

The **Strategic Plan Background** Section is an overview of TDLR's guiding principles, history, responsibilities, organization, staff makeup, staff experience, budget, and use of HUB's. It is organized under the following sections/headings:

**The Vision, Mission and Philosophy of TDLR** – This section lays out the guiding principles for the agency beginning with our overarching vision to be a model state agency.

**Overview of Agency Scope and Functions** – An overview of TDLR's creation, history, main functions, the twenty-six programs we regulate, and the agency's functional alignment.

**Organizational Aspects** – Highlights the Texas Commission of Licensing and Regulation and how it works in conjunction with Advisory Boards. Following a brief overview of the Commissioner's duties, TDLR's functionally aligned divisions are explained along with corresponding programs.

**Agency Make-up/Commitment to Diverse and Qualified Workforce** – Focusing on Agency Workforce, this section reveals TDLR's commitment to diversity by detailing hiring profiles and workforce composition.

**Employee Turnover/Staff Experience** – This section features the agency's lower than average turnover rate and reasons for it.

**Fiscal Aspects** – Budget, appropriations, budgetary limitations and agency needs are reviewed in this section.

**Historically Underutilized Businesses** – This brief, important section highlights TDLR's exceeding the statewide average for purchases and contracts made with HUBs.

### **Strategic Plan Background Highlights**

- The Strategic Plan Background provides a snapshot of the agency.
- The vision of the agency driving the divisions in their various functions is supported by core values modeled by the executive director and the deputy executive director.

- TDLR's growth over a relatively short period of time reveals the confidence of the Legislature and the wisdom behind the agency's functional alignment.
- The strength of the underlying philosophy and functional alignment is shown in the agency's workforce productivity and low turnover.
- As a Commission-based regulatory agency, no other Texas state agency has the number and diversity of programs.



Rick Perry, Governor of Texas

## The Vision, Mission, and Philosophy of Texas State Government

### Governor Rick Perry's Vision for Texas

Working together, I know we can address the priorities of our citizens. As my administration works to create greater opportunity and prosperity for our citizens, making our state and its people truly competitive in the global marketplace, we must remain focused on the following critical priorities:

*Assuring open access to an educational system that not only guarantees the basic core knowledge necessary for productive citizens but also emphasizes excellence and accountability in all academic and intellectual undertakings;*

*Creating and retaining job opportunities and building a stronger economy to secure Texas' global competitiveness, leading our people and a stable source of funding for core priorities;*

*Protecting and preserving the health, safety, and well-being of our citizens by ensuring healthcare is accessible and affordable and by safeguarding our neighborhoods and communities from those who intend us harm; and*

*Providing disciplined, principled government that invests public funds wisely and efficiently.*

### 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

**Goal** *To ensure Texans are effectively and efficiently served by high-quality professionals and businesses by: implementing clear standards; ensuring compliance; and reducing the regulatory burden on people and business.*

**Benchmarks** *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 professional licensing agencies resolved within six months.*

*Percent of individuals given a test for professional licensure who received a passing score.*

*Percent of new and renewed professional licenses issued via Internet.*

### Natural Resources and Agriculture

**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; and encouraging responsible, sustainable economic development.*

**Benchmarks** *Percent of Texas waters that meet or exceed safe water quality standards.*

*Percent of environmental violations tracked and reported.*

## General Government

**Goal** *To provide citizens with greater access to government services while reducing service delivery costs and protecting the fiscal resources for current and future taxpayers by: supporting effective, efficient, and accountable state government operations; and conservatively managing the state's debt.*

**Benchmarks** *Total state spending per capita.*

*Percent change in state spending, adjusted for population and inflation.*

*Number of state employees per 10,000 population.*

*Number of state services accessible by Internet.*

*Total savings realized in state spending by making reports, documents, and processes available on the Internet.*

## The Vision, Mission, and Philosophy of TDLR

### TDLR's Vision

Our vision is to be the model state agency, earning the public trust by setting the standard for customer service, innovation, cost-effectiveness and efficiency.

### TDLR's Mission

The mission of the Texas Department of Licensing and Regulation is to honor the public trust, ensure the public's safety, and foster a fair and efficient regulatory environment.

### TDLR's Philosophy

As stewards of the public trust we regulate in a firm, fair and consistent manner. We provide the highest level of customer service. We serve the citizens of Texas fairly. We value the dignity and worth of all our employees. We grow

"The Legislature has recognized TDLR as the State's model for occupational licensing, continuously adding new programs and relying on the agency's licensing expertise to help with start-up licensing programs. TDLR's ability to successfully incorporate new programs sets the stage for continued consolidation of smaller licensing agencies."

--Sunset Advisory Commission report on the Department of Public Safety, June 2008

### Why is TDLR unique among state agencies?

"The quality of its employees is unique, they have a shared vision of TDLR as a Model State Agency. The employees' capabilities equal or exceed those of any large corporate business organization I have been associated with during my over 30 years of private sector business."  
-- Frank Denton,  
TDLR Commission Chairman (Conroe, TX)

capable and effective leaders. We initiate innovation and embrace change to ensure the wise and strategic use of public resources.

## Agency Scope and Functions

### Statutory Basis

Chapter 51 of the Texas Occupations Code establishes the Texas Department of Licensing and Regulation (TDLR) and lays out its organization and general responsibilities. TDLR is responsible for regulating a wide variety of businesses, industries, trades, and occupations. The Texas Commission of Licensing and Regulation (Commission) is TDLR's governing body with seven public members appointed by the Governor, with the advice and consent of the Senate.

The duties of the Commission are to:

- select the executive director and supervise his management of TDLR;
- set policy for TDLR;
- approve TDLR's strategic plan, operating budget and request for funding;
- adopt rules to implement the laws administered by TDLR;
- impose fines and sanctions against individuals and businesses that violate laws, rules and orders; and
- set fees to cover the costs of TDLR's programs.

The executive director:

- manages the daily operations of TDLR;
- issues licenses;
- approves settlement of complaints;
- issues cease and desist orders; and
- refers cases to the Texas Attorney General to obtain injunctions or collect penalties.

### TDLR's History

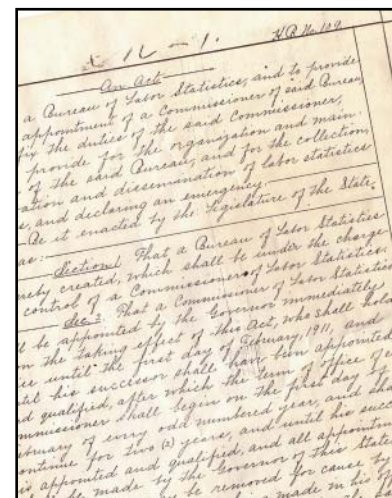
TDLR's predecessor, the Bureau of Labor Statistics was created in 1909

to enforce labor laws and collect labor data. In 1973 it became the Texas Department of Labor and Standards. In 1989, the Legislature changed the name to the Texas Department of Licensing and Regulation and shifted its focus to licensing and regulating a variety of businesses, industries, trades and occupations. The Legislature has continued to expand TDLR's regulatory responsibilities, effectively making it the state's umbrella licensing agency. In 2003 the Legislature established statewide licensing of electricians. In 2005 the Legislature abolished the Board of Barber Examiners and the Texas Cosmetology Commission and transferred their functions to TDLR. In 2007, lawmakers transferred the regulation of tow truck companies and vehicle storage facilities to TDLR from the Texas Department of Transportation. The Legislature also created a new regulatory program for discount health care card operators and three new categories of licensees, adding residential appliance installers, barber hair braiders, and air conditioning and refrigeration technicians.

Currently, we regulate twenty-six programs with 125 license types and 543,142 licensees. The programs are listed below with the current statutory citation and original year of enactment.

### Businesses and Occupations

- Vehicle Towing (Chapter 2308, Occupations Code) (1927)
- Barbers (Chapters 1601 and 1603, Occupations Code) (1929)
- Combative Sports (Chapter 2052, Occupations Code) (1933)
- Cosmetologists (Chapters 1602 and 1603, Occupations Code) (1935)
- Personnel Employment Services (Chapter 2501, Occupations Code) (1949)
- Vehicle Storage Facilities (Chapter 2303, Occupations Code) (1985)
- Talent Agencies (Chapter 2105, Occupations Code) (1989)
- Temporary Common Worker Employers (Chapter 92, Labor Code) (1991)
- Staff Leasing Services (Chapter 91, Labor Code) (1993)
- Service Contract Providers (Chapter 1304, Occupations Code) (1999)
- Vehicle Protection Product Warrantors (Chapter 2306, Occupations Code) (2001)



TDLR's enabling statute as the Bureau of Labor Statistics in 1909



- For-Profit Legal Services Contracts (Chapter 953, Occupations Code) (2003)
- Loss Damage Waivers (Chapter 35, Business and Commerce Code) (2003)
- Discount Health Care Cards (Chapter 76, Health and Safety Code) (2007)

### Professional

- Auctioneers (Chapter 1802, Occupations Code) (1975)
- Property Tax Consultants (Chapter 1152, Occupations Code) (1991)
- Licensed Court Interpreters (Chapter 57, Government Code) (2001)

### Building and Mechanical

- Boilers (Chapter 755, Health and Safety Code) (1937)
- Architectural Barriers (Chapter 469, Government Code) (1969)
- Air Conditioning and Refrigeration (Chapter 1302, Occupations Code) (1983)
- Industrialized Housing and Buildings (Chapter 1202, Occupations Code) (1985)
- Elevators, Escalators and Related Equipment (Chapter 754, Health and Safety Code) (1993)
- Electricians (Chapter 1305, Occupations Code) (2003)

### Natural Resources

- Water Well Drillers (Chapter 1901, Occupations Code) (1961)
- Weather Modification (Chapters 301 and 302, Agriculture Code) (1967)
- Water Well Pump Installers (Chapter 1902, Occupations Code) (1991)

### Main Functions

TDLR is the only state agency that regulates such a diverse array of businesses, industries, trades, and occupations. The department has identified common

functions shared by these entities and has organized its operations accordingly to maximize efficiency and effectiveness:

- Administrative – provides expertise in executive management, legal counsel, human resources, information technology, financial management, governmental relations, and Commission and Advisory Board support;
- Compliance – conducts inspections and plan reviews, provides industry and technical expertise and monitors third-party inspectors and plan reviewers;
- Customer Service – assists licensees and the public by responding to telephone, e-mail and in-person inquiries;
- Education and Examination – reviews and approves pre-licensing and continuing education courses and providers, and manages examination functions;
- Enforcement – investigates complaints and prosecutes violators; and
- Licensing – processes applications and issues licenses, registrations, certificates and permits.

## Organizational Aspects

### Texas Commission of Licensing and Regulation

The Texas Commission of Licensing and Regulation (Commission) is the policy-making arm of the agency. The Commission is composed of seven representatives of the general public appointed by the Governor to staggered six-year terms. The Commission members are private citizens not engaged in any of the businesses or trades regulated by TDLR. As successful professionals, the Commissioners bring insight gleaned from individual experiences, in ways that contribute to TDLR's common-sense and fiscally conservative approach to regulation and efficiency.

### Commission's Reliance on Advisory Boards

The Commission members rely on the knowledge and experience of Advisory Board members from the industries we regulate. Advisory Board members are appointed by the Chairman with the approval of the Commission. These Advisory Boards review and make recommendations to the Commission



TDLR Commissioners, 2008

## Background



Texas Commission of Licensing and Regulation in session, 2008

on rules and technical standards, professional license examination content, continuing education requirements, and other areas affecting these industries. While not binding, Advisory Board recommendations are weighed carefully by the Commission.

A valuable means of communication between the Commission and Advisory Boards is a Commission member appointed by the Chairman as an Advisory Board liaison. The role of the liaison is to ensure that industry concerns and expertise, as voiced by the Advisory Board, are fully understood and considered in Commission deliberations.

### Commission Duties and Regulatory Approach

The Commissioners' duties include:

- guiding the development of and approving the agency strategic plan, budget and request for funding,
- providing policy guidance for agency operations,
- reviewing and adopting rules,
- adjudicating final orders in contested cases, and
- hiring, supervising, and setting the salary for the executive director.

The Commission directs our common-sense approach to cost-effective governmental regulation. Prior to adoption, the Commission weighs all rules for possible negative impact on consumers and licensees. This balanced approach protects the public while ensuring the regulatory process and rules are not unnecessarily burdensome. The Commission also makes sure that funds are used wisely and efficiently. Over the past four years, the Commission has reduced total license fees charged by \$3,338,085.

## Organizational Structure

### Compliance

The Compliance division provides technical oversight, valuable expertise, and training for our twenty-six programs through three sections – Building and Mechanical, Business and Occupations, and Field Operations. The division also acts as the point of contact for questions and concerns regarding regulations,

while helping improve the quality and operations of businesses, industries, general trades, and occupations in Texas.

### **Building and Mechanical Section**

The Building and Mechanical section works to ensure the accessibility of buildings and facilities for persons with disabilities. They work with building owners, local building officials, and licensees to facilitate the safe installation of electrical power and wiring, heating and cooling systems, the safe operation and maintenance of boilers and elevators, and the safe construction of modular buildings.

The *Air Conditioning and Refrigeration Program* works to ensure the safe installation and efficient operation of air conditioning, heating, ventilation and refrigeration systems. This program evaluates applicants' qualifications; implements adopted state and local mechanical and energy codes; and attends meetings of licensees, industry professionals, municipal and regional licensing authorities, and consumers.

The *Architectural Barriers Program* works to ensure that persons with disabilities are not denied access to services and employment opportunities in new and renovated buildings and facilities. The section ensures compliance with the Texas Accessibility Standards; performs review and inspection services; licenses and oversees third-party Registered Accessibility Specialists (RAS); and provides training for design professionals, building owners, local buildings officials, and other interested parties.

The *Boiler Safety Program* works to ensure the proper installation, safe operation, and ongoing safety inspections of over 56,000 registered boilers used in places such as power plants, schools, hospitals, nursing homes, office buildings, and apartments. In addition, this program provides valuable certification review services for manufacturing and repair businesses to certify compliance with construction and safety codes.

The *Electricians Program* works to ensure safe installation of electrical wiring and equipment through the evaluation of applicants' qualifications; implementation of local, county and state adopted electrical safety codes; and presence at meetings of licensees, industry professionals, municipal and regional licensing authorities, and consumers.



the Air Conditioning and Refrigeration Program works to ensure public safety and trust

The *Elevator Safety Program* works to ensure the safety of Texans who ride on more than 40,000 registered elevators, escalators, moving walks, and wheel chair lifts through oversight of inspections and certifications, and interpretation of adopted safety standards. This section provides outreach services and education programs to third-party Qualified Elevator Inspectors (QEIs), registered elevator contractors, building owners, and facility managers on compliance and safety issues.

The *Industrialized Housing and Buildings Program* works to ensure that modular buildings in Texas meet the same standards used for site-built homes and buildings. This section reviews plans, performs on-site certification of manufacturing plants, inspects modular units, and monitors the services provided by third-party inspectors and plan reviewers.

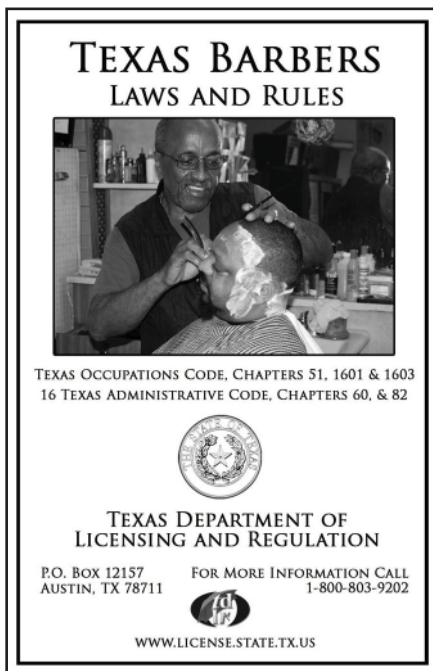
### **Business and Occupation Section**

The Business and Occupation section provides expertise and customer support for such varied professions as barbers, combative sports, cosmetologists, discount health care card operators, vehicle protection plans, vehicle towing and storage, water well drilling, and weather modification activities.

The *Barber Program* ensures those providing barber services such as haircuts and shaves do so in a safe and sanitary manner. Working closely with state and county health and medical experts, program staff develop sanitation rules for more than 19,000 barbers, barber shops, and schools.

The *Combative Sports Program* promotes the safety and fair treatment of contestants and spectators of combative sports events in Texas. Staff oversee third-party inspectors and licensees including ring officials, judges, amateur combative sports associations, and referees. Regulations cover proper matching of contestants, weigh-ins, pre- and post-fight health and medical evaluations of contestants, and ensuring event promoters fulfill their financial obligations.

The *Cosmetology Program* oversees regulation of over 192,000 individuals and businesses including facialists, manicurists and schools. Working with state and county health officials, program staff develop sanitation rules and monitor health and safety issues to protect clients and employees. They also conduct



TDLR publishes the laws and rules for Barbers and Barber shops

informal and educational programs for licensees and business operators to ensure that services are provided in a safe and sanitary manner.

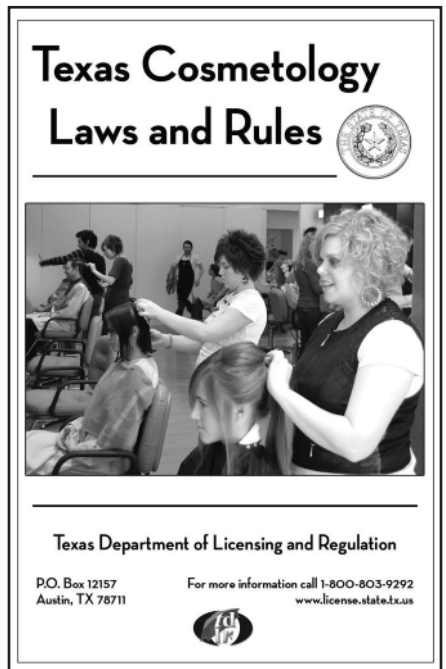
The *Financial and Towing Safety Programs* work to ensure the important consumer protection and safety provided by regulation of tow trucks and vehicle storage facilities, to provide consumer protection for users of Discount Health Care Card programs, and to provide oversight for a number of other smaller programs. This program also provides expertise and training related to insurance, bonding, and net worth requirements for regulated businesses such as private barber schools, combative sports operations, personnel employment and staff leasing services, property tax consultants, and talent agencies.

The *Water Well Driller and Pump Installer Programs* work to protect the quality of state groundwater resources and the safety of the public water supply. Staff enforce laws and rules regarding qualification of licensees, water well drilling, water well pump installation, location standards, and the plugging of abandoned and deteriorated wells.

The *Weather Modification Program* works with groundwater conservation districts and other groups to ensure safe rain enhancement (cloud seeding) and hail suppression operations. In addition, the staff expert plays a key role in the evaluation of license and permit applications, the preparation of grant proposals and use of grant funds for research, and facilitates the introduction of new cloud seeding approaches.

### **Field Operations Section**

The Field Operations section provides on-site inspection, education and field investigation services for our programs to ensure business owners and licensees operate in compliance with our laws and rules. In addition, field staff provide education and hands-on assistance to licensees, businesses and industry professionals. Field Operations staff provide TDLR with a statewide presence, lowering travel costs and increasing efficiency. Field Operations staff perform inspections for the Architectural Barriers, Barber, Cosmetology, and Vehicle Towing and Storage programs.



TDLR also publishes the laws and rules book for Cosmetologists and salons



## Background



the main goal of TDLR's Customer Service representatives is "one call resolution"

## Customer Service

TDLR's foundation for providing excellent customer service is the Customer Service section. The section is now located on the sixth floor of the E.O. Thompson building and is a state-of-the-art contact center. Keyboards, chairs, computer monitor arms, and desks are ergonomic and adjustable for individual employees. Wireless headsets used by the Customer Service staff are padded, lightweight, and adjustable. Customer Service agents use the telephone, e-mail and in-person contact to handle customer inquiries. The section uses the Centergy Virtual Contact Center phone system by Aastra Intecom, which uses a language-based call routing software for quick response. The system software also allows for the input of license numbers to efficiently route calls to the appropriate service person. Customer Service agents have access to all agency databases to provide accurate information to customers. TDLR recognizes the complexity of providing uniform assistance across twenty-six programs, so each new-hire in customer service must complete six weeks of training before taking their first incoming call. The main goal of the section is "one call resolution." The focus of each call is to answer all of the customer's questions and concerns at the time of the call. Each call ends with the question, "Is that all we can do to help you today?" Currently, the center receives 2,000 calls per day. The center has recently extended its availability to the public by changing its customer service hours to 7 AM to 6 PM.

## Education and Examination

The Education and Examination division makes sure that license and renewal applicants meet education and examination requirements and that current licensees requiring continuing education complete the required hours for each renewal period.

### Education

To ensure compliance with laws, rules and procedures, the Education section:

- evaluates and approves schools and courses;
- evaluates and approves continuing education providers and courses;
- provides technical support for education related matters;
- conducts audits of courses, schools and providers;
- manages TDLR's online course completion database; and
- develops and maintains education web site information.

CONTINUING EDUCATION	HOURS	POPULATION (03/01/2008)
Air Conditioning and Refrigeration Contractors	8	24,209
Auctioneers	6	2,178
Cosmetology Operators and Instructors	6	107,630
Cosmetology Specialty	6	41,584
Electricians	4	101,145
Licensed Court Interpreters	8	570
Property Tax Consultants	12	715
Registered Accessibility Specialists	8	438
Water Well Drillers and Pump Installers	4	2,350

### Examination

The Examination section manages the development and administration of TDLR's examination activities for the ten programs that require a test to obtain a license. This section also:

- coordinates the review and updating of examination content with examination vendors and industry experts, including Advisory Board members;
- works with examination vendors to assess effectiveness of examination questions and the need for changes; and
- provides information, including pass rate data, to schools and instructors regarding the examination process.

PROGRAM	EXAMINATIONS ADMINISTERED FY 2007
Cosmetologists	33,205
Barbers	1,564
Electricians	4,954
Air Conditioning and Refrigeration Contractors	2,170
Well Drillers and Pump Installers	292
Auctioneers	131
Licensed Court Interpreters	84
Registered Accessibility Specialists	70
Property Tax Consultants	19
Boiler Inspectors	16
<b>TOTAL</b>	<b>42,505</b>

### Enforcement

The Enforcement division investigates, negotiates, and resolves complaints for the twenty-six TDLR regulated programs. Complaints and reports of violations are received from consumers, industry, municipal officials and TDLR staff. Enforcement personnel also work proactively in seeking evidence of potential violations.

The structure of the division promotes an effective process for fair and



TDLR's Enforcement division works proactively to seek evidence of potential violations





TDLR Executive Director Bill Kuntz facilitating a focus group meeting with agency clients and industry attendees

efficient management and resolution of complaints. This process includes the following:

- The Intake section confirms the agency’s legal jurisdiction, performs initial research on each complaint filed, and recommends whether an investigation should be opened.
- The Investigation section assigns an investigator to each opened case to develop a detailed account of the facts through witness interviews, research, and on-site investigations. Investigators prepare a written report upon completion of the investigation.
- The Prosecution section ensures proper disposition of each case, pursuing penalties or sanctions where violations are found. Prosecutors issue closing letters when the evidence does not support proceeding to a formal hearing. When a complaint cannot be resolved through negotiation, the Prosecutor represents the department before the State Office of Administrative Hearings and the Texas Commission of Licensing and Regulation.
- The Legal Support section tracks and updates Final Orders and collects penalties on Agreed Orders. Staff monitor and assure compliance with Commission-ordered probation requirements. Legal Support handles the initial screening of background checks received from the Department of Public Safety and reviews reports for crimes that may be the basis to deny or revoke the license of an applicant or licensee. Lastly, the section handles fee collection cases.

Consistency in the investigation and resolution of complaints is an essential part of TDLR’s firm, fair, and efficient enforcement philosophy. The division’s Complaint Resolution Procedures Manual, Enforcement Plan, and Criminal Conviction Guidelines were developed to accomplish this consistency. Enforcement periodically reviews and revises these documents and submits them to the Commission for approval.

### Executive

Executive Offices provides leadership and motivation to meet the agency’s vision, manages the day-to-day operation of the agency, and ensures strategic goals are met. The Executive Offices’ success is guided by a respect-based management philosophy and a commitment to open communication with our employees and our customers.

The executive director and his staff perform the following functions:

- carry out Commission policies;
- recommend fee changes and budgetary proposals to the Commission;
- develop and direct strategic planning initiatives;
- perform preliminary review of Advisory Board applicants;
- assess administrative sanctions (denial, suspension, revocation, and probation of a license);
- issue cease and desist orders;
- review, draft, and propose rules;
- represent the agency and provide testimony before the Legislature;
- support program Advisory Boards;
- manage and authorize grants from the Auctioneer Education and Recovery Fund;
- provide policy direction for workforce planning, recruitment, benefits and compensation, and staff development;
- act as the agency's contact with governmental bodies; and
- issue press releases and respond to media inquiries about the department's activities.

### **Financial Management**

The Financial Management division manages the agency's fiscal resources in compliance with state and federal laws. Financial Management is organized into the following cross-trained teams – revenue, expenditure, purchasing, budgeting and reporting, and mail.

Financial Management ensures the agency stays within spending limits, including the out-of-state travel expenditure cap. The division monitors purchasing and capital asset requirements, develops the Legislative Appropriation Request, monitors the agency's annual budget, and prepares all fiscal reports for the agency.

With an emphasis on communication, innovation and fiscal responsibility, key duties of the division are:

## Background

- accounting;
- budgeting;
- cash receipt processing;
- expenditure and payment processing;
- revenue reconciliation;
- financial interface for USAS and the TexasOnline portal;
- fixed Asset Management;
- mail processing;
- purchasing, property and contract administration;
- risk Management; and
- vehicle fleet management.

### Human Resources

The Human Resources Office supports the agency's vision and mission by helping to foster a healthy, positive, and fair working environment that attracts, develops, and retains qualified and dedicated employees.

Human Resources focus on offering quality service to employees by providing support in the following areas:

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

### Information Systems Development

TDLR's Information Systems Development staff design and develop custom licensing software. This software provides a common platform for the process of licensing tailored to the specific needs of each agency program.



Information Systems Development staff designs and develops custom licensing software for the agency

The Texas Umbrella Licensing Information Project (TULIP) software system forms the framework for the licensing system. The TULIP system is designed to accommodate multiple license types and expand easily in response to changing needs of the agency.

Many of TDLR's Internet-based systems connect directly with the TULIP database. This allows real-time applications and renewal of licenses through TexasOnline, continuing education course completion postings, barber and cosmetology student enrollment and classroom hour reporting, and extensive database searches.

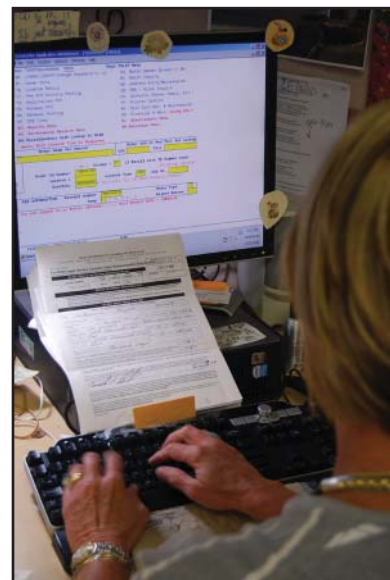
### Licensing

The primary responsibility of the Licensing division is to review applications and issue licenses to qualified applicants. Extensive knowledge of licensing requirements outlined in twenty-six statutes and their administrative rules is required to issue 125 license types. Licensing provides full license evaluation and support for over half a million licensees. Evaluation includes checking criminal history, verifying education and credentials, reviewing on-the-job experience, and analyzing financial security.

The Licensing division demonstrates the true strength of TDLR's business model. The spirit of teamwork within Licensing permits peaks in the workload to be spread across the division. This surge capacity allows all Licensing teams to assist when seasonal spikes are encountered. During peak times the entire division gives a portion of their day to process these applications.

### Network Systems and Maintenance

Network Systems and Maintenance supports the agency's vision by planning for growth, installing new systems, and maintaining all software and hardware components for the network. The section monitors the agency's information network, operates the Help Desk, and monitors the performance of the Data Center Services partnership. Network Services provides customer satisfaction and rapid response time with fully cross-trained specialists. This section also partners with private sector businesses to support server and telephone services.



the Licensing division reviews applications and issues licenses to qualified applicants



the agency's information network is monitored by the Network Systems section



the Office of the General Counsel manages the agency's legal affairs and advises executives and the Commission

Network Services supports several large locations in Austin and numerous agency field locations throughout the state. New remote software allows timely response to problems at these sites. Through interagency contracts with the Firefighters' Pension Commission and the Texas Commission on the Arts, Network Services assists these agencies with their network operations.

Network Services meets the increasing demand for public information by providing audio streaming and archiving of agency meetings, open and free access to agency documents online, and a cost-effective e-mail notification system. These services have set a high standard for sharing public information.

### Office of the General Counsel

The Office of the General Counsel manages all legal affairs of the agency. It uses a common-sense approach by ensuring agency rules, contracts and policy-making activities are fair and consistent. This approach protects the people of Texas, promotes an efficient regulatory environment, and minimizes the risk of litigation against the state, the agency and its Commissioners and employees.

The General Counsel's Office is responsible for:

- rulemaking and rule review;
- responding to Open Records requests;
- supporting Advisory Boards;
- advising the Commission; and
- drafting contracts and legal opinions for the agency.

The General Counsel's Office works closely with the Office of the Attorney General to pursue court orders, seek the collection of delinquent fines, and to coordinate other legal proceedings that arise. When needed, the division consults with the Office of the Attorney General on new and revised rules and on Open Records requests. The General Counsel, TDLR's Chief Audit Executive and Ethics Officer, serves as the advisor to the Commissioners, Executive Offices, and agency staff concerning pending hearings and cases, bills and new laws affecting the agency, ethics questions, and sensitive legal matters.

Since the beginning of fiscal year 2007, the Office of the General Counsel has improved consistency among the agency's twenty-six programs by:

- repealing 22 rules;
- revising or drafting more than 328 rules adopted by the Commission; and
- coordinating responses to more than 761 open records requests.

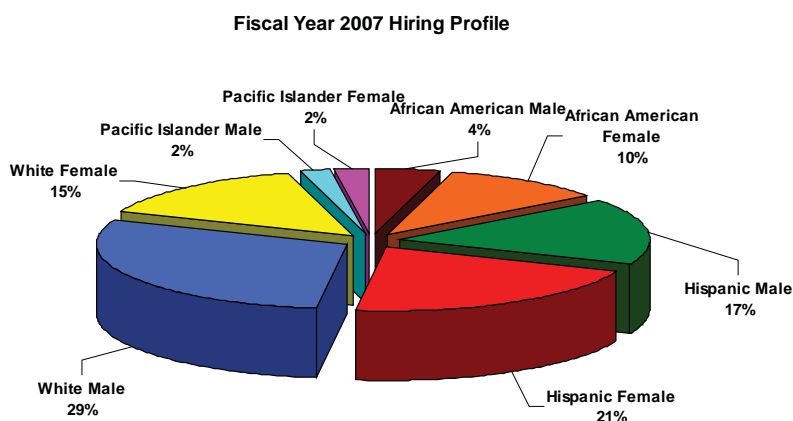
## Agency Make-up and Commitment to a Diverse Workforce

### TDLR Workforce

TDLR's dedicated and knowledgeable staff administer a variety of programs, regulating industries and occupations under its jurisdiction. For the 2008 – 2009 biennium, TDLR has an authorized workforce of 379.5 full-time equivalent positions (FTEs). This fifty-one percent increase in FTEs from fiscal year 2007 resulted from the transfer of the Tow Truck and Vehicle Storage Facility programs and the approval of critical enforcement and customer service related exceptional item requests.

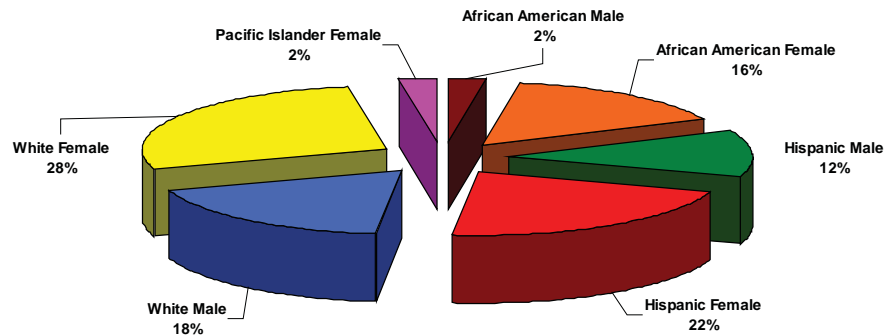
### Commitment to Diversity

Consistent with TDLR's core values of respect and integrity, we meet our commitment to provide equal employment opportunities to all applicants and employees. We are committed to recruiting, selecting, and retaining highly qualified staff that is representative of the state's diverse labor force. The



charts below show the demographic distribution of the forty-eight new employees hired in fiscal year 2007 and the ninety-two hired through the second quarter of fiscal year 2008.

Fiscal Year 2008 Hiring Profile (through February 29, 2008)



In the first quarter of fiscal year 2008, African-Americans and Hispanic-Americans made up sixty-two percent of the agency’s workforce. The following table further shows that diversity, comparing the percentage of African-American, Hispanic-American and female TDLR employees to the statewide civilian workforce, for the time period September 1, 2007 through November 30, 2007.

**Agency Workforce Composition**

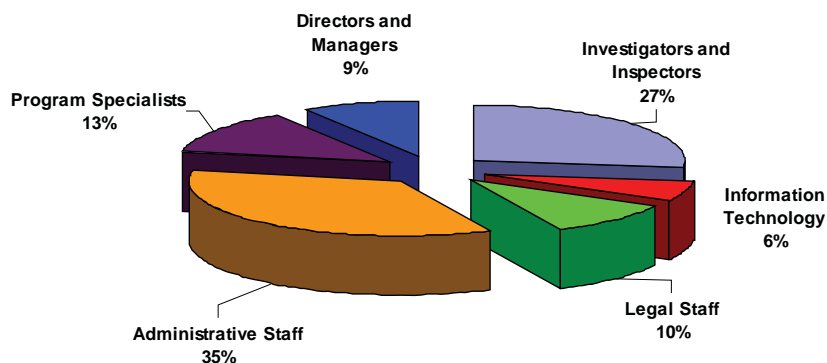
Job Category	African-American		Hispanic-American		Female	
	TDLR %	State %	TDLR %	State %	TDLR %	State %
Officials/ Administrators	23.5	9.8	5.9	13.3	52.9	42.9
Professionals	11.9	15.4	20.9	20.9	40.3	53.7
Paraprofessionals	22.2	19.5	35.2	28.9	85.2	77.7
Technicians	9.2	12.3	28.6	23.9	36.7	44.7
Administrative Support	33.3	18.6	29	29.7	85.5	88.3

TDLR’s workforce mirrors the aging population, and like most organizations, we are facing the retirement of the “baby boomers.” In preparation, TDLR engages in succession planning and targeted recruitment to minimize the gaps in experience and technical knowledge that may be caused by retirements.



The following chart reflects the percentage of employees by job category eligible for retirement through 2011.

Retirement Eligibility by Job Category (through calendar year 2011)

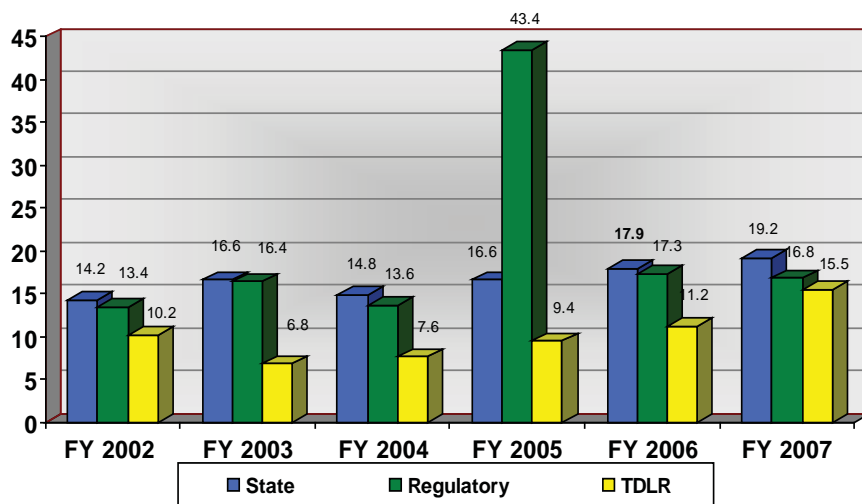


## Employee Turnover and Staff Experience

### Low Turnover

Recruiting and retaining talented and motivated employees in today's competitive business environment is a challenge. Often the most capable employees are pursued by other businesses or agencies, sometimes with offers of higher salaries. TDLR has successfully competed for these employees by creating a satisfying work environment that promotes opportunities for growth. The following graph reflects TDLR's success in employee retention.

Statewide, Regulatory Agencies & TDLR Employee Turnover



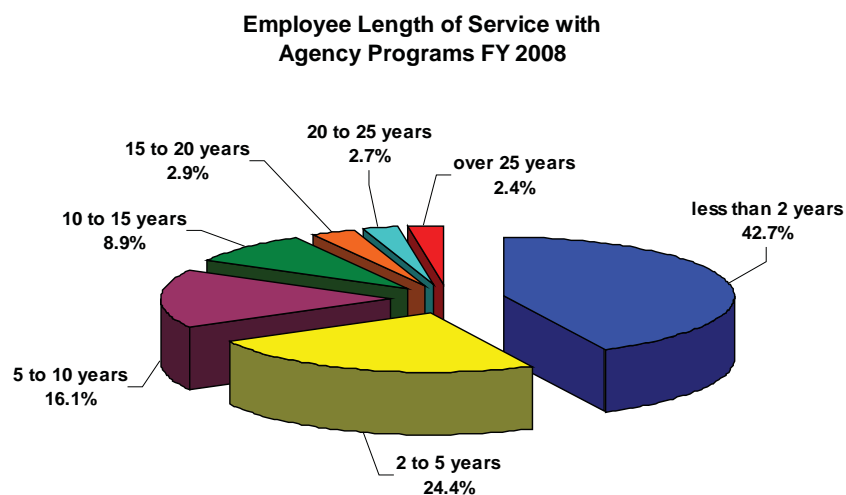


Employees tend to stay with TDLR because of our respect-based culture and our management philosophy that invests staff at all levels with a sense of ownership in the business of the agency. In keeping with our core value of open and free communication, employees are kept informed about events affecting the agency through a variety of means including staff meetings, e-mail notifications, town meetings, and the agency's Intranet. For example, the Human Resources Management Office uses the Intranet to disseminate information relating to insurance, personnel policies, compensation, and benefits to all employees. Our employees also appreciate our employee-friendly management policies that allow a balance of work and personal lives. These policies include flexible or alternative work schedules and our tuition reimbursement policy for employees who choose to pursue job-related education.

While we enjoy a lower than average turnover rate, we continue to monitor the reasons employees leave our agency. When employees resign or retire we ask them to complete a survey regarding their reasons for leaving. We rely on the feedback received to implement changes that will improve the employee experience at TDLR.

### **Highly Qualified Workforce**

TDLR values all its employees – those who have long and rich experience with agency programs and those who bring fresh perspectives from the outside. Approximately seventy percent of our employees have worked with the agency's programs for more than five years. These valued employees provide institutional knowledge and industry expertise, and contribute to the agency's solid customer relationships and strategic planning process. Our newest employees help us see outside ourselves by contributing new ideas that improve our processes and services. Both are essential to the continued vitality of the agency. The chart on the following page shows a breakdown of our employees' length of service.



As the state's umbrella licensing agency, TDLR regulates a variety of businesses and occupations, each with its own specialized body of technical knowledge. We target our recruiting and hiring practices toward individuals whose knowledge, skills and experience are best suited to serve our diverse licensee populations. Through our employment of building design professionals, master electricians, an air conditioning and refrigeration contractor, a meteorologist, and others with technical knowledge and experience in our programs, we are able to effectively regulate these specialized industries. For our enforcement efforts we have been successful in attracting highly qualified investigators and attorneys whose advanced skills allow them to handle cases involving our regulated industries. These include among the investigators a retired FBI agent, a former chief of police, and several former military police investigators. Among the attorneys we employ a former district judge and a former assistant district attorney. For our customer contact needs we have recruited a number of customer service representatives with extensive call center experience from the private sector, including Dell, Sears, Harte-Hanks, Progressive Insurance, and Verizon.

The quality of our workforce is further enhanced by our commitment to training and staff development. We recognize that even the most qualified and experienced employee will benefit from learning new skills or perspectives. Managers are encouraged to maximize training opportunities from sources inside and outside the agency. Agency employees with specialized skills or

knowledge often train other employees. We also take full advantage of other sources of training, such as New Horizons, the Employee Assistance Program, the Attorney General's Office and the Governor's Center for Management Development.

## Fiscal Aspects

### Size of Budget

TDLR's baseline budget for the 2008 – 2009 biennium is \$43,078,180. The 2007 Legislature expanded two existing programs, transferred two programs and added one new program for TDLR to administer. The Air Conditioning and Refrigeration program was expanded by adding the registration of technicians. The Electricians program was expanded to include the licensing and regulation of appliance installers and contractors. The licensing and regulation of tow trucks, tow truck operators, and vehicle storage facilities were transferred to TDLR and the new program added was the registration and regulation of certain Discount Health Care Card programs. The contingent appropriations for operating these programs are included in the chart below.

TDLR APPROPRIATIONS	FY 2008	FY 2009	TOTAL
*Baseline Budget	\$16,766,859	\$16,469,948	\$33,236,807
Article IX, Section 19.02 (Air Conditioning Technicians)	645,092	572,826	1,217,918
Article IX, Section 19.39 (Tow Trucks and Vehicle Storage Facilities)	4,278,047	3,552,857	7,830,904
Article IX, Section 19.41 (Appliance Installers)	223,330	140,605	363,935
Article IX, Section 19.105 (Discount Health Care Card)	226,852	201,764	428,616
Total Appropriations (estimated)	\$22,140,180	\$20,938,000	\$43,078,180

Additionally, House Bill 15, 2007 Legislature, provided \$463,202 in supplemental funds to TDLR that were not a part of the baseline budget, and those funds are reported separately. The funds were provided to settle the remaining debts of the former Cosmetology Commission and the Board of Barber Examiners from the 2004 – 2005 biennium, as well as to cover the unanticipated costs incurred due to the sale of the state-owned building housing the Barber and Cosmetology programs immediately prior to their transfer to TDLR. All former debts have been settled and reported to the Comptroller.

## Method of Finance

Over the course of the 2008 – 2009 biennium, TDLR is required to collect revenues to cover approximately \$40,000,000 in appropriations, the additional contingency requirement of approximately \$2,800,000 and the \$10,400,000 in indirect costs. Indirect costs include items such as the cost for services from other agencies as well as employee medical and retirement benefits. Revenue is generated from fees for license applications and renewals, registrations, plan reviews, inspections and collection of fines. Other sources of revenue, which include appropriated receipts and interagency contracts, contribute approximately \$1,077,000 to the department's biennial revenue.

## Budgetary Limitations

Contingent appropriations for the new and expanded programs awarded to the department in Article IX of the General Appropriations Act (GAA) are shown in the appropriations table above and are subject to concurrence by the Comptroller that the agency will generate sufficient revenue to cover the additional \$1,438,886 of contingent appropriations. This amount must be raised in addition to the \$53,534,087 in revenue required by the GAA for the 2008 – 2009 biennium. The Legislative Budget Board developed contingent appropriations from estimates calculated during the Legislative Session. TDLR's challenge will be to manage expectations should the projected numbers of licensees in new and expanded programs not be consistent with the estimates. For example, the projected number of discount health care card operators will not generate revenue sufficient enough to cover the cost of operating the program.

## Current and Future Budget Needs

### Budgetary Effects of the Continued Expansion of Agency Responsibilities

The department received appropriations for new programs during the 80<sup>th</sup> Legislative Session as well as for additional enforcement and customer service contact center staff. This additional staff, due to the agency's increased responsibilities, has resulted in higher projects costs for:

## Background



leased space will provide plenty of parking for public meetings

- office space;
- furniture;
- electronic equipment; and
- customer service contact center redesign and related software.

Office Space: TDLR's headquarters in the E. O. Thompson building could not accommodate the additional FTEs. In fiscal year 2008, TDLR paid for renovations to the 6<sup>th</sup> floor of the Thompson Building to house the agency's customer service contact center and increased contact center staff. We also paid for the reconfiguration of the Thompson Building to provide space for additional staff. Two office suites were obtained in the Hobby Building but were not sufficient to house all of the additional staff. We were able to secure leased office space in the Twin Towers Building on Clayton Lane to house the remaining staff.

The agency also has field offices in Houston, San Antonio and Fort Worth located in state-owned space. The Houston and San Antonio offices, however, do not have sufficient space for assigned staff. With the current needs, possibility of future growth, and lack of state-owned office space in these areas, TDLR may incur the added expense of open market leases.

Furniture: The increase in staff will require TDLR to purchase some additional furniture and fixtures. We are able to achieve savings by using modular units and furniture as available from State Surplus.

Electronic equipment: Additional desktop and notebook computers will be purchased for new staff as they are hired. Notebook computers are provided to employees required to travel and desktop computers are provided to employees who work in an office. Concurrently with these purchases, the department will continue to "refresh" its inventory of computers consistent with the state's four year schedule.

In addition to equipment for staff, the two new locations also increase the number of network printers/copiers needed to serve remotely located staff. The need for staff training space led to the equipping of two small training rooms in our headquarters building with computers, projectors and related equipment. In addition to Commission and Advisory Board meetings, the larger meeting room at the Twin Towers Building will also house the Architectural

Barriers “Texas Accessibility Academy” and other training seminars with large numbers of attendees.

### **Data Center and Disaster Recovery Services Consolidation**

The cost of the data center and disaster recovery services consolidation has been greater than expected. For fiscal year 2008, the Texas Department of Information Resources’ (DIR) original estimate of TDLR’s cost was \$163,630. Fiscal year 2008 billings through March, only the seventh month of the fiscal year, indicate that the actual cost will be at least 1.5 times the projected cost. Billings to date from DIR for the consolidation have been based on outdated and incorrect information. Each invoice has been carefully analyzed and disputed with corrected amounts forwarded to DIR. This continued lack of current information about project costs will make projections for the 2010 and 2011 Legislative Appropriation Request difficult. This consolidation has also required a greater commitment of time from agency staff than originally planned. In addition to the in-scope contract costs, the agency will incur significantly increased costs for network bandwidth, a direct result of the data center services consolidation.

### **Future Needs and Lessons Learned**

The Texas Legislature continues to assess and consider other licenses and regulatory duties that may be viable candidates for consolidation or transfer to increase efficiency and achieve cost savings. Because TDLR has established a successful record of undertaking such programs, the agency may continue to see additional growth in the upcoming session. TDLR will work closely with the Legislature to ensure that the lessons learned from previous sessions are applied to new programs and program transfers. These lessons include evaluating and providing the necessary resources to address:

- cost of office space;
- cost of data processing with data center consolidation;
- need to increase the out-of-state travel cap;
- retention of skilled staff (workforce initiatives);
- cost and time of database conversions; and
- liabilities such as outstanding court cases or unpaid expenditures from consolidated agencies.

## Background



the E. O. Thompson building is TDLR's headquarters

### Capital and Leased Needs

TDLR's headquarters is in the E.O.Thompson Building, a state-owned building managed by the Texas Facilities Commission (TFC). During fiscal year 2008, the agency incurred additional facility costs because of the increased responsibilities given to it by the 2007 Legislature. As the agency's staff grew, additional space was needed to accommodate them. Although TDLR obtained additional space in the state-owned William Hobby Building, more was needed. Since adequate state-owned facilities were not available, we leased space in the Twin Towers Building, and relocated our Enforcement division there. The Twin Towers Building will also provide a large meeting room that will be used for Commission and Advisory Board meetings and the Architectural Barriers "Texas Accessibility Academy." The building is surrounded by free parking that will make meetings more accessible to the public and our licensees.

Renovations were completed at the Thompson Building, providing appropriate space for the customer service contact center. Additional renovation is underway to accommodate added staff.

The agency leased two 2004 4WD Chevrolet Tahoes and, at the end of the lease in January 2007, took advantage of the \$1.00 per unit bargain purchase option. We will monitor the condition of the vehicles, but current plans are to replace them during fiscal year 2009. There are no plans to lease additional vehicles at this time.

During 2008 and 2009, the increase in staffing will require TDLR to order computers and software licenses to accommodate the new employees. Also, TDLR's four year computer replacement schedule will require the replacement of forty-eight computers during fiscal year 2008; sixteen computers in fiscal year 2009; fifty-five computers in fiscal year 2010 and sixty-six in fiscal year 2011.

The Network Systems and Maintenance section is also considering the purchase of a network access control device to verify and check incoming data to further protect against viruses and intrusions. With an increasing number of staff located outside of agency headquarters, the Austin agency personnel operating from three locations and access by the Team for Texas as part of the data center and disaster recovery services, the security environment must continue to be strengthened.

## Historically Underutilized Businesses

TDLR has consistently exceeded the state averages for purchases and contracts in the areas of professional services, commodity purchasing and other services from historically underutilized businesses (HUBs). Since TDLR's last strategic plan, the agency was recognized by the Texas Association of African American Chambers of Commerce for the number of purchases made and contracts with HUBs. For fiscal year 2007, TDLR's HUB purchasing at 36.3 percent was two and a half times the statewide average of 13.8 percent.

The chart below compares TDLR's performance in HUB purchasing to the statewide HUB purchasing for fiscal years 2005 through 2007.

