trade | \$7,506 | N/A | 0.0% | 57.2% |
| Professional Services | \$11,761 | \$11,761 | 100.0% | 20.0% |
| Other Services | \$195,243 | \$152,595 | 78.1% | 33.0% |
| Commodities | \$186,087 | \$55,267 | 29.6% | 12.6% |
| Total | \$400,597 | \$219,623 | | |
| Actual = % spent with HUBs from HUB Report Goal = Strategic Plan HUB Goal N/A = No expenditures in this category 0% = Expenditures in this category but no payments to HUBs | | | | |

V. EXTERNAL ASSESSMENT CHALLENGES AND OPPORTUNITIES

V.A. EXPANDING JURISDICTION

Since SOAH began operations in 1992, it has experienced a steady growth in overall caseload, driven principally by factors associated with increased jurisdiction or changes in the law or the policies of referring agencies that result in a greater demand for SOAH's services. Additionally, alternative dispute resolution has been recognized as a reasonable, valuable, and expeditious means of handling disputes, and SOAH mediators have mediated increasingly large and complex disputes in recent years. Meeting the requirements of expanding jurisdiction and increased caseloads from its referring agencies, responding to changes in state and federal law, and serving the Texas population that participates in hearings present SOAH

with many challenges and opportunities. (See Appendix H for transfers of jurisdiction to SOAH since its inception.)

With each transfer of jurisdiction, SOAH must consider its ALJ resources, its infrastructure, the demands placed upon its support staff, and the adequacy of funding. The caseload has fluctuated from year to year, but has trended upward over time. SOAH's workload depends on the number of cases referred from state agencies, which is not within SOAH's control. (See Appendix L for SOAH caseloads since Fiscal Year 2002.)

The workload may also be affected by legislative changes. The Legislature, in its 80th Regular Session, made permanent the transfer of the Comptroller of Public Accounts (CPA) redetermination and refund hearings that had been voluntarily referred to SOAH effective January 1, 2007; transferred the Texas Department of Transportation's (TxDot) Lemon Law cases to SOAH effective

September 1, 2007; and transferred the Texas Real Estate Commission (TREC) hearings to SOAH.

SOAH received additional FTEs and funding for the CPA work but no increased funding or FTES to handle TxDot's Lemon Law cases or the TREC work. SOAH was able to absorb the relatively small TREC workload with existing resources. However, the volume of the Lemon Law cases – handled by six ALJs plus staff at TxDot – required the execution of an interagency contract to fund this work at SOAH.

To the extent additional work may be transferred to SOAH in the future as a result of legislation or voluntary transfers, SOAH stands ready to assist in the transition, and to continue to serve the State of Texas.

As noted earlier in this plan, participants in SOAH hearings range from individuals appearing on their own behalf to attorneys experienced in administrative law. The issues addressed in hearings may have far-reaching effects. For example, a disciplinary action against a single individual's license may have tremendous personal impact on that individual's livelihood. In turn, the citizens of Texas may be affected by the protection afforded when licensees are regulated through disciplinary actions. Other hearing results may affect landowners' rights vis-a-vis a permitted industrial or municipal facility's location or its safe operation and maintenance. The outcome of still other hearings, such as those involving electric, water, telephone, and sewer service, affect the state's economy or consumer and market participation.

SOAH's mission requires it to ensure its independence as a fair and impartial finder of fact and to avoid improper influence. The variety of participants and issues in cases require ALJs to be flexible in managing the

hearings process to accommodate the needs and sophistication of the participants, e.g., an unrepresented individual defending an occupational license or seeking benefits of various kinds versus skilled practitioners representing large companies, state agencies, or local governments.

V.B. GEOGRAPHIC REGIONS SERVED

SOAH serves all of Texas. Cases concern disputes arising in all parts of the state, and are handled by ALJs in nine permanent offices and 29 remote locations. (See Appendix I for the location of SOAH offices and remote sites, and a list of the counties served by individual field offices.)

V.C. SERVING THE TEXAS POPULATION

SOAH is committed to providing the best service possible to the Texas population. This requires the Office to give consideration to population growth patterns and review its ability to provide quality service to areas that increase significantly in population. SOAH must then balance this consideration with others, such as statutory venue requirements and geographical convenience factors when deciding where to locate field offices.

As a result of the 2000 Census, SOAH was required to establish a remote hearing site in Fort Bend County, where the population had reached more than 300,000.

V.D. REGIONAL STRUCTURE AND SERVICES

Senate Bill 501, passed during the 76th Legislative Session, requires a state agency to identify each geographic region it serves and to address its means and strategies for serving each region. In addition, the bill requires an agency to include the Texas-Louisiana border region and the Texas-Mexico border region in its discussion.

In addition to its home office in Austin, SOAH maintains eight field offices. Throughout the

state, SOAH uses certified interpreters during hearings when needed. The Office also retains multi-lingual staff in an effort to provide the highest level of customer service, whether answering a routine inquiry or during a hearing.

SOAH continues to cross-train its ALJs by requiring field office ALJs to serve on more than one team. As a result, field office ALJs hear a variety of cases, which provides more flexibility and greater efficiency for SOAH's hearings division.

V.E. WORKFORCE

Maintaining a highly skilled workforce that reflects the state's population diversity is an ongoing challenge for SOAH. The Texas economic climate normally facilitates a competitive job market that makes it even more difficult for SOAH to compete for

prospective employees against the financial and hiring resources of private industry and other governmental agencies.

Support staff turnover was distributed evenly between the field offices and the home office, with the field office administrative assistant positions experiencing the highest turnover. SOAH's largest turnover was in employees with less than two years tenure and in the age category under 30 years.

Over the next five years, 33 employees will become eligible for retirement. This represents 29% of SOAH's workforce. Of this group, 21 are ALJs. With long-range planning comprised of the use of career plans, a use of team leader positions, and cross-training, SOAH believes it can minimize the impact of a quarter of its workforce reaching retirement eligibility within a decade.

| Length of Service related to Turnover and Agency Workforce, 8/31/2007 | | | | |
|---|--------------------|---------------------|---------------------|------------------------------|
| | SOAH Turnover Rate | State Turnover Rate | SOAH % of Workforce | State % of Current Workforce |
| Less than 2 years | 21.4% | 34.6% | 12.96% | 26.8% |
| 2 - 5 years | 14.5% | 13.5% | 19.21% | 33.1% |
| 5 - 10 years | 8.5% | 9.8% | 32.87% | 16.6% |
| 10 - 15 years | 2.8% | 8.0% | 33.33% | 12.2% |
| 16 - 20 years | 0.00% | 7.1% | 1.63% | 5.9% |

| Age related to Turnover and Agency Workforce, 8/31/2007 | | | | |
|---|--------------------|---------------------|---------------------|------------------------------|
| | SOAH Turnover Rate | State Turnover Rate | SOAH % of Workforce | State % of Current Workforce |
| Under 30 years | 30.8% | 40.4% | 3.00% | 14.8% |
| 30 - 39 years | 16.9% | 18.1% | 16.43% | 22.7% |
| 40 - 49 years | 7.8% | 9.9% | 35.64% | 29.3% |
| 50 - 59 years | 0.0% | 11.7% | 32.40% | 25.8% |
| 60- 69 years | 22.2% | 18.3% | 12.50% | 7.0% |

V.F. FUNDING

SOAH receives a direct appropriation of General Revenue to provide hearing services for specific agencies. Other agencies contract with SOAH and pay on an hourly or lump sum basis for each hour of case work performed by SOAH ALJs. Finally, SOAH receives a direct appropriation of State Highway Fund 006 to conduct the administrative license suspension hearings referred by the Department of Public Safety.

SOAH's funding structure was modified by the 79th Legislature to eliminate billing for excess workload referred. Rather than a base allowance and billing once that allowance was exceeded, the funding for these agencies' hearings is now included in the appropriation of General Revenue to SOAH.

The 79th Legislature also increased SOAH's hourly rate as of September 1, 2005, for the agencies that SOAH bills. SOAH's current hourly rate is \$100 per hour, a \$10 increase in the previous \$90 per hour rate established in FY 2000.

Recent changes in SOAH's appropriations have improved but not resolved SOAH's funding issues. The appropriate level and method of funding--particularly with regards to ALR hearings funded by Highway Fund 006 appropriation--continue to be priorities for SOAH.

V.G. HISTORICALLY UNDERUTILIZED BUSINESSES

With SOAH's continued good faith efforts to provide opportunities for HUB businesses to participate in the procurement process, the only external challenge will be the limited availability of vendors in the procurement area.

VI. STATE-LEVEL BENCHMARKS

SOAH is charged with the responsibility of providing fair and efficient hearings in an independent forum. Of these responsibilities, only efficiency is a requirement that is conducive to the objectivity of performance benchmarking. The other two requirements--fairness and independence--are subjective and are measured primarily through public perception.

Although SOAH is classified as an Article VIII Regulatory agency for purposes of the appropriations process, the Office is not a regulatory agency. SOAH is part of the regulatory process, just as the courts are, but the Office does not perform any regulatory function. Instead, the role and responsibilities of ALJs are functionally comparable to those of a trial judge. Therefore, given the quasi-judicial functions performed by SOAH, more meaningful performance benchmarking related to fairness and independence could be achieved through reclassification of SOAH from an Article VIII (Regulatory) to either Article IV (the Judiciary) or Article I (General Government)) with its performance evaluated in a judicial context.

VI.A. GOALS

SOAH has two goals: (1) to provide for fair and efficient hearings and alternative dispute resolution, and (2) to provide sufficient administrative support for those processes. The Office has adopted two strategies to reach these goals, with each one pertaining to a core activity at SOAH. The first strategy covers the way hearings are conducted; monitoring individual ALJ workload; and the preparation of proposals for decision, proposed orders, and final orders. The second strategy encompasses conducting mediated settlement conferences, mediations, arbitrations, and other alternative

dispute resolution proceedings. (Appendices C and D list SOAH's objectives and outcome measures.)

SOAH continues to further its goal of providing the best service possible to the people of Texas. This is reflected by the projects and activities that have either been completed or will remain in progress during this fiscal year and into the biennium.

Historically, SOAH has pursued increased efficiencies and additional methods to streamline operations and will continue to do so.