

focused on the

VISION

to be a

MODEL

STATE AGENCY



TEXAS DEPARTMENT OF LICENSING AND REGULATION

TEXAS COMMISSION OF LICENSING AND REGULATION

2007 - 2011 STRATEGIC PLAN

**Focused on the Vision
to be a Model State Agency**

STRATEGIC PLAN

FOR THE FISCAL YEARS 2007 – 2011

BY THE

Texas Commission of Licensing and Regulation

and the

Texas Department of Licensing and Regulation

Commission Member	Term	Hometown
Gina Parker, <i>Chair</i>	02/01/11	Waco
LuAnn Morgan, <i>Vice-Chair</i>	02/01/09	Midland
Lewis Benavides	02/01/11	Oak Point
Lilian Norman-Keeney	02/01/11	Taylor Lake Village
Mike Arismendez	02/01/09	Shallowater
Fred N. Moses	02/01/09	Plano
Bill C. Pittman	02/01/07	San Antonio

Submitted July 7, 2006

Signed:



Executive Director

Approved:



Commission Chair

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The Vision, Mission and Philosophy of Texas State Government

Governor Rick Perry's Vision for Texas

Working together, I know we can accomplish our mission and address the priorities of the people of Texas. My administration is dedicated to creating greater opportunity and prosperity for our citizens, and to accomplish that mission, I am 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 that will lead to more prosperity for 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.



Rick Perry, Governor of Texas

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	<i>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.</i>
Benchmarks	<p><i>Percent of state professional licensee population with no documented violations.</i></p> <p><i>Percent of new professional licensees as compared to the existing population.</i></p> <p><i>Percent of documented complaints to professional licensing agencies resolved within six months.</i></p> <p><i>Percent of individuals given a test for professional licensure who received a passing score.</i></p> <p><i>Percent of new and renewed professional licenses issued via Internet.</i></p>

TDLR's Relationship to the Goal and Benchmarks: TDLR impacts this Goal and these Benchmarks through the following performance measures and its participation in the TexasOnline project – licensed auctioneers, air conditioning and refrigeration contractors, barbers, cosmetologists, electricians, and legal services contract sales representatives may renew online.

- Average time for complaint resolved.
- Percent of documented complaints resolved within six months.
- Percent of licensees who renew online.
- Percent of licensees with no recent violations.
- Percent of individual licensees issued online.
- Number of individuals examined.
- Pass rate.

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 reports.

TDLR's Relationship to the Goal and Benchmarks: TDLR impacts this goal and these benchmarks through the following performance measure, its online abandoned well reporting system, the groundwater protection activities of its Water Well Drillers and Pump Installers program, and a memorandum of understanding with the Texas Commission on Environmental Quality and local groundwater conservation districts.

- Number of complaints resolved.

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; ensuring the state's bonds attain the highest possible bond rating; and conservatively managing the state's debt.*

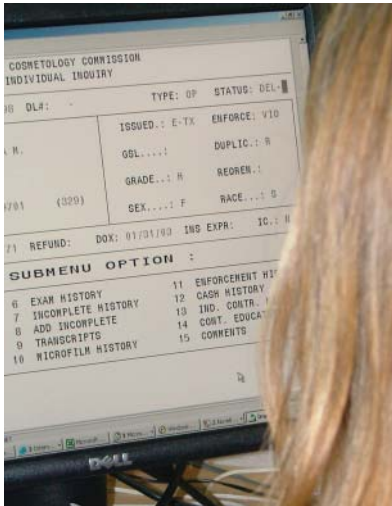
Benchmarks *Total state spending per capita.*
Number of state employees per 10,000 population.
Number of state services accessible by Internet.
Savings realized in state spending by making reports/documents/processes available on the Internet.

TDLR's Relationship to the Goal and Benchmarks: TDLR impacts this goal and these benchmarks through the following performance measures and its commitment to utilizing its website as its primary means of

communication and delivery of services.

- Average cost per information request filled.
- Number of information requests filled.
- Percent of licensees who renew online.
- Percent of individual licenses issued online.

The Vision, Mission and Philosophy of the Texas Department of Licensing and Regulation



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

TDLR's vision to be the model state agency includes setting the standard for customer service.

As stewards of the public trust we regulate in a firm, fair and consistent manner; provide the highest level of customer service; serve the citizens of Texas with maximum efficiency and fairness; value the dignity and worth of our employees; grow leaders that embody a culture of change and innovation; and ensure wise and strategic use of public resources.

Statutory Basis

Chapter 51 of the Texas Occupations Code designates the Texas Department of Licensing and Regulation (TDLR or the department) as the primary state agency responsible for the oversight of certain businesses, industries, general trades and occupations. The Governor, with the advice and consent of the Senate, appoints seven public members to the Texas Commission of Licensing and Regulation (Commission) for staggered six-year terms to oversee and direct the activities of the department.

The duties of the Commission are to:

- formulate the policy objectives of the department;
- approve the department's strategic plan, operating budget and requests for legislative appropriations;



TDLR sets the standard for innovation among state agencies

- adopt rules as necessary to implement the laws administered by the department;
- impose administrative penalties and/or sanctions against individuals and businesses who violate laws, rules and/or orders administered by the department;
- approve appointment of members to the department's Advisory Boards;
- set fees to cover the costs of administering the department's programs and activities; and
- supervise the Executive Director's administration of the department.

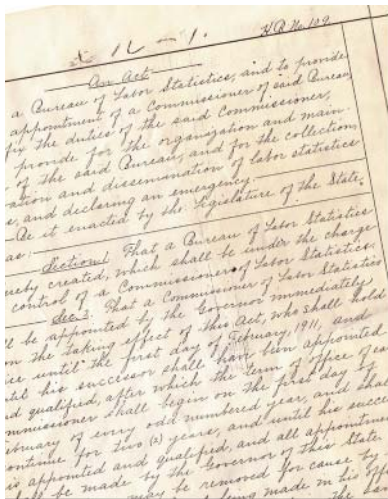


TDLR strives to be the model of efficiency for state agencies

The functions of the Executive Director are to:

- manage the day-to-day operations of the agency, administering and enforcing the department's programs;
- issue licenses authorized by law;
- issue cease and desist orders and refer certain matters to the Office of the Attorney General for injunctive relief and collections;
- impose administrative penalties against individuals and businesses who violate laws, rules or orders administered by the department; and
- perform duties assigned by the Commission and other duties specified by law.

Historical Perspective



the original hand-written statute creating the Bureau of Labor Statistics in 1909

TDLR's predecessor, the Bureau of Labor Statistics (Bureau), was created by statute in 1909. The Bureau enforced labor laws, inspected factories, collected and disseminated Texas labor data and took action to encourage economic growth in the state. Over time, the Bureau took on additional regulatory functions, and in 1975 its name was changed to the Texas Department of Labor and Standards. In 1989, the 71st Legislature created the Texas Department of Licensing and Regulation as the state's umbrella licensing agency, charged with overseeing certain businesses, industries, general trades and occupations. In 2003, the 78th Legislature affirmed this charge, continuing the agency for another twelve years. Two years later, the 79th Legislature abolished the Board of Barber Examiners and the Texas Cosmetology Commission and transferred the licensing and regulation of barbers and cosmetologists to TDLR. Currently the department administers the following twenty-three regulatory and licensing programs (showing the statutory citation and original year of enactment):

Business and Occupations

- 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)
- 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)
- For-Profit Legal Services Contracts (Chapter 953, Occupations Code) (2003)
- Loss Damage Waivers (Chapter 35, Business and Commerce Code) (2003)

Professional

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



Auctioneers are one of the three Professional license types that are administered by TDLR

Building and Mechanical



There are six Building and Mechanical programs under TDLR, including Air Conditioning and Refrigeration Contractors

- Boilers (Chapter 755, Health and Safety Code) (1937)
- Architectural Barriers (Chapter 469, Government Code) (1969)
- Air Conditioning and Refrigeration Contractors (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)



Water Well Drillers are one of the three Natural Resources programs administered by TDLR

Main Functions

The department is the only state agency that regulates such a diverse array of businesses, industries, general trades and occupations. Although these industries and occupations differ considerably, TDLR has identified the following common regulatory areas and has aligned itself functionally for maximum efficiency and effectiveness:

- Administrative – provides expertise in executive management, financial management, human resources, information technology, legal counsel, governmental relations, policy development and Commission and Advisory Board support;
- Compliance – conducts inspections, provides program expertise and monitors third-party inspectors;
- Customer Support – communicates information through a centralized call center and responds to electronic and in-person inquiries;
- Education and Examination – reviews and approves pre-licensing and continuing education course content and providers, and manages the development and administration of examinations;
- Enforcement – investigates complaints from consumers, industry, municipal officials, as well as other divisions within the agency, and prosecutes violators; and
- Licensing – issues licenses, registrations, certificates and permits.

Texas Commission of Licensing and Regulation



The Texas Commission of Licensing and Regulation is the policy-making body for the Department.

The Texas Commission of Licensing and Regulation is the policy-making body for the department. The Commission is composed of seven public members who volunteer their time without compensation and have no financial interest in any business or profession regulated by TDLR. The Commissioners are professionals who bring to agency operations a real-world perspective and insight gleaned from individual achievements. Their contributions and oversight are essential to maintaining TDLR's common-sense approach to regulation and efficiency.

The members represent the public interest and come from diverse professional backgrounds and geographical regions of the state. Current membership includes Commissioners from the Dallas area, Houston area, Central Texas, East Texas, West Texas and the Panhandle.

The Commission's duties include:

- approving and overseeing the agency budget,
- reviewing and adopting rules,
- adopting final administrative orders for contested cases, and
- hiring and setting the salary for the Executive Director.

The Commissioners are appointed to staggered six-year terms by the Governor, subject to the approval of the Texas Senate. The Governor also appoints the presiding officer of the Commission, who serves at the pleasure of the Governor. Commissioners receive training from the Office of the Attorney General and TDLR's Office of the General Counsel on open meeting and public information laws and other laws related to public officials.

The Commission is the foundation for TDLR's common-sense approach to limited governmental regulation. Before a rule is adopted, the Commission weighs the impact that the rule will have on consumers and

licensees. This balanced approach promotes public protection and ensures that the regulatory process and rules are not unnecessarily burdensome. The Commission takes the same approach to enforcement and licensing matters, carefully considering each issue and case on its individual merits.

As private citizens who are not professionally engaged in any of the businesses or trades regulated by TDLR, Commissioners rely on the industry expertise of Advisory Boards composed of subject matter experts from the regulated industries. These Advisory Boards review and make recommendations to the Commission on rule proposals, examination content, continuing education and other areas affecting those businesses and trades. While Advisory Board recommendations are not binding, they are given careful consideration and weight by the Commission.

To make certain that the Commission has a first-hand understanding of the recommendations of these Advisory Boards, the chairman appoints individual Commissioners to serve as liaisons between each Advisory Board and the Commission. The liaison's role is to ensure that industry concerns, as voiced by the Advisory Board, are considered in Commission deliberations.



Chairman Gina Parker

- Medical Advisory Committee (Combative Sports)
- Weather Modification Advisory Committee



Mike Arismendez

- Architectural Barriers Advisory Committee
- Advisory Board on Barbering
- Medical Advisory Committee (Combative Sports)
- Weather Modification Advisory Committee



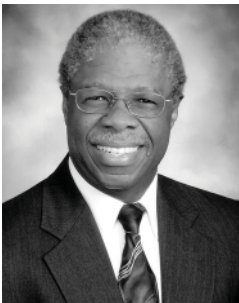
Lewis Benavides

- Board of Boiler Rules
- Elevator Advisory Board
- Texas Industrialized Building Code Council



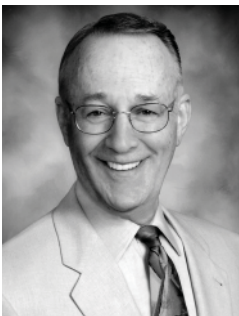
LuAnn Morgan, Vice-Chair

- Air Conditioning and Refrigeration Contractors Advisory Board
- Advisory Board on Barbering
- Electrical Safety and Licensing Advisory Board
- Water Well Drillers Advisory Council



Fred Moses

- Air Conditioning and Refrigeration Contractors Advisory Board
- Board of Boiler Rules
- Electrical Safety and Licensing Advisory Board
- Elevator Advisory Board
- Texas Industrialized Building Code Council
- Water Well Drillers Advisory Council



Bill Pittman

- Auctioneer Education Advisory Board
- Licensed Court Interpreter Advisory Board
- Property Tax Consultants Advisory Council
- Vehicle Protection Product Warrantors Advisory Board



Lilian Norman-Keeney

- Advisory Board on Cosmetology

TDLR is a pioneer in developing technological approaches to information dissemination. These innovative approaches have allowed TDLR to overcome the geographical challenges posed by the vast size of Texas. Live and archived audio web-casting of Commission and Advisory Board meetings allows licensees and other interested parties to listen to the meetings on the Internet from anywhere. TDLR also uses free email notifications tailored to each regulated program to inform subscribers of pending rule changes and other relevant information.

Organizational Structure and Process

COMPLIANCE

The Compliance division ensures: the accessibility of buildings and facilities; the safety of boilers, elevators and escalators, combative sports events, water well drilling/construction, industrialized housing and buildings, weather modification activities, electrical power and wiring systems, and air conditioning and refrigeration systems; and, most recently, the safe practice of barbering and cosmetology. The division is organized into three sections:

- Building and Mechanical section
- Business and Occupations section
- Field Operations

The division provides program management and oversight for the following programs:

- Architectural Barriers
- Barbers
- Boilers
- Combative Sports
- Cosmetology
- Electricians
- Elevators, Escalators and Related Equipment
- Financial Programs
- Industrialized Housing and Buildings
- Water Well Drillers and Pump Installers
- Weather Modification

Division staff also provides subject matter expertise and a single point of contact for most agency programs. For example, Building and Mechanical section staff answers building owner questions about the State's regulations relating to accessibility for persons with disabilities, proper installation of electrical power and wiring and the safe operation and maintenance of boilers and elevators. Business and Occupations section staff provides expertise and customer service for such varied professions as barbers, combative sports, cosmetology, service contract providers, vehicle protection plans, water well drilling and weather modification. Field Operations staff provides on-site inspection, education and investigation services to ensure that business owners, building owners and licensees operate in a safe and ethical manner.



Further, comprehensive website information developed and maintained by the division assists agency staff in its regulatory and educational duties, and keeps the agency's licensees and the affected public well informed. Also, the division's culturally diverse staff helps the agency in providing information and education for all of its licensees.

Building and Mechanical Section Programs

The **Architectural Barriers** program ensures that persons with disabilities are not denied access to services and employment opportunities in new and renovated buildings and facilities. Program staff coordinates the review of building plans prior to construction, and inspection of buildings and facilities after completion of construction, to ensure compliance with the Texas Accessibility Standards. Program staff performs some of these reviews and inspections; however, their primary duties are oversight of the increasing review and inspection services provided by department third-party Registered Accessibility Specialists (RAS). Staff also analyzes and makes determinations on requests for waivers or modifications of the standards, and provides training for design professionals, building owners, municipal officials, RAS and other interested parties.

The **Boilers** program ensures the safe installation and operation of boilers (including those at the South Texas and Comanche Peak nuclear power plants) through regular inspections, and dissemination of important safety information, in English and Spanish. Boilers are inspected on a periodic cycle by “Commissioned” inspectors; third-party inspectors inspect insured boilers; and program staff inspects uninsured boilers. The almost 56,000 boilers registered in Texas are located in facilities such as schools, hospitals, nursing homes, car washes, dry cleaners, laundries, apartment and office buildings and almost any public gathering place. Program staff also provides valuable certification review services for the numerous boiler and pressure vessel manufacturing and repair businesses in Texas. These certification inspections, performed on behalf of two international certification organizations, allow these businesses to use the organizations’ trademark stamps, which certify compliance with the construction and repair safety codes developed by these organizations.



Boilers are inspected periodically by TDLR Commissioned inspectors

The **Electricians** program advances the safe installation of electrical work in Texas through the assessment of qualifications of electrician applicants and the interpretation of the adopted electrical safety code. Program staff serves as the primary liaison to the public, providing information and education for licensees, the industry, municipal and regional licensing authorities and consumers, and also acts as liaison to the Electrical Safety and Licensing Advisory Board. Staff also assists in field investigations, in resolution of technical matters related to complaints and provides technical assistance for the air conditioning and refrigeration contractors program.



The **Elevator Safety** program protects those who ride or work on elevators, escalators, moving walks and related equipment in Texas through inspections, certification and interpretation of adopted safety standards. Program staff guides and educates the third-party Qualified Elevator Inspectors (QEIs), regulates registered elevator contractors, assists owners and operators of elevators and escalators, identifies unregistered and un-inspected equipment and investigates accidents. In addition, the program’s proactive outreach through regular presentations to QEI inspectors, contractors and building owners and managers,

ensures consistent application of and compliance with adopted safety standards.

The **Industrialized Housing and Buildings** program ensures that modular buildings in Texas meet the State's regulatory requirements under the direction of the Governor-appointed Texas Industrialized Building Code Council. Industrialized houses and buildings are constructed at manufacturing plants in Texas and other states according to the same nationally recognized building codes used for site-built buildings and homes. Program staff performs on-site certification of manufacturing plants to ensure their operations result in compliance with adopted codes. Staff also facilitates reviews of plans, inspections of units as they are assembled and installed, audits of manufacturers and builders, and monitors third-party plan reviewers and inspectors. The effects of recent hurricanes in Texas have dramatically increased the demand for industrialized housing and buildings and the manufacturing plants to construct them, placing tremendous demand on program staff.



Business and Occupations Section Programs

The **Barber** program ensures that those providing barber services such as haircuts and shaves do so in a safe and sanitary manner. Program staff provides expertise on such functions as field inspections and application of laws, rules and sanitation/safety standards, and serve as liaison to the Advisory Board on Barbering. Since September 1, 2005, program staff, working in partnership with the Advisory Board, state and county health and medical experts, and barbers across the state, coordinated a comprehensive reorganization and update of sanitation requirements, effective March 1, 2006, to further ensure the safety of barber shop customers.



The **Combative Sports** program promotes the safety and fair treatment of combatants, as well as the safety of the general public attending boxing and mixed martial arts events. Staff coordinates numerous activities for the program, including oversight of licensees, and training and oversight of agency and third-party inspectors, and licensed ring officials. Event activities begin weeks in advance of the event and continue after it. Activities include: ensuring contestants' skills are properly matched; verifying contestants' compliance with health requirements, including pre-fight physicals and medical tests, and post-fight medical assessments; conducting weigh-ins; confirming that necessary medical personnel and

equipment, including an ambulance, are onsite; and, making certain that promoters meet their financial obligations pursuant to the event, including payment of contestants.

The **Cosmetology** program ensures that cosmetology services, including facials, manicures and pedicures, are provided in a safe and sanitary manner. Program staff provides expertise for field inspections and the application of program laws, rules and sanitation/safety standards, and serves as liaison to the Cosmetology Advisory Board. As in the Barber program, program staff, with input from state and county health and

medical professionals, cosmetologists, and the Advisory Board, coordinated a comprehensive reorganization and update of sanitation requirements, effective March 1, 2006, to further ensure the safety of salon clients.

The **Financial Programs** section provides expertise, guidance and oversight for programs such as For-profit Legal Services Contracts, Loss Damage Waivers, Service Contract Providers and Vehicle Protection Product Warrantors. To ensure fair and adequate regulation, staff also provides expertise on matters related to insurance, bonding and net worth requirements, for programs such as Combative Sports, private Barber and Cosmetology schools, Personnel Employment Services, Staff Leasing Services, Property Tax Consultants and Talent Agencies.



The **Water Well Driller and Pump Installer** programs work to ensure the integrity of state groundwater for the safety and welfare of the public.

Program staff is responsible for enforcing the statutes and rules pertaining to: qualifications of licensees; well construction and location standards; proper water well pump installation; and plugging of abandoned and deteriorated wells. Staff also develops program rules and standards, provide technical assistance, manage the Abandoned Well Notification database,

conduct educational/training presentations; and assist in review of applicant qualifications, investigation of complaints, development of examination content, and evaluation of continuing education programs.

The **Weather Modification** program works closely with groundwater districts and other governmental entities throughout Texas to design and implement safe rain enhancement and hail suppression operations through use of technologies such as cloud seeding. Staff provides expert scientific advice to the licensees, manages federally funded weather modification research in Texas, processes applications for program licenses and permits, and acts as liaison to the Weather Modification Advisory Committee.

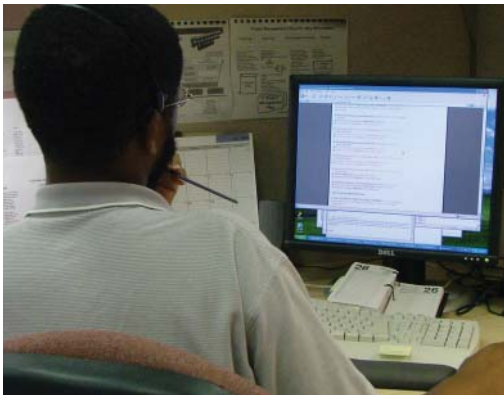


Field Operations Section

Field Operations staff provides education and face-to-face assistance to customers across the state by conducting on-site inspections; disseminating information directly to licensees; performing field investigations; and monitoring third-party inspectors to ensure consistent application of safety requirements and building standards. Field Operations staff is located throughout the state, providing comprehensive coverage while reducing travel costs and many are cross-trained in numerous agency programs, which further enhances efficient, cost-effective regulation. Field Operations functions include:

- inspections of barber and cosmetology establishments to ensure compliance with sanitation/safety standards;
- inspections of boilers to verify compliance with adopted safety standards;
- inspections of buildings and facilities to verify compliance with accessibility standards;
- audits of department regulated third-party inspectors;
- inspections of combative sports events to ensure compliance with safety standards;
- investigations of unlicensed activity and of unregistered construction projects, boilers and elevators or escalators; and
- on-site investigations of consumer complaints, including those relating to possible unsanitary conditions at barber and cosmetology establishments.

CUSTOMER SERVICE



The Customer Service section is the cornerstone of TDLR's communication initiatives. Its role is to provide excellent customer service daily, ensuring the right information gets to the right person at the right time. The Customer Service section provides information to customers by telephone, email and in person. TDLR's knowledgeable customer service representatives are cross-trained to provide information on TDLR's twenty-three programs which serve more than 510,000 licensees.

To better manage its inordinately high and rising volume of telephone and email inquiries, Customer Service staff examined several private and public sector call centers to identify best practices. While the implementation of these best practices has allowed TDLR to maximize the utilization of its existing resources, human and technical, to ensure excellent customer service is achieved, the need for increased appropriations continues to exist.

EDUCATION AND EXAMINATION

The Education and Examination division ensures that candidates satisfy pre-licensure education and examination requirements and complete the required continuing education for each renewal period.

In fiscal year 2006, the addition of the Barber and Cosmetology programs more than doubled the workload of the Education and Examination division by increasing the number of licensees subject to continuing education to 239,000 and bringing the total of examinations administered to 31,795.

Education Section

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



section:

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

Of TDLR's twenty-three programs, eight have a continuing education requirement for license renewal. The table below shows the number of continuing education hours required for each renewal period and the number of licensees who must complete continuing education for each occupation.

Occupation	Hours Required	Population
Cosmetologists	12	163,628
Electricians	4	56,796
Air Conditioning and Refrigeration Contractors	8	12,403
Auctioneers	6	2,762
Water Well Drillers and Pump Installers	4	1,654
Property Tax Consultants	12	1,134
Licensed Court Interpreters	8	618
Registered Accessibility Specialists	8	394

During fiscal year 2005, the section reviewed and approved 146 continuing education providers along with 208 of their courses. For the first half of fiscal year 2006, the section has reviewed and approved thirty-two new providers, renewed 112 providers and reviewed and approved 220 courses.

Examination Section

The Examination section is primarily responsible for overseeing the development and administration of TDLR's examination activities, including those offered by third-party vendors. A psychometrically valid process is followed to ensure that those licensees satisfying the examination requirements for licensure will be competent to provide services to the citizens of Texas.

The Examination section responsibilities include:

- working with industry subject matter experts and Advisory Board members to review and update examination content;
- assessing the effectiveness of, and the need for changes to, the examinations by coordinating with examination vendors;
- providing information, including pass rate data, to schools and instructors regarding the examination process; and
- ensuring that only eligible applicants take an examination.

In March 2006, TDLR began offering the barber and cosmetology practical and written examinations in various locations throughout the state. With the offering of the practical examinations throughout the state, TDLR eliminated the historical backlogs created by requiring applicants to test exclusively in Austin.

Today, barber and cosmetology applicants may take the practical examination within days of eligibility at a location near their home, reducing the time and costs of travel.

TDLR now has ten regulated occupations requiring examination for licensure (see table below). The department offers computerized examinations in seventeen locations and practical examinations in eight locations around the state.

Occupation	Annual Number of Exams
Cosmetologists	23,469
Electricians (given by International Code Council)	3,604
Air Conditioning and Refrigeration Contractors	2,192
Barbers	1,950
Well Drillers and Pump Installers	217
Auctioneers	142
Licensed Court Interpreters	99
Registered Accessibility Specialists	75
Property Tax Consultants	31
Boilers (given by TDLR staff)	16

ENFORCEMENT

The Enforcement division is responsible for investigating and resolving complaints in all twenty-three programs regulated by TDLR. Complaints are received from a variety of sources – consumers, industry, municipal officials, as well as other divisions within the agency, primarily the Compliance and Licensing divisions. Complaints are also generated directly by Enforcement personnel, through proactive field operations designed to uncover evidence of unlicensed activity and other violations.



The Enforcement division’s functional alignment creates a streamlined process for the fair and efficient management of complaints, from initial filing to investigation to final resolution.

- The Intake section verifies the agency’s jurisdiction and performs initial research on each complaint filed, recommending whether an investigation should be opened.
- The investigator assigned to each opened case develops a detailed account of the facts through witness interviews, documents, and when necessary, on-site inspections. A detailed written report is prepared upon conclusion of the investigation.
- The Prosecution section ensures the proper disposition of each case, pursuing administrative penalties or license sanctions where violations are found, and issuing appropriate closing letters when the evidence does not indicate violations. When a complaint cannot be resolved through settlement, the Prosecutor represents the department before the State Office of Administrative Hearings and the Texas Commission of Licensing and Regulation.

The division’s alignment provides efficiency and promotes a notable cohesiveness within the unit. This alignment also allows the division to remain flexible and responsive to workflow fluctuations, such as the

1,628 electrician cases involving criminal convictions processed in 2004. On September 1, 2005, the division assumed responsibility for approximately 7,700 pending cosmetology complaints when the program was transferred to TDLR following dissolution of the agency. These pending cases were received in various stages of disposition, including final orders, payment plans, new consumer complaints and pending Proposals for Decision and notices of alleged violation. The division has made remarkable headway in clearing this inherited backlog, while continuing to manage the regular workload of new complaints received daily in all twenty-three programs.

Consistency in the investigation and resolution of complaints is an essential element of TDLR's firm, fair and efficient enforcement philosophy. This is achieved by adhering to three guiding documents: the Complaint Resolution Procedures Manual, the Enforcement Plan and the Criminal Conviction Guidelines for each license type. These documents are periodically revised and approved by the Commission. The Complaint Resolution Procedures Manual provides operating procedures applicable to the duties and responsibilities of each functional area. The Enforcement Plan describes the range of penalties and license sanctions that apply to specific violations of the statutes and rules enforced by the agency. The Criminal Conviction Guidelines assist in evaluating the suitability of a candidate for a license.

EXECUTIVE

The Office of the Executive Director provides the leadership and motivation for achieving the agency's strategic vision, manages the day-to-day operation of the agency, implements Commission objectives and ensures agency compliance with statewide goals. The Executive Offices' success is guided by a respect-based management philosophy and a commitment to open communication with our employees and the customers we serve – the people of Texas.

The Executive Director and his staff performs the following key functions:

- supports the Commission and Advisory Boards;
- recommends fee changes, budgetary proposals and Advisory Board appointments to the Commission;
- assesses administrative sanctions (denial, suspension, revocation and probation of a license);
- issues cease and desist orders as provided by law;
- reviews, drafts and proposes administrative rules;
- develops and implements strategic planning initiatives;
- authorizes grants from the Auctioneer Education and Recovery Fund;
- provides policy direction for workforce planning, recruitment, employee relations, benefits and compensation, performance management and staff development;
- represents the agency and provides testimony before the Legislature;
- acts as agency's liaison with governmental entities; and
- responds to media inquiries and issues press releases about the department's activities.



l-r, Deputy Executive Director Brian Francis and Executive Director Bill Kuntz attend a focus group meeting for Barbers and Cosmetologists

FINANCIAL MANAGEMENT

The Financial Management division manages the agency's fiscal resources in compliance with state and federal laws and is aligned functionally into four distinct teams under an Accounting Manager: (1) Budget and Reporting, (2) Expenditure, (3) Purchasing and (4) Revenue, which includes the Administrative Support mail team. Each team operates cross-functionally, enhancing the development of institutional knowledge and fostering creativity. The division develops the legislative appropriation requests, monitors TDLR's annual budget and prepares all fiscal reports for the agency. The Financial Management division ensures compliance with various spending limits, such as the out-of-state travel expenditure cap, and monitors purchasing and capital asset requirements. Key functions of the division are:



- Accounting;
- Budgeting;
- Cash receipts;
- Expenditure and payment processing;
- Financial interfaces for USAS information and the TexasOnline portal;
- Fixed Asset Management;
- Historically Underutilized Business program management;
- Mail services;
- Purchasing, property and contract administration;
- Risk Management; and
- Vehicle fleet management.

OFFICE OF THE GENERAL COUNSEL

The Office of the General Counsel oversees all legal aspects of agency operations. It employs a common sense approach by ensuring that agency rules, contracts and other regulatory activities are fair and consistent. This approach effectively protects the people of Texas, fosters an efficient regulatory environment and minimizes the risk of litigation against the state, the agency and its Commissioners and employees. Specifically, the General Counsel's office is responsible for rule review and rulemaking, responding to Open Records requests, supporting Advisory Boards and the Commission, and drafting contracts and legal opinions for the agency and the twenty-three programs it administers.



The General Counsel's Office also coordinates with the Office of the Attorney General in seeking injunctions and collections of delinquent fines, as well as other litigation that may arise. The General Counsel serves

as Chief Audit Executive and advisor to the Commissioners and Executive Offices on pending litigation, agency initiatives, ethics questions and sensitive legal matters.

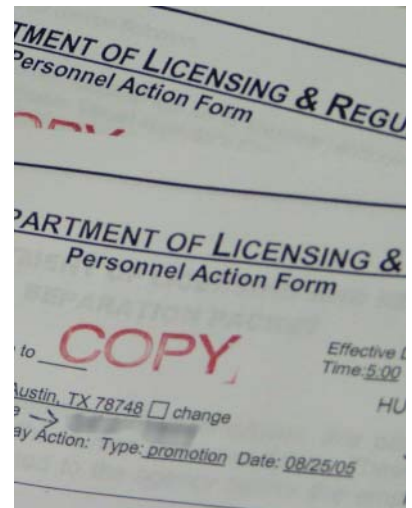
Since the beginning of fiscal year 2005, the Office of the General Counsel has:

- improved consistency among the agency's twenty-three programs by initiating action for repeal of 170 rules and revising or drafting more than 300 rules adopted by the Commission;
- developed emergency rules to respond timely to the Hurricane Katrina and Rita disasters; and
- coordinated more than 1,045 Open Records request responses, seeking opinions from the Texas Attorney General's Office when appropriate.

HUMAN RESOURCES

The Human Resources Management Office supports TDLR by providing a healthy, positive and equitable work environment conducive to attracting, developing and retaining qualified and dedicated employees. To that end, and with the focus on quality service to employees, the Office provides support in the following areas:

- Recruitment and hiring;
- Training and career development;
- Employee benefits;
- Developing and maintaining personnel policies and procedures to ensure compliance with state and federal law;
- Compensation and related matters;
- Employee relations;
- Performance management;
- Workforce Planning;
- Detection and prevention of employee fraud; and
- Representation on personnel matters.



INFORMATION TECHNOLOGY

Network Services

Network Services supports the agency's vision and mission by planning, installing and maintaining the software and hardware components for the agency's network. The Network Services section, through TDLR's webmaster, is primarily responsible for supporting TDLR's website. Their scope of responsibility includes nearly 300 computer workstations in various TDLR locations across Texas, as well as its data center with its many technologies including file servers, routers, firewalls and switches.

The highly skilled members of the Network Services section are very effective in troubleshooting, as well as in their ability to understand the



needs of the agency even as it continues to grow. This became evident when the agency recently swelled by twenty-nine percent with no growth in IT support staff. The Network Services section also provides hardware and network support to The Firefighters' Pension Commission and the Texas Commission on the Arts.

The Network Services section continues to meet increasing demand for information available to the public, through RealAudio streaming and archiving of our meetings, web portals for the online imaging system and rapid response through the email notification service.

TDLR is able to maintain a high level of network security through its adherence to industry standards on software patch management and its vigilant enforcement of strong password protection policies. Additionally, through its network monitoring software, the section is able to observe in near real-time, fluctuations in our server hardware environment which allows us to respond appropriately.

In response to the 2003 statewide budget shortfall, TDLR's computer replacement cycle was lengthened from four years to five years but needs to return to DIR's four year replacement cycle.

Program Development



TDLR's team of highly capable Program Development staff creates licensing, permitting and internet software that provides a common platform tailored to the precise needs of each agency program. The Texas Umbrella Licensing Information Program (TULIP) software system forms the framework for both the backend and internet-based systems. Developed in a state-of-the-art fourth generation language and utilizing a unified database, TULIP is a scaleable, modular software system capable of rapid customization and modification in response to changing needs. For example, after Hurricane Katrina hit the gulf coast, the TULIP system was programmed within three days to license barbers and cosmetologists from the affected states on an emergency basis. Interfacing directly with TULIP are TDLR's internet-based systems, such as Continuing Education course completion submission, applications and renewals through TexasOnline's ePay payment system, and extensive licensee search capability. As one of the first agencies to embrace TexasOnline, TDLR demonstrated its commitment to providing exemplary service by expanding the use of the internet.

LICENSING

The core responsibility of the Licensing division is to issue licenses, registrations, permits and certifications to qualified applicants. Meticulous knowledge of licensing requirements outlined in twenty-three statutes and their administrative rules is required to issue ninety-one license types to a licensee population of over a half million. The division's application evaluation process includes criminal background checks, education/credential verification, financial security and on-the-job experience.

The Licensing division is organized into four teams fostering growth of specialized knowledge through cross-training. Three of the teams are grouped by the types of license applications processed and the similarity of

license requirements, while the fourth team provides administrative support for the entire division:

- Team One primarily processes building and equipment related and company licenses, such as architectural barriers project registration, elevators and staff leasing services.
- Team Two primarily processes occupational licenses issued to individuals such as electricians, air conditioning and refrigeration contractors and participants in combative sports events.
- Team Three, our newest addition, processes applications for barber and cosmetology licenses.
- Team Four provides administrative support through the mailing of more than 750,000 licenses, renewal notices and other key correspondence annually.

The Licensing division, through its four teams, embodies the true strength of TDLR's functional business model. The spirit of teamwork within the division permits peaks in the workload to be spread across the division. This surge capacity allows all teams to assist when seasonal spikes are encountered, such as the fall registration of over 18,000 cosmetology students. During this time every person in the division, no matter the team, dedicated a portion of the day to processing student permit applications. In 2005, the Licensing division processed all of those applications within two weeks while maintaining processing times for all other applications.



TDLR's functional business model allows workload peaks, such as the registration of over 18,000 cosmetology students in Fall 2006, to be spread out across teams.

Management Style, Policies and Operating Characteristics

TDLR's success in implementing and administering existing and new programs is a direct result of a management style that fosters innovation, efficiency and flexibility. Management's ability to adjust, reallocate resources and successfully collaborate with stakeholders has led to improved services. Additionally, the agency benefits from a highly motivated staff that remains engaged in the development and achievement of the agency's mission and goals.

The agency's Core Values set the standard for its employees and reflect what is truly important to us as an organization. These values are the foundation of our agency culture and are unchanging regardless of time, situation or person. The following are the agency's core values:

- **Integrity** – We believe in being trustworthy, responsible and ethical in all we do.
- **Accountability** – We are mindful that as public servants we are personally responsible to the citizens of Texas. We take responsibility for our own successes and failures – celebrating success and using setbacks as opportunities for growth.
- **Customer Service** – We view each person we serve as deserving of our best efforts. We pride ourselves on courteous and timely delivery of services; getting the job done right the first time, exceeding customers' expectations and making services easily accessible.
- **Open and Free Communication** – We believe in order to be successful, we must communicate effectively with all of our customers, both internally and externally. We honor everyone's right to be heard. We provide avenues for participation and creativity for all our employees and customers.
- **Innovation** – We believe in an open exchange of ideas to foster creativity and change in our workplace and the services we deliver. We recognize that everyone has a contribution to make, and

these contributions allow us to continually improve.

- **Teamwork** – Our success is dependent on the combined intelligence and energy of all employees. We strive to create a work environment where employees can succeed and are motivated to achieve their highest potential.
- **Respect** – We believe in conducting ourselves professionally and treating others with courtesy and respect.

Each employee's commitment to these core values has enabled the agency to flourish during times of profound change and tremendous growth. Introducing staff to new and additional responsibilities allows them to develop critical leadership skills. The agency has successfully integrated new programs and responsibilities because management believes in empowering employees and developing leaders. These emergent leaders use their skills to help refine existing processes and meet the challenges of implementing new programs and integrating additional regulatory responsibilities.

For example, the 79th Texas Legislature transferred regulatory authority for barbers and cosmetologists to TDLR, more than doubling the agency's licensee population to over 500,000. Prior to the transfer, management appointed a Program Implementation Team composed of six staff members from divisions across the agency to work with the employees of the Texas Cosmetology Commission and the Texas Board of Barber Examiners to gain a better understanding of their agency's operations and processes and to identify their best business practices. As a result of the efforts of the Program Implementation Team, TDLR was able to identify new leaders, develop an effective consolidation implementation plan and successfully integrate the two new programs into TDLR's functional model.

This management style fosters unique policies that promote flexibility, communication and recognition, and encourage employee success and satisfaction. The department's personnel policy provides employees with the opportunity to work flexible or alternative schedules, allowing them to adjust their work schedules to maximize their quality time on the job and meet individual needs in their personal lives.

The policy also provides a grievance process that embodies and promotes communication between employees and their supervisors by encouraging employees to resolve problems informally, at the lowest supervisory level, prior to a matter escalating. The result is that issues are brought forward, discussed and, in most instances, resolved at an early stage.

Employee development and training are also provided to staff through the Employee Assistance Program, state agencies and other available programs. TDLR also offers a tuition reimbursement program for employees pursuing job related education. TDLR's personnel policy includes a code of conduct that upholds the notion that TDLR employees, as public servants, have a personal responsibility and accountability to the people of Texas.

TDLR acknowledges employees through its Employee Recognition Team and a number of recognition programs such as "You Can Count on Me". This unique award program provides a vehicle through which each TDLR employee can identify for the executive director a coworker who deserves recognition for extra effort and teamwork. Employees are provided with a recommendation form each fiscal year worth four hours of administrative leave to present in appreciation and recognition of a fellow TDLR employee going above and beyond the call of duty.

Geographical Presence of Personnel

TDLR is headquartered in Austin with regional offices in Houston and Fort Worth, a satellite office in San Antonio, and additional personnel in the lower Rio Grande Valley, the upper Panhandle, Dallas, El Paso, Lubbock and the Midland/Odessa, Tyler and Waco areas.

TDLR staff travels throughout Texas to inspect buildings, facilities, barber and beauty shops, boilers, combative sports events and weather modification operations, as well as to investigate complaints related to its twenty-three regulatory programs. Field Operations personnel are strategically located throughout Texas to be efficient and cost-effective in the performance of these duties.

Capital Assets Strengths, Weaknesses and Improvement Needs

Projections for capital expenditures for TDLR fall into two general categories: electronic equipment and furniture and fixture needs for additional staff. Authorization for additional staff will require furniture and personal computers to accommodate the new hires. With today's increased threshold for "capital purchasing," not all furniture and equipment fall completely into the capital assets category.

In TDLR's electronic environment, there are a number of areas where improvements are planned or could be made:

- The current Cisco firewall protection is approaching the five year replacement threshold. The new Cisco product handles Virtual Private Network (VPN) technology and offers the ability to scan and customize security properties on incoming and outgoing information.
- During fiscal year 2006, TDLR provided wireless network cards whereby field staff can securely access TDLR internal systems via a VPN connection. Wireless technology or use of an internet service provider would allow the agency to discontinue use of the server supporting dial-up and reduce costs for operations.
- Replacing small, high maintenance individual printers with expanded use of large, networked copiers with enhanced features, such as scanning, faxing and document preparation and printing, will reduce staff time and discontinuing purchase and storage of thirty-nine different types of toner will have an added budget benefit as well.
- For the future, increased use of portable computing devices such as Blackberry and Global Positioning Systems (GPS) will allow real-time communication and access to email and agency applications.
- The agency is exploring the use of an Interactive Voice Response (IVR) system in the customer service call center to manage incoming calls. Call center efficiency will be increased by providing basic information directly from internal systems and connecting callers with the appropriate customer service representative.

TDLR Workforce

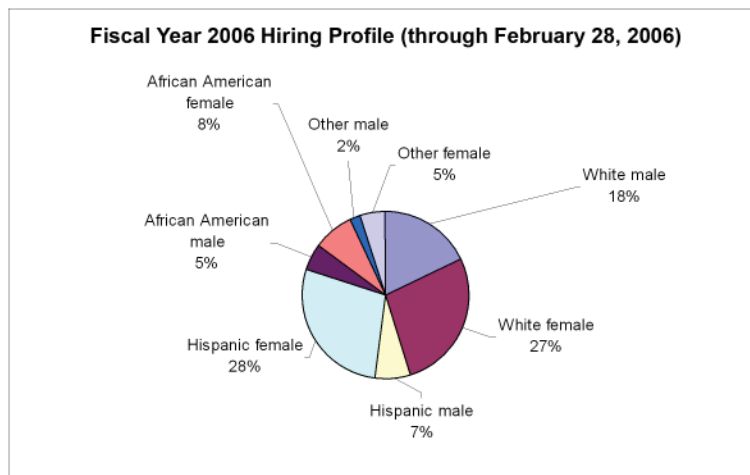
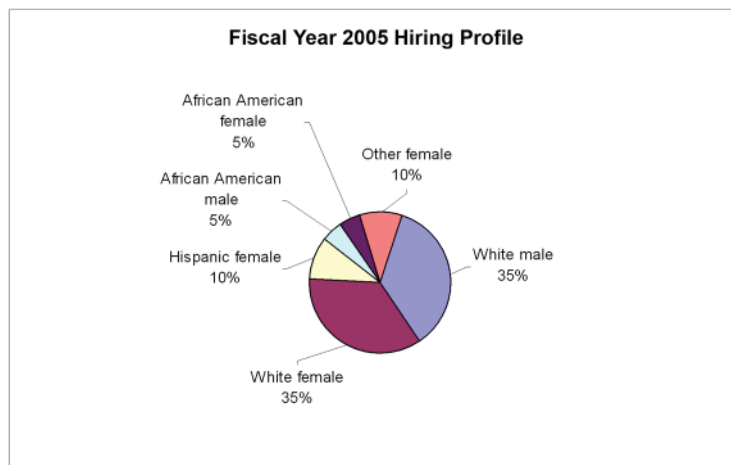
TDLR relies upon its dedicated and knowledgeable staff to administer the variety of businesses, industries, general trades and occupations under its jurisdiction. For the 2006 – 2007 biennium TDLR has an authorized workforce of 237 full-time equivalent positions (FTEs), a twenty-nine percent increase from the 2004 – 2005 biennium. This increase was a direct result of the consolidation of two major licensing programs into TDLR on September 1, 2005. Of the 237 FTEs, 192.5 are located in the Austin headquarters and 44.5

work in assigned locations throughout the state.

Commitment to Employing a Qualified and Diverse Workforce

Consistent with TDLR’s core values of respect and integrity, the agency meets its commitment to provide equal employment opportunities to all applicants and to all employees. We are committed to recruiting, selecting and retaining a highly qualified workforce that is representative of the state’s diverse labor force. As the state’s umbrella licensing agency, TDLR is uniquely responsible for serving a variety of businesses and occupations. TDLR’s workforce selection process not only focuses on traditional demographic diversity but is also targeted toward hiring employees well suited to serve its licensee population. Through its employment of design professionals, a master electrician, a meteorologist, a water well pump installer, a licensed court interpreter, cosmetologists, barbers, boiler inspectors and an air conditioning and refrigeration contractor, the agency is able to effectively and efficiently regulate these specialized programs.

The charts below show traditional demographics of the agency’s hiring profile for fiscal year 2005 (twenty new employees hired) and fiscal year 2006 (sixty new employees hired), through the second quarter.

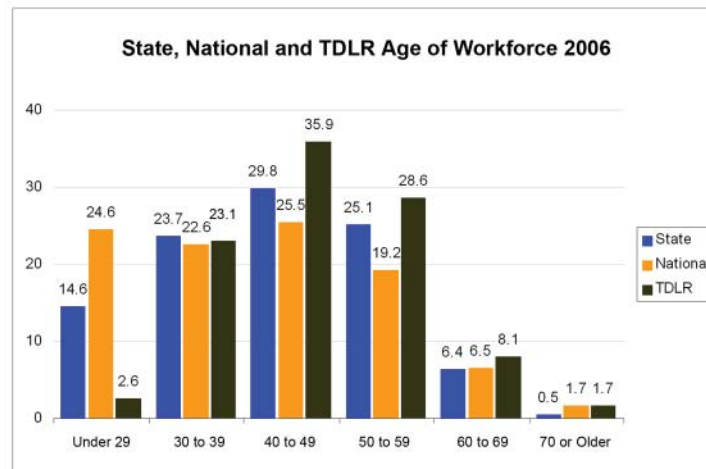


In fiscal year 2005, African-Americans and Hispanic-Americans made up thirty-nine percent of the agency's workforce. The following table further illustrates that diversity, comparing the percentage of African-American, Hispanic-American and female TDLR employees, for September 1, 2004 through August 31, 2005, to the statewide civilian workforce.

Agency Workforce Composition

Job Category	African-American		Hispanic-American		Female	
	TDLR %	State %	TDLR %	State %	TDLR %	State %
Officials/Administrators	10.0	10.3	0.0	13.0	30.0	45.3
Professionals	15.2	17.5	17.4	21.4	39.1	56.7
Paraprofessionals	26.7	20.0	26.7	26.4	84.4	77.0
Technicians	6.0	12.7	22.0	22.7	10.0	43.6
Administrative Support	43.0	16.9	21.4	29.3	93.0	87.2

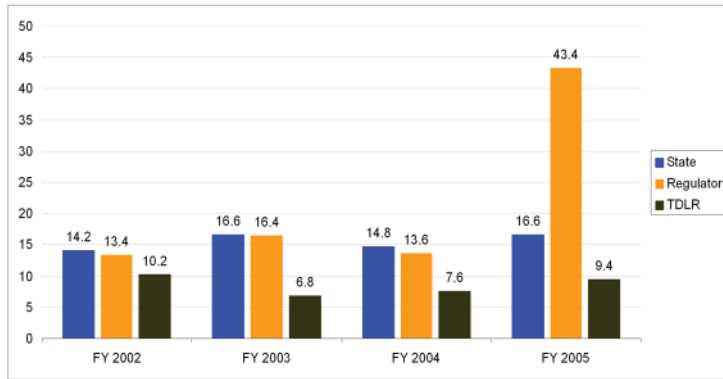
TDLR's workforce also reflects an aging workforce. Not unlike other organizations, TDLR is facing the retirement of the "baby boomers." Although TDLR has become an attractive agency for employees in Generation X, the attraction and retention of Generation Y will be an agency focus now and in the future. A comparison of the state, national and agency age demographic is provided below for fiscal year 2006.



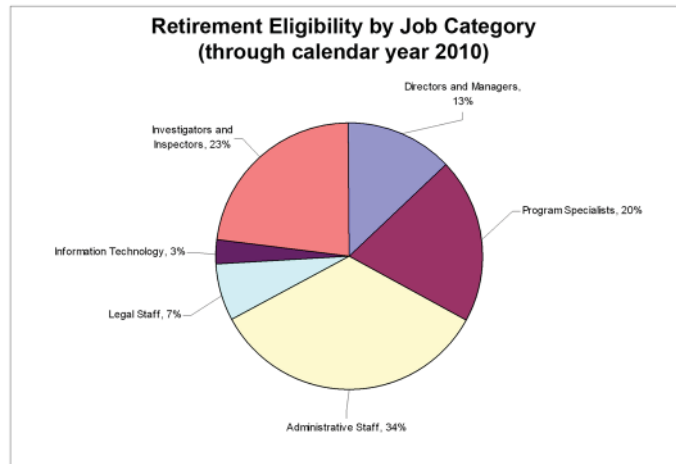
Low Employee Turnover, High Employee Morale

TDLR is successful in hiring and retaining quality employees because it fosters a satisfying work environment. Meeting the demands of today's changing business environment by finding and keeping talented and motivated employees is a formidable challenge. Since the most capable professionals often are courted by other businesses or agencies, TDLR must be innovative in creating an employee-friendly environment providing opportunities for growth. The following graph illustrates TDLR's low turnover rate for the last four fiscal years.

Statewide, Regulatory Agencies and TDLR Employee Turnover



TDLR continues to experience high employment retention. Through the second quarter of fiscal year 2006, TDLR's turnover rate was only 4.3 percent. Despite its low turnover rate, TDLR continues to monitor and analyze the reasons employees leave the agency. It also analyzes its workforce to project the number of employees eligible for retirement and develops succession planning and targeted recruitment initiatives to address any gaps created by loss of experience and technical knowledge. The following chart reflects the percentage of employees eligible for retirement by job category.

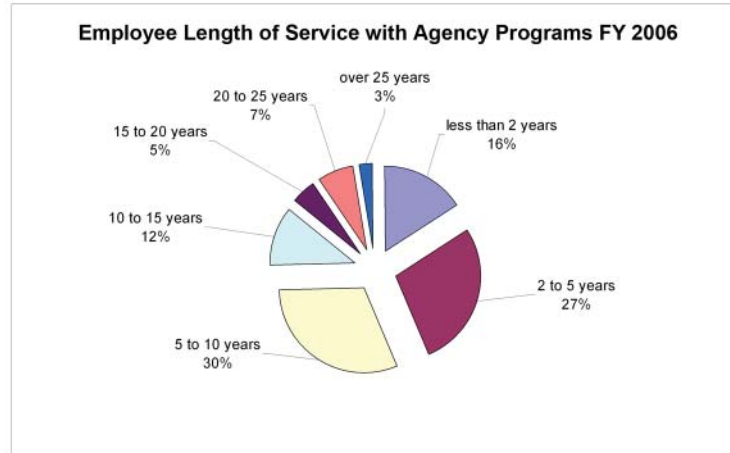


The continued decrease in turnover rate since fiscal year 2000 can be attributed to the organizational changes and focus on leadership, communication, employee development and work environment. TDLR's results from the current Survey of Organizational Excellence reveal rising confidence in our "agency culture." Based on this survey, in comparison with other state regulatory agencies, TDLR employees were more satisfied in areas involving fairness, salary, benefits, diversity in the workplace, and team and supervisor effectiveness.

The decrease in turnover is also a result of unique TDLR management policies that promote flexibility, communication and recognition and encourage employee success and satisfaction. TDLR employees are offered flexible or alternative work schedules, assisting them in balancing work and personal life. Training opportunities from a variety of sources are communicated to employees via the agency's intranet, the "LRNet." The LRNet is a valuable tool that allows the Human Resources Management Office to work efficiently by disseminating information relating to insurance, forms, policies, training and compensation and benefits to employees at any agency workstation in the state.

Experienced Workforce

TDLR values all its employees – those who have long and rich experience with agency programs and those who bring fresh perspectives from outside the agency. Each employee contributes to TDLR’s well-earned reputation as a model state agency. Currently more than fifty-five percent of TDLR employees have worked at the agency for at least five years. The transfer of the Texas Cosmetology Commission and the Texas State Board of Barber Examiners resulted in the hiring of forty-seven employees on the first day of the 2006 fiscal year, nearly twenty-nine percent of the agency’s current workforce. Over eighty-two percent of those new hires had experience with the two new programs transferred to TDLR on September 1. This transfer of knowledge has resulted in more than fifty-seven percent of TDLR staff having ten years or more of experience with programs administered by TDLR. These valued employees provide institutional knowledge and innovation, contributing to the agency’s customer relationships and strategic planning process. Our newest employees contribute ideas that improve processes and services, enhancing the agency’s vitality.



Fiscal Aspects

Size of Budget

TDLR’s baseline budget for the 2006 – 2007 biennium is \$27,520,287. Agency appropriations were increased for the biennium with the addition of the Barber and Cosmetology programs. The net increase of funds available as a consequence of the consolidation into TDLR is \$1,152,815 from the appropriation for the former Board of Barber Examiners and \$4,407,129 from the appropriation for the former Texas Cosmetology Commission, an overall increase of approximately forty-six percent. Legislation abolishing the former Board of Barber Examiners and Texas Cosmetology Commission was promulgated during the 79th Legislative Session, Regular Session, and resulted in the transfer of the two programs to TDLR.

Method of Finance

For the 2006 – 2007 biennium, TDLR is required to collect revenues sufficient to cover approximately \$14,000,000 in appropriations and \$5,000,000 in indirect costs for each fiscal year. Indirect costs include but are not limited to the allocation of costs for services from other agencies and employee medical and retirement benefits. Revenue is generated from fees assessed for license applications and renewals, registrations, plan reviews and inspections and from collection of administrative penalties.

REVENUE COLLECTION BY STATUTE					
Statute	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006*
Air Conditioning	\$ 945,301	\$1,523,830	\$2,231,355	\$1,883,309	\$1,915,000
Architectural Barriers	4,351,297	4,962,358	4,829,762	4,604,387	4,290,000
Auctioneers	326,965	327,935	341,436	294,251	323,000
Barbers	N/A	N/A	N/A	N/A	1,100,000
Boilers	2,187,524	2,227,247	2,054,586	2,076,767	1,813,000
Career Counseling	26,875	40,350	42,541	16,625	N/A
Combative Sports	292,878	281,355	329,808	388,272	392,000
Cosmetology	N/A	N/A	N/A	N/A	8,900,000
Electricians	N/A	N/A	3,913,236	3,593,103	3,666,000
Elevators, Escalators and Related Equipment	960,361	852,641	846,647	1,016,639	1,020,000
Industrialized Housing and Buildings	475,396	460,724	511,131	508,474	511,000
Legal Services Contracts	N/A	N/A	367,632	1,244,325	1,226,000
Licensed Court Interpreters	169,100	119,750	120,855	82,159	62,000
Loss Damage Waivers	N/A	N/A	11,100	13,400	17,000
Personnel Employment Services	24,150	22,400	20,560	18,337	17,000
Property Tax Consultants	97,317	114,075	103,018	371,853	285,000
Service Contract Providers	352,925	368,936	337,980	263,322	210,000
Staff Leasing Services	469,000	624,775	320,304	336,414	165,000
Talent Agencies	39,060	33,750	31,150	31,689	27,000
Temporary Common Worker Employers	58,300	52,825	71,750	61,677	50,000
Vehicle Protection Product Warrantors	27,000	36,750	43,300	47,250	49,000
Water Well Drillers and Pump Installers	565,062	591,258	491,771	671,770	630,000
Weather Modification	33,918	35,493	2,325	8,306	8,000
Total of All Program-Specific Revenue**			\$17,022,247	\$17,532,329	\$26,676,000
* Estimated for fiscal year 2006					

Budgetary Limitations

TDLR's out-of-state travel cap, currently at \$1,738, is based on the actual amount of out-of-state travel expenses incurred in fiscal year 2000, a year in which the agency drastically reduced out-of-state travel to help resolve a cash flow shortage. While mindful of the state's limited resources, the agency has a request pending to increase the out-of-state travel cap. The granting of this request will enhance the effectiveness of TDLR to carry out its mission by allowing it to take advantage of networking, training and peer-to-peer information interchange both within and outside of the state. In the upcoming legislative session, TDLR will seek rider spending authority within our existing appropriations to allow an increased level of out-of-state travel in the future.

Riders 5 and 6 in Senate Bill 1, 79th Legislature, Regular Session, allow re-appropriation to the agency of fees collected above a legislatively-set threshold in the Architectural Barriers and Elevator Safety programs. The Architectural Barriers program provides the greater revenue from re-appropriated fees. However, with thresholds being set higher each biennium and more plan review and inspection work being done by third-

party registered accessibility specialists (RAS), the agency is approaching a net zero scenario.

Rider 11 in Senate Bill 1, 79th Legislature, Regular Session, a contingent revenue rider, allows TDLR to increase the number of staff by fourteen FTEs, contingent upon it raising additional revenues. The rider requires the additional revenues to fund the legislatively granted staff salary increases as well. The agency reviewed and analyzed revenues by program and demonstrated its ability to generate the additional revenue in a finding of fact to the Comptroller. While the agency was able to complete the finding of fact and gain the necessary approval, linking the availability of much-needed staff to specific program revenue generation could hinder the agency's ability to plan, staff and implement business processes that are efficient and timely.

Degree to Which Budget Meets Current and Future Needs

Budgetary effects of the 2005 consolidation of the Barber and Cosmetology programs into TDLR

In its role as the State's umbrella licensing agency, TDLR appreciates the confidence that the Legislature has shown by allowing the agency to apply its highly successful functional business model to new and consolidated programs. The 78th Legislature assigned to TDLR the Electrician and For-Profit Legal Services Contracts programs, both of which have been successfully implemented. Then, the 79th Legislature transferred two major and tradition-rich licensing programs, the Board of Barber Examiners and the Texas Cosmetology Commission. This transfer represents the single greatest challenge facing the agency. To date TDLR has successfully met that challenge by implementing a number of innovative services; improving education, testing, licensing and enforcement processes; adopting comprehensive sanitation rules; and expanding industry outreach.

Despite these successes, there were both unplanned events and unforeseen consequences for TDLR related to the transfer of the Cosmetology and Barber programs. The transfer, finalized in the waning days of the 79th Legislature, Regular Session, did not factor in Texas Building and Procurement Commission's (TBPC) sale of the Frank Joseph Building at the end of fiscal year 2005. In fact, the plan to sell the building, which was key to housing employees and providing examination services, was unknown to the Appropriation Oversight Committee members, legislators, the Legislative Budget Board (LBB) and TDLR staff. Sale of the building left TDLR with no appropriate space to provide examinations in Austin for barber and cosmetology students and no space to house a twenty-nine percent increase in staff. With no legislation or appropriations to address this problem, the need for space and facilities generated unanticipated expenses in excess of \$213,000.

While TDLR staff prepared end of fiscal year 2005 financial reports for the former Texas Cosmetology Commission and Board of Barber Examiners, TDLR staff discovered that the Cosmetology Commission had incurred obligations to both vendors and other state agencies over and above their appropriations. TDLR management quickly notified state leadership of the unpaid obligations incurred by the former agencies and discussed strategies for addressing the shortfall. Subsequently, the State Auditor conducted an extensive review of the information provided by TDLR and certified \$240,947 as the amount of the excess obligations. Of this amount, \$4,322 was attributed to the former Board of Barber Examiners. In addition, TDLR inherited contingent liabilities arising from ongoing litigation against the former Texas Cosmetology Commission. The unpaid obligations continue to accrue interest and will do so until they are discharged.

Based on the financial challenges created by the sale of the Frank Joseph Building and the inherited liabilities, TDLR's response has been two-fold. First, to continue the cosmetology and barber examinations, TDLR leased space on a short-term basis. The agency is still working with TBPC to reconfigure space to accommodate the increase in the number of employees and to allow the return of displaced employees to TDLR headquarters at the E.O. Thompson Building. Secondly, in order to discharge liabilities inherited from the prior legacy agencies, TDLR began to work closely with state leadership to secure additional appropriations and expenditure authority.

During the 79th 3rd Called Legislative Session, a supplemental appropriations bill (House Bill 119) would have provided funds to cover the over-expended appropriations amount for the former Texas Cosmetology Commission and the Board of Barber Examiners, as well as the cash outlay that the department experienced in the relocation of the functions and operations of the former agencies. Unfortunately, the 3rd Called Session ended and the bill was not heard. On the Senate side, supplemental language for a committee substitute to a supplemental appropriations bill was prepared that mirrored House Bill 119, but again, the legislation was not able to advance. TDLR continues to recognize these outstanding issues and to work with state officials to achieve a positive resolution.

Similar to executive management's approach to resolving the budgetary challenges it faced in fiscal year 2000, TDLR reviewed its operations, identified areas for greater efficiencies and realigned its spending priorities. For example, TDLR accelerated the migration of the old barber and cosmetology manual and computerized licensing processes to TDLR's more efficient and cost effective licensing system. The conversion will dramatically reduce the contracting costs from the former provider of the data services while significantly improving licensing services and operational effectiveness.

Financial challenges notwithstanding, TDLR absorbed and integrated these new programs, increasing the level of service to the constituencies served by them. Additionally, consistent with Legislative guidance, TDLR promulgated sanitation rule changes designed to strengthen public protection. Consistent with its strategic culture of evaluating programs to determine what works well and what can be done better, TDLR has identified a number of lessons learned that could benefit future consolidations. The following recommendations have been shared with state leadership and legislative offices:

- The General Appropriations Act should include a consolidation contingency rider providing flexibility to address unpaid obligations and transition costs.
- The General Appropriations Act should provide a rider to address contingent liabilities associated with pending litigation, known or unknown at the time of consolidation.

Anticipated budgetary effects of the 2007 consolidation of Data Center and Disaster Recovery Services by Department of Information Resources (DIR)

With House Bill 1516, the 79th Texas Legislature ushered in a new focus on technology collaboration by directing DIR to migrate and consolidate the state's data center services into a shared enterprise environment. Currently there are approximately thirty data centers supporting twenty-seven agencies prioritized for inclusion in the consolidation. The goal is to have two or three across the state. The legislation required the targeted twenty-seven state agencies to enter into an interagency contract (IAC) with DIR for data center and disaster recovery services no later than March 31, 2006. The IAC created the framework to support a competitive procurement for statewide data center services.

This consolidation required and will continue to require, a significant commitment of time from agency staff. Activities during the remainder of fiscal year 2006 and through the beginning of FY 2007 will involve the evaluation of the responses to the Request for Offer (RFO), as well as validating the service levels and resource requirements for potential service providers. Staff commitments from the affected agencies will be needed to assist in the human resources, technical and business/enterprise aspects of the bid responses.

TDLR has the following concerns regarding the pending consolidation:

- Uncertainty exists about whether continued funding will be sufficient to allow the same level of data center services as are presently available with internal staff.
- As the consolidation begins in 2007, the issue of sufficient fiscal year 2007 appropriations is unanswered.
- There is no certainty who will be the responsible party for paying benefits for those employees hired by the vendor. Those benefits currently represent an average cost of 29.22 percent of salary in the General Appropriations Act currently not directly appropriated to individual agencies.
- As agencies prepare their legislative appropriations request for the next biennium, there is no guidance to determine the operating costs allocation for participating in the data center consolidation project.
- Discussions with DIR about the project have centered on an “all or nothing” concept. Consequently, the project will include services that will be charged to but are not needed by TDLR.
- The contract includes overhead management payments to DIR over which the participating agencies have minimal control.

In January 2007, after costs for the contract are known, DIR anticipates presenting actual costs for each agency to the Senate Finance Committee, the House Appropriations Committee and the LBB for use in the legislative appropriations process. The desired outcome would be a zero sum at the overall statewide level. However, individual agencies could suffer a significantly adverse financial impact.

Capital and Leased Needs

TDLR is headquartered in the E.O. Thompson Building, a state-owned building managed by the Texas Building and Procurement Commission (TBPC). During fiscal year 2006, the agency incurred costs for building renovations as a consequence of the consolidation of the Cosmetology and Barber programs. The Frank Joseph Building, headquarters for the Texas Cosmetology Commission and the Texas Board of Barber Examiners and the previous examination site for those programs, was sold by TBPC in August 2005. This necessitated the relocation of some TDLR staff to the Stephen F. Austin building and required TDLR to lease a separate examination site in order to accommodate the increased staff numbers and the in-house delivery of examinations. TDLR discontinued the lease for examination space in March 2006 after contracting with a vendor to develop and deliver these examinations across the state. Minor construction build-out to facilitate the return of TDLR's displaced program staff is scheduled to be completed during



TDLR's headquarters, the historic E. O. Thompson Building in Austin

the current fiscal year, and no additional expenditures are anticipated for fiscal year 2007 at this time.

The agency leases two 2004 4WD Chevrolet Tahoe automobiles used in the inspection of water wells in remote areas. The thirty-six month lease began in February 2004 and will end in January 2007. The agency will review the condition of the vehicles at the culmination of the lease to determine whether or not to exercise the bargain purchase option. There are no plans to lease additional vehicles at this time.

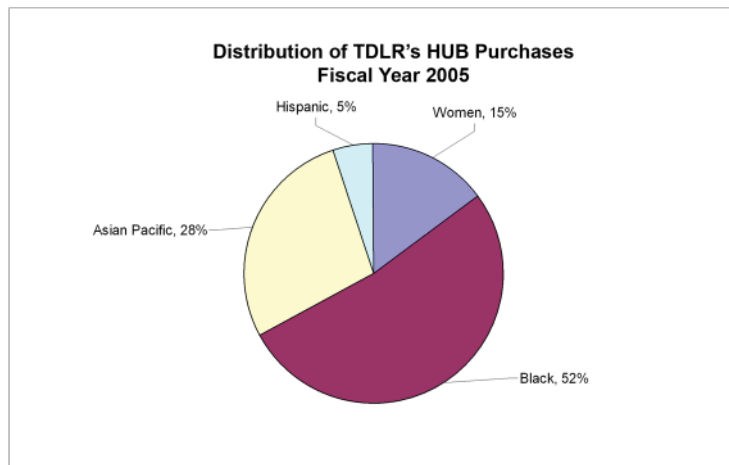
The current computer “refresh” schedule at TDLR is five years. As per the replacement schedule, during fiscal year 2007, six servers, seven laptop computers with workstations, and thirty-eight personal computers will reach their end-of-life dates. TDLR appropriately indicated its intention to replace this equipment in the 2006 Planned Purchasing Schedule report to the department of Information Resources (DIR). However, the impact of the DIR outsourcing of data centers could affect whether or not servers are replaced by the agency during the 2007 fiscal year or replaced by the vendor as agency equipment moves into the consolidated data centers. The DIR contract with the vendor is scheduled to be negotiated and in place by December 2006, with the implementation date later in 2007.

Leases on eight of the twelve Cisco network switches expire between May and August 2006. The department will enter into short-term leases for the remainder of the fiscal year. This will allow the agency to align the maintenance schedules of its twelve network switches. Beginning September 2006, all switch maintenance will be contracted on a fiscal year basis.

Historically Underutilized Businesses

In September 2005, at their Seventh Annual Conference held in Austin, the Texas Association of African American Chambers of Commerce (TAAACC) recognized TDLR with an award in appreciation of the agency’s record purchases made and contracts placed with historically underutilized businesses (HUBs).

TDLR has consistently exceeded the state averages for purchases and contracts in the areas of professional services, commodity purchasing and other services. For fiscal year 2005, the statewide average for HUBs was 13.8 percent. TDLR HUBs purchasing for fiscal year 2005 was 21.1 percent which is 7.3 percent higher than the state average.



The table below compares TDLR's performance in HUBs purchasing to the statewide HUBS purchasing for fiscal year 2005.

Procurement Category	TDLR %	Statewide %
Professional Services	100.0	21.0
Commodity Purchasing	31.4	14.9
Other Services	17.5	15.0

Technological Developments

Impact of Technology on Current Department Operations

Strategic use of technology is a key component of TDLR's success. Each agency process is developed and reviewed with an eye toward efficiency and improved service through the implementation of technology-enhanced systems. Obstacles to technological solutions are removed whenever possible. The use of state-of-the-art software development tools enables TDLR's programming staff to quickly create innovative, integrated software systems.

As an original participant in TexasOnline, TDLR has long been a leader in the application of technological solutions in meeting its responsibilities. The goal is to Internet-enable all agency processes to maximize the use of agency staff where personal attention is required. This approach allows TDLR to provide first class customer service. The TDLR TexasOnline interface provides real time access to the licensing databases.

TDLR uses its automatic email notification service to communicate with the regulated communities and interested members of the public. Using this technology allows virtually instantaneous delivery of information and policy changes to a targeted audience of subscribers.

The screenshot shows the TDLR website interface with a search results table. The table has columns for 'License No.', 'License Title', 'Status', 'Issued Date', and 'Expiration Date'. The results list various licenses such as 'Certificates, Licenses, Permits', 'Background/Criminal', 'Applications and Registrations', and 'Background/Criminal'.

TDLR's document imaging system serves both internal staff and the public. Multiple indices provide extensive search capabilities depending on the needs of the user. Internally the system allows multiple users simultaneous access to the information while safeguarding the document, eliminating the 'check in - check out' approach required for paper documents.

For the public, it allows self-service access at any time of the day or night to critical information such as elevator and boiler inspection reports. Other online services available twenty-four hours per day and developed by TDLR allow applicants to schedule examinations, providers to submit continuing education completion data, and licensees to track their continuing education.

Over the past biennium, TDLR has developed a number of innovative solutions to respond to increased responsibilities. For example, faced with the large volume of applications and time constraints for the implementation of the Electricians program, TDLR realized that a new approach would be required to successfully process applications. After careful study, TDLR embarked on a public-private partnership with Neubus, the Council on Competitive Government's statewide imaging vendor. TDLR processed the fees received with the applications and forwarded the documents to the vendor for imaging and data entry. The resulting images and data were electronically returned to TDLR within twenty-four hours for analysis and final processing.

In another innovative move, TDLR shifted from an agency-printed paper license to a more durable plastic license for more than 100,000 of its licensees. By contracting with a private sector company, the agency was able to outsource the routine printing, stuffing and mailing activities, thereby lowering costs and increasing the efficiency of agency operations.

Impact of Anticipated Technological Advances

TDLR continues to leverage technology to improve its services to external and internal customers. As TDLR increases the self-serve processes via the internet, it is able to concentrate staff on problem resolution and personal customer service while allowing the public to transact business in a way that best meets their needs. Newer compression techniques, along with further market penetration of broadband connectivity, will continue to result in better, more reliable, faster data communications. The trend of smaller more powerful computer devices will benefit the agency as it enhances its technological infrastructure through the purchase of lower-cost servers.

Degree of Department Automation

TDLR supports its various functional areas with a high degree of agency automation. For example, the agency's website, www.license.state.tx.us, provides access to a wide range of services: licensing and enforcement data, forms, laws and rules, contact information and links to other resources. The website allows the public to listen to or review TDLR public meetings, agendas and minutes.

Other examples of automation and services available through our website include online license renewal, searchable databases for agency enforcement actions and email notifications of program updates.

A prime example of TDLR's automation efforts is the development and implementation of Texas Umbrella Licensing Information Program which generates and indexes electronic images, eliminating the need to produce and image paper documents. For existing paper records, the department has contracted with a vendor to convert these documents into digital images. These processes improve operational efficiency in records management, increase accessibility to records and reduce storage needs.

TDLR has extended its automation initiatives to include mobile computing technology and third-party submittal of boiler inspection reports. Agency inspectors, working in remote areas or boiler rooms where wireless access is unavailable, download "inspections due data" to notebook computers, record the inspection results on the notebook computer and upload inspection results when databases are available. Boiler inspection organizations, most of which maintain their own databases, are also able to report inspections electronically.

TDLR now employs a System and Network-delivered services monitoring tool called Big Brother. Big Brother uses a client-server architecture combined with methods which both push and pull data. Network testing is done by polling all monitored services from a single machine and reporting these results to a central location. Local system information can also be retrieved such as CPU, process, disk space and log



TDLR's move to plastic license cards is both innovative and cost-effective

file status. When a problem is detected on a monitored device a notification is sent via email and depending on the severity, by pager. A centralized webpage displays the current status of all monitored systems and provides additional reporting functionality. The reports are customizable and can be used to ensure service level agreements are being met.

Future Automation Needs

TDLR's strategic use of automation has contributed to the agency meeting and exceeding its performance objectives and goals. To ensure future success, the agency continues to identify areas for additional automation:

- acquire software to allow teleconferenced meetings for Advisory Boards and afford staff in remote sites access to agency meetings;
- obtain handheld mobile computing devices that offer real-time communication with the agency's email system, as well as the ability to run modified versions of in-house applications;
- utilize Global Positioning System (GPS) devices to normalize the databases for locations of water wells, boilers and elevators to facilitate inspections;
- install wireless satellite network cards for field staff, allowing them to access the internal network, using secured VPN, without the need for a phone line or other wired data connection;
- implement wireless networking for the primary conference room, offering Commissioners and agency staff wireless access at meetings;
- an Interactive Voice Response (IVR) system would add another dimension to our Customer Service section. An IVR processes inbound phone calls, plays recorded messages including information extracted from databases and the internet, and can be used to route calls to our in-house service agents;
- upgrading our existing backup/restore device would allow us to incorporate parallel backups eliminating the existing queue process and decreasing the window of time we require for our backups; and
- expand the use of electronic data imaging for all TDLR programs.

Key Organizational Events and Areas of Change

The Legislature continues to look to TDLR as the model state agency to implement its evolving system of consolidated and efficient professional licensing in Texas. As Legislators continue to add to the agency's scope of responsibility through consolidation of existing licensing agencies and addition of new licensing programs under the TDLR "umbrella", the agency continues to fine tune its organization and functional alignment to adapt to the changing and growing demands on our human and financial resources. Management's deep-rooted belief in innovation, efficiency, technology, continued refinement of its functional alignment and excellent customer service has enabled the agency to achieve its vision of becoming a model state agency. However, consolidations resulting from the last legislative sessions have created inherited debts, workloads and staffing shortages for the agency that are threatening its ability to maintain that vision. Although the agency is constantly looking for ways to further streamline, update, refine and increase the efficiencies of its licensing and regulatory processes, it is clear that we will need additional resources to maintain and increase our already high level of performance.

Consolidation

Recognizing the agency's efficient structure and common sense approach to licensing and regulation, the 79th Legislature transferred the duties of two struggling licensing agencies under TDLR's "umbrella". On September 1, 2005, all duties, workloads and liabilities of the Texas Board of Barber Examiners and the Texas Cosmetology Commission were transferred to TDLR, along with reduced appropriations and staffing levels. As soon as the legislation mandating the consolidation was final, but prior to the effective date, the agency began the process of planning the inclusion of these two programs into its organization. TDLR management visited the two Agencies in June to meet with their staff and introduce them to TDLR and its management style and philosophy. In July and August, TDLR staff traveled around the State holding public meetings with licensees in order to gain an understanding of the level of service that would be expected and needed.

The agency also created a Program Integration Team (PIT) composed of some of the agency's most innovative and analytical staff members. This team began visiting the Barber Board and Cosmetology Commission in June 2005 to meet with their staff to gain a core understanding of their operations. In addition to studying the processes and responsibilities of these two programs, PIT members established relationships with their staff members and learned the history, organizational culture and inner workings of their programs, while introducing them to the philosophy and methodologies of TDLR. PIT members also evaluated the many tasks performed by the staff of these two programs to identify which of these were truly critical functions, which would fit well within TDLR's functional structure, and which of their processes might be adopted by TDLR for greater efficiency. This approach to consolidation has enabled the agency to gain the necessary knowledge and buy-in from both the industry and transferred staff to make the transition a successful, rapid and welcome change for all groups. However, the experience gained consolidating these two programs within TDLR has made it clear that the agency will need additional appropriations to fully fund the greatly improved operations. We will also need additional staff if we are to continue to improve the protection of the public receiving these services.

Legislative Responsibilities

In addition to adding new and transferred programs to TDLR, the Legislature continues to make refinements to the agency's current programs. Based in part on recommendations made by the agency in its 2001 Sunset Self-evaluation Report, the Legislature determined that the licensing and regulatory functions for Career Counselors were no longer needed and that program was abolished.

To address licensing concerns in the Electrician program, the Legislature reopened the "grandfathering" period included in the bill establishing the program in 2003. This provision allowed qualified experienced electricians to obtain a state license without examination, if they could demonstrate the requisite experience and/or licensure by a municipal or regional licensing authority. Much as it did during the first grandfathering period, this provision created a tremendous increase in the workloads of all the agency's functional areas, before, during and after the period. The Customer Service section was flooded with telephone and email inquiries regarding the requirements and the applications. The Licensing division was inundated with applications from individuals who missed out on the first opportunity to "grandfather". Enforcement division staff was pulled from other duties to perform criminal background checks on the many hundreds of applicants. Compliance division staff was swamped with technical reviews of applications, in addition to numerous phone calls, emails and requests for informational presentations to the industry.

Reorganization

Constant change and the resulting opportunity for improvement is part of any dynamic and growing organization. This belief is at the core of TDLR's philosophy and success. TDLR continues to perfect and adjust its organization with an eye toward creating a model state agency recognized for honoring the public's trust, ensuring their safety and fostering a fair and efficient regulatory environment.

To address the ongoing increase in responsibilities and need for resources, the different functional areas within the agency were organized into two newly formed broad areas of responsibility. "Resource Management" includes the Customer Service, Financial Management, Human Resources and Information Technology functions. "Regulatory Affairs" encompasses the functions of Compliance, Education and Examination, Enforcement and Licensing. This structure allows the agency to more easily and logically consolidate the key functions of any new or transferred programs.

During the last two years, the addition of the Barber and Cosmetology programs and reopening of the grandfathering period in the Electrician program generated an astronomical increase in telephone and email correspondence from licensees and the general public. To better serve those seeking information and service from the agency, the Customer Service functions were split from the Licensing division, and Customer Service staff was significantly increased. This expanded Customer Service section is able to answer general questions and provide information for all of the agency's twenty-three statutes. However, the tremendous workload created by the inquiries about the Barber, Cosmetology and Electrician programs is overwhelming the staff available to perform this task. The agency is aggressively pursuing innovative ideas for managing a very large call center and email volumes, including studying successful customer service operations in the public and private sectors. Nevertheless, to continue to provide the prompt service that TDLR has become known for, the agency will need additional resources, including people and appropriations.

The remaining functions of the Licensing division were divided into the Licensing division and the Education and Examination division. This change positioned the agency to respond to the significant growth in continuing education and examination responsibilities and in oversight of schools associated with the Barber and Cosmetology programs. Previously, the two programs had scheduled and conducted practical and most written examinations with their own staff, at their headquarters building. However, when this building was unexpectedly sold just prior to the transfer of the programs, TDLR had to quickly find an alternate facility, an unanticipated and unfunded financial burden. Nevertheless, TDLR's innovative and hard-working staff had the new testing facility open within fifteen days after the transfer and continued giving examinations. During this time, staff was also developing a plan to outsource the examination functions to a third-party vendor with examination sites throughout Texas. The plan came to fruition on March 1, 2006, and resulted in more convenient scheduling of examinations for applicants, greater examination coverage and immediate notification of examination results, allowing barbers and cosmetologists to begin their careers sooner.

Within the Compliance division, a new "Business and Occupations section" (BOS) was created, in part, to coordinate the tremendous workload associated with the oversight and restructuring of the Barber and Cosmetology programs. Barber and Cosmetology program staff, with input from the Advisory Boards, state and county health officials, licensees and TDLR's General Counsel's office, oversaw comprehensive revision and improvement of the programs' sanitation rules. These new health and safety rules went into effect only six months after the programs were transferred to TDLR. This section also employs financial and subject matter experts to aid in the oversight of the agency's non-building related programs. The creation of this

section also allows the division to efficiently absorb new duties and workloads resulting from future new or transferred programs.

Interim Charges



TDLR has become increasingly proficient in administering many types of licensing and regulatory programs. Because of this experience and management's philosophy of excellence and track record of success, TDLR has gained a reputation as an organization that can adapt to change, solve problems and effectively manage a variety of new and existing programs.

As legislative committees consider their interim charges, they may look to TDLR to provide information on the issues they are studying. For example, the House Licensing and Administrative Procedures Committee is charged with examining the current practice of certain occupations, such as air conditioning and refrigeration technicians, roofing contractors and sheet metal workers, to determine whether licensing and regulation is needed. In previous legislative sessions, these occupations have been proposed for inclusion under TDLR's umbrella

and the department is in a unique position to provide valuable information to the Committee.

Future legislative action will impact TDLR's operations. Legislation may be filed in future legislative sessions pursuant to Speaker Craddick's interim charges to the Committee on Licensing and Administrative Procedures:

- examine current practices of certain occupations to determine whether these occupations pose any significant threat to the health, safety and welfare of the general public, to the extent that increased regulation is needed; and
- identify licensing practices and procedures that could be implemented more efficiently at TDLR and to estimate cost savings and policy implications associated with moving licensing programs from other state entities to TDLR.



The Committee is also responsible for monitoring state agencies and programs under the Committee's jurisdiction with a view toward identifying duplication of services across state agencies and evaluating possible cost savings to be realized by combining agencies and agency activities by function or type. TDLR stands ready to accept any licensing and regulatory programs that the Legislature deems appropriate.

The House Committee on Government Reform is charged with reviewing the feasibility and benefits of consolidating existing health professions licensing boards. TDLR's successful model for multiple-occupations licensing, with subject matter expert Advisory Boards, serves as an excellent example of how consolidation can result in greater efficiencies and cost savings than can be accomplished by many small

boards, while still maintaining informed and reasonable regulation.

A Joint Interim Charge for the House Committee on Agriculture and Livestock and the House Committee on Natural Resources includes a focus on water conservation and water supply enhancement. TDLR's Weather Modification and Water Well Driller and Pump Installer programs, with their focus on enhancing water supplies and protecting ground water resources, may be called upon to provide information to the Committee.

Growing Leaders

TDLR believes strongly in growing leaders amongst its own staff and consistently sees significant returns and the professional growth that can be achieved by this philosophy. TDLR's culture of innovation and professional development encourages each of its employees to offer suggestions to improve our services and themselves. This core belief in leadership development and team building enables the agency to nimbly respond to a changing and growing environment. We understand that change is inevitable and in fact, a valuable opportunity for progress.

Through participation in internal focus groups, "town hall meetings", teams for Strategic Planning, Program Integration, legislation analysis and implementation and employee surveys, such as the Survey of Organizational Excellence, all TDLR staff is encouraged to take part in shaping the philosophy and operations of the agency. These tools allow non-management staff the opportunity to develop and showcase their leadership skills, while giving management the opportunity to assess staff members' leadership potential. Further, this active flow of fresh ideas between management and staff creates a culture that fuels continuous improvement – furthering our ability to regulate in a firm, fair and consistent manner; ensure strategic and efficient use of public resources; provide the highest level of customer service; inform and educate consumers and licensees; and, most importantly, to grow leaders who recognize the dignity and worth of our customers and our employees.

TDLR has achieved considerable success growing leaders from within. Through recognized training programs such as the Governor's Executive Development Program (GEDP) and the Executive Leadership in Information Technology (ELITE), the agency enables its leaders to further their professional growth and become exceptional leaders, able to foster the kind of innovation and teamwork necessary to achieve success in a complex and changing environment.

Technology

TDLR strives to be a leader in the innovative use of technology for delivery of licensing and regulatory services, constantly updating and adding to its online licensing and informational services. Many of the agency's databases can be accessed by the public and our staff through the TDLR website which is maintained by Network Services. Program specific "home pages" on the website for all the agency's programs include extensive information and services, such as:

- program laws and rules – adopted and proposed;



TDLR's web site provides an extensive amount of information for public use

- announcements of meetings and other public events;
- timely and simple online license renewals;
- application forms and instructions;
- database lookups for licensees, buildings and equipment;
- information on enforcement actions against licensees; and
- Frequently Asked Questions (FAQs).

Information Technology staff have aggressively pursued conversion of TDLR licensing programs from the agency's older legacy systems to its internally developed TULIP (Texas Umbrella Licensing Information Program) system. In addition, IT staff has spent many hundreds of man-hours converting to TULIP the inherited barber and cosmetology databases, which for many years have resided with a third-party vendor, Northrop Grumman. This cost saving conversion is all the more significant considering that TDLR assumed responsibility for these programs on September 1, 2005.

In addition to these accomplishments, IT staff has developed other "online" services such as: license renewals for many of the agency's programs, the use of which is dramatically increasing; continuing education course completion data which allows providers to quickly post continuing education credits earned by licensees; construction project registration allowing design professionals and building owners to register their construction projects with the Architectural Barriers program; and boiler inspection report submittal by agency and third-party boiler inspectors.

Since the Last Strategic Plan

In the two years since the planning for the current biennium, TDLR has seen many of its recommendations and forecasts come to fruition. The agency is now much larger than it was then. It is definitely more challenged than before, having seen tremendous growth in workloads, with a modest growth in resources. Although TDLR always strives to find innovative ways to perform these duties, if it is to maintain the high level of performance for which it has already been recognized, it will need the resources, both human and financial, to fully address these growing workloads.

The Workforce Plan in TDLR's last Strategic Plan addressed the agency's philosophy of growing leaders from within, a policy which has enabled the agency to reap rewards in the last two years. The agency's significant growth and the resulting reorganization since then, has created a need for more leaders. Several employees who demonstrated leadership potential were promoted to newly created leadership positions. The combination of institutional knowledge and the fresh approaches these individuals bring to their new jobs make them exceptional leaders for these positions. Along with the efforts of their team members, their leadership has been instrumental in the consolidation successes.

TDLR Highlights and Accomplishments

Department Performance

TDLR continued to demonstrate a record of performance excellence. The agency met or exceeded ninety percent of its key performance measures in fiscal year 2004 and ninety-five percent in fiscal year 2005. This was accomplished while the agency was implementing new programs and assuming the responsibilities of two former agencies. This achievement is a direct reflection of the personal commitment that each TDLR

employee has to making this agency the model for state government.

TDLR awards include:

- *The Bronze Safety Award presented by the State Office of Risk Management (SORM) to the Texas Department of Licensing and Regulation for its success in reducing workplace injury rates. March, 2006.*
- *The Appreciation Award presented by the Texas Association of African American Chambers of Commerce to the Texas Department of Licensing and Regulation for having the highest percentage of its total expenditures with Historically Underutilized Businesses. September, 2005.*
- *Best Solution Award presented by the 2005 Southwestern Regional Government Technology Conference Advisory Board to the Texas Department of Licensing and Regulation in recognition of innovative IT solutions for processing electrician applications.*
- *2004 Texas State Agency Excellence Award and House Resolution No. 1798 presented on the floor of the House to the Texas Department of Licensing and Regulation for its efforts to improve and maintain agency safety.*
- *Gold Safety Award presented on the floor of the House by the Honorable Rick Perry, Governor, and State Office of Risk Management to the Texas Department of Licensing and Regulation for promoting and furthering the occupational safety and health of state employees during fiscal year 2004.*

**best
solution
award**

In recognition of innovative IT solutions, the 2005 Southwestern Regional Government Technology Conference Advisory Board is pleased to honor:

Texas Department of Licensing and Regulations

for

Electrician's Applications

a best solution developed by

Neubus


Larry Glass
2005-2006 Advisory Board Co-Chair


Brian Francis
2005-2006 Advisory Board Co-Chair

New Programs

TDLR continued its successful implementation of the new program for statewide licensure of electricians. Since March 1, 2004, more than 112,000 electricians have been licensed through TDLR. House Bill 1317, passed by the 79th Texas Legislature and signed by Governor Rick Perry on June 18, 2005, reopened the grandfathering period for obtaining an electrical license. This legislation gave qualified and experienced electricians a second chance to obtain a license without an examination.

Consolidation



Deputy Executive Director Brian Francis addresses an open meeting of Barbers and Cosmetologists about the transfer of agencies to TDLR

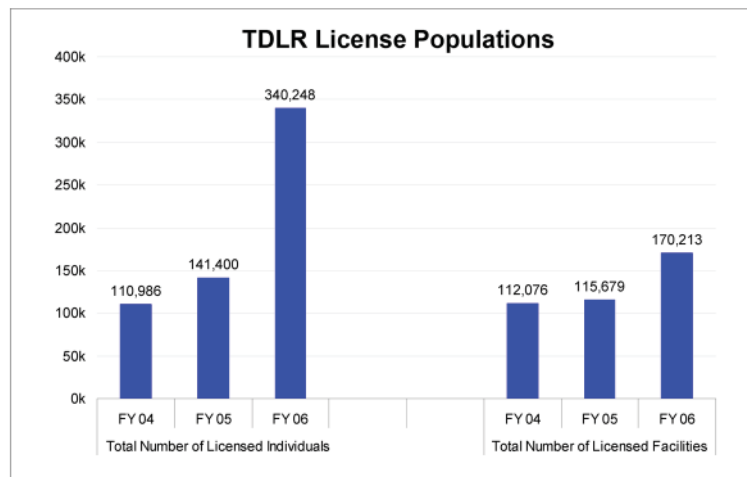
TDLR is successfully consolidating two formerly independent agencies into its operations. Senate Bill 411, passed by the 79th Legislature, abolished the Board of Barber Examiners and the Cosmetology Commission and transferred their functions to TDLR effective September 1, 2005. TDLR has substantially revised these two programs as they were administered by the former agencies. The agency has dedicated substantial time and resources to reach out to and inform the licensees and industry of these former agencies. The Executive Director and Deputy Executive Director held twenty-eight open meetings in fourteen cities throughout the state for licensees of the Cosmetology Commission and Board of Barber Examiners, shop, salon and school owners and the public. Other outreach activities included direct informational mailings made to

license holders, designing new internet webpages, email notification services, FAQs and electronic forms. TDLR reorganized its structure and created a new division and two new sections to better serve these programs.

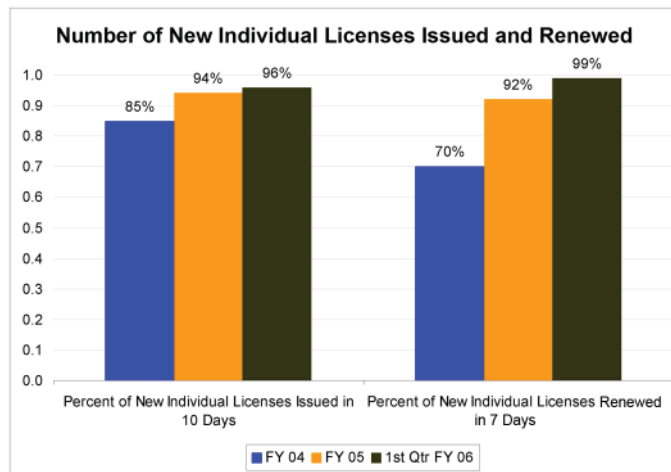
In the first quarter of fiscal year 2006, TDLR eliminated the backlog of 4,000 cosmetology student permit applications and processed an additional 14,000 submitted after September 1; processed a backlog of 1,400 applicants on a waiting list to schedule an examination date; found and processed approximately 3,200 pieces of “money mail” that had not been cleared in the cosmetology accounting system; and, inherited approximately 7,700 pending enforcement cases.

In order to provide a continuity of service to the cosmetology and barber industries, TDLR successfully met an immediate need to establish an examination facility in September, 2005. This was accomplished by leasing unused state owned property in downtown Austin and by contracting with a local barber school. The build-out of the leased facility, which was sufficient to test up to seventy-five applicants per day, was completed in September. During September, October and November, TDLR administered 3,146 cosmetology and barber examinations.

Consolidations and the new Electrician program have resulted in an explosion in TDLR’s licensee population. The following chart shows the dramatic growth in TDLR’s licensee populations from 110,000 individual licenses in 2004 to 340,000 in the first quarter of 2006 and from 112,000 facility licenses in 2004 to 170,200 in the first quarter of 2006.



Despite the substantial growth of TDLR’s license population, TDLR was able to maintain or improve services to its customers. One measure of performance, percent of new individual licenses issued in ten days, increased from eighty-four percent in fiscal year 2004 to ninety-four percent in fiscal year 2005, and to ninety-six percent in the first quarter of fiscal year 2006. Another performance measure, percent of new individual licenses renewed in seven days, increased from seventy percent in fiscal year 2004 to ninety-two percent in fiscal year 2005, and to ninety-nine percent in the first quarter of fiscal year 2006.



Education and Examination

In 2005, TDLR added a new division, Education and Examination, to its organizational structure of functional alignment. It was created to meet the growing demands for oversight and/or administration of licensure examinations and pre-licensing and continuing education. Ten programs now require examinations for licensure – air conditioning and refrigeration, architectural barriers, auctioneers, barbering, boilers, cosmetology, electricians, licensed court interpreters, property tax consultants, and water well drillers. Eight of these programs (with the exception of barber and boiler) also have continuing education requirements for licensees.

During the first quarter of fiscal year 2006, the division approved ninety-seven cosmetology continuing education providers and 237 cosmetology continuing education courses. Some of the providers and courses were new and some had been previously recognized by the former agency. The total number of registered continuing education providers reached 172 during this time period.

TDLR continuing education providers now use a web-based system to submit course completion documentation on the TDLR website. This system reduces data entry of course completion information, eliminates the manual review of course certificates and allows for automated posting of continuing education credit hours earned.

Customer Service

TDLR's customer service resources were re-organized into a separate section in 2005. The stand-alone Customer Service section refines TDLR's structure of functional alignment to better serve its growing customer population.

The Customer Service section is TDLR's primary point of contact with its stakeholders. The section communicates information through a centralized call center staffed by fourteen full-time equivalent positions. The section also responds to electronic and in-person inquiries to meet customer information needs. During the first two weeks after consolidation of the Barber and Cosmetology programs, the call center received more than 76,000 telephone calls. Calls peaked but began to decrease as a result of other

outreach activities of the agency such as dissemination of information through an improved website that includes forms, the law, the regulations and a FAQs section. TDLR also used direct mailings and instituted periodic informational bulletins for the industries. In September 2005, TDLR published the first issues of the Barber Update and the Cosmetology Update. Through its email notification service, TDLR sends email messages announcing events or changes of interest to subscribers.

Statewide Licensure Examinations for Cosmetologists and Barbers

TDLR began providing barber and cosmetology examinations using agency staff in September, 2005. At the same time, TDLR was pursuing the Executive Director’s vision of offering the barber and cosmetology examinations in multiple sites throughout Texas. Prior to consolidation, all students had to travel to Austin in order to take the barber or cosmetology examination. Students often incurred substantial expenses for transportation, lodging and meals, as well as the inconvenience of traveling and delays of scheduling examinations.

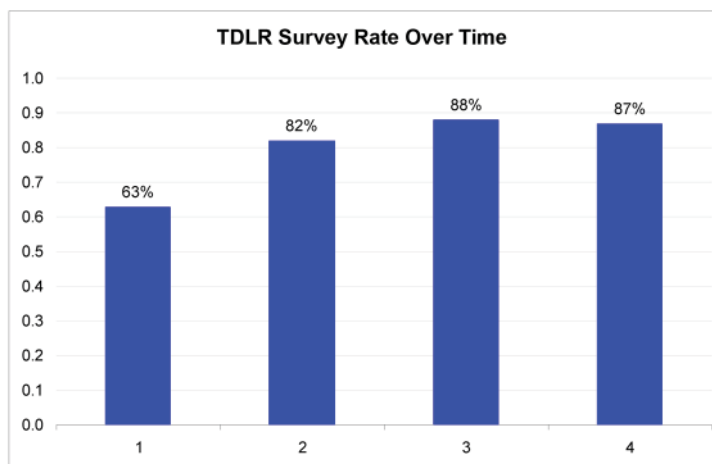
A request for bid proposals was published in October 2005 and in January 2006, TDLR selected a third-party vendor to develop and administer the barber and cosmetology examinations. On March 1, 2006, TDLR began a new era in examination delivery for the barber and cosmetology industries. By offering written examinations in seventeen locations and practical examinations in eight locations throughout the state, applicants are no longer required to travel to Austin. This results in a substantial savings of time and expense to applicants and represents one of TDLR’s biggest accomplishments for its customers.

Self-evaluation and Opportunities for Improvement

TDLR continues to strive to be a model state agency. To measure success and assess the effectiveness and health of the agency, executive management reviews Survey of Organizational Excellence results, employee turnover velocity, employee overtime accruals and Key Performance Measure attainment.

Organizational Excellence

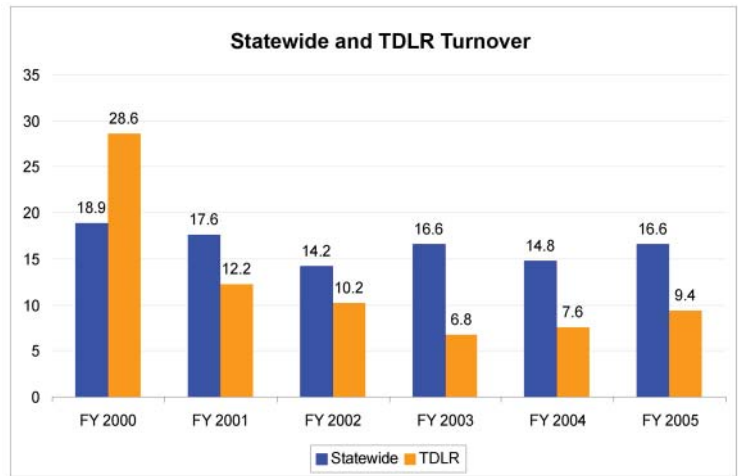
TDLR’s employee participation rate in the Survey of Organizational Excellence continues to be very high (see the chart below, Survey Response Rate Over Time). The participation rate benchmark measures the health of the organization. A rate higher than fifty percent indicates that employees have an investment in the organization, a sense of responsibility to the organization and want to see the organization improve. TDLR employees are engaged and focused on the vision, “To be a model state agency.”



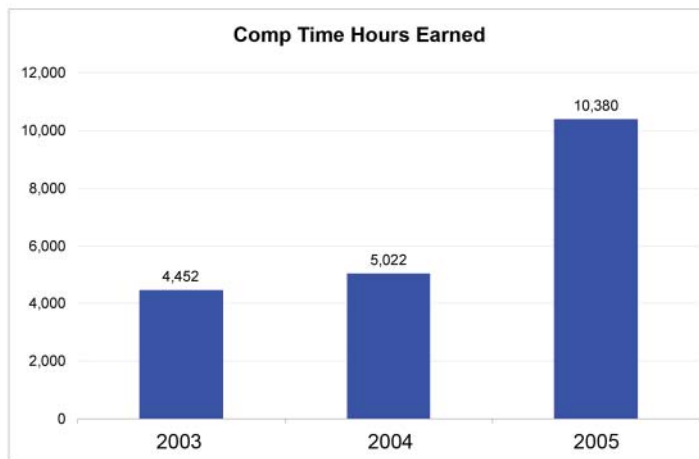
Employee Turnover

A second measure of agency fitness monitored by management is the velocity of employee turnover. Since fiscal year 2001 the velocity of TDLR employee turnover has been significantly less than the statewide

turnover rate. From fiscal year 2001 thru fiscal year 2003 TDLR's turnover rate steadily declined from 12.2 percent to 6.8 percent. During fiscal years 2004 and 2005 the velocity of TDLR employee turnover increased to 7.6 percent and 9.4 percent respectively, yet remained seven percentage points below the statewide turnover rate. This increase occurred during the implementation of four new programs which were added to TDLR's regulatory responsibilities by the 78th Legislature: Electrician, Loss Damage Waivers, For-Profit Legal Services Contracts and Weather Modification.



During this time the agency grew by thirty-two FTEs and underwent a comprehensive reorganization to assimilate the new duties into the functional business model.



Employee Overtime

The rate of increase in the accrual of employee overtime from fiscal year 2003 thru fiscal year 2005 has mirrored the trend in employee turnover during that period. Overtime in the Licensing and Enforcement divisions was needed to keep pace with the rising workloads from the Electrician program. Applications from persons seeking a grandfathered license required additional review of supporting documentation and criminal background checks. These processes do not lend

themselves to automation; they require review by licensing analysts, legal assistants and enforcement attorneys. This increase in overtime accruals to meet current workload demand is a clear indicator that the surge capacity of TDLR has been exceeded and additional FTEs are needed to maintain the level of excellent customer service for which TDLR is known.

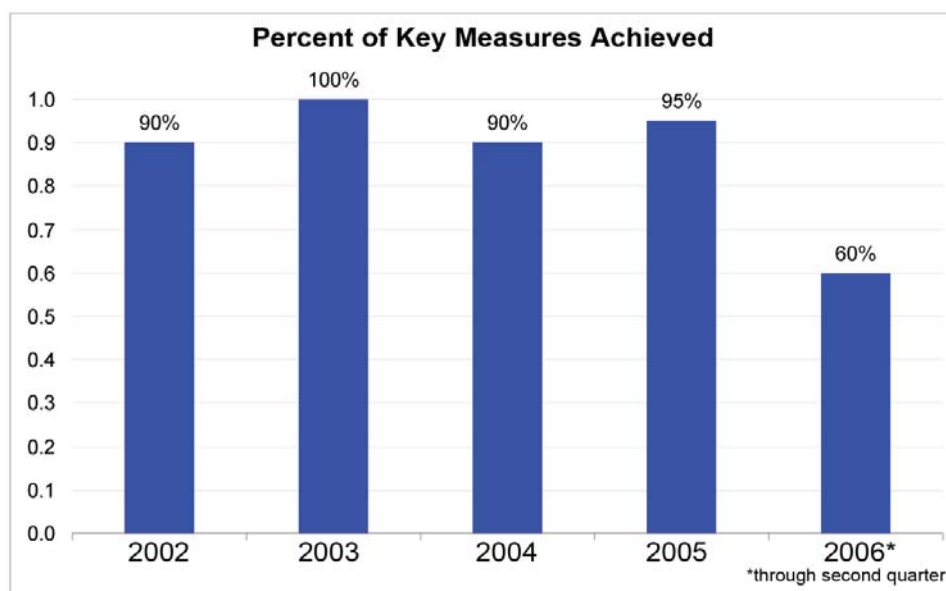
Key Performance Measure Attainment

The transfer of the Barber and Cosmetology programs to TDLR greatly expanded the agency's regulatory responsibilities, doubling the licensee base. Prior to the transfer, both programs had experienced significant performance problems because of the lack of sufficient staff and resources. One example of the performance problems stemming from insufficient staffing was that the former Cosmetology Commission left thousands of enforcement cases incomplete and in disarray. After reviewing 13,000 cases transferred from the Cosmetology Commission, TDLR's Enforcement division discovered that while licensees had paid penalties on more than 6,500 cases, the Commission had failed to close the files. Additionally, 600 cases

had Proposals for Decision from the State Office of Administrative Hearings that had not been acted upon by the Cosmetology Commission. The following chart details the negative impact on TDLR's enforcement metrics caused by the unresolved Cosmetology Commission enforcement actions.

Performance Measure	Target	Thru 2 nd Quarter FY 2006	% Attained
Number of Complaints Resolved	4,853	1,629	34.0
Average Time for Consumer Complaint Resolution (days)	83	122	147.0
% of Documented Complaints Resolved Within Six Months	85.0	75.0	88.0

The inherited workloads and the doubling of the licensee base have negatively impacted TDLR's ability to attain its historical level of key measure performance. For example, in fiscal years 2002 through 2005, TDLR met or exceeded more than ninety percent of its key measures, yet through the second quarter of fiscal year 2006 only sixty percent of the key measures have been met or exceeded. Additional appropriations and FTEs are required to return to TDLR's historical level of performance.



Agency Characteristics Requiring Improvement

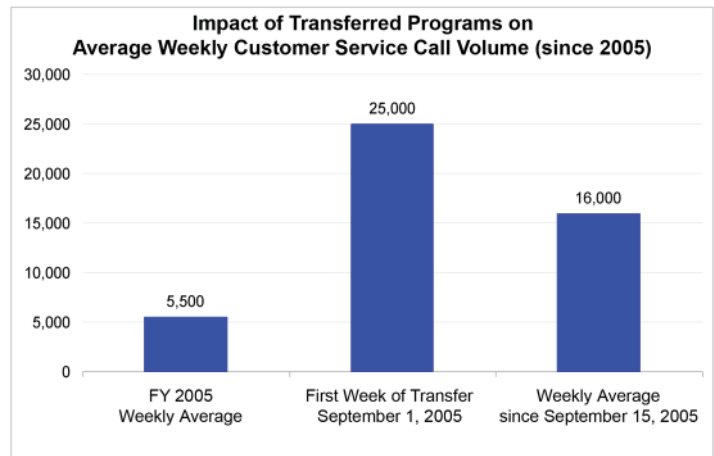
TDLR's primary tool for gathering information from its customers is the use of external focus groups. Beginning in July of 2005, prior to the transfer of the Barber and Cosmetology programs to TDLR, focus group meetings were conducted in fifteen cities throughout the state to learn from these industries what was working well and what needed change. An additional six regional meetings were conducted statewide for the Barber and Cosmetology programs to discuss TDLR's management of the license programs and proposed rule changes. Then, in March 2006, TDLR conducted eleven strategic planning external focus groups for licensees, industry associations, consumers and governmental agencies. Two main topics of discussion in every focus group were busy telephone lines and internet capabilities.

The cornerstone of the agency's ability to communicate with our customers is the website. People from

every focus group complimented the agency on its website design, content and accessibility. In fact, our customers are so dependent on our website that they are now asking for it to be more interactive. Customers want to be able to use TDLR's website to accomplish the following:

- file new and renewal applications;
- pay fees and fines by credit card;
- update address and license information;
- request and retrieve open records information;
- file inspection reports;
- track the status of complaints filed; and
- select the language in which information is communicated.

A knowledgeable and attentive Customer Service section is another key aspect of the agency's responsiveness to customers. Prior to the transfer of the Barber and Cosmetology programs to TDLR, the seven employees of the Customer Service section received approximately 1,100 calls per day. The first week that TDLR assumed responsibility for the Barber and Cosmetology programs, the agency received more than 5,000 phone calls each day. Since September 1, 2006, the phone call volume has leveled-out to approximately 16,000 incoming calls per week. In anticipation of high call volume, the agency increased its Customer Service staff to 15 employees, yet staff is only able to answer about twenty percent of those calls.



While the addition of the Barber and Cosmetology programs doubled TDLR's licensee base, the number of phone calls increased by 355 percent. Customers in every focus group expressed concern about TDLR's ability to respond timely to their emails, the difficulty in getting through to the agency and the long hold times when they did finally get through. Customer service is more than a priority for TDLR – it is one of our CORE VALUES. TDLR views each person we serve as deserving of our best efforts. TDLR prides itself on courteous and timely delivery of services, getting the job done right the first time, exceeding customers' expectations and making services easily accessible. In this respect, TDLR finds our current level of customer service in regard to the higher phone volume to be unacceptable. TDLR's customers deserve more and while working diligently to refine our materials and processes to provide greater service, additional FTEs are needed to answer these inquiries.

Key Obstacles

TDLR identified the annual out-of-state travel cap of \$1,738 as a key obstacle in its last two strategic plans. This exceptionally low travel cap continues to challenge the agency's ability to take advantage of critical training opportunities and to stay abreast of key changes taking place in other jurisdictions. The current cap was set based on actual expenditures during fiscal year 2000 which is not representative of the agency's historical and current out-of-state travel needs. For example, actual expenditures were \$15,373 in fiscal

year 1999 and \$7,720 in fiscal year 2001. This anomaly resulted from drastic cost cutting measures taken to prevent an unforeseen fiscal emergency that year. TDLR may be a model state agency, but opportunities abound for improvement by studying other states' successes. TDLR does not require additional revenue or appropriations, but only seeks the authority to increase the out-of-state travel cap.

Another obstacle facing the agency is the current five-year replacement schedule for computers. TDLR lengthened its replacement schedule from four years to five years in response to the 2003 statewide budget shortfall. Returning the department to a four-year computer replacement cycle is necessary to facilitate more timely replacement of obsolete hardware, thus assuring full and efficient use of advanced software and limiting disruptions caused by antiquated equipment. To avoid losing its technological edge, TDLR's computer replacement schedule must return to four years.

The Texas Commission of Licensing and Regulation, composed solely of public members with no financial interest in any of the occupations regulated by TDLR, relies heavily on technical input from its Advisory Boards for the administration of its programs. The across-the-board, statewide elimination of Advisory Board travel reimbursement has had an adverse impact on the attendance of the volunteer members, the frequency of meetings and the timeliness of input. The lack of travel reimbursement creates an unintended disincentive for active participation of these non-paid Commission appointees who play a vital role in advising the Commission on matters relating to health and safety issues, technical standards, rules, examination content and continuing education requirements. The best interest of the state is served by providing travel reimbursements to Advisory Board members.

TDLR prides itself on providing excellent customer service. While the agency meets this goal in the delivery of licensing, enforcement, compliance and other key services, it has recently fallen well short in its ability to respond to telephone and email inquiries. This is a direct result of the consolidation of the Texas Cosmetology Commission into TDLR. Despite the best efforts of the department to prepare for and manage the increased volume of inquiries – by reorganizing the Customer Service section and doubling the number of customer service representatives available, the department was unable to meet the inordinate increase in phone calls and emails. During the first six months after consolidation, TDLR received approximately 384,000 phone calls, as compared to 90,000 calls received during the first half of fiscal year 2005. Additionally, the number of emails received skyrocketed well beyond the department's ability to respond timely.

Consistent with the department's culture of innovation and its track record as a problem solver, the agency has endeavored to find creative ways of managing and responding to the rising number of phone calls and emails. The department has conducted on-site evaluations and reviews of public and private sector call centers to identify best practices that can assist in more effectively handling large volumes of phone calls. Additionally, the department has reconfigured its email management process to streamline and better track customer inquiries and service representatives' responses. However, these changes, while bringing greater efficiencies, have not overcome the overwhelming need for more customer service representatives.

TDLR has investigated the call center industry to determine benchmarks for the appropriate ratio of call center personnel per licensee served. Psychological Services, Inc., a national testing service, has developed call center staffing ratios based on its extensive experience in providing services to individuals seeking occupational licenses. Its ratio for servicing the real estate inquiries is 1 to 9,000, while the ratio for the cosmetology licensing inquiries is 1 to 6,000. Based on TDLR's investigation of best practices and its

commitment to provide a high level of customer service, the department's call center staffing ratio should be changed from its current 1 customer service representative to every 24,000 licensees to 1 customer service representative to every 10,000 licensees. This would result in the department's call center staff increasing from the current level of fifteen to thirty-six. The department would need the authority for the increase of FTEs and the appropriation to cover salaries, equipment and any call center software needs.

Opportunities for Improvement

Focus group participants identified opportunities for improvement in the regulation of their industries. Commenters recommended that the financial security requirements in several statutes be strengthened to provide better protection for the consumer. The Staff Leasing Services Act should be amended to clarify the meaning of the provision for self-funded insurance, strengthen financial reporting requirements and increase the net worth thresholds of companies providing staff leasing services. Participants also proposed that the Service Contract Provider and Vehicle Protection Product Warrantor statutes be changed to eliminate risk retention groups as an eligible provider of reimbursement insurance and allow for more types of products to be covered under their respective contracts.

Focus group attendees also expressed the need for tighter regulation in several of TDLR's health and safety programs. They acknowledged that at the beginning stages proper installation and inspection are crucial, and they recommended that installation of elevators require a permit and that the department be authorized to regulate installers of boilers and of modular homes and buildings. Air conditioning and refrigeration contractors wanted their industry to be regulated like other trades such as the electricians with license tiers ranging from technicians to businesses. Commenters from both the Air Conditioning and Refrigeration Contractor and Electrician groups expressed the need for state inspectors to ensure that standards are applied statewide. Participants of the Barber and Cosmetology focus groups recommended stricter sanitation standards, schools held to tighter standards, externships as license requirements and the addition of a hairdresser license.

Local, State and Federal Cooperation

Innovative partnering with local, state and federal entities has been key to the department's success in the efficient and effective licensing and regulation of twenty-three occupations and industries.

Local Partnerships

The department enhances the effectiveness of its regulatory efforts by working with local building officials, building inspectors, code enforcement officers, fire marshals, county health departments, licensing authorities and ground water conservation districts, in programs such as:

- Architectural Barriers
- Air Conditioning and Refrigeration Contractors
- Barbers
- Boilers
- Cosmetology
- Electricians
- Elevators, Escalators and Related Equipment

- Industrialized Housing and Buildings
- Water Well Drillers and Pump Installers
- Weather Modification

The department staff will continue working closely with these groups to provide training and informational seminars relating to these programs for local officials and their affected populations. One of the best examples of these partnerships is our annual participation in the Building Professional Institute (BPI) Conference that is coordinated through the University of Texas in Arlington and the Building Officials Association of Texas (BOAT). Through these training seminars and the interaction we have with the attendees, we have educated thousands of building, construction and design professionals on the requirements of several TDLR programs. When attendees hear the department's requirements "straight from the source", they become more confident in relaying this information to locally affected parties. The result is an educated customer base that has an overall positive effect on the regulation of our many programs.

The department has also cultivated partnerships with local chapters of business and advocacy organizations such as the Building Owners and Managers Association (BOMA), Coalitions of Texans with Disabilities and occupational/trade organizations such as the Independent Electrical Contractors (IEC) of Texas, National Electrical Contractors Association (NECA), the Valley Building Officials Association (VBOA), the Lonestar Cosmetology Association and the Texas Association of Tonsorial Artists (TAOTA). These partnerships are instrumental in ensuring greater compliance with TDLR program requirements.

These partnerships have also provided networking opportunities with law enforcement agencies, appraisal districts, municipal and county offices, including county health departments and elected officials whose assistance is valuable to the department in pursuing compliance with regulations. The continued cooperation of local code enforcement officials is paramount to TDLR's enforcement successes that include multi-jurisdictional "sting" operations aimed at curtailing unlicensed and unsafe activities. County health departments assist the agency in the identification of sanitation problems in barber and cosmetology establishments, particularly those that provide manicure and pedicure services.

Finally and of particular note, TDLR will continue to build and enhance our cooperative efforts with local municipal and regional licensing authorities in administering the Electrical Safety and Licensing Act. In administering this Act, TDLR will not prohibit local jurisdictions from adopting local amendments to the National Electrical Code, collecting permit fees for electrical work performed in the municipality or region and enacting ordinances requiring inspections.

Technical Assistance Partnerships

The department effectively utilizes staff expertise by providing technical assistance to interested/affected groups. In recognition of our regulatory roles and expertise as specialists we have been keynote speakers at the annual conference of the Construction Specifications Institute (CSI) and the Texas Registered Accessibility Specialist Association (TRASA). Our outreach efforts to state educational institutions on the requirements of TDLR's Architectural Barriers, Boiler and Elevator Safety programs have also resulted in technical assistance partnerships that have benefited Texas A&M University, the University of Texas, Texas State University, Baylor University and Southern Methodist University, to name just a few.

The Water Well Drillers and Pump Installers program, through coordination with local groundwater

conservation districts and river authorities, successfully protects water quality by ensuring proper well placement and construction and plugging of abandoned wells. Agency staff, in cooperation with the Texas Commission on Environmental Quality (TCEQ) and state groundwater conservation districts, has entered into a Memorandum of Understanding to coordinate investigatory and referral processes concerning abandoned and deteriorated water wells. As a permanent member of the Texas Groundwater Protection Committee (TGPC), the department's water well drilling subject matter experts contribute to the development of the state's water policies, especially those affecting water wells, groundwater protection issues, public outreach and educational activities. The Water Well Drillers and Pump Installers program has also developed an online abandoned well referral program which will allow TCEQ, groundwater conservation districts and the public to submit a complaint concerning an abandoned well and check the status of the complaint anytime by accessing the department's website.

Weather Modification program staff also works with groundwater conservation districts, aquifer authorities, county commissions, as well as federal authorities and water management agencies in other states, to assess the impact of cloud seeding technologies within rain-enhancement "target" areas.

Interagency Partnerships

The department has interagency agreements with the Texas Department of Health, Texas Commission on Fire Protection, Texas Department of Insurance (TDI) and the State Board of Plumbing Examiners. These agencies' inspectors, marshals or investigators report to the department unsafe or unregistered boilers discovered in the course of their regulatory or safety activities. In turn, the department assists TDI and the State Fire Marshals Office with investigation of possible electrical fires and reports unlicensed plumbing activity to the Board of Plumbing Examiners. Since the inception of the Staff Leasing Services program, TDLR has maintained a close partnership with the Texas Workforce Commission and TDI. These partnerships have increased the collection of delinquent taxes, decreased unlicensed activity and verified that staff leasing companies are using authorized insurers. The department also works with TDI to assure the solvency of insurance companies, including risk retention groups, providing financial security for service contract providers. For all individual license applicants, TDLR refers information to the Texas Department of Public Safety (DPS) for criminal background checks. DPS also performs FBI criminal background checks on the controlling persons of staff leasing services applicants.

Other TDLR program partnerships with state agencies include:

- Governor's Committee on Persons with Disabilities – to recognize with "Access for All" decals newly constructed buildings/facilities that have been inspected and determined to be accessible;
- Texas Building and Procurement Commission – inspection of state leases; review and inspection of state construction projects;
- Texas Commission on Jail Standards – agreement allowing use of federal accessibility standards specific to prison facilities;
- Texas Department of Transportation (TxDOT) – agreement to facilitate expedited reviews and inspections for TxDOT construction projects and to use portions of proposed federal standards that are specific to construction in the public right-of-way;
- Office of the Secretary of State - agreement to coordinate with state and county voting officials by providing them with technical assistance to help ensure that their polling facilities are accessible to persons with disabilities, as well as assisting the Office of the Secretary of State in addressing

- requirements of the federal Help America Vote Act (HAVA);
- Texas Commission on Environmental Quality and the Texas Water Development Board – groundwater data management project; and
- Oklahoma Water Resources Board – collaboration with the Board in evaluating effects of cloud seeding for rainfall enhancement in semi-arid West and South Texas.

The recent disasters have reminded us that crisis management planning is a year-round effort. Because of TDLR's systems and flexibility, the department was able to respond quickly to persons affected by Hurricane Katrina through emergency rules and technical expertise. The agency would like to increase its role in providing support during a time of crisis and will offer its services to the statewide Emergency Management Council.

Reciprocity Agreements

Reciprocity agreements with other states in the Air Conditioning and Refrigeration Contractor, Auctioneer and Electrician programs help reduce the complexity and expense of regulation for licensees by eliminating duplication of examinations. Additionally, the department licenses qualified out-of-state barbers and cosmetologists after verifying that the applicant's credentials fulfill Texas requirements. The department continues to pursue reciprocity with other states. Combative Sports staff works with other state boxing commissions to improve safety by sharing information regarding medical and other suspensions of boxers.

Federal Partnerships

To assist in effectively administering state regulatory requirements and better serve our customers, TDLR monitors federal activities that may have a potential effect on the programs we regulate. The department strives to keep the public informed of federal regulatory requirements affecting the trades, professions and industries we regulate and works with federal agencies to be proactive in implementing any necessary changes.

An example of our successful coordination with federal entities includes the current Texas Accessibility Standards which were previously certified by the U.S. Department of Justice as equivalent to the Americans with Disabilities Act (ADA) Accessibility Guidelines for Title III of the ADA. This certification facilitates compliance with both state and federal requirements. Also, the department closely tracks pending changes to federal accessibility requirements under the ADA and is poised to update our own state standards once the department of Justice has adopted new federal accessibility standards.

Current and Future Use of Consultants and Contracts

Current Consultant and Contractor Use

TDLR uses consultants to obtain specialized skills not available within the agency and contracts with outside vendors to provide services that result in cost-savings while maintaining the high quality of service TDLR expects its customers to receive. In addition, purchasing certain services allows TDLR to focus on its core competencies and expands the expertise and perspective available to the agency.

Consultants also fill a critical role when a project demands an objective third-party perspective such as the

internal audit function. TDLR consults with Monday N. Rufus. P.C., Certified Public Accountants and Consultants, to perform internal auditing functions required by state agencies under Chapter 2102 of the Government Code. Use of a consultant is also fiscally responsible in this case, as the organization is not large enough to justify a full-time internal auditor.

TDLR's use of outside contractors occurs when such use creates efficiencies, improves customer service or saves taxpayer dollars. Contracted services in the current biennium support operational areas such as mail delivery, copier leases, communications, parking and the employee assistance plan.

Other contracts enhance or provide direct benefit to customers. Examples are contracts to develop, maintain and/or deliver examinations, perform specialty inspection services, provide online licensure and renewal and print and mail plastic license cards. A notable example of how TDLR has contracted for services to create efficiencies, lower costs and improve customer service is its contract for document imaging. TDLR chose to use Neubus for its digital imaging processes and systems rather than develop an internal system. TDLR's decision to select Neubus as a cost effective solution was affirmed by the Texas Council on Competitive Government when Neubus was identified as the statewide vendor for digital imaging services.

With the consolidation of the Barber and Cosmetology programs into TDLR, the agency inherited two non-cost effective contracts for data services associated with their legacy licensing systems. The department has moved swiftly to follow the 79th Legislature's directive by shifting from the centralized data center administered by Northrop Grumman to the agency's in-house licensing system. By the second quarter of fiscal year 2006, TDLR had converted the barber system into TULIP and will have the cosmetology system converted by the end of the fiscal year.

Future Consultant and Contractor Use

TDLR will continue using consultant and contractor services while exploring avenues for expanding their use, as long as such use remains cost-effective, customer-oriented and responsive to agency priorities. Specifically, TDLR staff will continue to rely on the services of a digital imaging vendor for records storage and retrieval. It is likely that the agency will increase the types of documents imaged for customer viewing and retrieval via the Internet.

In fiscal year 2006, consistent with TDLR's examination model for other programs, TDLR selected a vendor to deliver the examinations for the Barber and Cosmetology programs. The inclusion of these two programs has allowed:

- a change in staff responsibilities from proctoring examinations to overseeing the examination development process;
- a shift in focus by staff on increasing continuing education responsibilities;
- direct and timely exchange of examination information, including scores, between the vendor and students;
- reduced examination and records handling costs; and
- fewer customer service calls from students relating to examination scheduling.

In regard to the use of third-party vendors for information technology services, TDLR is concerned that the data center consolidation project administered by the Department of Information Resources (DIR) will

yield higher costs and degraded services as compared to TDLR's current in-house system. This fear is fueled by the fact that TDLR will be the smallest of the twenty-seven agencies vying for the data center operations services at an unknown cost and undefined service levels.

TDLR will increase the use of TexasOnline for license renewals and initial license applications. The benefits to the customer are the ease and convenience in applying for or renewing a license with quicker turn around time to receive their licenses. This will also benefit staff in decreased time spent processing applications. Similarly, the use of plastic license cards rather than paper licenses will be expanded to include other license types.

Key Human and Community Resources

In addition to its appropriated resources, TDLR accesses other sources of expertise that leverage the agency's ability to accomplish its mission and goals.

Training: TDLR takes advantage of low cost and free training offered by other state agencies to expand training opportunities for its staff beyond those that the agency could otherwise afford. TDLR staff participates in valuable training offered by the Office of the Attorney General, Texas Department of Agriculture, State Office of Risk Management and the Employee Assistance Program (EAP) which significantly enhances staff development and effectiveness.

Interns: TDLR has used interns to expand or extend staff proficiencies on a periodic or project basis. The LBJ School of Public Affairs at the University of Texas works proactively with state and local organizations to place interns in programs or areas that will yield benefits to the receiving agency and provide hands-on experience for the student. In addition, graduate programs at the University of Texas, Tarleton State and other Universities encourage internships for their candidates.

Information Exchange among Peers: TDLR seeks opportunities for peer to peer interaction and exchange of information. Agency staff participates in a number of activities that go significantly beyond simple networking. The Executive Director is often requested to participate in leadership programs, making presentations at the LBJ School of Public Affairs and at forums promulgated by other state and local organizations. The personnel attorney is a member of the mediation/dispute resolution roundtable and works with peers cross-agency to discuss and compare policies, procedures and practices in the workplace. The information systems manager has served as an informal advisor in the past for the Department of Information Resources TexasOnline project and continues to participate in the occupational licensing steering committee for TexasOnline. Executive management and division directors have taken advantage of the Governor's Executive Development Program by cultivating strategic relationships with key personnel at other state agencies. In addition, Information Technology staff participates in the Epay users group for TexasOnline. Staff from other state agencies that are involved in common undertakings share forms, tools, processes and ideas that they have developed with each other, thus leveraging scarce budget resources.

Community Resources: TDLR's licensed constituents seek the agency's participation and support at community level events. For example, department staff participates in annual industry conferences, trade shows and meetings, local panel discussions, enforcement task force meetings, university presentations and other community events.

TDLR's ability to access and utilize resources such as those described above keeps the agency abreast of emerging developments in the occupational areas it regulates and fosters its common sense approach to regulation. Pertinent and timely exposure and interaction with others from within the "state family" or outside of it is cost effective and yields worthwhile dividends.

Service Population Demographics

Affected Populations

All Texans benefit from TDLR's services. For example, you are a beneficiary of TDLR's services if you enter a building (Architectural Barriers and Industrialized Housing and Buildings programs), turn on the lights (Electricians program), use an elevator or escalator (Elevator Safety program), drink a cold beverage or enjoy air conditioning (Air Conditioning and Refrigeration program), use hot water (Boilers program), or drink well water (Water Well Drillers and Pump Installers programs). Many Texans also benefit from TDLR's services when they attend or participate in an auction or boxing event, utilize the services of staff leasing companies, hire a property tax consultant, purchase an extended warranty (Service Contract Providers program) or a vehicle protection product or use a licensed interpreter during a court proceeding.

Historical and Current Characteristics

From its inception as the Bureau of Labor Statistics, this agency has seen considerable change in its service population's demographics. Over time, the Legislature has shifted the department's focus from labor related matters to occupational licensing and consumer protection. The size and mix of its service population will continue to change as the Legislature identifies and assigns the department additional programs in our role as the state's umbrella licensing and regulatory agency. TDLR's service population continues to grow and encompass almost every demographic category. Our customers are ethnically diverse, span every age group and have varied needs. The agency places a premium on hiring bilingual employees to serve our customers' needs. Over the past two years the number of bilingual employees hired has increased dramatically. This has allowed the department to deploy Spanish speaking employees in critical customer service positions.

Geographic Location of Service Population

The department's service population consists of its licensees and the people who transact with them. The service population is concentrated in the Northeast Quadrant which consists of the area encompassed within Wichita Falls south to San Antonio, east to Houston and north to Texarkana. The resulting figure contains within it thirteen of the state's twenty-five Metropolitan Statistical Areas, including the four largest; that is, over sixteen million people. The Northeast Quadrant is home to over seventy percent of the Texas population, and accounts for over eighty-five percent of the dollar volume of total gross service sales. Even allowing for the rural orientation of the Weather Modification and Water Well Driller and Pump Installer programs, it is clear that the Northeast Quadrant is the geographic location of most of the department's service population.

Public Perception

Future Trends and Their Impacts

The population of Texas continues to increase at a rate substantially greater than that for the entire nation, and in the years ahead it will be increasingly older and ethnically diverse. Moreover, the size and complexity of the emergence of a new numerical majority will pose new challenges for the state's socioeconomic and service structures.

The rate of growth of the non-Anglo population (275 percent for Hispanics and about 380 percent for Asians) within the next decade, compared with that of the Anglo population (six to eight percent), will require TDLR to provide more services in various languages. This racial and ethnic diversification of the state's population will place increasing demands on the air conditioning contractors, cosmetologists, barbers, electricians and licensed court interpreters that serve non-English speaking populations.

The substantial expansion in the next several years in the markets for goods and services involving older and ethnically diverse market segments will require an increased level of regulatory protection by TDLR in areas such as auctioneers, for-profit legal services contracts, loss damage waivers in rental purchase agreements, personnel employment services, staff leasing services, talent agencies and temporary common worker employers.

With a growing population spending greater disposable income for consumer products covered by service contracts, maintenance agreements and warranties, demand will intensify for consumer protection provided through TDLR. An increased population means the demand for housing will continue to grow, which will result in a greater need for consumer protection.

Increased longevity and the aging of the "baby-boom" generation ensure that more Texans will experience physical limitations, thereby accelerating the need for better accessibility in buildings and facilities. This will heighten the demand on services offered by TDLR's Architectural Barriers and Elevator Safety programs.

The demand for adequate fresh water for an expanding population, coupled with the toll on fresh-water supplies exacted by frequent and more intense droughts, will increase the number of property owners and water conservation districts that rely on water well-drilling and weather modification technologies. This will place greater stress on the services offered by TDLR's Water Well Drillers and Pump Installers, as well as Weather Modification programs.

Economic Variables

The economic variables that have the greatest impact on the department and the businesses, industries, general trades and occupations it regulates include: Gross State Product (GSP), employment trends and construction activity. Other significant variables to consider are the displacement and damage caused by Hurricanes Katrina and Rita.

Economic Projections

Based on economic projections by the Perryman Group, the Texas economy is expected to improve over

the next five years. The economy has exhibited signs of healthy growth and Texas has a projected annual growth rate in GSP that is consistent with the Gross Domestic Product. Over the next five years Texas' GSP is expected to grow at an average rate of 3.2 percent. The compound annual growth rate for Texas Real Gross Product over the 2005 – 2010 timeframe is forecast to be 4.34 percent. These projected increases should favorably impact the services offered by programs regulated by TDLR. In particular, the demand for products offered by service contract providers and vehicle protection product warrantors has a direct correlation to the GSP.

Employment Trends

For metropolitan statistical areas (MSAs), Texas' share of total U. S. employment in 2006 was 7.6 percent compared to 6.4 percent in the year 2000. For the last two years, Texas has received the Governor's Cup which is awarded to the state with the highest job creation. From 2004 to 2005, the Professional and Business Services and Construction industries ranked one and two, respectively, in employment growth rate. If these trends continue, TDLR will experience a steady increase in its regulated population. Employment in Texas is projected to grow at approximately 1.8 percent per year with a slightly higher percentage projected for MSAs. As the State's employment rate increases, so does the demand for the services offered by Personnel Employment Services, Staff Leasing Services and Temporary Common Worker Employers. Economic changes will invariably affect our various programs in significantly different ways, increasing workloads in some, while somewhat reducing workloads in others.

Construction Activity

TDLR's Air Conditioning and Refrigeration Contractor, Architectural Barriers, Electrician, Elevator Safety, Boiler, Industrialized Housing and Buildings, Temporary Common Worker Employer and Water Well Driller and Pump Installer programs are significantly affected by trends in all types of construction – residential, commercial and public works. Despite dire predictions of a national housing bubble about to pop, Texas is cited by experts as being "low risk" when it comes to housing investments. Construction activity is projected to steadily increase over the next five years with housing starts in the area of 143,500 by 2009. Commercial projects, in terms of square feet constructed, are projected to improve from 131 million in 2005 to 154 million in 2009. Public works construction activity is projected to gain strength as well.

Displacement and Damage

The displacement and damage caused by Hurricanes Katrina and Rita will undoubtedly have a direct economic effect on construction-related activities in Texas and are likely to impact our licensee population and enforcement workload for years to come. The hurricanes forced the evacuation and permanent displacement of thousands of people from affected regions into Texas. Many of those displaced chose to remain and find employment in Texas, thereby increasing TDLR's licensing and regulatory responsibilities. TDLR's timely response to these disasters, including adoption of key administrative rules, allowed many displaced skilled workers, such as electricians, barbers and cosmetologists the opportunity to obtain a basic, temporary, or emergency license in Texas and the ability to earn a living.

Texas counties such as Angelina, Chambers, Hardin, Jasper, Jefferson, Liberty, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, Tyler and Walker were declared disaster areas with many having estimated damages of \$1,000,000 or more. Residents of these counties encountered

areas with no shelter, electricity, water, or other basic services. Consequently, construction activity has risen as Texans rebuild and restore services including installation and repair of air conditioning, electrical, elevators, boilers, architectural barriers and industrialized housing and buildings. This rise in activity will inevitably result in an increased workload for TDLR programs. In particular, the increased demand for modular housing and buildings units to accommodate the multitude of families and workers who were displaced in Louisiana and Texas has resulted in a dramatic increase in the review, inspection and certification workload for our Industrialized Housing and Buildings program staff.

In the wake of the hurricane destruction and flooding, TDLR received reports of unlicensed individuals approaching home and business owners offering to perform air conditioning and electrical repairs. All too often these unlicensed individuals do not have the training or experience necessary to safely and competently repair these systems, nor do they have insurance. TDLR took initiative in reminding owners of flood-damaged homes and businesses that contracting with unlicensed individuals for air conditioning and electrical repairs can be hazardous. We are experiencing a rising number of complaints filed as a result of substandard work performed by unlicensed repairmen who were successful in scamming Texans at a most vulnerable time.

As Texans continue to rebuild from the devastation and rely on the services of qualified contractors and workers, TDLR will see increases in our licensee populations, and the need for a strong regulatory presence will remain. Whatever the forecast – economic or weather related, TDLR’s functional alignment positions the agency to respond timely and adjust its available resources to meet changing economic conditions.

Federal Statutes and Regulations

Historical Role of Federal Involvement

Federal statutes and regulations have not had a major impact on the department’s operations, but industries regulated by the department are affected by several federal programs.

The Americans with Disabilities Act of 1990 (ADA) and the Americans with Disabilities Act Accessibility Guidelines (ADAAG), enforced by the United States Department of Justice (DOJ), greatly influence regulation of construction and remodeling projects that must comply with the Texas Architectural Barriers Act and the Texas Accessibility Standards (TAS) administered by the Texas Department of Licensing and Regulation. The DOJ has certified TAS as equivalent to the new construction and alterations requirements of the ADA, Title III. The United States Architectural and Transportation Barriers Compliance Board has completed its recommended revisions to ADAAG and is awaiting final approval of them by DOJ. TDLR is poised to conform TAS to these proposed changes to ADAAG.

Risk retention groups qualified under the federal Liability Risk Retention Act of 1986 may provide reimbursement insurance to serve as financial security required to cover the obligations of service contract providers and vehicle protection product warrantors licensed by the department. Such groups that are licensed in another state are required only to register with the Texas Department of Insurance, but are not regulated by it. When such risk retention groups fail because they do not maintain adequate financial reserves – as at least three have done in years past– Texans holding contracts or warranties may suffer losses. The 79th Legislature, based in part on recommendations included in the department’s last strategic plan, addressed this concern by amending Occupations Code, Chapter 1304 to require that insurance companies

providing financial security for licensed service contract providers must maintain minimum amounts of paid-in capital and surplus to policyholders. The long-term effect will be that fewer Texans will be harmed by defaulting service contract providers.

The federal Professional Boxing Safety Act requires that boxers register with state boxing commissions and that state commissions issue federal identification cards to the boxers. In addition, TDLR is required within forty-eight hours to report boxing results to Fight Fax, a federally designated entity that maintains all registered boxers' records. Further, each state is required to establish safety standards equivalent to those established by the act. The registration and reporting requirements of the Act are ongoing, but do not impose a significant burden on the agency since it collects fees from the registrants for issuing identification cards. Pending federal legislation may establish a national boxing commission, which could require interaction between federal and state commissions.

The Medicare and Medicaid statute, Title 42, Public Health, preempts the model building code used by the Industrialized Housing and Buildings program in that any facility receiving Medicare or Medicaid reimbursements must meet the construction requirements of the National Fire Protection Association (NFPA) Life Safety Code 101, 1997 edition. The Department of Housing and Urban Development (HUD) has reviewed and accepted the Industrialized Housing and Buildings program for Category III Housing, which qualifies such housing for federal loans.

The requirements of the Federal Clean Air Act, (42 U.S.C., §§ 7401, et seq.) regarding the purchase and use of refrigerants used in air conditioning equipment are made state requirements by Occupations Code, Chapter 1305, Subchapter H. The subchapter requires that persons not licensed as air conditioning and refrigeration contractors, must obtain a certificate of registration to purchase refrigerants. It also provides that a person may not sell or use refrigerants in violation of the Clean Air Act. The department administers a registration process for such users, which includes collection of a fee.

Impact of Federal Activities

Some federal statutes and regulations impact the industries regulated by the agency. TDLR staff monitors federal activities in order to (1) make any essential changes in the ways the agency performs its regulatory functions; and (2) keep the public apprised of federal requirements impacting programs regulated by TDLR. TDLR is able to serve better its customers through timely recognition of and appropriate responses to changes in federal requirements.

For example, TDLR provides technical expertise to the office of the Secretary of State regarding voting site accessibility, election site accessibility checklist and facility modifications for compliance with accessibility standards. This is in response to the Help America Vote Act of 2002, which makes federal funds available to election officials for election administration improvements, including modifications to polling places to make them more accessible.

Individuals and organizations conducting weather modification operations are required by federal law to report their activities on a periodic basis to the National Oceanic and Atmospheric Administration (NOAA). Each weather modification permit issued by TDLR stipulates that the documentation prepared and submitted to NOAA by weather modification operators be provided to TDLR in a timely manner.

Another way in which a federal initiative impacts a segment of the Texas economy regulated by TDLR is through the Federal Professional Boxing Safety Act, which requires boxers to register with state boxing commissions, which in turn issue federal identification cards, report boxing results and medical information to a national database, and establish equivalent safety standards. This database provides key information necessary for state boxing commissions to properly match combatants and enforce medical suspensions.

The Industrialized Housing and Buildings (IHB) program is affected by federal statutes in two areas. The IHB program for Category III Housing has been reviewed and accepted by the U. S. Department of Housing and Urban Development (HUD), which qualifies the housing units for federal loans. Facilities receiving Medicare and Medicaid reimbursements are subject to the National Fire Protection Association Life Safety Code 101 (1997 edition) rather than the Model Building Codes adopted by the department for all other industrialized houses and buildings constructed for Texas.

Future Impact on Service Populations and Department Operations

TDLR is poised to revise its rules affecting architectural barriers as soon as revisions to the Americans with Disabilities Act Accessibility Guidelines (ADAAG) have been adopted by the U. S. Department of Justice. Harmonizing rules between state and federal governments simplifies compliance for building design and construction professionals and building owners while maintaining consistency in the application of accessibility standards.

Rule changes may be required in TDLR's Industrialized Housing and Buildings program to accommodate provisions of the National Manufactured Housing Construction and Safety Standards Act, which contains exclusionary language for owners of modular homes.

Criminal background checks on controlling persons of staff leasing services applicants will continue to be performed by the Federal Bureau of Investigations and the Texas Department of Public Safety.

Cooperation with Local, State, and Federal Entities

Impact of anticipated state statutory changes

TDLR monitors regulatory and industry trends and legislative actions that have a potential effect on regulated programs and implements any necessary changes. Timely and appropriate responses to statutory changes enable TDLR to better serve its customers.

TDLR's actions and response to Senate Bill 411 (Senate Bill 411) of the 79th Legislature serve as an example of the agency's approach. Senate Bill 411 abolished the Texas Cosmetology Commission (TCC) and the Texas State Board of Barber Examiners (TSBBE) and transferred their functions to TDLR effective September 1, 2005. In January 2005 TDLR began researching the TCC and TSBBE to identify the condition, status, policies and procedures of the agencies. In May 2005 TDLR created the Program Integration Team (PIT) to facilitate the transition of the two agencies by researching and gathering information on the TCC and TSBBE. The compilation and selection of PIT members was based on each person's specialized knowledge of the various aspects of TDLR's functionally aligned organizational structure and management system. The team performed five primary tasks:

- documented the work flow of the TCC and TSBBE;
- identified and catalogued work backlogs;
- inventoried TCC and TSBBE assets;
- searched for outstanding liabilities; and
- served as TDLR ambassadors to TCC and TSBBE staff members.

As an extension of this team approach, the TDLR Executive Director and Deputy Executive Director held a series of focus group meetings immediately after the signing of Senate Bill 411. The twenty-eight meetings held in fourteen cities throughout the state for barbers, cosmetologists and salon, shop and school owners solicited their input and feedback on how to improve the regulation of their respective industries.

Based on comments from industry focus groups we anticipate changes to the Electrical Safety and Licensing Act. TDLR is not currently authorized by statute to perform inspections nor require electrical inspectors to be certified. A common question from the public is "when will TDLR license electrical inspectors?" Some have suggested the need for additional categories of electrical licenses – appliance installers, linemen and industrial electricians. The addition of any new license categories would require additional resources.

The adoption of the 2003 International Building Code as the state building code for commercial buildings will have a substantial impact on our Building and Mechanical section as municipalities move forward with this requirement. This will require increased coordination with municipalities, builders, design professionals and owners to reconcile any differences in building code requirements at the state and municipal levels. Affected programs include: Architectural Barriers, Air Conditioning and Refrigeration Contractor, Electrician, Elevator Safety and Industrialized Housing and Buildings.

Elevator manufacturers are requesting the department's approval of the use of new technologies that have not been specifically addressed in the statutorily prescribed elevator safety code. The industry may request amendments to the Elevator Safety Act to allow the Commission to consider and timely adopt code requirements for elevators, escalators and related equipment, similar to the provisions in the Electrical Safety and Licensing Act.

During the 79th Legislative Session, legislation was filed, but not adopted, which would have required the registration of air conditioning technicians in Texas. It is anticipated that further discussion regarding the need to register air conditioning technicians may be part of an interim charge to the House Licensing and Administrative Procedures Committee. The addition of this registration would require additional resources. As part of the Texas Education Agency (TEA) Sunset review, the 79th Legislature considered transferring the Driver's Training program from TEA to TDLR. Such a transfer would greatly increase our current licensee base and regulatory responsibilities, requiring additional resources.

Impact of Current and Outstanding Court Cases

TDLR's strategy is to manage litigation to achieve the most advantageous result in a cost-effective manner. The Office of the Attorney General (OAG) represents TDLR in court, and TDLR's Office of General Counsel works closely with the OAG to resolve cases. The outcomes of the following current court cases may impact TDLR's regulatory activities and related functions.

TDLR cases

Kenneth Dale Reagor v. Texas Commission of Licensing and Regulation, Cause No. GN503944, Travis County District Court, 98th Judicial District. The Commission denied an application for a master electrician license because the applicant had been placed on deferred adjudication probation for two criminal offenses, including indecency with a child by contact. After a hearing before the State Office of Administrative Hearings, the Commission ordered that the application be denied. The Commission determined that, based on the criminal offenses, the applicant did not meet the legal standard of honesty, trustworthiness and integrity to be issued a master electrician license. The applicant filed a timely motion for rehearing, which the Commission denied, and has appealed the Commission's order to the district court. The parties have filed pleadings in the case, but no further action has occurred.

Texas Electrical Safety Association v. The State of Texas, Leo Vasquez, and Keith Bell, Cause No. GN-304416, Travis County District Court, 200th Judicial District. The plaintiff, an electrical industry association, filed this suit against Leo Vasquez, former Chair, the Commission and Keith Bell, Presiding Officer, Texas Electrical Safety and Licensing Advisory Board. The plaintiff challenges provisions of the Texas Electrical Safety and Licensing Act, Chapter 1305, Texas Occupations Code, (Act) and rules and practices adopted by the Commission pursuant to the Act. The plaintiff sought a temporary injunction, among other things, to prevent TDLR from issuing licenses in a manner that the plaintiff contends is contrary to the Act. After a hearing the court denied the plaintiff's request for the temporary injunction. The underlying lawsuit is still pending. The Legislature has met subsequent to the filing of the lawsuit and did not address the issues raised.

Texas Cosmetology Commission (TCC) cases

Senate Bill 411, 79th Legislature, abolished the TCC and transferred all of the rights and obligations of that agency to TDLR effective September 1, 2005. As a result, TDLR has taken the TCC's place as a party in the following court cases.

Maria Pallotta and David Lopez and Dolphin Technical Inst. v. Texas Cosmetology Commission and Carolyn Modica, Cause No. E-165031, Jefferson County District Court, 172nd Judicial District. This case arises from an alleged assault by a former inspector of the TCC against an owner of a cosmetology school. The plaintiffs are seeking an injunction and a declaratory judgment that TCC violated the plaintiffs' rights. The plaintiffs are asserting claims under federal law, the Texas Tort Claims Act, and the Uniform Declaratory Judgment Act. TDLR is asserting sovereign immunity as a defense and that the former inspector's alleged assault does not create any cause of action against TDLR. TDLR requested the district court to dismiss the case against TDLR because of a lack of jurisdiction. The district court denied the request, and TDLR is in the process of appealing that ruling to the Texas Court of Appeals. This case could impact the liability of TDLR and other state agencies for the unauthorized acts of employees.

Carolyn Modica v. Antoinette Humphrey, Cause No. A-02-CA-722 LY, U. S. District Court for the Western District of Texas, Austin Division. The former TCC inspector in the Pallotta case discussed above brought this lawsuit against the former executive director of TCC. The plaintiff alleges wrongful termination in retaliation for "whistle-blowing" about certain activities at TCC. The plaintiff asserts that her termination violated her rights under the First Amendment to the United States Constitution and the federal Family and Medical Leave Act. The district court dismissed plaintiff's claims against the TCC itself and against

former Commissioners of TCC. The district court denied the former executive director's request to dismiss the case against her, and the former executive director has appealed to the 5th Circuit Court of Appeals. That appeal is pending.

Carolyn K. McCollum v. Texas Cosmetology Commission, Cause No. 2005-CI-20075, Bexar County District Court, 224th Judicial District. A former TCC inspector/investigator brought this lawsuit against TCC, alleging that her employment was terminated by TCC as a result of discrimination on the basis of disability, age and race and in retaliation for her support of a coworker in an employment-related dispute with TCC. This suit is in the initial stage of filing pleadings.

Other litigation issues that may impact TDLR in fiscal years 2007-2011

To enhance our effectiveness as an agency, TDLR's Office of General Counsel and other staff monitors litigation matters that, although not involving TDLR as a party, could affect TDLR's regulatory activities. TDLR has identified the following issues that may impact TDLR in the next five years.

Risk Retention Groups – TDLR licenses and regulates service contract providers, who are required to back their service contracts with financial security, such as a reimbursement insurance policy. In many cases, these reimbursement insurance policies are issued by a risk retention group, which is a special kind of insurer under federal law. In the past, some risk retention groups have become insolvent, causing harm to consumers who purchased service contracts through providers licensed in Texas. Federal law limits the ability of states to regulate risk retention groups, and there is a split among the federal appeals courts about whether a state may specifically exclude risk retention groups from providing financial security for service contracts. The 5th Circuit Court of Appeals, which includes Texas, has not ruled on the matter. TDLR is watching for any resolution of this issue in the federal courts because it could impact the future course of regulation in the Service Contract Providers program. TDLR does not interpret the service contract law currently to exclude risk retention groups or to establish any different requirements for risk retention groups than for other types of insurers. However, resolution of this issue in the federal courts could impact the ability of the Texas Legislature and TDLR to target future regulation specifically at risk retention groups.

Cosmetology and Barber Establishment Sanitation – TDLR monitors litigation reports for any involving consumers who are exposed to infectious and contagious diseases in nail or hair salons because of unsanitary practices by the salon. Such litigation could involve the interpretation of cosmetology and barber laws and rules and so could impact TDLR's regulation of cosmetology and barber. TDLR is not aware of such suits being filed in Texas at this time.

Industrialized Housing and Buildings – TDLR monitors lawsuits involving restrictive covenants in deeds being interpreted to prohibit placing industrialized housing in residential subdivisions. In these cases, the deed restrictions did not specifically mention industrialized housing but prohibited such things as mobile homes or trailers. Nevertheless, courts have interpreted such deed restrictions to prohibit industrialized housing when the restrictions existed before the Texas Legislature created the current legal distinctions between industrialized housing and manufactured housing or mobile homes. This issue could impact the industrialized housing and building industry which is regulated by TDLR.

Customer Assessment of TDLR's Services

TDLR utilizes focus groups, rather than traditional customer surveys, to gather feedback from its customers. Focus groups provide free-flowing discussions allowing participants to identify areas of improvement and suggest innovative ideas and new directions for the agency to pursue. Focus groups recognize and assess the past, as well as help chart a course into the future.

During March 2006, TDLR conducted eleven focus groups for its twenty-three programs. Invitations were sent to licensees, industry associations, consumers and governmental agencies. The invitation offered two avenues for participation: interested parties could attend one or more of the sessions, or they could provide their comments in writing. To ensure consistency and structure and to help initiate discussion, the following questions were asked:

- What is TDLR doing well?
- What could TDLR do better?
- What is the one thing that TDLR should change?
- What is the one thing you would eliminate from or add to TDLR's statutes or rules?
- What are the anticipated trends in the next five years?

You may view all of the assessments and suggestions gathered during the focus group meetings on TDLR's website at www.license.state.tx.us in the "About TDLR" section. Briefly, this is what TDLR's customers offered:

(1) *What is TDLR doing well?*

Customers find TDLR to be customer-friendly and responsive and believe communication from the agency is good. They also are impressed with the information available on the agency's website.

(2) *What could TDLR do better?*

Customers believe TDLR should increase the number of customer service personnel to reduce busy signals and telephone hold times. They also desire greater enforcement and more feedback on complaints.

(3) *What is the one thing that TDLR should change?*

Many customers believe the number of continuing education hours required needs adjustment. Other customers would like more stringent standards for entry into their professions.

(4) *What is the one thing you would eliminate from or add to TDLR's statutes or rules?*

Customers would like to see adjustments in the Architectural Barriers standards, addition and elimination of some license types and licensing extended to some currently unlicensed populations. Some want to eliminate the requirement for continuing education in their respective industries.

(5) *What are the anticipated trends in the next five years?*

Texas will continue to grow and diversify increasing the need for the services of TDLR licensees. Diversification will increase the percentage of Texans who do not understand English, requiring more licensed court interpreters and the need for TDLR to provide information in foreign languages. An expanding economy will increase the need for construction professionals and laborers, elevator inspectors,

RAS and AB review services.

Strategic Planning Priorities

Growing Pains

With each passing Legislative Session TDLR has grown in size and responsibility. The agency's track record of successfully incubating new agencies, consolidating existing agencies or implementing new programs and responsibilities has bolstered the Legislature's confidence in the effectiveness of TDLR's functional business model. During the 79th Legislative Session this confidence resulted in the transfer of the regulation of cosmetologists and barbers to TDLR. This consolidation more than doubled the agency's licensee population while only increasing TDLR's FTEs by twenty-eight percent. The ability of the department to absorb an additional 250,000 licensees, convert archaic licensing systems and eliminate complaint and licensing backlogs, while concurrently enhancing communication with and improving services for the industry is a testament of the effectiveness of the functional model. However, despite these and many other successes TDLR is feeling the strain of these additional responsibilities and is in dire need of additional resources – FTEs, increased appropriations and additional office space. The department will apply the lessons learned from the consolidation of the Barber and Cosmetology programs to further enhance its functional business model, as well as prepare for future program transfers. TDLR will review the functional alignment of certain support functions to determine if closer alignment with programmatic functions will result in improved service delivery.

Prioritization of Strategic Planning Initiatives

Through the collaborative efforts of its Commissioners, employees, Advisory Board members, external focus group participants, consumers and licensees, TDLR has prioritized its strategic planning initiatives in the following areas: staffing and personnel, technology, complaint resolution and communication.

Staffing and Personnel Initiatives

Despite TDLR's best efforts to respond to the exponential increase in the number of telephone requests received, the agency is only able to answer twenty percent of the calls. In less than six months after the consolidation, the department received 200,000 more calls than it did for the preceding twelve months. TDLR's Customer Service section's inability to keep up pace with the excessive number of calls has been further exacerbated by the fact that email inquiries have also increased at similar rates averaging more than 16,000 per week. As with any challenge that TDLR has faced in the past, the agency has looked inward for solutions by conducting an exhaustive review and analysis of its customer service function in order to identify and remove service process bottlenecks. Additionally, the department has evaluated a number of public and private call centers to find and implement the best practices. These efforts have netted incremental service improvements but do not address the real problem. TDLR's Customer Service section is significantly understaffed. Currently, TDLR has a customer service representative to licensee ratio of 1 to 24,000. This is significantly higher than the 1 to 6,000 ratio for a license examination company that like TDLR serves a variety of license types, including cosmetology students. TDLR believes that a more appropriate customer service representative to licensee ratio of 1 to 10,000 will allow the agency to handle the elevated call and email volumes and return the agency to historic service levels. To achieve this appropriate customer service representative to licensee ratio the department will need twenty-one FTEs. The department needs

additional resources to upgrade its outdated call system.

Technology Initiatives

TDLR will continue to expand its use of and public access to imaged documents for all of its programs. During fiscal year 2007 TDLR will complete the conversion of the barber and cosmetology licensing software from the legacy system to the department's TULIP system. The department will seek reinstatement of the four year computer replacement cycle. Additionally, TDLR will work closely with the Department of Information Resources to ensure that its current information service levels will not decrease as a result of consolidation efforts.

Complaint Resolution Initiatives

TDLR remains committed to the resolution of complaints in a firm, fair and consistent manner and will continue to give priority to improving the timeliness and impartiality of the complaint resolution process. Like other key service functions, the overall effectiveness of TDLR's complaint resolution process is directly correlated to how successfully the department processes the backlog of complaints inherited from the former Texas Cosmetology Commission. TDLR will continue to cultivate partnerships with its local enforcement counterparts and leverage its presence through use of sting operations targeting unlicensed activity in the various statutes it administers.

Communication Initiatives

Communication is one of TDLR's core values. The department remains committed to being accessible and responsive. To this end the department participates in trade shows, conferences, industry meetings, focus group meetings and other outreach opportunities. The agency extends its communication efforts through its website, the primary means of communication with industry and consumers. Through it the public has been able to access information on licensees; access TDLR forms, rules and laws; subscribe to a free electronic message service that provides information in a timely manner; register architectural barriers projects; and file complaints. TDLR will increase the availability of information in Spanish and Vietnamese. TDLR will also expand the information and services on its website to include more program data, online renewals, imaged documents and technical memorandums.

Education and Examination Initiatives

TDLR will continue to enhance its license examinations through the use of subject matter experts, psychometric evaluation and electronic delivery. Additionally, TDLR will assist persons in preparing for license examinations by ensuring that candidate information brochures include the most current information such as frequently asked questions, examination scheduling process, bibliographies, examination content outlines and sample questions.

The department will employ technology to improve the consistency, accuracy and the timeliness of course completion submittals.

Consolidation Cleanup Initiatives

The department will work closely with Executive and Legislative leadership to identify statutory changes that will increase the consumer protection and improve the overall effectiveness of the regulation of barbers and cosmetologists. Concurrent with the implementation of these programs TDLR has conducted an extensive review to identify possible statutory improvements. The key changes would provide the department with additional enforcement tools, cease and desist orders and emergency shutdown authority, to respond to serious sanitation violations that threaten public safety. Other recommended changes will streamline the regulatory burden on licensees that practice both barbering and cosmetology.

Texas Department of Licensing and Regulation's Goals, Objectives, Strategies and Measures

A. Goal: LICENSING

License, certify and register qualified individuals and businesses.

B. Goal: ENFORCEMENT

Protect the public by enforcing laws administered by the agency.

C. Goal: INDIRECT ADMINISTRATION

D. Goal: COSMETOLOGY REGULATION

Provide licensing and enforcement functions to protect consumers.

E. Goal: BARBERS EXAMINE

Examine applicants for licensure and license qualified individuals.

F. Goal: BARBERS ENFORCEMENT

Provide inspections and resolve complaints and violations.

TEXAS DEPARTMENT OF LICENSING AND REGULATION

Objectives and Outcome Measures

Objective 1:

Regulate all applicable individuals and facilities according to law.

Outcome (Results/Impact):

Percent of Licensees with No Recent Violations

Percent of Licensees Who Renew Online

Percent of New Individual Licenses Issued Online

Objective 2:

Enforce laws and achieve compliance in regulated industries and occupations.

Outcome (Results/Impact):

Percent of Complaints Resulting in Disciplinary Action

Percent of Documented Complaints Resolved within Six Months

Percent of Architectural Barrier Building Plan Reviews Completed within Thirty Days

Recidivism Rate of Those Receiving Disciplinary Action

Inspection Coverage Rate

Percent of Boilers Inspected for Certification within Appropriate Time Frames

TDLR – COSMETOLOGY

Objectives and Outcome Measures

Objective 1:

Provide licensing and examination services within prescribed limits.

Outcome (Results/Impact):

Percent of Licensees with No Recent Violations
Percent of Licensees Who Renew Online
Percent of New Individual Licenses Issued Online

Objective 2:

Provide inspection services.

Outcome (Results/Impact):

Percent of Complaints Resulting in Disciplinary Action
Recidivism Rate of Those Receiving Disciplinary Action
Percent of Documented Complaints Resolved within Six Months

Objective 3:

Ensure that all materials and information are current and available.

TDLR – BARBER

Objective and Outcome Measures

Objective 1:

Determine if individuals meet minimum professional qualifications.

Outcome (Result/Impact):

Percent of Licensees with No Recent Violations
Percent of Licensees Who Renew Online
Percent of New Individual Licenses Issued Online

Objectives and Outcome Measures

Objective 1:

Provide inspections and resolve complaints and violations.

Outcome (Result/Impact):

Recidivism Rate of Those Receiving Disciplinary Action
Percent of Complaints Resulting in Disciplinary Action
Percent of Documented Complaints Resolved within Six Months

Strategies and Output, Efficiency and Explanatory Measures

A.1.1. Strategy: LICENSE, REGISTER AND CERTIFY

Issue licenses, registrations, and certificates to qualified individuals.

Output (Volume):

Number of New Licenses Issued to Individuals
Number of Licenses Renewed (Individuals)

Efficiencies:

Average Cost per Individual License Issued
Average Cost per Facility License Issued
Percent of New Individual Licenses Issued within Ten Days
Percent of Individual License Renewals Issued within Seven Days

Explanatory:

Total Number of Individuals Licensed
Total Number of Business Facilities Licensed

A.1.2. Strategy: LICENSE BUSINESSES AND FACILITIES

A.1.3. Strategy: EXAMINATIONS

Administer examinations to applicants.

Output (Volume):

Number of Individuals Examined

Efficiency:

Average Cost per Examination Administered

Explanatory:

Pass Rate

A.1.4. Strategy: CONTINUING EDUCATION/CUSTOMER SERVICE

Develop continuing education and provide customer service.

Output (Volume):

Number of Information Requests Filled

Efficiency:

Average Cost per Information Request Filled

Explanatory:

Number of Individuals Receiving Training/Education
Number of Training/Education Sessions Conducted

A.1.5. Strategy: TEXASONLINE

TexasOnline. Estimated and nontransferable.

B.1.1. Strategy: CONDUCT INSPECTIONS

Enforce laws by conducting routine, complex, and special inspections.

Output (Volume):

Total Number of Architectural Barrier Inspections Completed by Agency and Third Party Inspectors

Total Number of Architectural Barrier Building Plans Reviewed by Agency and Third Party Plan Reviewers

Total Number of Plan Reviews Completed by Agency and Third Parties

Efficiencies:

Average Cost per Inspection by Agency Staff

Average Cost per Architectural Barrier Building Plan Reviewed

Average Number of Months to Complete Architectural Barrier Inspections by Agency Staff

Average Number of Days to Complete Architectural Barrier Building Plan Reviews by Agency Staff

Explanatory:

Number of Buildings or Facilities Inspected for Architectural Barriers

Total Number of Inspections Completed

Total Number of Equipment Inspections Due

B.1.2. Strategy: BUILDING PLAN REVIEWS

Perform building plan reviews.

B.1.3. Strategy: RESOLVE COMPLAINTS

Enforce compliance by settlement, prosecution, penalty and sanction.

Output (Volume):

Number of Administrative Hearings Held

Number of Complaints Resolved

Efficiencies:

Average Cost per Complaint Resolved

Average Time for Consumer Complaint Resolution

Explanatory:

Number of Jurisdictional Complaints Received

B.1.4. Strategy: INVESTIGATION

Investigate complaints.

C.1.1. Strategy: CENTRAL ADMINISTRATION

C.1.2. Strategy: INFORMATION RESOURCES

C.1.3. Strategy: OTHER SUPPORT SERVICES

D.1.1. Strategy: COSMETOLOGY LICENSING

Examine cosmetology applicants and issue individual and establishment licenses.

Strategies and Output, Efficiency and Explanatory Measures

D.1.1. Strategy: COSMETOLOGY LICENSING

Examine cosmetology applicants and issue individual and establishment licenses.

Output (Volume):

Number of New Licenses Issued to Individuals

Number of Licenses Renewed (Individuals)

Number of Student Permits Issued

Number of Individuals Examined

Efficiencies:

Average Cost per Individual License Issued

Percent of New Individual Licenses Issued within Ten Days

Percent of Individual License Renewals Issued within Seven Days

Average Licensing Cost per Facility License Issued

Average Cost per Examination Administered

Explanatory:

Pass Rate

Total Number of Individuals Licensed

Total Number of Business Facilities Licensed

D.1.2. Strategy: COSMETOLOGY TEXAS ONLINE

TexasOnline. Estimated and nontransferable.

D.1.3. Strategy: LICENSING INDIRECT ADMINISTRATION

Indirect administration – licensing.

D.2.1. Strategy: COSMETOLOGY ENFORCEMENT

Resolve cosmetology complaints by conducting investigations and inspections.

Output (Volume):

Complaints Pending

Number of Complaints Resolved

Investigations Conducted

Individual Licensees Inspected

Establishments Inspected

Efficiencies:

Average Time for Consumer Complaint Resolution

Average Cost per Complaint Resolved

Explanatory:

Number of Jurisdictional Complaints Received
Individual License Sanctions
Facility License Sanctions

D.2.2. Strategy: ENFORCEMENT INDIRECT ADMINISTRATION

Indirect administration – Enforcement.

D.3.1. Strategy: PUBLIC INFORMATION

Provide cosmetology information to the public.

Output (Volume):

Number of Information Packets Distributed to Individuals and Establishments

Efficiency:

Unit Cost of Publications Printed

Strategies and Output, Efficiency and Explanatory Measures

E.1.1. Strategy: BARBERS LICENSING

Examine and license barbers, specialists, and teachers in Texas.

Output (Volume):

Number of New Licenses Issued to Individuals
Number of Licenses Renewed (Individuals)
Number of Individuals Examined

Efficiencies:

Average Cost per Individual License Issued
Average Licensing Cost per Facility License Issued
Average Cost per Examination Administered
Percent of New Individual Licenses Issued within Ten Days
Percent of License Renewals Issued within Seven Days

Explanatory:

Total Number of Individuals Licensed
Total Number of Business Facilities Licensed
Pass Rate
Number of Applicants for Students Enrolling/Re-Enrolling/Transferring

E.1.2. Strategy: BARBERS TEXAS ONLINE

TexasOnline. Estimated and nontransferable.

E.1.3. Strategy: BARBERS INDIRECT ADMINISTRATION

Indirect administration – licensing.

F.1.1. Strategy: BARBERS INVESTIGATIONS

Investigate and resolve complaints.

Output (Volume):

Number of Inspections

Number of Complaints Resolved

Efficiencies:

Average Time for Consumer Complaint Resolution

Average Cost per Complaint Resolved

Explanatory:

Number of Jurisdictional Complaints Received

F.1.2. Strategy: BARBERS INDIRECT ADMINISTRATION

Indirect administration – investigations.

APPENDIX A

TDLR's Strategic Planning Timeline for 2007-2011

The TDLR's strategic planning process commenced in early January when TDLR's Executive Director, William H. Kuntz, Jr. and Deputy Executive Director, Brian E. Francis, met to review the current strategic planning tool and outline the key elements to consider in this planning cycle. The executive team developed the composition of the external and internal focus group participation.

The Executive Director appointed the following employees to the Agency Strategic Planning Drafting and Editing Teams.

Drafting Team – William H. Kuntz, Jr., Executive Director; Brian E. Francis, Deputy Executive Director; Dianne Casey, Assistant Deputy Director; Chris Kadas General Counsel; Christina Kaiser, Director of Enforcement; Don Dudley, Director of Education and Examination; George Ferrie, Director of Compliance; Dede McEachern, Director of Licensing; Simon Skedd, Manager of Network Services; Glen Bridge, Manager of Program Development; Jeff Hill, Assistant General Counsel; Brad Bowman, Assistant General Counsel; Laura Kelly, Assistant General Counsel; Patrick Shaughnessy, Public Affairs; Tom Spradlin, Public Affairs; Lee Parham, Business and Occupations Manager; Sharon Homoya, Personnel Attorney; Christina Guzman, Executive Assistant; David Gonzales, Building and Mechanical Manager; George Bomar, Weather Modification Program Manager; Russ Taulli, Financial Program Manager; Gene Mays, Customer Service Manager; Doug Wise, Prosecutor; and Mike Fickel, Webmaster.

Final Editing Team – Brad Bowman, Assistant General Counsel; Debbie Jahns, Program Specialist; Daryl Kunze, Legal Assistant; Kay Mahan, Executive Assistant; Monica McKenzie, Licensing Analyst; Kathleen Overstreet, Program Specialist; Clayton Phillips, Investigator; and Janet Redfern, Legal Assistant; and Jackie Revilla, Executive Assistant.

The Commission, at its February 2, 2006 meeting, was given an update on the strategic planning and budget process. More specifically, the Commission reviewed TDLR's strategic planning timeline (See Addendum 1) that included the external focus group meeting dates. A subsequent strategic planning update, along with a revised timeline, was presented to the Commission at its May 3, 2006 meeting. The Commission also appointed three Commission members to a Strategic Plan Commission Oversight Workgroup.

Invitations to participate in the external focus group meetings were posted on the agency's webpage and sent to TDLR's more than 77,000 email notification subscribers. (See Addendum 2). The invitations provided two avenues for participation – attend an external focus group session or provide written comments.

The agency conducted eleven external strategic planning focus group meetings, providing the participants a unique opportunity to dialogue with the agency about the quality of services it provides and potential service delivery improvements. Participants also provided invaluable input regarding the trends and changes they believe will affect their industry over the next five years. This forecasting data plays a critical role in helping the agency identify the optimum allocation of existing resources and the need for additional resources.

Feedback from the participants was very positive and productive. Many of the external focus group attendees praised the department for its openness and expressed their gratitude to the department for seeking out

their opinions. Without question the suggestions and ideas generated by our stakeholders drive TDLR's strategic planning process.

TDLR's Commissioners do not sit on the sidelines when it comes to strategic planning, but instead play an active role in shaping the direction of the agency. Their involvement in all phases of the strategic planning process is a clear indicator that the upper echelon of TDLR's leadership is committed to the pursuit of excellence in service delivery. Commission members attend program Advisory Board and external focus group meetings.

To both inform the public and seek their input, the agency developed a Strategic Planning section on its website. This section includes the invitation to participate in the planning process, the dates of the external focus groups, summaries of each session and ultimately the Strategic Plan.

Concurrent with the external focus group meetings, the agency conducted internal focus group meetings. In these internal meetings, employees were provided the opportunity to respond to the same questions that were asked of the external participants. Information and opinions gathered from our employees is also a critical part of TDLR's strategic planning process.

Information gathered from the external and internal focus groups was used by the drafting team members to develop the plan. As assignments were completed, they were reviewed, edited and formatted for approval by the Commission.

At its June 14, 2006 meeting, the Commission approved the Strategic Plan.

ADDENDUM 1

STRATEGIC PLAN TIMELINE		
January 15 – February 15, 2006 Development of Strategic Planning Tool		
February 16, 2006 Disseminate Drafting Assignments		
<ul style="list-style-type: none"> ▪ William Kuntz, Jr. ▪ Brian Francis ▪ Dianne Casey ▪ Kay Mahan ▪ Christina Guzman ▪ George Bomar ▪ Brad Bowman ▪ Glen Bridge ▪ Don Dudley ▪ George Ferrie ▪ David Gonzales ▪ Jeff Hill ▪ Sharon Homoya ▪ Chris Kadas ▪ Christina Kaiser ▪ Gene Mays ▪ Dede McEachern ▪ Lee Parham ▪ Patrick Shaughnessy ▪ Simon Skedd ▪ Russ Tauli ▪ Doug Wise 		
February 17 – 22, 2006 Disseminate Invitations to Participate in TDLR's Customer Satisfaction Information Gathering Process (External Focus Groups)		
February 17, 2006 Town Meeting to Discuss Strategic Planning Process		
February 22 – March 3, 2006 Conduct Internal Focus Groups One Through Thirteen		
<u>Facilitators</u> Bill Kuntz Brian Francis	March 6, 2006 External Focus Group One 9:00 a.m. – 11:30 a.m. AB	<u>Scribes</u> Kay Mahan Jackie Revilla
<u>Facilitators</u> Bill Kuntz Brian Francis	March 6, 2006 External Focus Group Two 1:30 p.m. – 4:00 p.m. LDW, LSC, SCP, VPP	<u>Scribes</u> Kay Mahan Jackie Revilla
<u>Facilitators</u> Bill Kuntz Brian Francis	March 7, 2006 External Focus Group Three 9:00 a.m. – 11:30 a.m. PES, SLS, TAL, TCW	<u>Scribes</u> Kay Mahan Jackie Revilla
<u>Facilitators</u> Bill Kuntz Brian Francis	March 7, 2006 External Focus Group Four 1:30 p.m. – 4:00 p.m. ACR, ELC	<u>Scribes</u> Kay Mahan Jackie Revilla
<u>Facilitators</u> Bill Kuntz Brian Francis	March 9, 2006 External Focus Group Five 9:00 a.m. – 11:30 a.m. AUC, LCI, PTC	<u>Scribes</u> Kay Mahan Jackie Revilla
<u>Facilitators</u> Bill Kuntz Brian Francis	March 9, 2006 External Focus Group Six 1:30 p.m. – 4:00 p.m. BLR, ELE, IHB	<u>Scribes</u> Kay Mahan Jackie Revilla
<u>Facilitators</u> Bill Kuntz Brian Francis	March 10, 2006 External Focus Group Seven 9:00 a.m. – 11:30 a.m. WWD/PI, WXM	<u>Scribes</u> Kay Mahan Jackie Revilla

STRATEGIC PLAN TIMELINE		
Facilitators Bill Kuntz Brian Francis	March 13, 2006 External Focus Group Eight 9:00 a.m. – 11:30 a.m. COS	Scribes Kay Mahan Jackie Revilla
Facilitators Bill Kuntz Brian Francis	March 13, 2006 External Focus Group Nine 1:30 p.m. – 4:00 p.m. BAR	Scribes Kay Mahan Jackie Revilla
Facilitators Bill Kuntz Brian Francis	March 14, 2006 External Focus Group Ten 9:00 a.m. – 11:30 a.m. State Agencies	Scribes Kay Mahan Jackie Revilla
Facilitators Bill Kuntz Brian Francis	March 14, 2006 External Focus Group Eleven 1:30 p.m. – 4:00 p.m. Combative Sports	Scribes Kay Mahan Jackie Revilla
Internal Focus Group Summaries Due from Patrick Shaughnessy		
March 15, 2006		
Estimated Due Date for Revisions to the Performance Measure and Budget Structures		
March 20, 2006		
Last Day to Receive Written Feedback from Stakeholders		
March 20 – May 19, 2006		
Strategic Plan Review and Edit Process		
March 27, 2006		
Customer Satisfaction Information (External Focus Group) Summaries Due from Patrick Shaughnessy		
April 20, 2006		
Customer Satisfaction Information (External Focus Group) Summaries Mailed to Commission Members for Review/Comment		
May 2006		
Estimated Release of Instructions for Preparing and Submitting Agency Requests for Legislative Appropriations for 2006 – 2007 to be Issued by Governor's Office		
May 3, 2006		
Overview of Key Elements of Strategic Plan and Revised Timeline to Commission and Commission Chair Appoint Three Commission Members to the Strategic Plan Commission Oversight Workgroup		
May 8, 2006		
Draft of Strategic Plan Forwarded to Commission Members and Final Editors		
May 15 – June 30, 2006		
Develop the draft Legislative Appropriations Request (LAR) Coordinate with Commission members regarding input on LAR		
May 19, 2006		
Commission Member and Final Editor Comments Due		
May 23 – 26, 2006		
Meet with Commission-Strategic Plan Commission Oversight Workgroup at the E.O. Thompson Building		
May 26 – 31, 2006		
Incorporate Recommendations Received from Commission Members and Final Editors		
June 9, 2006		
Summary of Changes Incorporated into Revised Strategic Plan Sent to Commission		
June 15 – 20, 2006		
Present Revised Strategic Plan to Commission Members for Final Approval		
June 28, 2006		
Final Version of Strategic Plan Complete		
June 29, 2006		
Mail Final Version of Strategic Plan to Commission Members		

STRATEGIC PLAN TIMELINE	
	July 3, 2006
Target Submission of Strategic Plan to Governor's Office, LBB, etc.	
	July 3, 2006
Estimated Due Date for Completion of ABEST Entry of Performance Measure Definitions	
	July 7, 2006
Post Strategic Plan on Web and Send Listserv	
	July 12 – 21, 2006
Present Legislative Appropriations Request to Commission for Approval	
	August 2006
Agencies Submit Legislative Appropriations Requests for the 2006 – 2007 Biennium	
	August 2006
Joint Governor's Office of Budget and Planning and Legislative Budget Board Budget Hearings Begin on Agency Legislative Appropriations Requests for the 2006 – 2007 Biennium	

ADDENDUM 2

INVITATION TO PARTICIPATE IN THE TEXAS DEPARTMENT OF LICENSING AND REGULATION'S 2005 – 2009 STRATEGIC PLANNING PROCESS

The Texas Department of Licensing and Regulation (TDLR) wants to know what you think. Every two years we at TDLR reevaluate our programs and the services we provide to look for ways to improve them. While Strategic Planning is an exercise required by law, we view it as an opportunity to better serve both our customers and the public. Our aim is excellence, and we need your help to reach that goal.

An essential component of TDLR's Strategic Planning is gathering information and input from you, our key stakeholders. We want to know what you think the agency is doing well, and we also want to know where improvements can be made. We want to know what you think should be changed, both in our processes and in the law. In short, we want to know what you believe we should do to make things better.

We will be conducting a series of Strategic Planning Focus Group Sessions to meet with representatives of each of our licensee groups, associations and stakeholders. I would like to extend my personal invitation to you to attend any of these meetings and talk to us. This is an opportunity for you to directly influence the future regulation of your profession and the services TDLR provides. These meetings provide a unique forum for you and the agency to share information and to improve the overall effectiveness of TDLR.

Following is the Strategic Plan Focus Group schedule and the five questions we will address. You may attend any session you choose. If you plan to attend, please RSVP Christina Guzman at christina.guzman@license.state.tx.us or (512) 475-0583 no later than four days prior to the session you wish to attend.

STRATEGIC PLANNING FOCUS GROUP SESSIONS SCHEDULE		
DATE	Location	Program(s) Included
Group One March 6, 2006 9:00 am – 11:30 am	TDLR – E.O. Thompson Building 920 Colorado Street Austin, Texas 78701 7 th Floor Meeting Room	Architectural Barriers
Group Two March 6, 2006 1:30 pm – 4:00 pm	TDLR – E.O. Thompson Building 920 Colorado Street Austin, Texas 78701 7 th Floor Meeting Room	For-Profit Legal Services Contracts Loss Damage Waivers Service Contract Providers Vehicle Protection Product Warrantors
Group Three March 7, 2006 9:00 am – 11:30 am	TDLR – E.O. Thompson Building 920 Colorado Street Austin, Texas 78701 7 th Floor Meeting Room	Personnel Employment Services Staff Leasing Services Talent Agencies Temporary Common Worker Employers
Group Four March 7, 2006 1:30 pm – 4:00 pm	TDLR – E.O. Thompson Building 920 Colorado Street Austin, Texas 78701 7 th Floor Meeting Room	Air Conditioning and Refrigeration Electricians
Group Five MARCH 9, 2006 9:00 am – 11:30 am	TDLR – E.O. Thompson Building 920 Colorado Street Austin, Texas 78701 7 th Floor Meeting Room	Auctioneers Licensed Court Interpreters Property Tax Consultants
Group Six MARCH 9, 2006 1:30 pm – 4:00 pm	TDLR – E.O. Thompson Building 920 Colorado Street Austin, Texas 78701 7 th Floor Meeting Room	Boilers Elevators, Escalators and Related Equipment Industrialized Housing and Buildings

STRATEGIC PLANNING FOCUS GROUP SESSIONS SCHEDULE		
DATE	Location	Program(s) Included
Group Seven March 10, 2006 9:00 am – 11:30 am	TDLR – E.O. Thompson Building 920 Colorado Street Austin, Texas 78701 7 th Floor Meeting Room	Water Well Drillers and Pump Installers Weather Modification
Group Eight March 13, 2006 9:00 am – 11:30 am	Texas State Capitol 1400 North Congress Austin, Texas 78701 Capitol Extension – Room E1.004	Cosmetology
Group Nine March 13, 2006 1:30 pm – 4:00 pm	TDLR – E.O. Thompson Building 920 Colorado Street Austin, Texas 78701 7 th Floor Meeting Room	Barber
Group Ten March 14, 2006 9:00 am – 11:30 am	TDLR – E.O. Thompson Building 920 Colorado Street Austin, Texas 78701 7 th Floor Meeting Room	State Agencies
Group Eleven March 14, 2006 1:30 pm – 4:00 pm	TDLR – E.O. Thompson Building 920 Colorado Street Austin, Texas 78701 7 th Floor Meeting Room	Combative Sports

TDLR's Strategic Planning Questions

1. What are we doing well in the following service areas?
 - Licensing/Registration/Certification
 - Complaint Resolution
 - Inspection/Review
 - Communication
 - Examination

2. What can we do better in the following service areas?
 - Licensing/Registration/Certification
 - Complaint Resolution
 - Inspection/Review
 - Communication
 - Examination

3. If you could change one service that we provide, what would it be and how would you change it?

4. If you could eliminate or amend any provision of TDLR's statutes or rules, which one would it be and why?

5. What major changes will occur over the next five years that will impact the way you do business and the services we provide?

If you are unable to attend a Strategic Planning Focus Group Session you may listen to the archived session of your choice the day after the meeting or anytime after that on real audio at <http://www.license.state.tx.us/agendas.htm#focus>.

If you choose to provide written feedback to the five questions, you may submit it via email at www.strategicplan@license.state.tx.us or regular mail at TDLR Strategic Plan, P. O. Box 12157, Austin, Texas 78711-2157 no later than March 20, 2006.

The information gathered in the Strategic Planning Focus Group Sessions and the written feedback will be summarized and available on TDLR's website. To ensure that you receive the most current information regarding TDLR's strategic planning process, please subscribe to TDLR's Strategic Plan notification list at <http://www.license.state.tx.us/newsletters/TDLRnotificationLists.asp>.

Please try to take some time from you busy schedule to join us. Together we make TDLR a model for all state agencies.

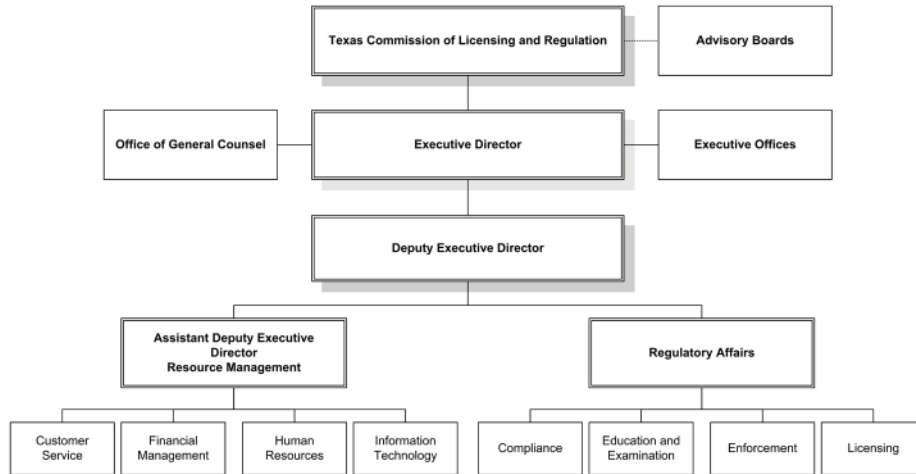
Sincerely,

William H. Kuntz, Jr.
Executive Director

WHK/cg

APPENDIX B

Texas Department of Licensing and Regulation



APPENDIX C

FIVE-YEAR PROJECTIONS FOR OUTCOME MEASURES

TDLR OUTCOME	FISCAL YEAR				
	2007	2008	2009	2010	2011
% of Licensees With No Recent Violations	98.0	98.0	98.0	98.0	98.0
% of Licensees Who Renew Online	75.0	75.0	75.0	80.0	80.0
% of New Individual Licenses Issued Online	20.0	20.0	20.0	25.0	25.0
% of Complaints Resulting in Disciplinary Action	14.0	14.0	14.0	14.0	14.0
% of Documented Complaints Resolved within Six Months	69.0	70.0	72.0	72.0	72.0
% of AB Building Plan Reviews Completed w/in 30 Days	98.0	98.0	98.0	98.0	98.0
Recidivism Rate of Those Receiving Disciplinary Action	6.5	6.5	6.0	6.0	6.0
Inspection Coverage Rate	98.0	98.0	98.0	98.0	98.0
% of Boilers Inspected for Certification within Appropriate Time Frames	72.0	72.0	74.0	74.0	74.0

COSMETOLOGY OUTCOME	FISCAL YEAR				
	2007	2008	2009	2010	2011
% of Licensees With No Recent Violations	98.0	98.0	98.0	98.0	98.0
% of Licensees Who Renew Online	20.0	20.0	20.0	25.0	25.0
% of New Individual Licenses Issued Online	10.0	10.0	10.0	15.0	15.0
% of Complaints Resulting in Disciplinary Action	20.0	20.0	22.0	22.0	22.0
Recidivism Rate of Those Receiving Disciplinary Action	3.0	5.0	7.0	7.0	7.0
% of Documented Complaints Resolved within Six Months	70.0	70.0	68.0	68.0	68.0

BARBER OUTCOME	FISCAL YEAR				
	2007	2008	2009	2010	2011
% of Licensees With No Recent Violations	95.0	95.0	95.0	95.0	95.0
% of Licensees Who Renew Online	15.0	15.0	20.0	20.0	20.0
% of New Individual Licenses Issued Online	10.0	10.0	10.0	15.0	15.0
Recidivism Rate of Those Receiving Disciplinary Action	3.0	5.0	7.0	7.0	7.0
% of Complaints Resulting in Disciplinary Action	20.0	20.0	22.0	22.0	22.0
% of Documented Complaints Resolved within Six Months	70.0	70.0	68.0	68.0	68.0

APPENDIX D

PERFORMANCE MEASURE DEFINITIONS

A. GOAL: LICENSING		
License, certify and register qualified individuals and businesses.		
OUTCOME MEASURES		
01-01-01 PERCENT OF LICENSEES WITH NO RECENT VIOLATIONS (KEY)		
SHORT DEFINITION		
The percent of the total number of licensed, registered, or certified individuals at the end of the reporting period who have not incurred a violation within the last thirty-six months.		
PURPOSE/IMPORTANCE		
This measure provides an indication of the job TDLR is doing to educate licensees, registrants, and certificants about the agency's statutes and rules and of the necessity for enforcement activities resulting from violations.		
SOURCE/COLLECTION OF DATA		
The total number of licensed individuals from the report "LICENSECNT" generated from the Texas Umbrella Licensing Information Project (TULIP); the number of individuals licensed/registered/certified – performance measures EX 01-01-01-02; licensees with Final Orders during the 36 month period prior to the end of the reporting period – Enforcement Access Database for Final Orders.		
METHOD OF CALCULATION		
This measure is calculated by subtracting the total number of licensees, registrants and certificants with violations during the three-year period from the total number of licensees, registrants and certificants at the end of the reporting period. The result is divided by the total number of licensees, registrants and certificants and multiplied by 100 to achieve a percentage.		
DATA LIMITATIONS		
External Factors: General market and economic conditions, statutory changes, and changes in the number of persons licensed are key variables that impact the measure that are beyond the control of TDLR.		
CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Lower than target
01-01-02 PERCENT OF LICENSEES WHO RENEW ONLINE (KEY)		
SHORT DEFINITION		
The percent of the total number of licensed, registered, or certified individuals that renewed their license, registration, or certification online during the reporting period.		
PURPOSE/IMPORTANCE		
To track use of online license renewal technology by the licensee population.		
SOURCE/COLLECTION OF DATA		
The number of licenses, registrations, or certifications renewed online from the report "PERFRENLIC" from the Texas Umbrella Licensing Information Project (TULIP) divided by the total number of renewed licenses, registrations, or certifications issued to individuals during the reporting period from the performance measure OP 01-01-01-02.		
METHOD OF CALCULATION		
The total number of individual licenses, registrations, or certifications renewed online divided by the total number of individual licenses, registrations, or certifications renewed during the reporting period. The result is multiplied by 100 to achieve a percentage.		
DATA LIMITATIONS		
External Factors: General market and economic conditions, statutory changes, changes in the number of individuals who choose to remain in the industry, and the number of those licensees with access to both the internet and credit cards. Those factors are beyond TDLR's control.		
CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Cumulative	No	Higher than target

A. GOAL: LICENSING

License, certify and register qualified individuals and businesses.

OUTCOME MEASURES

01-01-03 PERCENT OF NEW INDIVIDUAL LICENSES ISSUED ONLINE (KEY)

SHORT DEFINITION

The percent of all new licenses, registrations, or certifications issued online to individuals during the reporting period.

PURPOSE/IMPORTANCE

To track use of online license issuance technology by the licensee population.

SOURCE/COLLECTION OF DATA

The number of new licenses, registrations, or certifications issued online to individuals from the report "PERFRENLIC" from the Texas Umbrella Licensing Information Project (TULIP) divided by the total number of new licenses, registrations, or certifications issued to individuals during the reporting period from performance measure OP 01-01-01-01.

METHOD OF CALCULATION

The total number of new licenses, registrations, or certifications issued to individuals online divided by the total number of new licenses, registrations, or certifications issued to individuals during the reporting period. The result is multiplied by 100 to achieve a percentage.

DATA LIMITATIONS

External Factors: General market and economic conditions, statutory changes, changes in the number of individuals who choose to remain in the industry, and the number of those licensees with access to both the internet and credit cards. Those factors are beyond TDLR's control.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Cumulative	No	Higher than target

A.1.1 STRATEGY: LICENSE, REGISTER AND CERTIFY

Issue licenses, registrations and certifications to qualified individuals.

OUTPUT MEASURES

01-01-01-01 NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS (KEY)

SHORT DEFINITION

The number of licenses, registrations and certificates issued to previously unlicensed, unregistered or uncertified individuals during the reporting period.

PURPOSE/IMPORTANCE

This measure provides data relating to the number of individuals desiring to be initially licensed, registered or certified under the statutes regulated by TDLR.

SOURCE/COLLECTION OF DATA

Boiler – Excel spreadsheet and Boiler Certification Report from the HP3000; IHB – Access database maintained by IHB program; Licensing – "PERFORGLIC" from the Texas Umbrella Licensing Project (TULIP).

METHOD OF CALCULATION

Add the number of new licenses, registrations and certifications issued to individuals during the reporting period.

DATA LIMITATIONS

External Factors: General market and economic conditions, statutory changes, the addition or removal of programs and the number of persons desiring to enter industries regulated by TDLR are key variables that impact the measure that are beyond the control of TDLR.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Cumulative	No	Higher than target

A.1.1 STRATEGY: LICENSE, REGISTER AND CERTIFY		
Issue licenses, registrations and certifications to qualified individuals.		
OUTPUT MEASURES		
01-01-01-02 NUMBER OF LICENSES RENEWED (INDIVIDUALS) (KEY)		
SHORT DEFINITION		
The number of licensed, registered or certified individuals who held licenses, registrations or certificates previously and renewed their license, registration or certificate during the current reporting period.		
PURPOSE/IMPORTANCE		
This measure provides data relating to the number of individuals desiring to remain licensed, registered or certified under the statutes regulated by TDLR.		
SOURCE/COLLECTION OF DATA		
Boiler – Excel spreadsheet and Boiler Certification Report for the HP3000; IHB – Access database maintained by IHB program; Licensing – “PERFRENLIC” from the Texas Umbrella Licensing Project (TULIP).		
METHOD OF CALCULATION		
Add the number of licenses, registrations and certifications renewed to individuals during the reporting period.		
DATA LIMITATIONS		
External Factors: General market and economic conditions, statutory changes in the criteria for renewing, and the number of persons desiring to renew are key variables that impact the measure that are beyond the control of TDLR.		
Internal Factors: Rule changes and fee changes may also impact the measure.		
CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Cumulative	No	Higher than target
A.1.1 STRATEGY: LICENSE, REGISTER AND CERTIFY		
Issue licenses, registrations and certifications to qualified individuals.		
EFFICIENCY MEASURES		
01-01-01-01 AVERAGE LICENSING COST PER INDIVIDUAL LICENSE ISSUED (KEY)		
SHORT DEFINITION		
Total expenditures for direct licensing, registration and certification activities during the reporting period divided by the total number of individuals licensed, registered or certified during the period.		
PURPOSE/IMPORTANCE		
This measure shows how cost-effective the agency is in processing new and renewed license, registration and certificate applications.		
SOURCE/COLLECTION OF DATA		
Number of new licenses issued – performance measure OP 01-01-01-01; number of licenses renewed – performance measure OP 01-01-01-02; funds expended – USAS expenditure reports.		
METHOD OF CALCULATION		
Divide the total applicable expenditures by the total number of initial and renewed licenses, registrations and certificates issued during the reporting period. Costs include the following items: salaries; supplies; travel; postage and delivery charges; printing and reproduction charges; and temporary services directly related to licensing, registration, and certification.		
DATA LIMITATIONS		
External Factors: General market and economic conditions, statutory changes and the number of persons desiring to renew or become licensed, registered or certified are key variables that impact the measure that are beyond TDLR’s control.		
Internal Factors: Fee changes, rule changes and staff turnover are variables that may also impact the measure.		
CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Lower than target

A.1.1 STRATEGY: LICENSE, REGISTER AND CERTIFY

Issue licenses, registrations and certifications to qualified individuals.

EFFICIENCY MEASURES

01-01-01-02 PERCENTAGE OF NEW INDIVIDUAL LICENSES WITHIN 10 DAYS

SHORT DEFINITION

The percentage of initial individual license, registration and certification applications that were processed during the reporting period within 10 days measured from the time in days elapsed from receipt of the initial completed application until the license, registration or certification is mailed.

PURPOSE/IMPORTANCE

This measure indicates the ability of TDLR to process new applications in a timely and efficient manner.

SOURCE/COLLECTION OF DATA

Boiler – Excel spreadsheet; IHB – Access database maintained by IHB program; Licensing – “PERFORGLIC” from the Texas Umbrella Licensing Project (TULIP).

METHOD OF CALCULATION

This measure is calculated by dividing the number of individual licenses, registrations and certificates issued within 10 days during the reporting period by the total number of individual licenses, registrations and certificates issued during the reporting period. The result is multiplied by 100 to achieve a percentage.

DATA LIMITATIONS

External Factors: General market and economic conditions, statutory changes and the number of persons desiring to become licensed, registered or certified are key variables that impact the measure that are beyond TDLR’s control.

Internal Factors: Turnover in the staff that process licenses, registrations, and certifications may also impact the measure.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Higher than target

01-01-01-03 % INDIV LICENSE RENEWALS WITHIN 7 DAYS

SHORT DEFINITION

The percentage of individual license, registration or certification renewal applications that were processed during the reporting period within 7 days of receipt, measured from the time (in calendar days) elapsed from receipt of the renewal application until the date the renewal license, registration or certificate is mailed.

PURPOSE/IMPORTANCE

This is a measure of TDLR’s ability to process renewal applications in a timely and efficient manner.

SOURCE/COLLECTION OF DATA

Boiler – Excel spreadsheet; IHB – Access database maintained by IHB program; Licensing – “PERFORGLIC” from the Texas Umbrella Licensing Project (TULIP).

METHOD OF CALCULATION

This measure is calculated by dividing the number of individual licenses, registrations and certificates renewed within 7 days during the reporting period by the total number of individual licenses, registrations and certificates renewed during the reporting period. The result is multiplied by 100 to achieve a percentage.

DATA LIMITATIONS

External Factors: General market and economic conditions, statutory changes and the number of persons desiring to renew licenses, registrations or certifications are key variables that impact the measure that are beyond TDLR’s control.

Internal Factors: Turnover in the staff that process renewals of licenses, registrations, and certifications may also impact the measure.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Higher than target

A.1.1 STRATEGY: LICENSE, REGISTER AND CERTIFY		
Issue licenses, registrations and certifications to qualified individuals.		
EXPLANATORY MEASURE		
01-01-01-01 TOTAL NUMBER OF INDIVIDUALS LICENSED (KEY)		
SHORT DEFINITION		
Total number of individuals licensed, registered or certified at the end of the reporting period.		
PURPOSE/IMPORTANCE		
This measure indicates the total licensee, certificate holder and registrant population.		
SOURCE/COLLECTION OF DATA		
Boiler – Paradox report maintained in the Boiler section; IHB – Access database maintained by IHB program; Licensing – “LICENSECNT” report from the Texas Umbrella Licensing Project (TULIP).		
METHOD OF CALCULATION		
Add the number of individuals holding licenses, registrations or certificates.		
DATA LIMITATIONS		
External Factors: General market and economic conditions, statutory changes and the number of persons desiring to renew or become licensed, registered or certified are key variables that impact the measure that are beyond TDLR’s control.		
Internal Factors: Fee changes, rule changes and staff turnover are variables that may also impact the measure.		
CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Higher than target
A.1.2 STRATEGY: LICENSE, REGISTER AND CERTIFY		
Issue licenses, registrations and certifications to qualified businesses and facilities.		
EFFICIENCY MEASURE		
01-01-02-01 AVERAGE LICENSING COST PER FACILITY LICENSE ISSUED		
SHORT DEFINITION		
Total expenditures for direct business, facility and equipment licensing, registration and certification activities during the reporting period divided by the total number of business, facilities and pieces of equipment licensed, registered or certified during the reporting period.		
PURPOSE/IMPORTANCE		
This measure shows how cost-effective the agency is in processing new and renewed business, facility and equipment license, registration and certificate applications.		
SOURCE/COLLECTION OF DATA		
Number of new business, facility and equipment licenses issued and renewed; funds expended – USAS expenditure reports. AB – HP3000 LCEABLOGD report from the AB program; Boiler – Excel spreadsheet in the Boiler area and HP3000 report from the Boiler Certification System; Elevator – Certification report Database Statistics to Date, maintained in the Elevator section; IHB – Access database maintained by IHB program; Licensing – “LICENSECNT” report from the Texas Umbrella Licensing Information Project (TULIP). Number of new licenses issued to facilities from the report “PERFORGLIC” generated from TULIP; Number of facilities licenses renewed from the report “PERFRENLIC” generated from TULIP.		
METHOD OF CALCULATION		
Divide the total applicable expenditures for the reporting period by the total number of initial and renewed businesses, facilities or pieces of equipment licensed, registered or certified issued during the reporting period. Costs include the following items: salaries; supplies; travel; postage and delivery charges; printing and reproduction charges; and temporary services directly related to licensing, registration, and certification.		
DATA LIMITATIONS		
External Factors: General market and economic conditions, statutory changes and the number of facilities that renew or become licensed, registered or certified are key variables that impact the measure that are beyond TDLR’s control.		
Internal Factors: Fee changes, rule changes and staff turnover are variables that may also impact the measure.		
CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Lower than target

A.1.2 STRATEGY: LICENSE, REGISTER AND CERTIFY

Issue licenses, registrations and certifications to qualified businesses and facilities.

EXPLANATORY MEASURE

01-01-02-01 TOTAL NUMBER OF BUSINESS FACILITIES LICENSED (KEY)

SHORT DEFINITION

The unduplicated number of businesses, facilities, construction projects or pieces of equipment licensed, registered or certified by the agency at the end of the reporting period.

PURPOSE/IMPORTANCE

This measure indicates the total business, facility, construction projects and equipment licensed, registered or certified.

SOURCE/COLLECTION OF DATA

AB – HP3000 LCEABLOGD report from the AB program; Boiler – Excel spreadsheet in the Boiler area and HP3000 report from the Boiler Certification Systems; Elevator – Certification report Database Statistics to Date, maintained in the Elevators section; IHB – Access database maintained by the IHB program; Licensing – “LICENSECNT” report from the Texas Umbrella Licensing Information Project (TULIP).

METHOD OF CALCULATION

Add the total number of businesses, facilities, construction projects and equipment licensed, registered or certified.

DATA LIMITATIONS

External Factors: General market and economic conditions, statutory changes and the number of facilities that renew or become licensed, registered or certified are key variables that impact the measure that are beyond TDLR’s control.

Internal Factors: Fee changes, rule changes and staff turnover are variables that may also impact the measure.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Higher than target

A.1.3 STRATEGY: EXAMINATIONS

Administer exams to applicants.

OUTPUT MEASURE

01-01-03-01 NUMBER OF EXAMINATIONS ADMINISTERED

SHORT DEFINITION

This measure shows the number of examinations administered in whole or in part during the reporting period.

PURPOSE/IMPORTANCE

This measure provides data relating to the number of examinations administered to individuals desiring to enter the industries regulated by the agency.

SOURCE/COLLECTION OF DATA

Boiler – manual count of “pending application” file maintained in the Boiler section. All other occupations derive data from the TULIP (Texas Uniform Licensing Information Project) EXAMRECON report.

METHOD OF CALCULATION

Total number of examinations administered during the reporting period.

DATA LIMITATIONS

External Factors: General market and economic conditions, number of persons eligible to take an examination are key variables that impact the measure that are beyond the control of TDLR.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Cumulative	No	Higher than target

A.1.3 STRATEGY: EXAMINATIONS

Administer exams to applicants.

EFFICIENCY MEASURE**01-01-03-01 AVERAGE COST PER EXAM ADMINISTERED****SHORT DEFINITION**

Total costs expended for examination activities (excluding exam purchase costs) during the reporting period divided by the total number of exams administered during the reporting period.

PURPOSE/IMPORTANCE

This measure indicates cost-effectiveness of TDLR in administering examinations.

SOURCE/COLLECTION OF DATA

The number of examinations administered comes from two sources. The number of examinations administered – boiler comes from a manual count of “pending applications” file maintained in the Boiler section, all other occupations derive data from the TULIP (Texas Uniform Licensing Information Program) EXAMRECON report. The cost figures come from the USAS expenditure reports.

METHOD OF CALCULATION

Divide the applicable expenditure for the reporting period by the total number of examinations administered during the reporting period. Costs include the following items: salaries; supplies; travel; postage and delivery charges; printing and reproduction charges; and temporary services, exam room rental; exam proctoring; grading costs and other costs directly related to administering examinations.

DATA LIMITATIONS

External Factors: General market and economic conditions, number of persons eligible to take an examination are key variables that impact the measure that are beyond the control of TDLR.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Cumulative	No	Higher than target

A.1.3 STRATEGY: EXAMINATIONS

Administer exams to applicants.

EXPLANATORY MEASURE**01-01-03-01 PASS RATE****SHORT DEFINITION**

The percent of individuals to whom a whole examination, or segments of a multi-part examination were administered during the reporting period who received a passing score.

PURPOSE/IMPORTANCE

This measure shows the rate at which those examined passed.

SOURCE/COLLECTION OF DATA

Boiler – manual count from “Pending Application” file maintained in the Boiler section; All other occupations derive data from the TULIP “EXAMRECON” report.

METHOD OF CALCULATION

Divide the number of examinations passed by the number of examinations administered during the reporting period. Multiply by 100 to express as a percentage.

DATA LIMITATIONS

External Factors: Preparation of examinees is a key variable that impacts the measure that is beyond the control of TDLR.

Internal Factors: Review and revision of exam content, consistent with psychometric principles and industry competency standards may also impact the measure.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Higher than target

A.1.4 STRATEGY: DISTRIBUTE INFORMATION

Develop continuing education and provider customer service.

OUTPUT MEASURE**01-01-04-01 NUMBER OF INFORMATION REQUESTS FILLED****SHORT DEFINITION**

This figure reflects requests received through the downloading of information from TDLR's website, written open records requests, and written requests for information packets.

PURPOSE/IMPORTANCE

This measure indicates the number of electronic and written requests for information regarding the statutes regulated by TDLR. This is not a standard licensing agency measure.

SOURCE/COLLECTION OF DATA

Data is derived from traffic log analysis tools utilized by TDLR's website, Access database for Open Records Request.

METHOD OF CALCULATION

Add the number of requests received through the downloading of information from TDLR's website, written open records requests, and written requests for information packets.

DATA LIMITATIONS

External Factors: Requests for information packets, and the use of electronic dissemination of information are key variables that impact the measure that are beyond the control of TDLR.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Cumulative	No	Higher than target

A.1.4 STRATEGY: CONTINUING EDUCATION

Develop continuing education and provider customer service.

EFFICIENCY MEASURE**01-01-04-01 AVERAGE COST PER INFORMATION REQUEST FILLED****SHORT DEFINITION**

Total expenditures during the reporting period for direct information distribution through TDLR's website, and open records processing system divided by the number of electronic and written contacts received.

PURPOSE/IMPORTANCE

This measure indicates the approximate cost of distributing information. This measure is not a standard licensing agency measure.

SOURCE/COLLECTION OF DATA

Expense figures will be derived from the agency's USAS data. Data is derived from traffic log analysis tools utilized by TDLR's website, and the Access database for Open Records Request.

METHOD OF CALCULATION

Costs include the following items: salaries; consumable supplies; and other costs related to the agency's distribution of information activities. Indirect costs are not included within this calculation. Costs are divided by the number of information requests filled to arrive at the average cost.

DATA LIMITATIONS

External Factors: Request for the use of electronic dissemination of information is a key variable that is beyond the control of TDLR.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Lower than target

A.1.4 STRATEGY: CONTINUING EDUCATION

Develop continuing education and provider customer service.

EXPLANATORY MEASURE

01-01-04-01 NUMBER OF INDIVIDUALS RECEIVING TRAINING/EDUCATION

SHORT DEFINITION

The total number of non-agency individuals receiving training/education provided by the agency to impart knowledge of laws, rules and/or standards of regulated industries.

PURPOSE/IMPORTANCE

This measure indicates the number of individuals benefiting from TDLR's training/education efforts. The measure is not a standard measure for licensing agencies.

SOURCE/COLLECTION OF DATA

TDLR form 013ALL.

METHOD OF CALCULATION

Count the number of attendees for training/education sessions provided by TDLR.

DATA LIMITATIONS

External Factors: The number of persons requesting or needing training and the use of electronic resources to access information are key variables that impact the measure that are beyond the control of TDLR.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Cumulative	No	Lower than target

01-01-04-02 NUMBER OF TRAINING/EDUCATION SESSIONS CONDUCTED

SHORT DEFINITION

Number of sessions conducted by agency staff to non-agency staff to impart knowledge of laws, rules and/or standards for regulated industries.

PURPOSE/IMPORTANCE

This measure indicates TDLR's efforts at training/educating its public. This measure is not a standard licensing agency measure.

SOURCE/COLLECTION OF DATA

TDLR form 013ALL.

METHOD OF CALCULATION

Add the number of training/education sessions held.

DATA LIMITATIONS

External Factors: The number of persons requesting or needing training, and the use of electronic resources to access information are key variables that impact the measure that are beyond the control of TDLR.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Cumulative	No	Lower than target

B. GOAL: ENFORCEMENT

Protect the public by enforcing laws administered by the agency.

OUTCOME MEASURES

02-01-01 PERCENT OF COMPLAINTS RESULTING IN DISCIPLINARY ACTION

SHORT DEFINITION

Percent of complaints that were resolved during the reporting period that resulted in disciplinary action.

PURPOSE/IMPORTANCE

This measure indicates the effectiveness of complaint resolution processes by TDLR.

SOURCE/COLLECTION OF DATA

Reports generated from Final Orders Database (in Access) showing disciplinary actions taken during the reporting period and the Crystal Report generated from a data extraction from CIMS showing the number of jurisdictional complaints closed.

METHOD OF CALCULATION

The number of disciplinary actions divided by the total number of complaints resolved minus "L" type cases during the reporting period. The result is multiplied by 100 to achieve a percentage. Disciplinary action includes agreed orders, written reprimands, suspensions, probations, revocations, restitutions ordered, and/or fines assessed on which the commission or the Executive Director has acted.

DATA LIMITATIONS

External Factors: General market and economic conditions and the complexity and severity of the complaint filed are key variables that impact the measure that are beyond the control of TDLR.

Internal Factors: Turnover in staff that are associated with the complaint resolution process may also impact the measure.

CALCULATION TYPE

Non-cumulative

NEW MEASURE

No

DESIRED PERFORMANCE

Higher than target

02-01-02 PERCENT OF DOCUMENTED COMPLAINTS RESOLVED WITHIN SIX MONTHS (KEY)

SHORT DEFINITION

The percent of complaints resolved during the reporting period, that were resolved within a six month period from the time they were opened for investigation by the agency.

PURPOSE/IMPORTANCE

This measure indicates the effectiveness of complaint resolution processes by TDLR.

SOURCE/COLLECTION OF DATA

Crystal Report of extracted data from the Complaint Intake Monitoring Systems (CIMS). Automatically calculated by the Complaint Intake Monitoring System (CIMS). Crystal Report "CIMS states.rpt" generated from a data extract from CIMS showing the percent of complaints closed in six months.

METHOD OF CALCULATION

The total number of complaints resolved within six months from the date opened in CIMS divided by the number of complaints resolved during the reporting period. The result is multiplied by 100 to achieve a percentage.

DATA LIMITATIONS

External Factors: General market and economic conditions and the complexity and severity of the complaint filed are key variables that impact the measure that are beyond the control of TDLR.

Internal Factors: Turnover in staff that are associated with the complaint resolution process may also impact the measure.

CALCULATION TYPE

Non-cumulative

NEW MEASURE

No

DESIRED PERFORMANCE

Higher than target

B. GOAL: ENFORCEMENT

Protect the public by enforcing laws administered by the agency.

OUTCOME MEASURES

02-01-03 PERCENT OF ARCHITECTURAL BARRIER BUILDING PLAN REVIEWS COMPLETED (KEY)

SHORT DEFINITION

The percent of construction/engineering documents reviewed for compliance with Architectural Barrier standards during the current reporting period that were reviewed within 30 days of receipt of complete submittal by agency plan reviewers.

PURPOSE/IMPORTANCE

This measure indicates the effectiveness of TDLR's plan review process.

SOURCE/COLLECTION OF DATA

Information Services retrieves information from HP3000 to create report "Completed Reviews".

METHOD OF CALCULATION

The numerator for this measure is calculated by subtracting the total number of AB plan reviews not completed within thirty days from the total number of AB plan reviews completed, during the reporting period. The denominator is the total number of AB plan reviews completed during the reporting period. The result is multiplied by 100 to achieve a percentage.

DATA LIMITATIONS

External Factors: General market and economic conditions, construction trends, statutory changes and the number of registered accessibility specialists are key variables that impact the measure that are beyond the control of TDLR.

Internal Factors: Turnover in plan reviewers and other AB personnel, rule changes, enforcement action and changes to the plan review process may also impact the measure.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	no	Higher than target

02-01-04 RECIDIVISM RATE OF THOSE RECEIVING DISCIPLINARY ACTION

SHORT DEFINITION

The number of repeat offenders at the end of the reporting period as a percentage of all disciplinary actions during the reporting period.

PURPOSE/IMPORTANCE

This measure shows how effectively the agency educates its regulated industries and enforces its regulatory requirements.

SOURCE/COLLECTION OF DATA

Final Order Log (an Excel file) maintained by the Legal Assistant to the Prosecutor.

METHOD OF CALCULATION

The total number of individuals with a disciplinary action for the reporting fiscal year as well as at least one additional disciplinary action in the reporting fiscal year or the two preceding fiscal years divided by the total number of individuals receiving disciplinary actions in the reporting fiscal year. The result is multiplied by 100 to achieve a percentage.

DATA LIMITATIONS

External Factors: General market and economic conditions and the complexity and severity of the complaint filed are key variables that impact the measure that are beyond the control of TDLR.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Lower than target

B. GOAL: ENFORCEMENT

Protect the public by enforcing laws administered by the agency.

OUTCOME MEASURES

02-01-05 INSPECTION COVERAGE RATE (KEY)

SHORT DEFINITION

The total number of inspections completed by agency and third party inspectors divided by the total number of inspections required.

PURPOSE/IMPORTANCE

This measure indicates the effectiveness of TDLR's inspection process.

SOURCE/COLLECTION OF DATA

Explanatory performance measure EX 02-01-01-02 Total Number of Inspections Completed.

METHOD OF CALCULATION

Inspections required is defined as the number of inspections projected, in all regulated industries, forwarded (carried over) from previous period, plus the number of new inspections coming due during the current reporting period. The numerator for this measure is the total number of required inspections completed, during the reporting period. The denominator is the total number of inspections required, during the reporting period. The result is multiplied by 100 to achieve a percentage.

DATA LIMITATIONS

External Factors: General market and economic conditions, construction trends, statutory changes and the number of registered accessibility specialists are key variables that impact the measure that are beyond the control of TDLR.

Internal Factors: Turnover in inspectors, inspection backlog, rule changes, enforcement action and changes to the inspection process may also impact the measure.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Higher than target

02-01-06 % OF BOILERS INSPECTED FOR CERTIFICATION WITHIN APPROPRIATE TIMELINES (KEY)

SHORT DEFINITION

The percent of Boiler certificate inspections performed by agency and third party inspectors during the reporting period that were inspected within thirty days after the certificate expiration date.

PURPOSE/IMPORTANCE

This measure indicates the effectiveness of TDLR's Boiler inspection process. This is not a standard licensing performance measure.

SOURCE/COLLECTION OF DATA

HP3000 BSAUDIT3 report.

METHOD OF CALCULATION

The HP3000 program takes the total number of inspections completed within 30 days after the certificate of expiration date divided by the total number of inspections due. The result is multiplied by 100 to achieve a percentage.

DATA LIMITATIONS

External Factors: The number of boilers due for inspection, the number of boilers manufactured and general market and economic conditions are key variables that impact the measure that are beyond the control of TDLR.

Internal Factors: Turnover in inspectors also impacts the measure.

B.1.1 STRATEGY: CONDUCT INSPECTIONS

Issue licenses, registrations and certifications to qualified individuals.

OUTPUT MEASURE

02-01-01-01 TOTAL # OF AB INSPECTIONS COMPLETED BY AGENCY AND THIRD PARTY INSPECTORS (KEY)

SHORT DEFINITION

The total number of Architectural Barrier inspections completed by agency and third party inspectors during the reporting period.

PURPOSE/IMPORTANCE

This performance measure shows the number of Architectural Barriers inspections completed.

SOURCE/COLLECTION OF DATA

Information Services retrieves information from HP3000 to create report – Number of Days to Complete Inspections and RAS/ICP Performance Measure Report.

METHOD OF CALCULATION

Add the total number of Architectural Barriers inspections completed for the reporting period.

DATA LIMITATIONS

External Factors: General market and economic conditions, construction trends, statutory changes and the number of registered accessibility specialists are key variables that impact the measure that are beyond the control of TDLR.

Internal Factors: Turnover in inspectors, inspection backlog, rule changes, enforcement action and changes to the inspection process may also impact the measure.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Cumulative	No	Higher than target

B.1.1 STRATEGY: CONDUCT INSPECTIONS

Issue licenses, registrations and certifications to qualified individuals.

EFFICIENCY MEASURES

02-01-01-01 AVERAGE COST PER INSPECTION BY AGENCY STAFF

SHORT DEFINITION

Total expenditures for direct inspection activities for all regulated industries during the reporting period by agency staff divided by the total number of inspections performed by agency staff during the reporting period.

PURPOSE/IMPORTANCE

This measure indicates how cost-effective the agency is in performing required inspections.

SOURCE/COLLECTION OF DATA

Expenditures – USAS expenditure reports; applicable percentage of salaries from Human Resources; Number of inspections by agency staff.

METHOD OF CALCULATION

Divide the applicable expenditures for field offices and Austin staff directly involved in inspection activities by the total number of inspections completed by agency staff. Costs include the following items: applicable percentage of salaries; consumable supplies; travel; postage and delivery charges; printing and reproduction charges and temporary services directly related to conducting inspections.

DATA LIMITATIONS

External Factors: General market and economic conditions, construction trends, statutory changes and the number of third party providers or Registered Accessibility Specialists are key variables that impact the measure that are beyond the control of TDLR.

Internal Factors: Turnover in inspectors, inspection backlog, rule changes, fee changes, enforcement action and changes to the inspection process may also impact the measure.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Lower than target

B.1.1 STRATEGY: CONDUCT INSPECTIONS

Issue licenses, registrations and certifications to qualified individuals.

EFFICIENCY MEASURES**02-01-01-02 AVERAGE NUMBER OF MONTHS TO COMPLETE ARCHITECTURAL BARRIER INSPECTIONS (KEY)****SHORT DEFINITION**

The average number of months to complete an Architectural Barriers inspection by agency staff during the reporting period.

PURPOSE/IMPORTANCE

This measure shows how efficient TDLR is in scheduling and performing Architectural Barrier inspections.

SOURCE/COLLECTION OF DATA

Information Services retrieves information from HP3000 to create report.

METHOD OF CALCULATION

Total the number of days it takes to complete each inspection and divide this total by the number of inspections completed, which is then converted into months.

DATA LIMITATIONS

External Factors: General market and economic conditions, construction trends, statutory changes, building owners/managers schedules and the number of third party Registered Accessibility Specialists are key variables that impact the measure that are beyond the control of TDLR.

Internal Factors: Turnover in inspectors, inspection backlog, rule changes, enforcement action and changes to the inspection process may also impact the measure.

CALCULATION TYPE

Non-cumulative

NEW MEASURE

no

DESIRED PERFORMANCE

Lower than target

B.1.1 STRATEGY: CONDUCT INSPECTIONS

Issue licenses, registrations and certifications to qualified individuals.

EXPLANATORY MEASURES**02-01-01-01 NUMBER OF BUILDINGS OR FACILITIES INSPECTED FOR ARCHITECTURAL BARRIER****SHORT DEFINITION**

The total number of subject buildings or facilities for which an inspection request has been received by TDLR and inspection has not yet been done, and the total number of buildings or facilities leased or occupied by the state, under any lease or rental agreement, that is ready for occupancy, and inspection has not yet been done.

PURPOSE/IMPORTANCE

This shows the work in process in Architectural Barrier inspections.

SOURCE/COLLECTION OF DATA

Information Services retrieves information from HP3000 to create report.

METHOD OF CALCULATION

The HP3000 system totals Architectural Barrier inspections due based on the requests received for inspections that have not been performed.

DATA LIMITATIONS

External Factors: General market and economic conditions, construction trends, and statutory changes are key variables that impact the measure that are beyond the control of TDLR.

CALCULATION TYPE

Non-cumulative

NEW MEASURE

No

DESIRED PERFORMANCE

Lower than target

B.1.1 STRATEGY: CONDUCT INSPECTIONS

Issue licenses, registrations and certifications to qualified individuals.

EXPLANATORY MEASURES

02-01-01-02 TOTAL NUMBER OF INSPECTIONS COMPLETED (KEY)

SHORT DEFINITION

The total number of inspections, for all regulated industries, completed by agency and third party inspectors.

PURPOSE/IMPORTANCE

This measure indicates the number of inspections completed by agency and third parties.

SOURCE/COLLECTION OF DATA

AB – Information Services retrieves information from HP3000 to create report; Boiler – HP3000 reports BLRRPT2 (Third Party Inspections) and BSRP0185 from the TRS (TDLR inspectors); Boxing – List of inspection events provided by the Boxing program; IHB – Access database maintained by IHB program; Elevators – individual inspectors records; WWD – Word database maintained by Program Manager.

METHOD OF CALCULATION

Add the number of inspections from all sources.

DATA LIMITATIONS

External Factors: General market and economic conditions, construction trends, statutory changes and the number of third party providers or registered accessibility specialists are key variables that impact the measure that are beyond the control of TDLR.

Internal Factors: Turnover in inspectors, inspection backlog, rule changes, enforcement action and changes to the inspection process may also impact the measure.

CALCULATION TYPE

Non-cumulative

NEW MEASURE

No

DESIRED PERFORMANCE

Higher than target

02-01-01-03 TOTAL NUMBER OF EQUIPMENT INSPECTIONS DUE

SHORT DEFINITION

The total number of boiler certification and elevator, escalator and related equipment inspections due.

PURPOSE/IMPORTANCE

This shows the workload universe of boilers and elevators, escalators, and related equipment due for inspection. This is not a standard measure for licensing agencies.

SOURCE/COLLECTION OF DATA

HP3000 report – BSRP0190 and Elevator system database.

METHOD OF CALCULATION

The total boilers and equipment in the HP3000 and the Elevator system database with an expiration date within the parameters.

DATA LIMITATIONS

External Factors: General market and economic conditions, type of boiler, manufacturing trends, construction trends, number of Qualified Elevator Inspectors and Boiler Inspectors and statutory changes are key variables that impact the measure that are beyond the control of TDLR.

CALCULATION TYPE

Cumulative

NEW MEASURE

No

DESIRED PERFORMANCE

Lower than target

B.1.2 STRATEGY: CONDUCT PLAN REVIEWS

Enforce laws by conducting routine, complex and special plan reviews.

OUTPUT MEASURES

02-01-02-01 TOTAL NUMBER OF ARCHITECTURAL BARRIER PLANS REVIEWED

SHORT DEFINITION

The total number of construction/engineering documents reviewed for compliance with Architectural Barriers standards by agency and third party plan reviewers during the reporting period.

PURPOSE/IMPORTANCE

This performance measure shows the total number of plan reviews completed for the Architectural Barriers program.

SOURCE/COLLECTION OF DATA

Information Services retrieves information from HP3000 to create the needed report.

METHOD OF CALCULATION

Add the number of plan reviews from the Information Services reports for the current reporting period.

DATA LIMITATIONS

External Factors: General market and economic conditions, construction trends, statutory changes and the number of registered accessibility specialists are key variables that impact the measure that are beyond the control of TDLR.

Internal Factors: Turnover in plan reviewers, rule changes, enforcement action and changes to the plan review process may also impact the measure.

CALCULATION TYPE Cumulative	NEW MEASURE No	DESIRED PERFORMANCE Higher than target
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02-01-02-02 NUMBER OF PLAN REVIEWS COMPLETED (KEY)

SHORT DEFINITION

The total number of construction/engineering documents reviewed by agency and third party plan reviewers for compliance with applicable standards.

PURPOSE/IMPORTANCE

This measure indicates the number of plan reviews completed by agency and third parties.

SOURCE/COLLECTION OF DATA

Information Services retrieves information from HP3000 to create the needed report. IHB – Access database maintained by IHB program.

METHOD OF CALCULATION

Add the number of plan reviews from the Information Services reports for the current reporting period; access database located in H:\data\engineer\IHB.mdb.access table name "Plans Log".

DATA LIMITATIONS

External Factors: General market and economic conditions, construction trends, statutory changes and the number of registered accessibility specialists are key variables that impact the measure that are beyond the control of TDLR.

Internal Factors: Turnover in plan reviewers, rule changes, enforcement action and changes to the plan review process may also impact the measure.

CALCULATION TYPE Cumulative	NEW MEASURE No	DESIRED PERFORMANCE Higher than target
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B.1.2 STRATEGY: CONDUCT PLAN REVIEWS

Enforce laws by conducting routine, complex and special plan reviews.

EFFICIENCY MEASURES

02-01-02-01 AVERAGE COST PER ARCHITECTURAL BARRIER BUILDING PLAN REVIEWED

SHORT DEFINITION

Total expenditures for direct plan review activities for Architectural Barriers by agency staff during the reporting period divided by the number of construction/engineering documents reviewed by agency staff during the reporting period.

PURPOSE/IMPORTANCE

This measure indicates how cost-effective the agency is in performing required plan reviews.

SOURCE/COLLECTION OF DATA

Expenditures – USAS expenditure reports; percentage of salaries from Human Resources; Number of plan reviews completed by agency staff.

METHOD OF CALCULATION

Divide the expenditures, and accruals of Architectural Barriers staff directly involved in processing plan reviews by the total number of reviews completed by agency staff. Costs include the following items: applicable percentage of salaries; consumable supplies; postage and delivery charges; printing and reproduction charges; and temporary services directly related to processing plan reviews.

DATA LIMITATIONS

External Factors: General market and economic conditions, construction trends, statutory changes and the number of third party providers or Registered Accessibility Specialists are key variables that impact the measure that are beyond the control of TDLR.

Internal Factors: Turnover in plan reviewers, fee changes, rule changes, enforcement action and changes to the plan review process may also impact the measure.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Lower than target

02-01-02-02 AVG # OF DAYS TO COMPLETE BLDG PLAN REVIEWS FOR ARCHITECTURAL BARRIERS (KEY)

SHORT DEFINITION

The average number of days to complete an Architectural Barrier building plan reviews by agency staff during the reporting period.

PURPOSE/IMPORTANCE

This measure shows how efficient TDLR is in reviewing construction/engineering documents.

SOURCE/COLLECTION OF DATA

Information Services retrieves information from HP3000 to create report.

METHOD OF CALCULATION

Total the number of days it takes to complete each plan review and divide by the total number of plan reviews completed.

DATA LIMITATIONS

External Factors: General market and economic conditions, construction trends, statutory changes and the number of third party providers or Registered Accessibility Specialists are key variables that impact the measure that are beyond the control of TDLR.

Internal Factors: Turnover in plan reviewers, rule changes, enforcement action and changes to the plan review process may also impact the measure.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Lower than target

B.1.3 STRATEGY: RESOLVE COMPLAINTS

Enforce compliance by settlement, prosecution, penalty and sanction.

OUTPUT MEASURE

02-01-03-01 NUMBER OF COMPLAINTS RESOLVED (KEY)

SHORT DEFINITION

The total number of jurisdictional complaints closed during the reporting period.

PURPOSE/IMPORTANCE

This measure reflects the efforts of TDLR's enforcement activities to resolve complaints.

SOURCE/COLLECTION OF DATA

Crystal report of extracted data from the Complaint Intake Monitoring System (CIMS).

METHOD OF CALCULATION

The number of complaints closed in CIMS during the reporting period minus cases closed for lack of jurisdiction during the same reporting period.

DATA LIMITATIONS

External Factors: General market and economic conditions and the complexity and severity of the complaint filed are key variables that impact the measure that are beyond the control of TDLR.

Internal Factors: Turnover in staff that are associated with the complaint resolution process may also impact the measure.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Higher than target

B.1.3 STRATEGY: RESOLVE COMPLAINTS

Enforce compliance by settlement, prosecution, penalty and sanction.

EFFICIENCY MEASURES

02-01-03-01 AVERAGE COST PER COMPLAINT RESOLVED

SHORT DEFINITION

Total costs expended for the resolution of complaints during the reporting period divided by the total number of complaints resolved during the reporting period.

PURPOSE/IMPORTANCE

This measure indicates how cost-effective the agency is in resolving complaints.

SOURCE/COLLECTION OF DATA

Expenditures – USAS expenditure reports; Crystal report of extracted data from CIMS of the number of complaints resolved.

METHOD OF CALCULATION

Divide the total expenditures in the applicable categories for complaint resolution for the reporting period the total number of complaints resolved during the current reporting period. Costs include the following items: salaries; supplies; travel; postage and delivery charges; printing and reproduction charges, temporary services; subpoena expenses; and charges of the State Office of Administrative Hearings directly related to complaint resolution.

DATA LIMITATIONS

External Factors: General market and economic conditions and the complexity and severity of the complaint filed are key variables that impact the measure that are beyond the control of TDLR.

Internal Factors: Turnover in staff that are associated with the complaint resolution process may also impact the measure.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Lower than target

B.1.3 STRATEGY: RESOLVE COMPLAINTS

Enforce compliance by settlement, prosecution, penalty and sanction.

EFFICIENCY MEASURES**02-01-03-02 AVERAGE TIME FOR CONSUMER COMPLAINT RESOLUTION (DAYS) (KEY)****SHORT DEFINITION**

The average length of time to resolve a complaint, for all complaints closed during the reporting period.

PURPOSE/IMPORTANCE

This measure indicates the effectiveness of investigative and complaint resolution processes by TDLR.

SOURCE/COLLECTION OF DATA

Crystal report of extracted data from the Complaint Intake Monitoring System.

METHOD OF CALCULATION

The cumulative sum of the number of days it took to close each jurisdictional complaint in the reporting period divided by the total number of complaints closed in the reporting period.

DATA LIMITATIONS

External Factors: General market and economic conditions and the complexity and severity of the complaint filed are key variables that impact the measure that are beyond the control of TDLR.

Internal Factors: Turnover in staff that are associated with the complaint resolution process may also impact the measure.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Lower than target

B.1.3 STRATEGY: RESOLVE COMPLAINTS

Enforce compliance by settlement, prosecution, penalty and sanction.

EXPLANATORY MEASURE**02-01-03-01 NUMBER OF JURISDICTIONAL COMPLAINTS RECEIVED (KEY)****SHORT DEFINITION**

The total number of complaints opened for investigation during the reporting period that are within the agency's statutory jurisdiction.

PURPOSE/IMPORTANCE

This measure indicates the case workload of TDLR.

SOURCE/COLLECTION OF DATA

Crystal report of extracted data from the Complaint Intake Monitoring System (CIMS).

METHOD OF CALCULATION

The number of jurisdictional complaints opened for investigation during the reporting period.

DATA LIMITATIONS

External Factors: General market and economic conditions, the number of transactions or business activities involving an industry or business regulated by TDLR are key variables that impact the measure and are beyond the control of TDLR.

CALCULATION TYPE	NEW MEASURE	DESIRED PERFORMANCE
Non-cumulative	No	Lower than target

APPENDIX E

Texas Department of Licensing and Regulation Historically Underutilized Business (HUBs) Plan

The Texas Department of Licensing and Regulation (TDLR) is committed to offering contracting opportunities to all Texans. TDLR's goal is to award HUBs with at least twenty-five percent of the total value of contracts and subcontracts awarded by the agency in each fiscal year. To increase the use of HUBs and accomplish this goal, the department has developed the following plan:

1. TDLR has appointed the agency's Deputy Executive Director as the HUB Coordinator.
2. When applicable, the HUB Coordinator will:
 - coordinate training programs for the recruitment and retention of HUBs;
 - report required information to the Texas Building and Procurement Commission (TBPC);
 - match HUBs with key staff within TDLR;
 - ensure that a good faith effort is made to increase the award of goods and services contracts to HUBs; and
 - support the agency goal to include HUBs in at least twenty-five percent of the total value of contracts and subcontracts awarded annually.
3. TDLR has adopted TBPC's HUB rules.
4. TDLR will adhere to TBPC purchasing procedures and the requirements of the HUB program.
5. TDLR will purchase from local HUB vendors when possible.
6. TDLR will require that purchases from HUB vendors be made throughout the ethnic categories, ensuring that all underutilized groups are, if possible, represented in our purchasing practices.
7. TDLR will utilize the TBPC HUB directory of approved vendors.
8. TDLR will attend forums presented by the TBPC HUB program.
9. TDLR will implement the mentor-protégé program designed by TBPC.

The Senior Purchaser will monitor purchasing to ensure that agency goals with respect to HUB vendors are met.

APPENDIX F

Texas Department of Licensing and Regulation Workforce Plan

The top private-sector employers in the United States recognize that their most valuable asset is the people producing their products or providing their services – their employees. These employers recognize the contributions of their employees, acknowledging that time spent in actively developing, investing and optimizing a workforce of diverse, committed employees adds value to their business. Like these private-sector businesses, the greatest asset of the Texas Department of Licensing and Regulation (TDLR) is its employees. TDLR has worked diligently to develop, organize and align its workforce to maximize productivity and enhance effectiveness.

Workforce planning is the process through which TDLR allocates its human resources to ensure that we have the right people at the right time, doing what is necessary to achieve our agency mission. Workforce planning includes forecasting conditions and developing initiatives to meet identified workforce needs. It also provides a clear basis for linking recruitment, training, employee development and other programs to our short-term and long-term objectives.

Agency Overview

TDLR emerged from the 71st Legislative Session as the state’s umbrella occupational and professional licensing agency in 1989. This change represented another chapter in the agency’s long and productive history in providing quality public service to Texans. Having successfully completed Sunset review in 2003, TDLR will continue its legacy of excellence and service to the citizens of Texas.

The agency started in 1909 as the Bureau of Labor Statistics. At that time, the agency’s duties and functions focused on labor issues – enforcing labor laws, inspecting factories and encouraging the growth of Texas industry. During the 1930’s, the agency’s role began to shift from labor to industry regulation. In 1973, the agency’s name was changed to the Texas Department of Labor and Standards to better reflect its dual function.

In 1989, the 71st Legislature changed the agency’s name to the Texas Department of Licensing and Regulation, charging it with oversight of certain businesses, industries, general trades and occupations. The agency’s remaining labor functions were transferred to the Texas Employment Commission, now known as the Texas Workforce Commission. Currently the department administers the following twenty-three regulatory and licensing programs (showing the statutory citation and original year of enactment):

Business and Occupations

- 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)
- 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)

- For-Profit Legal Services Contracts (Chapter 953, Occupations Code) (2003)
- Loss Damage Waivers (Chapter 35, Business and Commerce Code) (2003)

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)
- Industrialized Housing and Buildings (Chapter 1202, Occupations Code) (1985)
- Air Conditioning and Refrigeration Contractors (Chapter 1302, Occupations Code) (1983)
- 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)

Although these industries and occupations differ, TDLR has identified common regulatory functions and has structured itself to maximize efficiency and effectiveness. These common regulatory functions are to issue licenses, registrations, certificates and permits to qualified applicants; conduct compliance inspections of water wells, facilities, beauty salons, buildings and equipment; monitor third-party inspectors; investigate and resolve complaints from consumers and industry; prosecute violators; and educate licensees and the public about the services and programs TDLR administers.

TDLR's future will be challenging. Like many other state agencies, we are facing program changes, increased responsibility and shifting customer needs. Meeting these challenges will mean more than hiring new talent; it requires mentoring and growing leaders. A unique challenge that TDLR is facing is the assimilation of existing programs to the agency. Legislation passed in the 79th Legislative Session resulted in the addition of two major programs to our regulatory responsibilities and an increase of our workforce by nearly thirty percent.

A. AGENCY VISION, MISSION AND PHILOSOPHY

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.

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.

As stewards of the **public trust** we regulate in a **firm, fair** and **consistent** manner; provide the highest level of customer service; serve the citizens of Texas with maximum efficiency and fairness; value the **dignity** and **worth** of our employees; grow leaders that embody a culture of change and innovation; and ensure wise and strategic use of public resources.

B. STRATEGIC GOALS AND OBJECTIVES

Goal 1: *To effectively serve the public by licensing, certifying and registering qualified individuals and businesses.* (Texas Occupations Code, Chapter 51)

Objective: As the state's umbrella licensing agency, TDLR is responsible for the licensing, certification and registration of varied and complex businesses, general trades and occupations. We are also responsible for educating consumers and the industry with respect to our programs.

Strategies:

- Issue and renew licenses, ensuring competency requirements are met.
- Ensure that examination content measures the appropriate licensee competency levels.
- Issue and renew licenses in a timely manner.
- Minimize the cost for licensure.
- Administer examinations to individuals in accordance with law.
- Develop a continuing education program and monitor the providers to ensure compliance with the rules.
- Develop and distribute information regarding regulated industries through a variety of mediums.
- Provide comprehensive customer service for all programs administered.
- Provide exemplary informational services to the public and licensees through technological initiatives and enhancement of website content.

Goal 2: *To protect the public by enforcing laws administered by the Agency.* (Texas Occupations Code, Chapter 51)

Objective: We are also responsible for the protection of the public through the regulation of our twenty-three programs, by providing firm, fair and consistent complaint resolution.

Strategies:

- Enforce the laws by conducting routine, complex and special inspections.
- Resolve complaints in a timely manner.
- Complete investigations within the statutory time limits.
- Minimize the cost for complaint resolution.
- Implementation of improved investigative techniques to increase efficiencies.
- Enforce compliance through timely case settlements and prosecutions, administrative penalties and sanctions.
- Award payments from the Auctioneer Recovery Fund for aggrieved parties.

Goal 3: *Develop and maintain a skilled workforce committed to outstanding performance.*

TDLR's diverse and often technical responsibilities require experienced, highly trained employees. TDLR places a premium on recruiting and retaining employees with bilingual skills. We provide useful training

and educational opportunities to staff to ensure that these requirements are met.

Objective: Ensure that TDLR's workforce has the appropriate skills, knowledge and motivation to achieve the agency mission.

Strategy: Use the Survey of Organizational Excellence, internal focus groups and other assessment tools to identify training needs.
Prioritize and provide timely training by function, division and section.
Determine cost-effective method of delivery for training needs, including partnering with other state agencies to share training resources.
Use of retention bonus program for positions with high turnover (programming and network personnel) or specialized skill sets (bilingual employees).

Goal 4: ***Create a customer-focused agency culture with an able customer service staff-created call center.***

Satisfied customers, both external and internal, are important indicators of how effectively the agency is achieving its mission.

Objective: Improve the quality of services we provide to our customers, both external and internal.

Strategy: Improve the quality of services delivered to external customers, making needed information more accessible and providing required forms online.
Improve the quality of services provided to internal customers by increasing the timeliness and utility of information.
Conduct external and internal focus groups to identify and develop needed improvements and services.
Continuous improvement on the delivery and dissemination of information via telephone, the internet, email and written correspondence.

Goal 5: ***Grow leaders to prepare for organizational and personnel changes, including increased responsibility and anticipated retirements.***

Cultivating the leadership of its employees is at the core of TDLR's culture and is critical to our success.

Objective: Provide employees with developmental opportunities, challenges and training designed to expose them to new and increased responsibilities.

Strategy: Evaluate the functions and duties of positions.
Identify and cultivate the skills of potential successors.
Use mentor relations, job-shadowing and cross-training to transfer knowledge and expertise amongst staff and between programs.
Use external training to develop leadership skills.
Develop standard documented procedures to protect against loss of institutional knowledge.
Identify and create developmental opportunities.

C. REGULATORY FUNCTIONS

The department is the only state agency that regulates such a diverse array of businesses, industries, general trades and occupations. Although these industries and occupations differ considerably, TDLR has identified the following common regulatory areas and has aligned itself functionally for maximum efficiency and effectiveness:

- Administrative – provides expertise in executive management, financial management, human resources, information technology, legal counsel, governmental relations, policy development and Commission and Advisory Board support;
- Compliance – conducts inspections, provides program expertise and monitors third-party inspectors;
- Customer Support – communicates information through a centralized call center and responds to electronic and in-person inquiries;
- Education and Examination – reviews and approves pre-licensing and continuing education course content and providers and manages the development and administration of examinations;
- Enforcement – investigates complaints from consumers and industry and prosecutes violators; and
- Licensing – issues licenses, registrations, certificates and permits.

D. ANTICIPATED CHANGES TO MISSION, STRATEGIES AND GOALS

Although TDLR's core mission will remain constant, the recent and anticipated growth as a result of increasing responsibilities will impact our strategies and goals. Additionally, we have identified several external factors likely to impact our strategies and goals: exponential growth in TDLR's licensee population, increased use and access to the internet, an increasing Hispanic and Asian population, an aging population, the effect of women and Generation X and Y on the workforce and outsourcing and consolidation.

EXPANDING RESPONSIBILITIES

New Programs – The passage of Senate Bill 411 by the 79th Legislature transferred the regulation of the Cosmetology and Barber programs to TDLR on September 1, 2005. The consolidation resulted in the addition of 53.5 full-time equivalent positions (FTEs). After extensive preparation, applications were accepted and interviews took place during the summer of 2005. On September 1, 2005, forty-seven new employees began their careers at TDLR, with the remaining starting shortly thereafter. The consolidation dramatically impacted the Human Resources Management Office which experienced a significant increase in responsibilities due to inherited litigation and a thirty percent increase in FTEs. An increase in responsibility was experienced agencywide. The Licensing Division and Customer Service section experienced dramatic increases in their respective workloads. The Information Technology section undertook major computer conversion projects as a result of new programs.

The Result – As a result of Senate Bill 411, 79th Legislative Session, TDLR staff increased by thirty percent and the licensee population increased by nearly 300,000. The additional responsibilities have not changed TDLR’s goals and objectives, but they have made the attainment of our goals more challenging and, thereby, will affect our strategies. To that end, TDLR has requested that the barber and cosmetology strategies and objectives be integrated into the TDLR goal structure, which would result in all goals being functionally aligned.

TECHNOLOGICAL ADVANCES

The World Wide Web has reached millions of people in record time, and the use of internet technology is no longer confined to the private sector. Our customers expect us to incorporate such technology into the services we provide to reduce costs, increase quality and expand accessibility. At the same time, however, a technology gap is widening between those who have access to the internet and feel comfortable with it, and those who don’t. Older and lower income Texans tend to have lower levels of access and comfort with technology. The addition of the Barber and Cosmetology programs have introduced a high number of licensees that do not subscribe to the internet, hindering TDLR’s ability to communicate in mass, thus challenging TDLR to find ways to communicate effectively and efficiently. To that end, we must maintain systems that meet all customers’ needs, regardless of where they fall within the technology spectrum.

Technology is also creating a more informed customer – increasing the access to information. In response, TDLR continues to explore new ways to respond to customers’ needs and provide more targeted services. We also continue to train staff to better meet their customers’ needs. Some of TDLR’s recent technological initiatives designed to improve service and lower cost to customers include:

- online licensing system, providing faster, simpler processing of licenses;
- online licensing application and renewal, and project registration system;
- online complaint intake;
- online examinations for license applicants;
- increase in interactive online forms;
- document imaging and management system, increasing accessibility to records and allowing public access to elevator and boiler inspection records through the website;
- conversion of newly acquired Legacy programs;
- electronic communication of program updates; and
- enhanced internet and intranet sites, providing extensive information in an easily maneuverable environment.

DEMOGRAPHIC OUTLOOK

TDLR’s management of our future workforce will have to account for more aging workers, the values of a younger generation and an increasing minority population. Our current policies allow the flexibility needed to accommodate these diverse needs, but are reviewed on a consistent basis to ensure that they reflect ever-changing demographics.

- ***Aging Workforce*** – Life expectancy in the United States is still reaching record highs – currently 77.6 years. Better health and longer life expectancy are redefining attitudes toward work and retirement. At the same time, the median age of the workforce is increasing. According to the U.S. Department of Labor, Bureau of Labor Statistics, the median age will approach 41 by 2008, reflecting the aging

of baby boomers, who will begin turning sixty-two in the year 2008. As these workers begin to retire in large numbers, the importance of succession planning increases correspondingly.

- **Generation Y** – Members of Generation Y will have as much effect on the workplace as retiring baby boomers. Members of “Gen Y,” those born between 1977 and 1997, are entering the workforce and bringing with them completely different priorities. These workers begin their careers with the assumption that they will change jobs frequently, making retention of this age group challenging at best. To counter this trend, we must rethink and redefine retention strategies accordingly, focusing more on immediate benefits such as telecommuting and flextime, rather than delayed benefits (career ladders).
- **Generation X** – The forty-six million people born between 1963 and 1977 make up Generation X. Although only about half the size of Generation Y, members of Generation X pose no smaller challenge to an employer. Preferring to keep their options open rather than committing to any single employer, these workers are driven by performance based recognition and rewards. To retain these employees longer than the Generation X average of 3.5 years at any given job, we must focus on merit-based salary increases, employee recognition and training opportunities, as well as flextime and telecommuting.
- **Increasing Diversity** – Not only is the age of the workforce shaping policy and procedure, the rate at which ethnic and racial populations are growing also affects agency diversity. The U.S. Hispanic population grew by sixty percent during the 1990s. And Asian workers, although much smaller in absolute numbers, constitute the fastest growing segment of the population. As a result, we tailor internal policies to fit the needs of our increasingly diverse workforce. We must also consider the diversity of our external customers and provide services – such as website content, customer service and examinations – in more languages. Growing diversity could also place more demand on programs that serve non-English speaking populations, such as cosmetologists or licensed court interpreters.
- **Women in the Workforce** – Since 1997, the rate of women participating in the labor force has only slightly increased even though the economy has continued to expand. This participation rate is significantly impacted by the increasing number of women choosing to leave the workforce in order to care for their families. Those women who do stay in the workforce are finding it difficult to find positions in state government leadership positions. To accommodate for these diverse needs, opportunities such as telecommuting or working from home, as well as flextime, need to be considered to allow women to remain in the workforce. Strategies to develop leadership and managerial skills need to be re-evaluated and refined.

OUTSOURCING AND CONSOLIDATION

In an effort to conduct state business more efficiently, much attention has been given to assessing the viability of outsourcing and consolidating government functions. Consolidation and outsourcing has been recommended for information technology services, while consolidation was recommended and continues to be monitored for human resources functions.

The 79th Legislature passed House Bill 1516 authorizing the Department of Information Resources to

consolidate and outsource state data centers and other shared state information technology services to achieve cost savings. TDLR was named as one of the twenty-seven affected agencies in the Data Center Consolidation Project. Currently, DIR has released a Request For Offer (RFO) and the award of the contract should take place in the Winter of 2006. TDLR is studying the impact of the Data Center Consolidation Project on services and on affected employees.

TDLR continues to monitor the effect of House Bill 3442, 78th Legislative Session, which directed the State Council on Competitive Government (CCG) to determine the cost-effectiveness of consolidating or outsourcing human resources functions for agencies with less than 500 FTEs. On May 21, 2004, the Council approved CCG staff's recommendation to consolidate the current human resources staff ratio to one human resources employee per eighty-five FTEs. Council staff is conducting a follow-up review of the consolidation and the Health and Human Services Commission's Convergys Human Resources Outsourcing contract.

TDLR's Current Workforce Profile

A. WORKFORCE DEMOGRAPHICS

The organizational chart in Appendix B reflects our functional alignment, which is designed to facilitate efficient and effective licensing and regulation of our twenty-three diverse programs. Currently, TDLR has 237 appropriated full-time equivalent positions (FTEs). While the majority of TDLR employees are located in Austin, there are forty-five employees working in the field, allowing the agency to better meet the needs of consumers and the regulated industries.

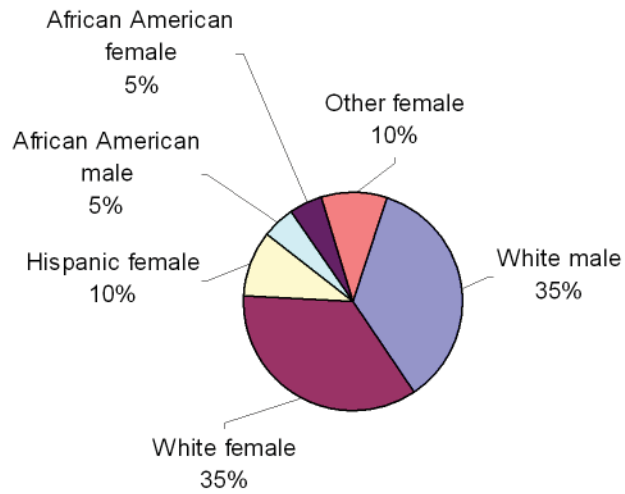
TDLR's workforce is fifty-eight percent female and forty-two percent male. More than seventy-four percent of our employees are age forty and over, and the average age for TDLR's workforce is forty-six. Approximately fifty-four percent of employees have less than five years of agency service.

Commitment to Employing a Qualified and Diverse Workforce

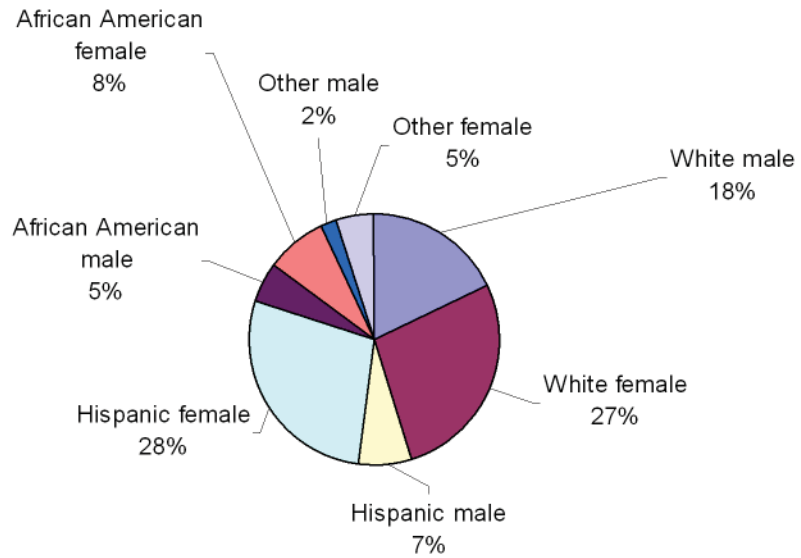
Consistent with TDLR's core values of respect and integrity, the agency meets its commitment to provide equal employment opportunities to all applicants and to all employees. We are committed to recruiting, selecting and retaining a highly qualified workforce that is representative of the state's diverse labor force. As the state's umbrella licensing agency, TDLR is uniquely responsible for serving a variety of businesses and occupations. TDLR's workforce selection process not only focuses on traditional demographic diversity but is also targeted toward hiring employees well suited to serve its licensee population. Through its employment of design professionals, a master electrician, a meteorologist, a water well pump installer, a licensed court interpreter, cosmetologists, barbers, boiler inspectors and an air conditioning and refrigeration contractor, the agency is able to effectively and efficiently regulate these specialized programs.

The charts below show traditional demographics of the agency's hiring profile for fiscal year 2005 (twenty new employees hired) and fiscal year 2006 (sixty new employees hired), through the second quarter.

Fiscal Year 2005 Hiring Profile



Fiscal Year 2006 Hiring Profile (through February 29, 2006)



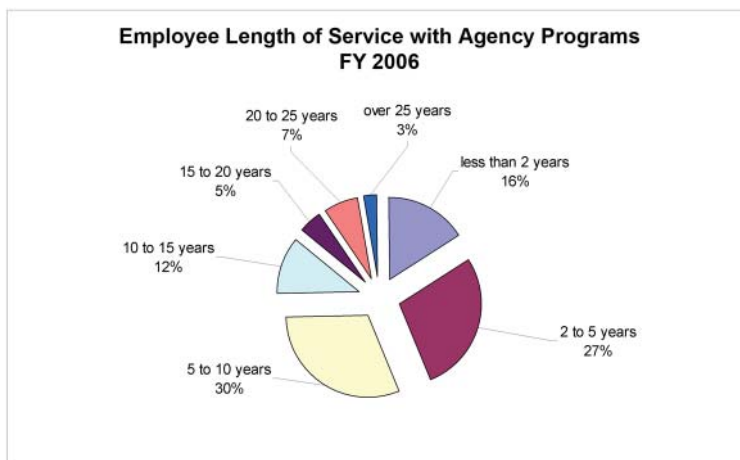
In fiscal year 2005, African-Americans and Hispanic-Americans made up thirty-nine percent of the agency's workforce. The following table further illustrates that diversity, comparing the percentage of African-American, Hispanic-American and female TDLR employees, for September 1, 2004 through August 31, 2005, to the statewide civilian workforce.

Agency Workforce Composition

Job Category	African-American		Hispanic-American		Female	
	TDLR %	State %	TDLR %	State %	TDLR %	State %
Officials/Administrators	10.0	10.3	0.0	13.0	30.0	45.3
Professionals	15.2	17.5	17.4	21.4	39.1	56.7
Paraprofessionals	26.7	20.0	26.7	26.4	84.4	77.0
Technicians	6.0	12.7	22.0	22.7	10.0	43.6
Administrative Support	43.0	16.9	21.4	29.3	93.0	87.2

Experienced Workforce

TDLR values all its employees – those who have long and rich experience with agency programs and those who bring fresh perspectives from outside the agency. Each employee contributes to TDLR's well earned reputation as a model state agency. Currently more than fifty-five percent of TDLR employees have worked at the agency for at least five years. The transfer of the Texas Cosmetology Commission and the Texas State Board of Barber Examiners resulted in the hiring of forty-seven employees on the first day of the 2006 fiscal year, nearly twenty-nine percent of the agency's current workforce. Over eighty-two percent of those new hires had experience with the two new programs transferred to TDLR on September 1. This transfer of knowledge has resulted in more than fifty-seven percent of TDLR staff having ten years or more of experience with programs administered by TDLR. These valued employees provide institutional knowledge and innovation, contributing to the agency's customer relationships and strategic planning process. Our newest employees contribute ideas that improve processes and services, enhancing the agency's vitality.

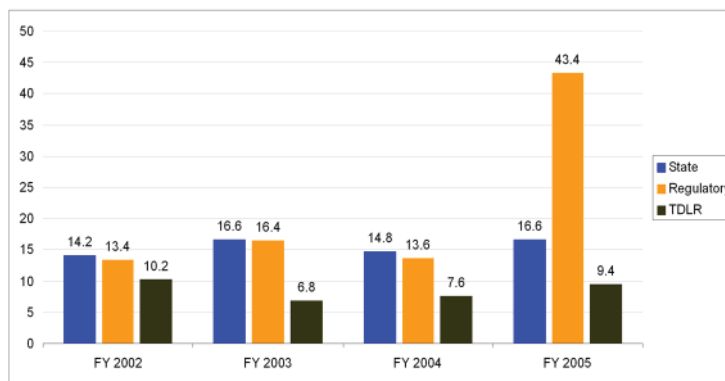


B. EMPLOYEE TURNOVER

Meeting the demands of today's changing business environment requires building and retaining a dependable and motivated staff. Finding and keeping quality employees can pose a challenge; the most talented professionals often are courted by other businesses or agencies. Other factors, such as opportunity

for growth and an employee-friendly work environment, also play a role. The more stimulating the work and work environment, the more likely we are to retain a staff of satisfied, productive employees. The time and money it takes to recruit, rehire and retain employees can quickly cut into an agency's bottom line. Our customers also suffer from turnover. A constant influx of new staff that, in many cases, do not stay with the agency long enough to learn their role within the agency or become fully functioning members of the team, have a direct impact on the people we serve. Recruitment and retention is thus a priority for TDLR. Our successes in hiring and creating a satisfying work environment are evidenced in fiscal year 2005 State of Texas Employee Exit Survey results, indicating that eighty percent of those responding would want to work for TDLR again in the future.

Statewide, Regulatory Agencies and TDLR Employee Turnover



PROJECTED TURNOVER

TDLR projects a turnover rate of 6.4 percent for fiscal Year 2006. This is a considerable decrease from fiscal year 2005, and is significantly lower than statewide averages and other regulatory agencies. However, it is likely that within the next few years TDLR will experience a slight increase in turnover as the economy continues to improve, resulting in competition from the private-sector which historically offers higher wages.

Additionally, the incentives attracting people to state employment are dwindling. TDLR relies upon a total compensation package to attract, motivate and retain highly skilled and talented employees. This includes full use of salary ranges, performance awards and retention and recruitment bonuses. Even with use of these compensation tools, benefit reductions affect TDLR's ability to attract and retain employees, who equate state employment with good benefits. For example, in response to a reduction in the Employee Retirement System's budget, health and insurance benefits were drastically cut in 2003. Additionally, Senate Bill 1370, 78th Legislative Session, requires new employees to wait ninety days before they are eligible for health insurance and retirement benefits.

TURNOVER RATES BY SELECTED POSITIONS

The agency experienced only seventeen separations in fiscal year 2005 resulting in a turnover rate of 9.6 percent for fiscal year 2005. Despite a turnover rate that has been significantly lower than the statewide average since fiscal year 2001, certain positions accounted for ten percent or more of the agency's turnover during fiscal year 2005 which caused the agency to undertake an analysis of the factors contributing to the turnover in these positions. Some of these percentages can be attributed to the small number of employees occupying the position and normal attrition.

For example, turnover amongst administrative assistant and program specialist positions was higher than other job classifications within the agency but was proportionate with the percentage of FTEs in those classifications. Retirements accounted for one-third of the fiscal year 2005 separations in Information Technology positions – network specialists, programmers and system analysts. We anticipate that this trend may continue as approximately fourteen percent of our Information Technology staff is eligible for

retirement within the next five years. Additionally, concerns over the Data Consolidation Project passed by House Bill 1516, 79th Legislature, may accelerate the turnover rate in that section.

Higher salaries and better benefits offered by the private sector resulted in the loss of seventeen percent of those employees classified as Inspectors whose job function is to ensure the safe use and operation of boilers. These positions are difficult to fill because of the technical expertise required. For example, boiler inspectors must have at least three years experience in the installation, operation, maintenance or repair of boilers and pass a written examination to qualify for a Texas Commission. These qualifications target a dwindling population and one wherein we must compete with the salaries and benefits offered by the private inspection agencies. To compound the problem, we project that twenty-five percent of our inspectors will be eligible for retirement within the next five years.

It is worthy to note that in fiscal year 2003, TDLR experienced a thirty percent turnover rate in manager and investigator positions. A turnover analysis was completed, strategies for retention were developed and action steps were taken. We believe that this workforce planning contributed to the 0 percent turnover rate in fiscal year 2005 for these two positions.

Turnover by Position	FY 2005 Percent of Total FTEs	FY 2005 Percent of Agency Turnover
Inspectors	7	12
Information Technology - Programmers/System Analysts/Network Specialists	8	12
Administrative Assistants	28	35
Program Specialists	15	12

LENGTH OF SERVICE AND TURNOVER

Employees with two to ten years experience made up approximately forty-two percent of the workforce in fiscal year 2005 while accounting for twenty-five percent of the agency's overall turnover. The loss of these employees at such a critical time in their tenure continues to challenge the agency's succession planning efforts aimed at ensuring that institutional knowledge is retained in the agency.

FY 2005 Length of Service	Percent of Total FTEs	Percent of Agency Turnover
Less than 2 years	7	7.84
2-5 years	15	10.53
5-10 years	27	14.29
10-15 years	20	7.95
15-20 years	16	6.78
20-25 years	9	0
25--30 years	3	16

AGE AND TURNOVER

Employees under the age of thirty made up approximately four percent of the workforce in fiscal year 2005, but had a turnover rate of nearly thirty percent. This is a dramatic change from two years ago when employees over the age of forty made up approximately sixty-eight percent of the workforce and had a turnover rate of seventy percent. This shift reflects the entry of a new generation with different priorities

into the labor force – Generation Y. According to the State of Texas Employee Exit Survey, one-half of those responding listed the reason they left the agency as better pay and/or benefits.

FY 2005 Age Groups	Percent of Total FTEs	Percent of Agency Turnover
Under 30 years	4	29.63
30-39 years	26	12.31
40-49 years	34	4.82
50-59 years	29	11.11
60 years and over	7	0

DECREASING TURNOVER

Since fiscal year 2001, TDLR’s turnover rate steadily decreased from 12.2 percent in fiscal year 2001 to a low of 6.9 percent in fiscal year 2003. Turnover increased slightly in fiscal year 2004 and fiscal year 2005, at a time when TDLR was experiencing dramatic growth as a result of four new licensing programs. Overall, TDLR’s turnover rate has been significantly less than the statewide percentage during the past five fiscal years. The agency’s low turnover rate is a direct result of management’s commitment to developing and retaining a quality workforce. Among our retention strategies are the use of flexible work hours and compressed work weeks; merit pay designed to reward star performers; full use of the salary ranges; use of retention bonuses for critical staff, including bilingual employees; distribution of bonuses for outstanding performance in fiscal years 2004 and 2005 (TDLR met 100 percent of its key performance measures in fiscal year 2004 and ninety-five percent in 2005); our “You Can Count on Me” program, facilitating co-worker recognition of teamwork, customer service and exceptional performance; and internal focus groups, wherein executive management responds to feedback received from employees during roundtable discussions.

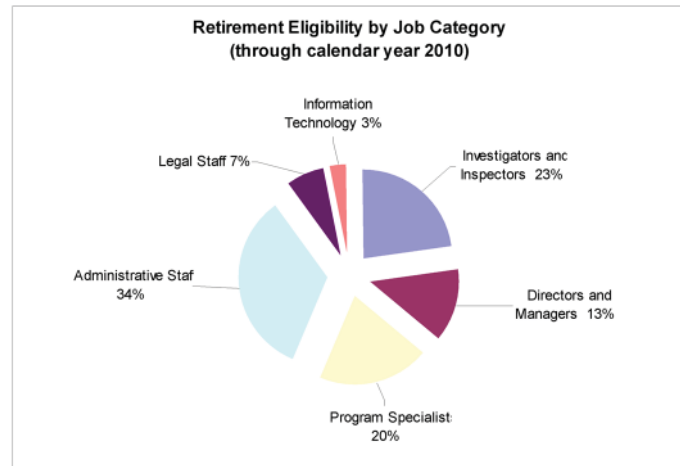
Other important factors in the turnover rate decrease are the organizational changes and the focus on leadership, communication, employee development and work environment. Each biennium, TDLR participates in the University of Texas’ School of Social Work, Survey of Organizational Excellence. Our employees respond to questions and rate their satisfaction on five workplace dimensions: work group, organizational features, information, accommodations and personal. Each dimension is composed of several constructs (twenty total) designed to profile areas of strength and weakness so that interventions may be targeted appropriately. In our 2006 survey, TDLR’s scores were higher than statewide averages in all of the twenty constructs. Although five of the constructs either increased or stayed the same, the remaining fifteen experienced slight decreases. These decreases are likely associated with the transfer of two major licensing programs to TDLR and the rapid growth that took place as a result. The results of the Survey of Organizational Excellence are being carefully reviewed and analyzed so the data may be used for organizational improvement. TDLR’s success results from interventions based upon previous survey data which revealed increasing confidence in our agency culture. And this confidence is key in keeping undesirable turnover low and improving efficiencies.

D. RETIREMENT ELIGIBILITY

Although we’ve seen a decrease in turnover since fiscal year 2000, we continue to carefully monitor and analyze the reasons employees leave the agency. In fiscal year 2005, nearly twelve percent of the separations were due to retirement. This is a substantial decrease from fiscal year 2003, when retirement accounted for

more than forty-five percent of the separations. This decrease may be attributed, in part, to the end of the retirement incentives that were available to employees who retired in the month they first become eligible through the 2004-2005 biennium.

We estimate that twenty percent of our workforce is currently eligible, or will become eligible, for retirement within the next five years. Retirement eligibility is particularly high staff in the administrative and investigator/inspector classifications. Additionally, fifteen percent of those are program specialists, who possess essential technical knowledge and expertise and are responsible for program planning and development. Replacing these individuals will be difficult, and in order to alleviate the loss of institutional and technical knowledge, we have begun to identify staff whose skills can be developed to assume these responsibilities. Once potential successors



have been identified and their readiness assessed, we provide developmental opportunities, which include cross-training and participation on work teams (i.e., new program implementation, strategic planning and legislative and fiscal note teams). This exposure broadens the individuals' perspective, prepares them for assuming additional responsibilities and improves our general performance as an agency.

E. CRITICAL WORKFORCE SKILLS

TDLR relies on its qualified employees; each with unique skills and experience that are critical to our ability to operate and successfully achieve our mission. As a team, we are able to ensure the public's safety with respect to the statutes we regulate using the following skills:

- ability to explain complex, technical information to customers;
- ability to analyze and solve problems;
- ability to anticipate trends and adjust accordingly;
- time management;
- leadership and coaching;
- financial analysis;
- negotiation strategies and techniques;
- ability to interpret and enforce statutes and policies;
- technical skills related to the Air Conditioning and Refrigeration Contractor, Architectural Barriers, Barber, Boiler, Cosmetology, Electrician, Elevator Safety, Industrialized Housing and Buildings and Water Well Driller and Pump Installer programs;
- investigative techniques;
- technical writing;
- information technology and telecommunications qualifications;
- customer service;
- computer literacy; and

- regulatory process review techniques.

TDLR's Future Workforce Profile

A. CRITICAL FUNCTIONS AND ANTICIPATED WORKFORCE SKILLS

Although TDLR's mission will remain unchanged, the number of programs administered by the agency may increase. Prior to September 1, 2003, TDLR was a small agency with a licensee population of 32,000 individuals and about 105,000 facilities. House Bill 1487, the Electrical Safety and Licensing Act, was passed by the 78th Texas Legislature, creating state licensing for electricians. By the end of fiscal year 2005, with the addition of the Electrician and For-Profit Legal Services Contracts programs, the agency's licensee population reached approximately 257,000. The 79th Texas Legislature passed Senate Bill 411, which transferred the regulation of the Cosmetology and Barber programs to TDLR on September 1, 2005. The addition of the Cosmetology and Barber programs to TDLR at the beginning of fiscal year 2006 once again doubled the licensee population, to more than 550,000 under twenty-three statutes. The Legislature has demonstrated their confidence in our ability to expand our role as the state's umbrella licensing agency. During future legislative sessions, we anticipate TDLR will have increased responsibility and will receive new programs.

We anticipate expansion in the following functional areas:

Customer Service

- As we receive more programs the volume and diversity of inquiries (telephone calls and emails) will increase, requiring additional staff with technical knowledge and customer service call center experience and bilingual skills.

Enforcement

- Complaint resolution – With the increase in programs and licensees comes a corresponding increase in the number of complaints received.

Licensing

- New programs and responsibilities – Any increase in programs or responsibilities will bring additional licensees.
- Education and Examination
- Continuing education requirements will become applicable to more of our programs.
- Compliance
- Technical expertise in new program areas – With the addition of new programs, we will rely upon highly trained staff and industry experts, such as Advisory Board members, in the administration of the programs.

Administrative

- Development of information technology and telecommunication initiatives – Developing and

implementing cutting-edge solutions to increase efficiencies will be key to our success, exploring outsourcing partnerships to enhance operational efficiency and effectiveness, will allow the department to focus on its core competencies. The addition of new programs will result in a need for additional administrative staff in the Financial Management and Human Resource areas.

In order to continue to achieve our vision, and in anticipation of the addition or expansion of programs and regulatory responsibility, TDLR will need employees who adapt in the areas of process analysis and redesign, critical thinking and communication. These skills will be crucial in the fluid environment resulting from consolidation, reengineering and transformation which create administrative economies. Future TDLR employees will also face the challenge of adopting its performance-based culture, requiring us to train or hire leaders who have specific skill in project management and change management.

EXPECTED WORKFORCE CHANGES

- ***Expanding Responsibilities*** – The addition of programs will require continued improved efficiencies throughout the agency, specifically in our customer service, inspection and investigation processes. New programs will increase the volume of telephone and email contacts from customers, thus requiring more customer service personnel. A significant increase in licensees and a greater need for inspections and complaint resolution will require our investigative staff to assume additional duties and learn new programs. Continued cross-training of employees in functional areas will also be important, so that each employee understands how his or her responsibilities affect other areas and contribute to the attainment of the agency mission and goals.
- ***Decreasing Pool of Employees in Technical Areas*** – Cross-training will continue to be the most effective avenue through which TDLR responds to the shrinking pool of qualified applicants and employees for technical areas. This trend has made it difficult within the past couple years to fill positions in our Boiler, Elevator Safety and Air Conditioning and Refrigeration Contractor programs. We will rely upon our experienced program specialists and investigators to further develop current employees and create programs whereby TDLR can provide technical training to new employees.
- ***Technological Advances*** – As TDLR increases its reliance on information technology to respond to customers' needs, provide quality services and conduct day-to-day business operations, we will be more dependent on information technology personnel. TDLR will continue to be a leader in the implementation of new technological services by monitoring industry changes, identifying necessary adjustments and by using agency resources to translate those changes for the benefit of both our employees and the public. Our success in providing new technological services facilitates the discovery of further innovative service delivery techniques and initiatives.

Our increasing reliance on technology requires, in turn, employees who are proficient with such technologies. Training current employees on new technologies has been key to the successes we've achieved with our new licensing system. It has also been critical in our transition to a document imaging system, which is resulting in a paperless licensing environment. As work processes continue to evolve, we will train our employees on the more sophisticated competencies needed.

- ***Aging Workforce and Pending Retirements*** – Our aging workforce will result in an increasing number of retirements. Continued analysis of the positions potentially affected will determine how

we proceed in our succession planning.

B. ANTICIPATED INCREASE/DECREASE IN NUMBER OF EMPLOYEES

As a result of legislation passed by the 79th Legislature, TDLR assumed two new programs and staff increased by nearly forty percent. Given the outcome of the 79th Legislative Session and the increasing move toward creating substantial economies through consolidation, TDLR may receive additional licensing responsibilities and continue to grow. The growth and resulting agency staffing needs will be determined by the statutory objectives of the programs or agencies transferred and the ease with which they can be incorporated into our business model.

TDLR's functional alignment is based upon the concept that licensing programs have certain common functions – issuing licenses, inspecting facilities and investigating complaints. Similarly, support functions are common to all licensing agencies. Our organizational structure reflects both common licensing programs and support functions and is organized into the following divisions and sections: Licensing, Compliance, Customer Service, Enforcement, Executive, Education and Examination, Financial Management, Human Resources, Information Services and General Counsel. Breaking down regulation into functions, instead of by category of occupation, allows TDLR to create economies of scale, regardless of the type of program regulated.

Should the Legislature and government leadership decide to consolidate agencies or programs into TDLR, we are poised to accept and effectively implement the transfer. A corresponding increase in FTEs from transferred agencies would be inevitable and necessary to achieve effective administration. Although support staff may nominally increase, most of the increase in staff would occur in our Licensing, Compliance and Enforcement divisions. These positions would be necessary to ensure the continued efficient administration of the transferred programs with technical knowledge and expertise being key. Specifically, we would need program experts, investigators, inspectors, licensing analysts and customer service personnel.

Gap Analysis

A. ANTICIPATED SURPLUS OR SHORTAGE IN STAFFING LEVELS

After analyzing the workforce information, there are several gaps between the agency's current workforce supply and anticipated needs. Our focus is attracting and retaining the right employees for the job.

- The pool of qualified applicants for our technical programs (Boilers, Elevator Safety, Air Conditioning and Refrigeration Contractors, Water Well Drillers and Pump Installers and Electricians in particular) is rapidly shrinking – fewer and fewer applicants have the requisite experience. Many of these technical positions also suffer from high turnover, due in part to competition with the private sector, which offers higher pay and greater benefits.
- Twenty percent of our workforce is currently eligible or will become eligible for retirement within the next five years. A large segment of these pending retirements is staff with highly specialized skill and knowledge. These are the employees who, for each of our varied programs, possess the technical knowledge and expertise, and are responsible for their planning and development. Replacing these

individuals will be difficult and could affect our ability to effectively administer programs. We must identify and analyze these key positions, determine their current and needed skills and assess possible candidates for succession.

- Approximately eight percent of our directors and managers are eligible for retirement within the next five years. Succession planning must continue in order to ensure TDLR's effectiveness and success. This requires us to develop a plan to grow leaders who could potentially fill these positions, as well as develop other retention strategies.
- Although ninety-five percent of new employees hired in fiscal year 2006 remained with the agency, twenty-five percent of the separations through the third quarter occurred during the first six months of employment. This indicates a need to examine our hiring practices to ensure that we are effectively communicating our expectations, glean appropriate information through the interview process and hiring the person who will thrive within our agency culture.
- TDLR is experiencing the same challenges that other employers have in regard to retaining Generation Y workers. The rate at which younger, less tenured employees are leaving affects the agency's ability to position key staff members for promotion, career development and succession planning.

B. ANTICIPATED SURPLUS OR SHORTAGE OF SKILLS

TDLR's analysis of its employees' current skills and its anticipated needs revealed that without a trained, capable workforce, even an efficient administration with the best strategic plan cannot accomplish its mission. TDLR works to ensure that its workforce has the appropriate skills, knowledge and motivation to achieve the agency vision, mission and goals. There are, however, a number of gaps, and employees need additional training in critical and future workforce skills.

- As stated above, a large number of employees identified as eligible retirees are either in management positions or positions requiring extensive technical knowledge of a program. To ensure that we are able to successfully administer our programs without interruption, these key positions must be targeted for succession planning. This succession planning needs to include training for technical positions in Boiler, Elevator Safety, Air Conditioning and Refrigeration Contractor, Water Well Driller and Pump Installer and Electrician programs and leadership development.
- The roles we ask our managers to fill require skill in project management, change management, process analysis and redesign, critical thinking and communication. Our leaders must be able to compare and identify change initiatives to avoid failure, choose a suitable change approach, motivate employees to welcome change, define implementation strategies to support our goals and apply our performance-based culture to support new structures and processes.
- Continued cross training of employees within functional areas – Licensing, Compliance and Enforcement – will also be important should our regulatory umbrella expand. Each employee should embrace the agency's philosophy of excellent customer service and understand how his or her responsibilities affect other areas and contribute to the agency mission and goals.

- TDLR serves a diverse range of customers; we can best meet the needs of all customers only if we have a fully diversified and trained staff. Although we have increased the number of bilingual staff, we must continue to focus on the recruitment and retention of employees who speak multiple languages.
- Our increasing reliance on technology requires employees with programming and networking skills and knowledgeable users. Training current employees on new technologies has been key to the successes we've achieved, but must continue across functional lines. Work processes will continue to evolve and we will respond, training our employees on the more difficult competencies needed.

Strategy Development

To address the gaps between the current staff levels and skills and future needs, TDLR has developed the following goals. TDLR's future workforce development efforts can be grouped into these key areas:

Retirements will result in significant loss of institutional and technical knowledge.

Goal: Grow leaders to prepare for the pending retirements of key staff, thereby maintaining continuity in leadership and service quality. Our goal is to narrow the gaps in time and ability between when a critical position is vacated and when a replacement is found who develops proficiency in essential skills.

Rationale: Succession planning is an inherent part of TDLR's culture, and continued planning is critical to our ability to meet agency vision, mission and goals. The majority of pending retirements over the next five years are either managers or staff with technical skill and knowledge. These are the employees who, for each of our varied programs, possess experience, technical knowledge and expertise and who are responsible for their planning and development. They are a critical element of TDLR's functional model. Replacing these individuals will be challenging and without an appropriate plan our ability to successfully administer programs could be hampered. We must continue to identify and analyze these key positions, prioritizing critical competencies; assess possible candidates for succession; and determine their current and needed skills.

Action Steps:

- Continue to update internal data and provide quarterly reports to executive management on estimated retirement eligibility dates.
- Meet at least bi-annually with division directors to evaluate or update their staffing risks, develop customized strategic solutions, facilitate identification of potential successors and adjust/implement workforce action plans accordingly.
- Work with executive management in identifying additional developmental opportunities for future leaders. Current opportunities include cross-training and involvement on specific agency teams, such as new program implementation, strategic planning and legislative and fiscal note teams.
- Create an internal mentor program whereby employees with critical competencies can

- assist in the development of future leaders.
- Continue to develop written procedures for the purpose of capturing and transferring knowledge.

Attracting and retaining the right employees for the job.

Goal: To attract quality employees who will contribute to TDLR’s vision, mission and goals and ensure efficiency and continued service quality. This will result in maintaining an acceptable level of turnover.

Rationale: Recruiting and selecting employees who can contribute to achieving TDLR’s goals and objectives is crucial to our success. Once we have accomplished this task, we must meet the challenge of retaining quality employees. Rewarding exceptional performance, providing meaningful staff development and creating a culture that supports innovation, excellence and quality life will be paramount to our retention efforts.

Action Steps:

Recruitment

- Target recruiting efforts based on program priorities and changing workforce needs, not specific job vacancies.
- Continue to broaden the scope of recruiting efforts to ensure a fully diversified workforce, using TDLR newsletters, community bulletins and internet recruiting sources.
- Continue to market TDLR’s total employment package, ensuring that our state and agency benefits (i.e. merit pay, full use of salary ranges, performance awards, retention and recruitment bonuses, health insurance, life insurance and leave benefits) are competitive.
- Enhance the interview process to test applicants’ skills that are considered critical to success.

Linking Performance and Development

- Develop and implement a performance development process whereby the tangible link between an employee’s performance and agency performance is established and developed. This process should focus on opportunities for the employee to enhance his or her contributions to performance measure output and other work efforts and document our intent to provide targeted training to facilitate such contributions.

Retention

- Continue to research turnover data by occupational class, age, tenure and diversity, focusing on reasons for attrition.
- Enhance TDLR’s New Employee Orientation Program to include training designed to familiarize employees with the agency’s culture, our functional alignment and the diverse programs we administer.
- Assign each new hire a current TDLR employee, who will assist the new hire in acclimating to his or her new surroundings and responsibilities.
- Utilize pay incentives, where appropriate, to attract and retain staff.
- Continue to use the retention bonus program to include positions with high turnover

- or specialized skill sets (bilingual employees), as funding permits.
- Adjust salaries within assigned pay ranges for positions with high turnover or critical functions, as funding permits.
- Create quality of life flexibilities, soliciting employee input. Explore expanding our telecommuting program.

Current employees lack critical and future workforce skills.

Goal: Further development of a quality workforce committed to outstanding performance and excellent customer service.

Rationale: Without a trained, capable and motivated workforce, even an efficient administration with the best strategic plan cannot accomplish its mission. Our goal is to ensure that TDLR's workforce has the appropriate skills, knowledge and motivation to achieve current and future agency goals.

Action Steps:

- Use the Survey of Organizational Excellence results and follow up meetings with agency employees to identify training needs.
- Meet at least quarterly with each division director to assess and prioritize training needs by division and function.
- Identify new skill sets required as a result of program changes and expand training opportunities accordingly, focusing on technical and communication skills.
- Train each employee on TDLR's core values and how to apply them in the performance of their duties.
- Continue cross-training of employees in functional areas so that each employee understands how his or her responsibilities and performance affect other areas and contribute to TDLR's vision, mission and goals.
- Develop an internal mentor program whereby employees with critical and technical competencies can assist in the development of future leaders.
- Develop mandatory management training designed to address TDLR's philosophy with respect to change management, effective leadership and project management.
- Continue use of the Governor's Executive Development Program. This training program for state agency managers develops and enhances competencies in areas such as formulation and implementation of strategic and operational plans, employee development and organizational and interpersonal communication.
- Develop mandatory training to teach managers recruitment, performance development and retention strategies and skills. Performance evaluations will provide accountability for the appropriate use of these strategies and skills.
- Explore cost-effective methods of delivering training.
- Continue to provide information to executive management and staff regarding opportunities to share training resources with other state agencies, specifically the Office of the Attorney General and through the Employee Assistance Program.
- Continue to train current employees on competencies needed for new technologies – TDLR's licensing and document imaging systems.