



TABC

TEXAS ALCOHOLIC BEVERAGE COMMISSION

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Budget Reduction Plan for FY 2010-11 Biennium

Submitted to the
Governor's Office of Budget, Planning and Policy
and the Legislative Budget Board

By

Texas Alcoholic Beverage Commission

February 15, 2010

ITEM REDUCTIONS BY METHOD OF FINANCING
 81st Regular Session, 2010-11 Item Reductions
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 2/16/2010
 Time: 7:51:27AM
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Agency code: 458

Agency name: **Alcoholic Beverage Commission**

Item Priority and Name/ Method of Financing	2010	2011	Biennial Total	Target
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1 Lapsed Funding for Ports of Entry Bridges

Item Comment: This cost savings represents recognized lapsed funding for Ports of Entry Bridges that were appropriated by the 81st Legislature and are included in the five percent reduction calculation. The recognized lapse is as of January 31, 2010. The Donna Bridge accounts for \$101,413 of the lapsed funding since the bridge has yet to open. The Donna Bridge is scheduled to open in April or May 2010. The additional lapse of \$54,649 is recognized lapse for the Anzalduas Bridge which opened in December 2009. All savings are recognized in Strategy C.2.1. Ports of Entry. These savings will have minimal impact to key performance measures for the Ports of Entry Division.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$156,062	\$0
General Revenue Funds Total	\$156,062	\$0
Item Total	\$156,062	\$0

2 Lapsed Salary Savings Already Recognized

Item Comment: This item represents salary savings recognized from September 2009 – January 2010. The reason for the savings, in part, was due to hiring delays based on policy revisions in the Enforcement Division as well as delays in hiring due to organizational changes. This cost savings has a minimal affect on all agency efficiency measures, however the variance would not exceed the five percent required for reporting purposes.

This savings is detailed by strategy: Strategy A.1.1. Enforcement - \$98,255 – 1.2 Civilian FTEs; Strategy A.1.1. Enforcement - \$56,434 – 3.5 Commission Peace Officer FTEs, and Strategy C.1.1. Compliance Monitoring - \$45,955 – 1.2 Civilian FTEs.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$200,644	\$0
General Revenue Funds Total	\$200,644	\$0
Item Total	\$200,644	\$0

3 Transfer to Department of Agriculture

Item Comment: This cost savings item is required by an agency specific rider – Rider 12, SB1, 81st Legislature - Page V-10 – Texas Wine Marketing Assistance Program as well as Section 5.56 of the Alcoholic Beverage Code. This transfer is made each year and was processed for FY 2010 on October 30, 2009. This recommendation is for FY 2011 transfer and would affect Strategy D.1.1. Central Administration. This item has no impact to the Texas Alcoholic Beverage Commission; however, it could have an impact to the Texas Department of Agriculture.

GENERAL REVENUE FUNDS

* - Indicates amount does not meet target requirements.

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Agency code: **458**

Agency name: **Alcoholic Beverage Commission**

Item Priority and Name/ Method of Financing	2010	2011	Biennial Total	Target
1 General Revenue Fund	\$0	\$250,000		
General Revenue Funds Total	\$0	\$250,000		
Item Total	\$0	\$250,000		

4 Gasoline and Utilities Reduction

Item Comment: This annual reduction is based on lower gasoline and utility costs, as well as the proposed reduction in commission peace officer positions. This item does not have an impact on direct services for the agency and reductions are located throughout all strategies with the majority of the reduction being allocated to gasoline reductions in Strategy A.1.1. Enforcement. The total estimated reduction for gasoline is \$178,937 for the biennium. This reduction has a minimal affect on all agency efficiency measures, however the variance would not exceed the five percent required for reporting purposes.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$155,000	\$73,937		
General Revenue Funds Total	\$155,000	\$73,937		
Item Total	\$155,000	\$73,937		

5 Capital Budget - Seller Server Training

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Item Comment:

Impact Summary:

If funding is reduced or cancelled, the project scope will be reduced to include only Curriculum Development (standardization), and Rule Changes. Rule changes cannot include mandated electronic submission of Seller Server data. Improvements must still be made to Versa:E-Gateway or Versa:Online to stabilize transaction processing.

Project Scope:

This project would implement a more effective means of educating the seller/server of alcoholic beverages. The current method of reporting trainees in seller/server classes is cumbersome which, when coupled with high trainee volumes, results in the need for a systems upgrade and process improvements (including electronic submission). The project scope includes the following:

- Develop and Standardize the Curriculum;
- Modernize the rules governing Seller/Server Training;
- Develop and deploy Seller Server Certification Tracking System, including certificate number issuance and payment, submission process, certificate search and print, interfaces, protocols and database;
- Host and support Seller Server Certification Tracking System; and
- Replace Versa:E-Gateway, a system that no longer adequately serves the needs of Seller Server Certification

Additional unrealized benefits include:

- Reduced staff resources needed for data entry;
- Reduced staff resources needed to research certifications;
- Reduced need for data entry staff augmentation;
- Improved reporting for compliance monitoring;
- Improved access to individual criminal violation history in ARTS so certificates are revoked, suspended, or not renewed;
- Improved and standardized procedures for compliance monitoring;
- Improved system availability and reduced technical intervention; and
- Timely data capture so information is current and available to internal and external users.

Project funding is reflected in Strategies C.1.1.: FY10 - \$184,100 and Strategy D.1.2.: FY10 - \$35,020 and FY11 - \$32,957.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$219,120	\$32,957
General Revenue Funds Total	\$219,120	\$32,957
Item Total	\$219,120	\$32,957

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6 Capital Budget - Case Management

Item Comment:

Impact Summary:

If funding is reduced or cancelled, the project scope will be reduced to include only those enhancements that can be completed by internal technical staff.

Project Scope:

Case management is a core TABC process. Allegations, charges, and final outcomes must be reported and tracked. TABC utilizes 3 primary information systems: Licensing (Versa:LicenseEase), Enforcement (Agency Reporting and Tracking System - ARTS and NetRMS:CrisNet), Compliance (ARTS) and Legal (Versa:LicenseEase). Individuals within those divisions have access to their primary systems, but often no access (or limited access) to other systems and the data contained within.

Reduction of project funding will not allow for necessary enhancements to ARTS to share information across organization boundaries and improve usability. Extensive enhancements and additional modules to handle all aspects of case management could not be implemented:

- Advanced relationship, search features, reporting, and external systems interfaces, including an imaging interface are required to retire NETRMS:CrisNet package currently in use;
- Show all related case activities in ARTS once a hearing has been requested;
- Have all information in one database for timelier, complete and accurate view of cases across organization boundaries (Licensing, Compliance, Enforcement and Legal);
- More comprehensive and sophisticated security and data protection features to protect sensitive and confidential data;
- Allow supporting files (word documents, video clips, pictures, etc.) to be added to case files, especially in support of legal action;
- Use technology to create a user friendly, efficient data entry and tracking system; and,
- Improve TABC's ability to identify poor business practices that may predict future violations.

This reduction is reflected in Strategy A.1.1. Enforcement.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$145,600	\$0
General Revenue Funds Total	\$145,600	\$0
Item Total	\$145,600	\$0

7 Capital Budget - Excise Tax

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Item Comment:

Impact Summary:

If funding is reduced or cancelled, the Excise Tax Automation project must be cancelled. Excise Tax forms will continue to be submitted and cross-checked manually. TABC cannot re-direct Excise Tax employees to higher-value audits and Excise Tax fraud reduction. Financial benefits available to the state and the regulated businesses would not be realized.

Project Scope:

The Excise Tax Automation system will allow TABC to use resources more efficiently. Instead of submitting tax forms and invoices by mail, permittees would submit the required information electronically. The program would reconcile the information and determine which transactions do not match and generate a discrepancy report. This process would be real-time, eliminating the month-long analysis process.

Fiscally, there will be many benefits to the state and businesses we regulate. Postage fees would be drastically reduced. Businesses would be able to better use resources by not having to staff personnel to manually generate and file monthly reports. They also would save space by not having to keep copies of transactions for record retention requirements.

The time saved by not having to manually process the monthly reports would be used to concentrate on more involved compliance violations in a timelier manner.

Additional loss of expected benefits include:

- Use technology to create a user friendly, efficient data entry and tracking system.
- Improve Customer Service.
- Develop automated workflow processes to streamline Excise Tax processing.
- Management reports to help streamline excise tax collection process.
- Improve TABC's ability to identify poor business practices that may predict future violations.
- Decommission the Miscellaneous Order Management System (MOMS).
- Online label approval.

Project funding is reflected in Strategies C.1.1.: FY10-\$496,600 and FY11-\$50,000 and D.1.2.: FY10-\$62,117 and FY11-\$86,313.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$558,717	\$136,313
General Revenue Funds Total	\$558,717	\$136,313
Item Total	\$558,717	\$136,313

8 Staff Augmentation

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Item Comment: If funding is reduced or cancelled, the agency would not be able to provide improved information technology support in strategy D-1-2 (Information Resources) for applications systems development/ maintenance, and web development/ maintenance. Funding was requested for One (1) Programmer V (B25) to support new application development and ongoing maintenance of our .net program systems; and/or One (1) Web Administrator II (B20) to provide additional web development and to backup support of the ongoing webpage maintenance of the agency's public/internal websites. This reduction in professional fees is reflected in Strategy D.1.2. Information Resources.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$110,000	\$100,000
General Revenue Funds Total	\$110,000	\$100,000
Item Total	\$110,000	\$100,000

9 Capital Budget - Hardware/Software Acquisitions

Item Comment: This \$30,000 per year reduction will eliminate the replacement of printers, scanners, and fax machines. These items were put on a replacement cycle in this capital budget line item and will impact the agency's ability to replace equipment as it breaks or is fully depreciated.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$30,000	\$30,000
General Revenue Funds Total	\$30,000	\$30,000
Item Total	\$30,000	\$30,000

10 Ports of Entry Cost Savings

Item Comment: This item represents overall savings for the Ports of Entry Division including salary savings from September – January 2010 totaling \$25,361. Additional reductions will be recognized by reducing temporary services for seasonal personnel as well as reducing travel. The division had planned to purchase additional handheld devices to assist port personnel in the collection of taxes from individuals bringing goods across the border into Texas which are eliminated through this reduction. The additional units are needed to replace broken units, replace broken units sent out for repair, as well as units to equip the new bridges at Donna and Anzalduas. This reduction will have a minimal impact on key performance measures.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$100,000	\$0
General Revenue Funds Total	\$100,000	\$0
Item Total	\$100,000	\$0

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11 Capital Budget - Fleet Acquisitions

Item Comment: A vehicle reduction of \$571,750 in FY2011 representing approximately 27 vehicles would be considered due to the freeze in CPO positions. Vehicles would be driven to 110,000 miles versus normal 100,000 miles before being replaced depending on accidents, staff turnover and agent use. An increase in maintenance cost will offset some of the savings.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$0	\$571,750	
General Revenue Funds Total	\$0	\$571,750	
Item Total	\$0	\$571,750	

12 Capital Budget - Public Safety

Item Comment: This item represents the savings for public safety equipment associated with the freezing of commissioned peace officers as well as the equipment needed to outfit unmarked vehicles in Strategy A.1.1. Enforcement.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$173,794	\$173,794	
General Revenue Funds Total	\$173,794	\$173,794	
Item Total	\$173,794	\$173,794	

13 Freeze Civilian Positions

Item Comment: This reduction outlines the agency freezing nine current civilian vacancies for the remainder of the biennium and is allocated below by strategy and totals \$538,069 for the biennium:

	FY 2010	FY 2011
A.1.1. Enforcement	\$58,171 – 1.0 FTEs	\$116,342 – 2 FTEs
B.1.1. Licensing and Investigations	\$80,732 – 2.4 FTEs	\$161,464 – 4.7 FTEs
C.1.1. Compliance Monitoring	\$24,607 – 0.6 FTEs	\$49,213 – 1.3 FTEs
D.1.1. Central Administration	\$15,847 – 0.5 FTEs	\$31,693 – 1 FTEs

The freeze of these FTE would create additional workloads on current division staff since most of the duties performed will have to be absorbed. This could result in delayed reporting, delayed resolution to administrative cases, as well as an increase in the length of time for investigations. This reduction would have a minimal impact on key performance measures, but at this time is it not anticipated to deviate greater than the five percent allowed.

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Item Priority and Name/ Method of Financing	2010	2011	Biennial Total	Target
GENERAL REVENUE FUNDS				
1 General Revenue Fund	\$179,357	\$358,712		
General Revenue Funds Total	\$179,357	\$358,712		
Item Total	\$179,357	\$358,712		
14 Freeze Commissioned Peace Officer Positions				
Item Comment: This item freezes twelve, currently vacant, commission peace officer positions and would have an impact on key performance measures. The measures impacted include Percentage of Licensed Establishments Inspected Annually, Percentage of Complaint Investigations Closed within 60 days, Number of Inspections Conducted by Enforcement Agents, and Number of Persons Instructed by the Agency as well as the Average Cost per Inspection. The freeze would result in a reduction of \$234,582 and 6 FTEs for FY 2010 and \$469,164 and 12 FTEs for FY 2011 in Strategy A.1.1. Enforcement for biennial savings of \$703,746.				
GENERAL REVENUE FUNDS				
1 General Revenue Fund	\$234,582	\$469,164		
General Revenue Funds Total	\$234,582	\$469,164		
Item Total	\$234,582	\$469,164		
Agency General Revenue Total	\$2,262,876	\$2,196,627		
Agency GR Dedicated Total				
Agency Grand Total	\$2,262,876	\$2,196,627	\$4,459,503	\$4,459,503

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