

# TEXAS ALCOHOLIC BEVERAGE COMMISSION



## STRATEGIC PLAN FISCAL YEARS 2007 - 2011



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# Agency Strategic Plan

For The Fiscal Years 2007-2011 Period



## BOARD MEMBERS

## DATES OF TERMS

## HOMETOWNS

John T. Steen, Jr., Chair

January 8, 1998 –  
November 15, 2007

San Antonio

Gail Madden

April 19, 2000 –  
November 15, 2005

Dallas

Jose Cuevas, Jr.

October 14, 2004 –  
November 15, 2009

Midland

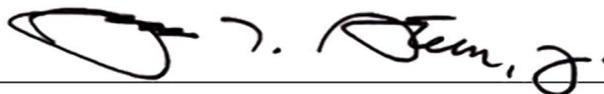
**July 7, 2006**

SIGNED:



Alan Steen, Administrator

APPROVED:



John T. Steen, Jr., Chair

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## EXECUTIVE SUMMARY

The Texas Alcoholic Beverage Commission (TABC) is the state agency that regulates all phases of the alcoholic beverage industry in the State of Texas. The duties of the Commission include regulating sales, taxation, importation, manufacturing, transporting, and advertising of alcoholic beverages.

The TABC collects in excess of \$200 million annually in taxes and fees, which aids in the financing of the state's public schools, local governments, research, human services, and other areas in which state government provides services to all Texans.

The Alcoholic Beverage Code authorizes the Texas Alcoholic Beverage Commission to:

- Grant, refuse, suspend, or cancel permits and licenses in all phases of the alcoholic beverage industry;
- Supervise, inspect, and regulate the manufacturing, importation, exportation, transportation, sale, storage, distribution, and possession of alcoholic beverages;
- Assess and collect fees and taxes;
- Investigate for violations of the Alcoholic Beverage Code and assist in the prosecution of violators;
- Seize illicit beverages;
- Adopt standards of quality and approve labels and size of containers for all alcoholic beverages sold in Texas;
- Pass rules to assist the agency in all of the above.

Although the laws regulating the alcoholic beverage industry are consistent statewide, the Alcoholic

Beverage Code allows local (county, city, justice precinct) determination of the types of alcoholic beverages that may be sold and how they can be sold by means of local option elections.

The TABC has a wide and varied group of customers throughout the state. Not only does the agency focus on its most immediate group -- the alcoholic beverage industry -- it must also give adequate attention and concern to the issues of the general public, law enforcement groups, educators, various coalitions, and public interest groups concerning the regulation of alcoholic beverages sales. The agency sought input during the strategic planning phases from all areas, including its own employees.

Beginning in February, the agency conducted strategic planning sessions in the form of public forums, roundtables, and agency brainstorming sessions in respective districts across the state, as well as internal reviews.

External factors that limit the agency's efficiency and effectiveness include:

- The difficulty in providing adequate services equitably and effectively to each area of the state with a field workforce that is limited to one FTE per 45,769 residents.
- Initiatives in the areas of education, public awareness, and community involvement, as well as an increase in the number of regulatory investigations, have created a greater demand on the staff.
- With more locations across the state being voted wet, the number of

license/permit applications is expected to increase.

- The border regions continue to add new international bridges that will dictate the need for additional staffing in the ports of entry program.
- The state's population is becoming increasingly diverse. The percentage of business owners seeking alcoholic beverage licenses that do not speak English as their first language is increasing and creates a communication barrier. There is a growing need for the agency to hire bilingual employees.
- Steady growth in the state's population, averaging just below 2.3 percent per year between fiscal years 2006 and 2011.
- Although the number of young people between the ages of 16 and 20 are expected to grow at a substantially slower rate than the general population from 2006 to 2011, the actual number of young people will grow relative to the agency's available resources.
- The number of alcoholic beverage retailers is expected to grow during the next five years due to population growth and an increase in the wet areas of the state. This will, at least temporarily, create an upward surge in the total number of licensed premises to be inspected and regulated by compliance and enforcement personnel.
- The agency expects competition for the market share to remain strong and possibly even to intensify. As in the past, the agency expects this competition to result in a certain volume of marketing practice violations. Should that competition intensify, the number of marketing practice violations will grow and more resources will be required for

marketing practice compliance efforts.

The agency is well on the way to completion of a major transformation project which migrated core mainframe applications and database systems to a modern enterprise environment. In November 2005, all mainframe functions were discontinued.

The agency continues to work towards having a single technology platform that will help provide efficient state-of-the-art applications to support all internal processes and to meet public needs. Although much progress has been made the agency continues to strive to:

- Expand into future directions such as web services (for the internal and public customers) and wireless applications (for enforcement and compliance).
- Move toward a totally "web-based system" to participate in e-commerce initiatives of state government allowing rapid renewal applications to be processed.
- Provide more detailed access to agency information to other governmental entities as well as the alcoholic beverage industry and general public.
- Ensure information will be readily available 24 hours a day, 7 days a week for local, state, and federal law enforcement, TABC agents, and industry.
- Maintain a state-of-the-art technology environment that will result in total cost of ownership savings.
- Lower business risks with improved system availability and improved responsiveness/flexibility in adding new features.

A ports of entry automation project will automate the process to collect and reconcile the taxes collected by TABC taxpayer compliance officers for alcohol and cigarettes entering the state from Mexico.

The development of an excise tax automated system would allow major business entities in the alcoholic beverage industry to submit the required reports through an automated network rather than printed documents. The agency could then reconcile the reports more rapidly through automation allowing business to operate more efficiently and generate more tax revenue for the state in a timelier manner.

The agency plans to evaluate other technology solutions designed to increase employee productivity by reducing the paper processing workloads. Two of the most notable solutions include:

- Use of document imaging and retrieval technology for storing/retrieving of agency paper documents by incorporating them into the new licensing regulatory system strategy.
- Use of mobile computing devices by enforcement agents and compliance officers. This technology will be evaluated as a tool to assist field personnel with their paper workload.

While underage alcohol consumption has been a primary focus of the agency for many years and will continue to garner great attention and effort by the TABC, the number of higher education facilities and students in the state will require additional attention by the agency to address the problem of college and binge drinking issues

involving young people who are under and over 21.

Research findings related to driving while intoxicated, as well as the continued fatalities experienced on Texas streets, are of grave concern to the TABC. By law, the agency has a duty to regulate and police all businesses that sell alcoholic beverages, with the purpose of protecting the public from harm. At the same time, however, it must use fair and reasonable methods as it tries to fulfill this duty and not cause undue disruption of the businesses it regulates.

Based on input received, limiting external factors, and existing objectives, the agency's strategic management goals for the period 2007-2011 are as follows:

- To reinvigorate the agency's efforts in partnering with coalitions, groups, and industry members to raise awareness in issues involving the sale of alcoholic beverages to minors and intoxicated persons.
- To address the ongoing issue of training new staff as well as current employees while faced with the loss of vast amounts of institutional knowledge.
- To continue expanding the agency's efforts in effective internal communication, using all available means.
- To focus efforts to train employees on new technology within the agency so they can use internal computer systems knowledgeably and to their advantage.
- To ensure through available avenues that agency employees receive fair pay based on responsibilities.

- To complete the enforcement division's transformation to a risk-based performance group.
- To provide on-going job training to compliance personnel, and to find more efficient ways to handle new responsibilities while still meeting work goals in other areas.

These goals will further the agency's mission in regulating alcoholic beverages within the state as well as contributing to the health, safety, and welfare of our citizens.

## STATEWIDE STRATEGIC PLANNING ELEMENTS

### INTRODUCTION

The state's strategic planning and performance budgeting cycle sets forth the opportunity for the agency to continually review its business plan and processes. In an era where state agencies must continue to accomplish more with less, the planning process is a critical function in every successful agency. Strategic planning must be a process that has no end and operates in a continuous cycle to ensure forward and future thinking heightened by strategic decisions based on the mission of the agency and supported by its vision.

The statewide strategic planning process began in 1992 with the issuance of a statewide vision to focus the resources, efforts, and direction of state government to common goals and a future-oriented vision for which to strive. The message from the elected leadership of the state clearly indicates that the government's mission must be limited and its priorities clear. The agency's mission supports the state mission, and agency goals and strategies provide the decisions based on such priorities.

The following vision, mission, and philosophy for Texas state government are presented in "Pathway to Prosperity: The Statewide Strategic Planning Elements for Texas State Government," and they apply to all state agencies.

### GOVERNOR'S STATEWIDE VISION

Texas state government should be 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.*

### GOVERNOR'S 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!”*

## 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 SUPPORTED BY TABC

TABC strategies directly support the following statewide priority goals and benchmarks:

### *Public Safety and Criminal Justice*

*To protect Texans by:*

- *enforcing laws quickly and fairly;*
- *maintaining state and local emergency, terrorism, and disaster preparedness and response plans;*
- *policing public highways; and*
- *confining, supervising, and rehabilitating offenders.*

Benchmarks:

The public safety and criminal justice goal is supported by the agency's enforcement and compliance goal of promoting the health, safety and welfare of the public by taking positive steps to ensure voluntary compliance with the law and deterring the illegal distribution and consumption of alcoholic beverages. Statewide benchmarks regarding juvenile violent crime arrest

rate, adult violent crime arrest rate, as well as the number of traffic deaths per thousand involving alcohol are supported by the enforcement and compliance strategy of deterring and detecting the violations of the Alcoholic Beverage Code by inspections, investigations, and education of the industry and general public.

### *Economic Development*

*To provide an attractive economic climate for current and emerging industries that fosters economic opportunity, job creation, capital investment, and infrastructure development by:*

- *promoting a favorable and fair system to fund necessary state services;*
- *addressing transportation and housing needs; and*
- *developing a well-trained, educated, and productive workforce.*

### **Benchmarks:**

The commission's licensing and compliance goals and strategies support the economic goal of the state. The related strategies are: (1) ensuring compliance with laws regarding ownership of permits/licenses, tax security and other licensing requirements; (2) inspecting, analyzing and investigating all segments of the industry and initiating actions, whether educational or punitive; and (3) strategically placing personnel to regulate importation of alcoholic beverages and cigarettes. Such strategies ensure compliance with statutory schemes and create an atmosphere and business climate supporting fair competition and lawful trade practices. The benchmarks of per capita gross state product, Texas

employment rate, number of new non-government, non-farm jobs created, and number of new small businesses created are directly related.

### *General Government*

*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:**

The statewide benchmarks indicated by the number of state employees per 10,000 population, the number of state services accessible by the Internet, and the savings realized in state spending by making reports, documents and processes available on the Internet are supported by each strategy of the commission as the agency is guided by its own philosophy and values in efficient and cost-effective operations. The leadership of the agency is particularly proud of ongoing efforts to provide the best service at the lowest possible cost.

### *Regulatory*

*To ensure Texans are effectively and efficiently served by high-quality professionals and businesses by:*

- *implementing clear standards,*
- *ensuring compliance;*

- *establishing market-based solutions;*  
*and*
- *reducing the regulatory burden on*  
*people and business.*

**Benchmarks:**

The commission's licensing, enforcement, and compliance goals and strategies support the regulatory goal of the state. The benchmarks of documented complaints resolved within six months and number of new business permits issued via the Internet are directly related. Responsiveness to the public continues to be a high priority for TABC. The agency is moving toward making licensing services available on the Internet.

## AGENCY VISION, MISSION, AND PHILOSOPHY

### TABC VISION

*A safe and sober Texas served by the Texas Alcoholic Beverage Commission known for its innovation, efficiency, work ethic, and fiscal responsibility.*

The agency pursues its vision of a safe and sober Texas not only through normal police activities, but also through licensing and regulation of commercial activity within the alcoholic beverage industry.

### TABC MISSION

*The mission of the Texas Alcoholic Beverage Commission is to supervise and regulate all phases of the alcoholic beverage industry to ensure the protection of the welfare, health, peace, temperance, and safety of the people of Texas, while facilitating fairness, balanced competition, and responsible behavior through voluntary compliance.*

### TABC PHILOSOPHY

- *The TABC will exemplify friendly, courteous, ethical, and professional behavior in all areas of performance.*
- *We will provide the best possible services at the lowest possible cost to the people of Texas.*
- *We will apply the law and agency policy fairly and consistently throughout the state.*
- *We will communicate openly and provide timely and accurate information to the public we serve, and to all our fellow employees.*

### TABC COMPACT WITH TEXANS

The commission's leadership and personnel are dedicated to the principles of exemplary customer service, believing that the citizens of this state, as well as those who may conduct business in Texas, deserve the highest degree in service standards. The commission expects these characteristics to be obvious to citizens in their interactions with the commission's employees:

- Commitment
- Quality
- Honesty
- Efficiency
- Friendliness
- Professionalism

The *Compact With Texans* goes even further to delineate not only the universal guiding principles of how the service should be delivered, but when to expect it.

- Provide accurate and timely information.
- Respond to inquiries within three working days.
- Acknowledge receipt of complaints within three working days.
- Resolve complaints within 60 days.
- Provide helpful and up-to-date information on the agency's website.
- Ensure our facilities are easily accessible and clean.

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## EXTERNAL/INTERNAL ASSESSMENT

### OVERVIEW OF AGENCY SCOPE AND FUNCTIONS

#### **HISTORICAL PERSPECTIVE**

When the 21<sup>st</sup> Amendment to the U.S. Constitution repealed national prohibition (imposed by the 18<sup>th</sup> Amendment) in 1933, it delegated responsibility for regulation of the alcoholic beverage industry to the individual states.

#### ***U.S. Constitution - AMENDMENT XXI***

*Section 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.*

*Section 2. The transportation or importation into any state, territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.*

#### ***Creation of the Agency***

Shortly after the adoption of the 21<sup>st</sup> Amendment, the Texas Legislature, meeting in special session, enacted the Texas Liquor Control Act that created the Texas Liquor Control Board. The LCB, as it came to be commonly known, began its existence on November 16, 1935, charged with the administration of the new act. The name of the agency was changed January 1, 1970, to the Texas Alcoholic Beverage Commission and, on September 1, 1977, the recodified Texas Liquor Control Act took effect as the Texas Alcoholic Beverage Code.

#### ***Liquor by the Drink***

After several attempts, the Texas Legislature responded in 1971 to a

public referendum by creating a mixed beverage permit that allowed sales of liquor by the drink in those areas specifically authorized by local option election. With the new permit came the mixed beverage gross receipts tax: *a tax at the rate of 10 percent ... imposed on the gross receipts of a permittee from the sale, preparation, or service of mixed beverages or from the sale, preparation, or service of ice or nonalcoholic beverages that are sold, prepared, or served for the purpose of being mixed with alcoholic beverages and consumed on the premises of the permittee.*

The new permit met with immediate acceptance, and the new tax quickly became a major revenue generator for the state. In 1985, the tax rate was increased to 12 percent and increased again in 1989 to 14 percent. For fiscal year 1993, gross receipts tax and penalty collections amounted to \$244.7 million, more than half of the total revenue collected by the agency.

#### ***Sunset Review***

House Bill 1445 of the 73rd Legislature, 1993, enacted recommendations of the sunset review process regarding the commission. The legislature's action demonstrated its belief in the need for a separate alcoholic beverage regulatory agency. Emerging from the process, the Texas Alcoholic Beverage Commission was continued for 12 years with two significant functional changes:

- Effective January 1, 1994, responsibility for the collection and verification of the mixed beverage gross receipts tax was transferred to the Office of the Comptroller of Public Accounts.

- Effective April 1, 1994, responsibility for the enforcement of the Bingo Enabling Act was transferred to the Texas Lottery Commission. The Texas Alcoholic Beverage Commission had assumed short-term responsibility for the regulation of bingo from the Office of the Comptroller of Public Accounts in January 1990.

The Sunset Commission again reviewed the agency in 2004; however, the bill containing their recommendations did not pass during the 79<sup>th</sup> Legislative Session. Instead, TABC was continued for another two years. The agency will be reviewed again in 2006 with legislative action in 2007.

#### *Focus on Public Safety*

Although the Sunset bill did not pass, the Sunset Report recommended that the agency focus on public safety issues. As a result, in 2005, the agency requested, and was granted, over 100 additional FTE's to increase enforcement efforts focused on reducing DWI arrests, accidents, and fatalities in Texas. Of that amount, 59 agents were hired, and a new education and prevention division was created. An additional 27 compliance auditors were hired, which allowed the compliance division to assume administrative tasks previously conducted by enforcement agents. Additionally, enforcement efforts became more focused on at-risk locations, increasing the efficiency and effectiveness of operations.

#### *Local Option Elections*

New laws passed in 2003 and 2005 relaxed the requirements for holding elections to vote on the wet/dry status of a community, resulting in a surge of statewide local option elections.

Before September 1, 2003, the law stated an election could not be held until 35 percent of all registered voters signed a petition—and the signatures had to be collected within 30 days. The new law extends the period to 60 days.

For most issues, the new laws also reduce the number of signatures required to 35 percent of the people who voted in the last gubernatorial election. Additionally, cities located in multiple counties can now hold local option elections.

During fiscal years 2004, 2005, and 2006, there have been 177 elections attempting to legalize some form of the sale of alcoholic beverages with an 82% success rate. At this time, there are 36 completely wet counties in Texas and 42 completely dry counties.

#### **MAIN FUNCTIONS**

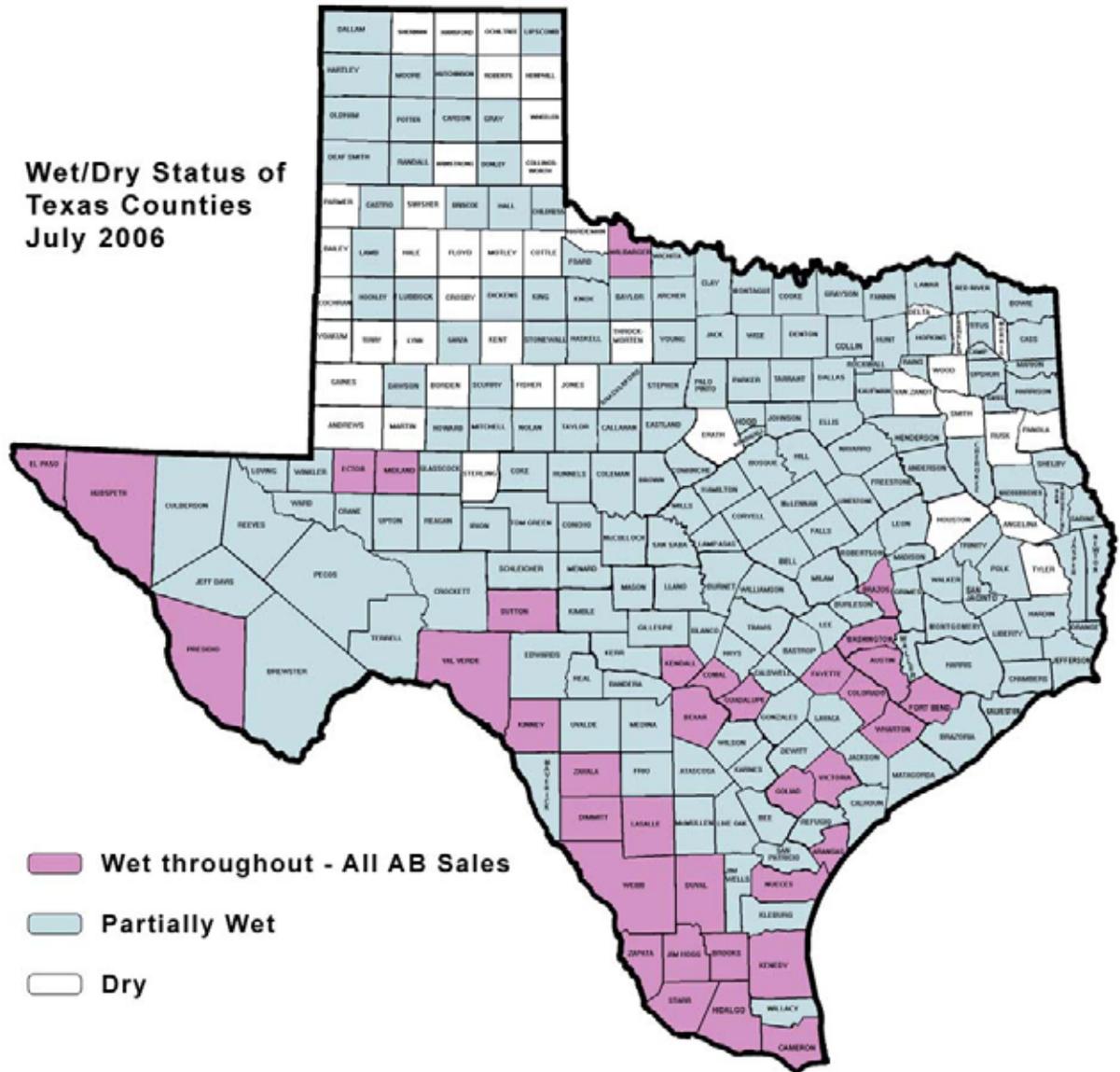
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- Supervise, inspect, and regulate the manufacturing, importation, exportation, transportation, sale, storage, distribution, and possession of alcoholic beverages;
- Assess and collect fees and taxes;
- Investigate for violations of the Alcoholic Beverage Code and assist in the prosecution of violators;
- Seize illicit beverages;
- Adopt standards of quality and approve labels and size of containers for all alcoholic beverages sold in Texas;
- Pass rules to assist the agency in all of the above.

Although the laws regulating the alcoholic beverage industry are consistent statewide, the Alcoholic Beverage Code allows local (county, city, justice precinct) determination of the types of alcoholic beverages which

may be sold and how they can be sold by means of local option elections. For an overview of the variations this can create across the state, refer to the following wet/dry map.

**FIGURE 1: Wet/Dry Status of Counties in Texas, July 2006**



\*Partially wet does not necessarily mean the entire county is partially wet. A city or justice precinct may be the only wet portion, and the remaining area is totally dry.

## ORGANIZATIONAL ASPECTS

### WORKFORCE SIZE AND COMPOSITION

Management of human resources is critical to the overall effectiveness of any organization. As employees who are responsible for maintaining a functioning organization, management recognizes that the focus must be on recruitment, selection, and retention of a high quality workforce.

#### Recruitment Activities

The commission is committed to a diversified workforce and to focus on attaining ethnic, racial, and/or gender balance with emphasis on under-representation issues through its recruitment policy. Elements of the policy include participation in career fairs sponsored by colleges and universities as well as professional organizations and groups across the state. Groups involved with ethnic minorities and women combine efforts with field

personnel to identify and recruit qualified candidates. A wide distribution of brochures and pamphlets providing general information about the agency are also included in recruitment efforts. Additionally, job postings are distributed to an extensive network of colleges, universities, state agencies, regional training academies, and other organizations. A large number of applicants obtain information from the agency Internet career website and from direct e-mail inquiries on the agency's public information Internet address. These efforts have been successful in addressing the under-representation issues as well as emphasizing the agency's mission, philosophy, goals, and objectives.

#### Diverse Workforce

At the end of calendar year 2005, TABC's total number of employees was 613. Overall, minority representation within the agency is slightly higher than in 2003 at approximately 45 percent.

FIGURE 2: Minority Representation 2003

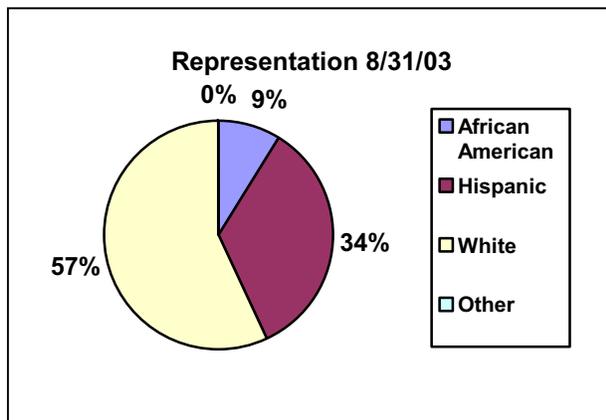
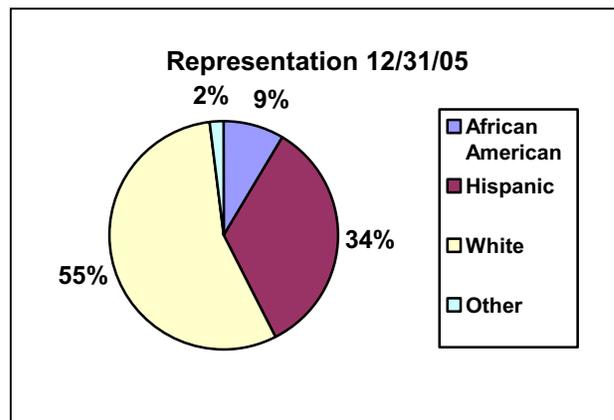


FIGURE 3: Minority Representation 2005



**ORGANIZATION STRUCTURE**

The policy-making body of the agency is a three-member governing board appointed by the Governor with the advice and consent of the Senate. Members of the commission hold office for staggered terms of six years, with the term of one member expiring every two years. Each member must be a Texas resident and must have resided in the state for at least five years preceding the appointment. Commission members serve without salary.

The commission is currently comprised of Chairman John T. Steen, Jr., of San Antonio; Gail Madden of Dallas; and Jose Cuevas, Jr., of Midland.

An administrator, appointed by the three-member governing board, directs the daily operations of the Texas Alcoholic Beverage Commission. Current Administrator Alan Steen was appointed August 1, 2003. He is responsible for employing staff to ensure that the policies established by the commission and the laws enacted by the legislature are implemented in an efficient and cost-effective manner.

Sharing in that responsibility is an assistant administrator, public information officer, as well as the directors of the agency's functional and administrative support divisions. This includes enforcement, licensing, compliance, education/prevention, general counsel/legal services, information resources, business services, and human resources.

There are also specialized sections for marketing issues and an office of professional responsibility. An independent audit firm performs internal audit functions for the agency, reporting directly to the commissioners. For a

detailed organization chart, please see Appendix B.

*Enforcement*

The agency's largest and most visible operating unit is responsible for the criminal and administrative enforcement of the state's alcoholic beverage laws. Certified peace officers, known as TABC agents, inspect premises licensed by the agency and investigate alleged violations of the Alcoholic Beverage Code and other state laws. Increasingly, the commission has placed a greater emphasis on developing initiatives that target the problems associated with underage drinking and over-consumption of alcohol. Agents provide presentations to licensees and their employees upon request as well as in response to age law violations by the permit holder. In addition, presentations are delivered to schoolchildren, ranging from middle schools to college and university settings. Finally, agents provide presentations to civic organizations and other law enforcement agencies in an attempt to promote a better understanding of the law and the roles and responsibilities of the Texas Alcoholic Beverage Commission.

*Licensing*

The licensing division investigates and processes applications for all phases of the alcoholic beverage industry, including the manufacture, sale, purchase, transportation, storage, and distribution of alcoholic beverages. The division must ensure that each applicant is qualified to hold such license/permit and adheres to all applicable regulatory requirements. Approximately 100,000 licenses and permits are issued each year by division personnel.

### *Compliance*

The compliance division is charged with the oversight of the taxing authority of the agency, as well as administrative/regulatory enforcement of the Alcoholic Beverage Code. The division plays a role in the initial licensing process through application processing, inspections, fee analysis, and marketing practices reviews. Personnel receive and process monthly excise tax reports and ensure taxes have been paid and that other reporting requirements are in adherence with the statutes of the Alcoholic Beverage Code through an audit oversight function. The division oversees the labeling of alcoholic beverage products in Texas. In addition, field personnel conduct investigative audits, regulatory compliance, and other financial reviews and assist the enforcement division in various types of investigations.

The ports of entry program, a section of the compliance division, is responsible for ensuring compliance with personal importation laws and the collection of taxes and fees on alcoholic beverages brought into Texas. Taxpayer compliance officers monitor compliance with the laws regarding importation of cigarettes into Texas and collect the applicable taxes for the Office of the Comptroller of Public Accounts. Agency personnel are stationed at all major bridges along the Texas-Mexico border.

### *Marketing Practices*

The marketing practices section is responsible for oversight of the promotion of alcoholic beverage products in Texas. This section utilizes compliance and enforcement field staff for its investigative work.

### *Office of Professional Responsibility*

The office of professional responsibility

oversees or conducts all internal investigations concerning the conduct of agency employees.

### *Information Resources*

The information resources division is responsible for developing and maintaining the core technology applications for the agency, which includes licensing, enforcement, compliance, legal, and business services. Additionally, the division establishes and supports the technology infrastructure that facilitates agency operations, and is charged with researching and analyzing how to apply new technologies to solve business problems.

### *Business Services*

The business services division is responsible for all fiscal operations of the agency, including revenue processing, accounts payable, payroll, time and leave accounting, maintenance of the general ledger, as well as preparation and oversight of the agency's legislative appropriations request, annual report, and performance reports. The general services section of business services is responsible for staff support functions of purchasing, historically underutilized business (HUB) program coordination, real and personal property management, facilities leasing, fleet management, mail center operations, and warehousing.

### *Human Resources*

The human resources division manages employment-related activities, including recruitment, selection, benefits and compensation, employee relations, classification, training, risk management, and implementation of the agency's equal employment opportunity program.

*Legal Services*

The agency's legal services division prepares, processes, and prosecutes administrative cases dealing with violations of the Alcoholic Beverage Code. This division also reviews and prosecutes application protests by the commission, local authorities, and citizens to the issuance of licenses and permits. When violations by permittees and licensees throughout the state are alleged, a hearing is held by the State Office of Administrative Hearings. Outcomes of such hearings include recommendations to cancel, suspend, grant, or deny a license or permit.

**GEOGRAPHICAL LOCATION OF THE AGENCY**

Texas is the second-largest state in the nation comprised of a population exceeding 23.8 million people. The commission is continually challenged to provide adequate services equitably and effectively to each area of the state with a field workforce that is limited to one FTE per 45,769 residents. The field staff provides not only law enforcement services but regulatory and compliance oversight including the initial phases of the licensing process. Ports of entry program staff on the Texas-Mexico border collect excise tax on imported products and serve as a barrier to individuals who attempt to import products exceeding importation limits or fail to meet minimum age requirements.

Meeting the needs of the state's citizens remains critical and requires great emphasis on the strategic locations of personnel. Office sites are chosen based on three criteria: (1) proximity to concentrations of licensed premises, (2) centrality of the location to the area being served, and (3) ease of access to and from all points of the service area. Enforcement and compliance personnel

are assigned based on the number of licensed premises in the service area, actual size of the service area, and service area population. Area DWI arrest and crash statistics are also considered in enforcement staffing decisions. Ports of entry staff are allocated based on traffic counts at international border crossings.

*Physical Locations*

The agency maintains its headquarters offices in Austin, Texas. Field operations are regionalized to permit the agency to respond more effectively to local concerns. A captain directs enforcement personnel in each of the agency's five operating regions, while a compliance supervisor directs compliance personnel in each of the same geographic areas.

*Region 1 - Lubbock*

Lubbock, Amarillo, Abilene, Odessa, and El Paso districts; outposts in Wichita Falls, San Angelo, Brownwood, Big Spring, and Alpine.

*Region 2 - Dallas*

Dallas, Fort Worth, and Longview districts; outposts located in Greenville, Denton, McKinney, Sherman, Terrell, Granbury, Mineral Wells, Mount Pleasant, Lufkin, Athens, and Tyler.

*Region 3 - Houston*

Houston and Beaumont districts; outposts located in Galveston, Conroe, and Huntsville.

*Region 4 - Austin*

Austin, Victoria, and Waco districts; outposts located in San Marcos, Sealy, Bastrop, Kerrville, New Braunfels, Georgetown, Richmond, Brazoria, Wharton, Bryan, Belton, and Llano.

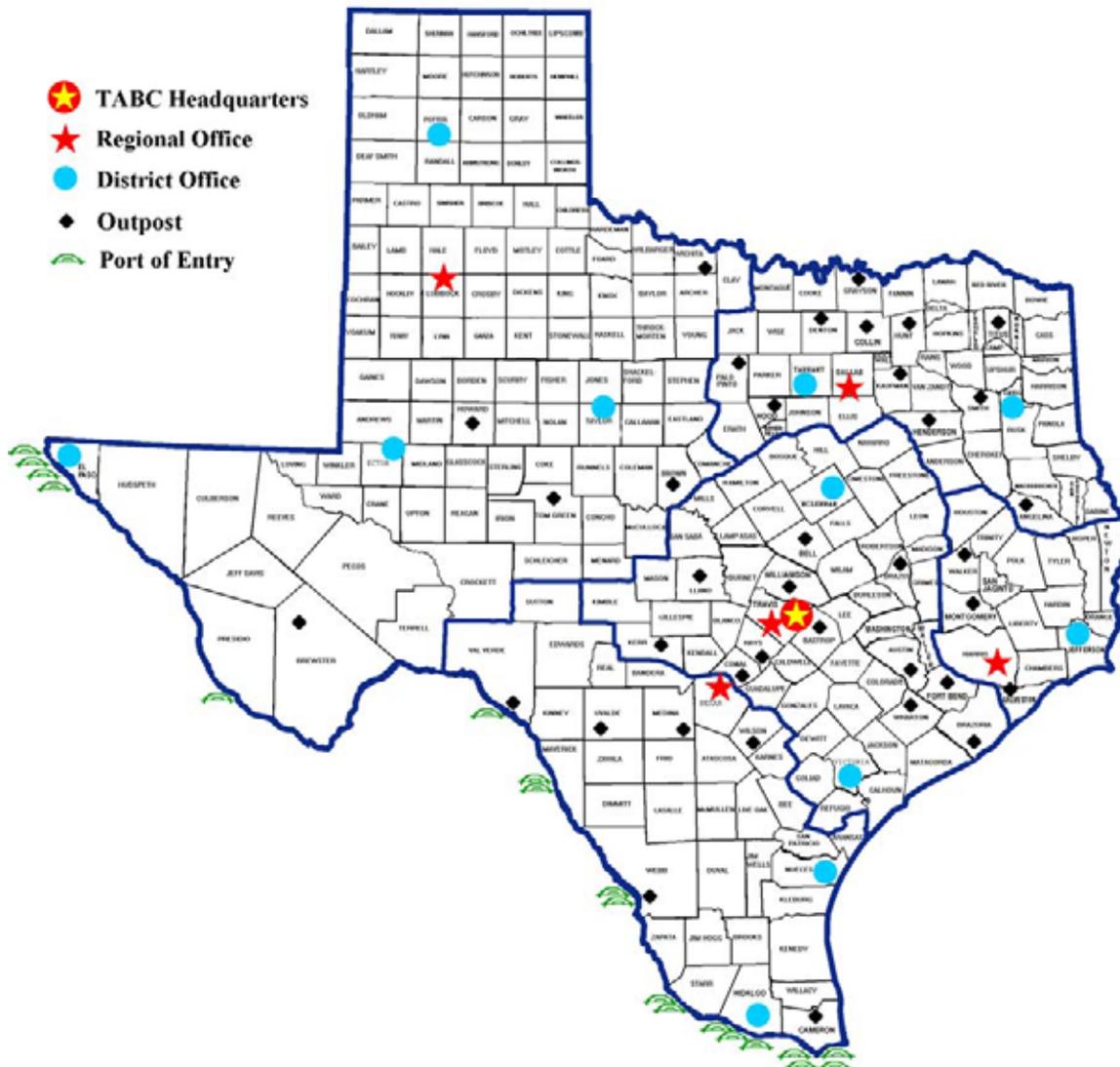
*Region 5 - San Antonio*

San Antonio, McAllen, and Corpus Christi districts; outposts located in Harlingen, Laredo, Del Rio, Hondo, Floresville, and Uvalde.

All sixteen districts are staffed with commissioned peace officers, compliance personnel, and support staff. In addition, one to seven peace officers are stationed in each of the thirty-seven outpost locations. Additional compliance personnel (compliance officers and/or accounts examiners) are stationed at eleven of the outposts.

Agency personnel, directed by a local supervisor, also staff ports of entry facilities at all major border crossings along the Rio Grande, including the international bridges at El Paso, Zaragosa, Fabens, Presidio, Del Rio, Eagle Pass, Laredo, Roma, Rio Grande City, Progreso, Hidalgo, Los Indios, Pharr, and Brownsville. Other bridges are staffed on a temporary basis as dictated by seasonal traffic. Ports of entry personnel are part of the compliance division, and local ports supervisors report to the area compliance supervisors.

**FIGURE 4: Location of TABC Offices**



### **SERVICE POPULATION**

The TABC allocates resources to its field offices based, for the most part, on the size of the populations served. While those served by the agency are found in every part of the state, they are concentrated in the state's 27 metropolitan statistical areas (MSAs). As a consequence, most of the TABC's service delivery resources are also concentrated in the state's MSAs.

The state's five most populous metropolitan statistical areas -- Houston, Dallas, Fort Worth, San Antonio, and Austin -- are home to the TABC's five largest field offices. Of the remaining 22 Texas MSAs, the agency has district offices in 11 and outpost offices (one to seven person satellite offices) in all but one of the remainder.

The state's rural areas are served by agents working from the 26 MSAs in which the agency has offices and from nine smaller communities located outside of the existing MSAs. The geographic size of the area served by an office is one factor in the agency's resource allocation model, but the impact of service area size on resource allocation is small relative to that service population size.

The situation at the Texas-Mexico border is unique in that a large part of the population goes unreported in the census. Even though additional personnel have been assigned to the area in numbers slightly more than the commission's standard staffing model, adequate staffing is still not available. However, this is not unique to the border areas, as the commission, as currently staffed, has just 1.16 enforcement officers per Texas county and only 53 compliance officers for the entire state.

Across the state, each of the five regions directs their efforts to support the goals of the agency. However, as each of these regions work across organizational lines to achieve the desired outcomes of the agency's goals, they each have unique regional challenges to address.

Region 1 of the agency, generally described as the west Texas area, has the greatest square miles in its area with a smaller number of licensed premises. Work hours of employees of the area may not be as productive in terms of outputs of activity as those in the more populated areas of the state, but nonetheless, the oversight provided and required is just as important. The border area of west Texas is also vast and creates a unique challenge in ensuring those in licensed premises as well as those who wish to become proprietors are educated in the laws of the state. The sparse population of the area leads to a number of small communities. These communities endeavor to continue and strengthen their ties to members of their area and cities through festivals, fairs and other gatherings. The service of alcohol is generally requested or required for these events and provides both challenges and opportunities for the agency.

Region 2 is unique in the number of dry areas of the region. Though local option elections are currently more prevalent in the area of the state, private clubs comprise a high number of the licensed premises. The motor speedways and large professional sporting events located in the area require a thorough knowledge and understanding of the regulations governing marketing practices as well as effective prior planning to handle the pressures of

large crowds and demands for alcoholic beverages. Both of these areas require a high knowledge of the regulatory requirements governing each as well as an additional enforcement focus.

Smaller in geographic size but the largest in numbers of permits, Region 3 located in the Houston area has a unique challenge in the large number of retailers and associated employees requiring training. Similar to Dallas, this region has a large number of professional sporting events which require extensive planning and interactions with local authorities for public safety issues. The regulatory issues are also much greater with these types of events due to the upper-tier involvement. The time needed for special events does not end with the professional events as there many other large events, festivals and celebrations that require proper attention. Lack of zoning and the density of the population in Houston are an added challenge in meeting the needs of the citizens who will live in close proximity to the licensed area. These areas also appear to have a larger issue of after-hours operations by retailers than other areas of the state. A high degree of diversity of the retail population provides further challenges for licensing and compliance personnel as well as the enforcement staff. Last, but not least in recent history, the risks of hurricanes, the related devastation and rescue needs add a special perspective to the capabilities and needs of the agents in the area. The coastal areas of the state with the many beach resorts are a challenge including those "spring break" times of the year when large numbers of the underage population descend upon the beach area.

The central Texas region, Region 4, with headquarters in Austin, shares the unique challenges of Regions 3 and 5 concerning the coastal areas of the state, though not to the extent as found in Regions 3 and 5. Universities, large and small, are more prevalent in Region 4 than any other part of the state. Issues of underage drinking and bingeing are compounded due to the volume of concentrated clusters of the under-aged, but independently living, students. Effective methods in dealing with the large numbers of college-aged students will always be a challenge and a drain on agency resources. Another challenging factor in this region is that it has the highest number of outpost offices. These offices are generally manned by one agent and work closely with the local police authorities, many times being housed in the sheriff's office.

Region 5, basically southern Texas, shares the unique issues of Regions 3 and 4 of having coastal areas. However, South Padre Island in the far southern area of the state has a greater impact to consider when dealing with the vacationing tourists from the college communities. The three-week span of spring break has an enormous impact on the businesses of the island and stretches the manpower of all public safety organizations. The region also includes the longest border area with Mexico. It has the like challenge of the west Texas region in dealing with immigrants who are not familiar with the laws and customs of the state. Concerns of natural disasters and the preparedness of agency employees to meet them are always of concern. The majority of the ports of entry into Texas are found in this region. Terrorist threats and increased violence in select Mexican towns have direct effect on the

bridges and associated employees. Each area's unique or shared unique challenge presents the agency with an equal opportunity. These opportunities are developed into success with the proper knowledge, training, planning and efficient execution.

### **HUMAN RESOURCES ISSUES**

Effective management of employees begins at the recruitment stage and continues throughout the employee's tenure. Career development and training maximizes their effectiveness and productivity after being hired. The commission continues to monitor its human resources management control systems such as performance appraisals, hiring processes, staff development and compliance with applicable statutes and laws to maintain an environment of continuous quality improvement. The agency's emphasis on professionalism, common courtesy, ethics and values, and commitment to the agency's customers has generated an organizational culture where employees strive for efficiency and effectiveness in the performance of their jobs and to meet agency measures, goals, and objectives.

#### *Employee Satisfaction*

The agency has maintained initiatives such as risk management, customer satisfaction surveys, professional development, internal training, and health and safety issues. Further, there is an ongoing evaluation of tasks and responsibilities by agency divisions to determine whether other services can be provided for the customers of the agency. TABC shall continue to place an emphasis on implementing new practices and on finding innovative ways of performing the same and/or additional tasks both internally and externally.

#### *Future Staffing Needs*

Initiatives in the areas of public safety, compliance, education, public awareness, and community involvement have created a greater demand on the staff. The agency has addressed some of those demands in 2005 by realigning staff involved in the licensing process from the enforcement division to the compliance division. During the 2006 fiscal year, additional enforcement and compliance positions were allocated by the legislature as well. Both the increase in enforcement staff and the realignment helped the agency to be more focused on their strategic operations. However, to make a substantial impact on public safety issues such as underage drinking, driving while intoxicated, and the sale of alcohol to intoxicated persons, additional staffing in the enforcement, compliance and education and prevention divisions is needed. Reporting and tracking of the agency's strategic operations resulted in the need for additional clerical workers.

There is a growing need for the agency to hire bilingual employees. The state's population is becoming increasingly diverse. The percentage of business owners seeking alcoholic beverage licenses that do not speak English as their first language is increasing and creates a communication barrier.

The agency implemented several technology changes and initiatives such as an automated licensing process, a workflow management system and an online purchasing system. Plans are also underway to implement an automated payment system for ports of entry personnel. The agency utilizes the Internet to provide information to the public and to its employees. While the intent of these changes is to make the

agency more efficient operationally, they have subsequently increased the need for a workforce with a higher level of computer skills. As the agency continues to redefine its processes, computer skills will become a necessary component of most classifications. Enhancing the quality and efficiency of the agency's technology workforce will be realized through recruitment, staff development and retention programs.

The border regions continue to add new international bridges that will dictate the need for additional staffing in the ports of entry program. When consideration is given to new initiatives, demand for additional services, the number of licensed establishments, and the increased population statewide, it is clear that our current staffing pattern in these areas is indeed limited.

In 2005, the agency's turnover rate was 6.7 percent. The low turnover rate decreases the opportunity to initially hire staff with the needed available skills making both internal and external training a high priority. The agency must continue to develop internal training initiatives and identify external training resources. Employees should be given the opportunity to develop and/or enhance skills that are necessary for their current positions as well as for future promotional opportunities.

The agency must work to ensure that once employees are trained, that they can be retained. Proactive retention solutions include identifying career paths in key positions, rewarding employees through merit increases and promotions when possible, and developing programs that allow agency employees to balance work/life needs.

A constant key factor in all employee-related issues is a budgetary limitation, both in terms of monies and resources. This ultimately impacts the agency in terms of its ability to meet mandates and customer demands, and successfully recruit, train, and retain qualified employees.

### **CAPITAL ASSETS**

#### *Wide Area Network*

The agency continues to upgrade and expand its wide area network (WAN) to improve overall performance. The agency continues to enhance network connectivity for remote field offices and ports of entry stations with newer technology that will enable traditionally slower and more expensive locations to connect at faster and cheaper rates. Wireless technologies are also now being explored for better performance, scalability, and mobility. Improvements and expansion in telecommunications services allows all TABC office locations to be interconnected, therefore streamlining workflow processes, communications, and reporting. Higher bandwidth allows for faster response to important data that is essential for carrying out day-to-day job duties. Redundancy of T1 circuits provides a means for operations and daily processing to continue in the event of failures, disruptions or disasters. Many of the agency's phone systems have now been upgraded to be IP capable, and the agency is able to remotely administer many of these systems without the additional cost of time and travel. As newer technology is implemented, older components of the WAN and telecommunications should be upgraded to keep up with the enhanced network.

#### *Personal Computers*

Personal computing technologies like

desktops and notebooks continue to be upgraded throughout the agency on a three-year basis. The shorter life cycles now enables the client workstations to keep up with the changing technology of the agency. The agency is now exploring the possibility of implementing ruggedized or handheld PDAs/tablets into various parts of the state. These devices will enable our employees to become more efficient and mobile.

#### *Fleet Assessment*

The agency requested funding for 43 law enforcement replacement vehicles and 60 new vehicles in fiscal year 2006 and 44 replacement vehicles in FY2007. Capital budget authority allowed the agency to purchase only 70 vehicles in FY2006 and 44 vehicles in FY2007, leaving the agency with a vehicle shortage of 33 vehicles over the biennium. This has resulted in the agency having to increase the mileage limits for its fleet during the 2006-2007 biennium. The agency must receive funding and capital budget authority in the FY2008-2009 biennium to bring its fleet back to a normal replacement cycle of 72 months or 100,000 miles.

#### *Radios*

The agency's mobile radio funding is sufficient to carry the agency through the year 2010. Handheld radios are a vital part of the agency's ability to effectively communicate with local law enforcement entities throughout the state, and additional funding may be needed to acquire the handheld units that enable our agents to effectively communicate with those entities. The agency will continue to take an active role as a participating member of the State Radio Task Force that was created by the 76th Legislature. The task force was created in an effort to organize and plan the short- and long-

range goals of the state as they relate to wireless communication needs of state agencies.

#### **CONSULTING AND PROFESSIONAL SERVICES**

In order to meet the agency's objectives related to training, education, construction, programming, professional printing, and internal auditing, the agency has contracted with professional entities skilled in these areas.

The agency periodically uses contract help for highly technical work that is definable and repeatable (e.g., software development) or for work that requires highly specialized skills on a one-time or infrequent basis (e.g., system network administration). Technical staff are contracted from a variety of local and regional technical employment agencies.

Typically, the agency expends a very small portion of its budget on consulting and professional fees. The contract for internal auditing services is the most significant contract the agency has, and for the last three years has averaged \$50,000 per year. In fiscal year 2003, the agency expended \$76,548 with the State Auditor's Office for an assessment of its internal information system(s). In fiscal year 2005, the agency had one-time expenditures for the purchase and implementation of a new licensing system. During this process, TABC contracted with two vendors for installation, training, and programming updates and/or programming changes for a total of \$1,051,439.

The agency will continue to use consulting and professional services in the future for architectural/engineering services associated with ports of entry tax booth construction, media and public

relations services associated with public information projects, internal audit services, employee assistance program, software development, specialized employee training, and routine internal assessments. The agency normally will budget about \$57,000 per year for consulting fees related to internal audit and employee's assistance program. Additional consulting services are obtained if they are justified and if funding is available.

### **HISTORICALLY UNDERUTILIZED BUSINESSES**

#### *State Policy*

A historically underutilized business (HUB) is defined by statute as (a) a corporation formed for profit in which at least 51 percent of the equity is owned by one or more women or African Americans, Hispanic, Asian Pacific or Native Americans, (b) a sole proprietorship 100 percent owned, operated and controlled by such person(s), (c) a partnership in which such person(s) owns at least 51 percent of its assets and interest and have proportionate control of partnership affairs, (d) a joint venture of HUBs or (e) a supplier contract between a HUB and prime contractor under which the HUB manufactures, distributes or warehouses, and ships supplies.

In accordance with the Texas Government Code, Sections 2161.181-182 and Section 111.11 of the Texas Administrative Code (TAC), state agencies must make a good faith effort to utilize historically underutilized businesses in contracts for construction, services (including professional and consulting services) and commodity procurement. The Texas Alcoholic Beverage Commission encourages the use of HUBs through a Good Faith

Effort Program (GFEP). The purpose of the GFEP is to promote full and equal business opportunities for all businesses in state contracting in accordance with the goals specified in the State of Texas disparity study dated 1996.

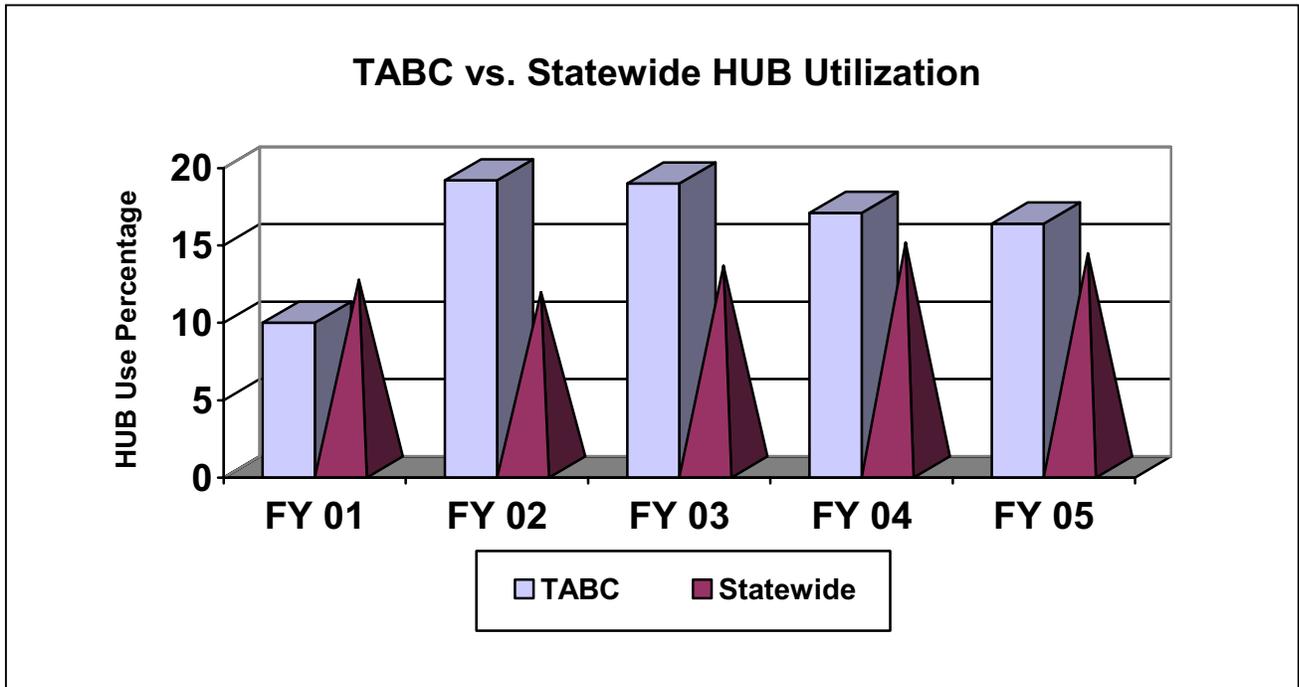
Goals established through the disparity study are:

- 11.9% heavy construction other than building contracts;
- 26.1% building construction, including general contractors and operative builders contracts;
- 57.2% special trade construction contracts;
- 20.0% professional services contracts;
- 33.0% all other services contracts; and
- 12.6% commodities contracts.

#### *Utilization*

The agency's successful utilization of historically underutilized businesses (HUBs) is an on-going effort attributable to a HUB policy that encourages contributions from all employees involved in the procurement process, establishes goals, and requires division level reporting and accountability. The policy incorporates Texas Building and Procurement Commission's guidelines, designates HUB utilization goals, confirms the agency's good faith effort to procure goods and services from the HUB community, and has resulted in an average agency HUB utilization rate above the state average over the last four fiscal years.

FIGURE 5: TABC vs. Statewide HUB Utilization



## FISCAL ASPECTS

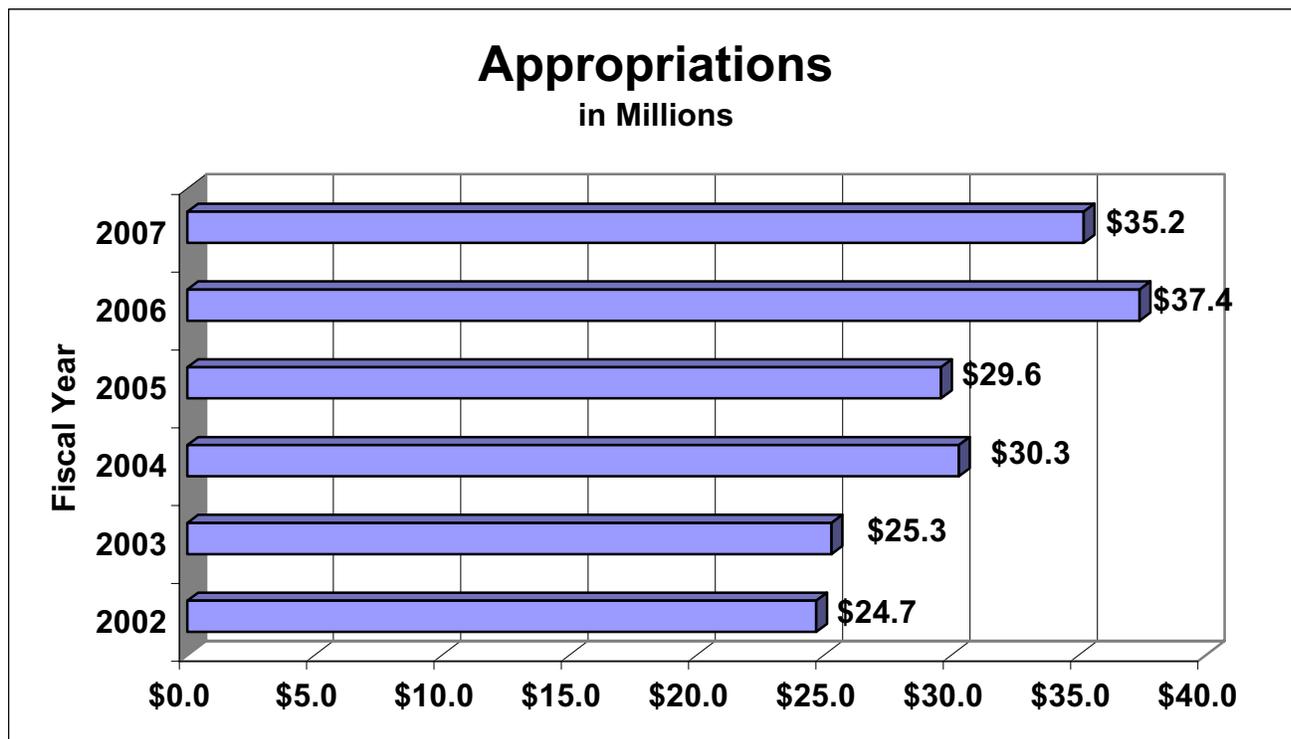
### **BUDGET**

For the 2006-2007 biennium, the agency received a \$12.7 million increase in legislative general revenue funding over the previous biennium. Funding in the 2004-2005 biennium included a one-time capital budget item of \$2.3 million. The majority of the increase in fiscal years 2006 and 2007 is funding to enhance DWI prevention and enforcement totaling \$12.9 million. Included with this funding was the authorization of 119 additional FTEs. Also included in the agency bill pattern was \$519,350 in funding for ports of entry for opening two new bridges and

contingency funding for Senate Bill 1850 totaling \$303,188. The agency was authorized additional appropriations for salary increases including \$4.08 million for CPO increases and \$1.5 million for non-CPO salary increases over the biennium, as well as a rider appropriation for additional funding for gasoline.

The agency's biennial budget of \$72.6 million is 98.6% general revenue funded, 0.9% federally funded with the remaining 0.5% funded through appropriated receipts, interagency contracts and Criminal Justice Division grants.

**FIGURE 6: Appropriations**



**BUDGETARY LIMITATIONS**

The agency may not transfer funds from Strategy C.2.1. Ports of Entry into another agency strategy, as it is designated as a non-transferable strategy. All funds appropriated to ports of entry must be expended or lapsed based on divisional responsibilities. Should it become necessary, additional funding may be transferred into the strategy as authorized by the legislature in the General Appropriations Act. The 79<sup>th</sup> Legislature changed the authority for agencies to transfer funds between strategies. The General Appropriations Act now sets the limitation of transfers between strategies at 12.5%, down from 25%.

**GRANTS**

The United States Department of Justice awarded the agency \$350,000 in 2005-06 for grants associated with the statewide initiative to prevent underage drinking through prevention, education, and enforcement programs. The majority of this funding was subsequently passed through to sub-grantees using the *Texas Register* and the agency's website to solicit applications.

For the same time period, the agency received funding from the Texas Department of Transportation a grant for support of the agency's Shattered Dreams program (\$30,287). A total of 45 secondary schools participated in the program.

The agency also received funds from the Office of the Governor's Criminal

Justice Division for enforcement and educational efforts related to spring break and Mardi Gras. The total of these funds was \$129,065. Additionally, \$10,250 was received for replacement of bulletproof vests.

**REVENUE COLLECTIONS**

*Licensing Revenue*

The 73<sup>rd</sup> Legislature directed the agency to collect amounts equal to its appropriation through license and permit fees and surcharges. The 75<sup>th</sup> Legislature directed the agency to cover its appropriation plus other direct and indirect costs through fees, surcharges, fines and miscellaneous revenue. The 78<sup>th</sup> Legislature directed the agency to set surcharges such that fees, surcharges, fines, and miscellaneous revenue would cover, at a minimum, its appropriation plus other direct and indirect costs. These legislative changes have provided the agency with the desirable flexibility to set surcharges in amounts sufficient to cover increases in annual operating costs caused by inflation, new technology requirements, legislative pay increases, and additional capital equipment needs.

*Excise Taxes*

Excise tax collections increased approximately three and a half percent between fiscal years 2002 and 2005. These taxes are deposited to the state's general revenue fund of which 100 percent is directed towards other state expenditures.

FIGURE 7: License and Permit Fees

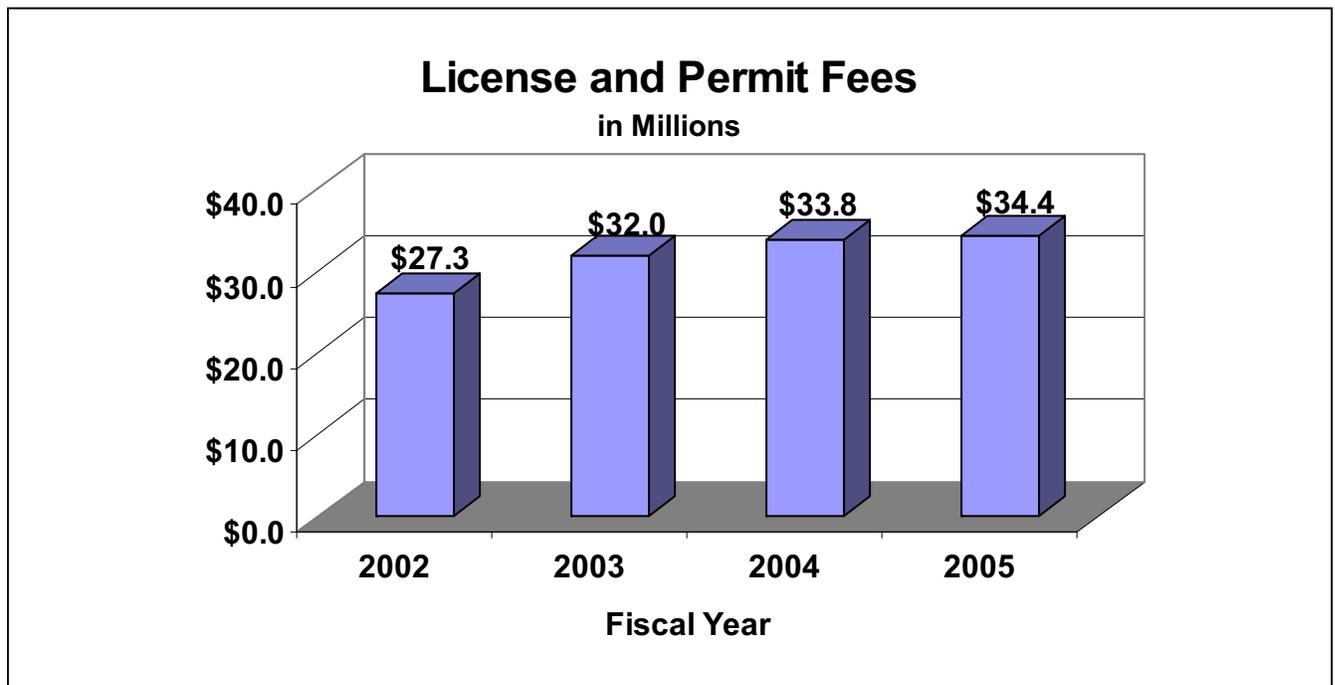
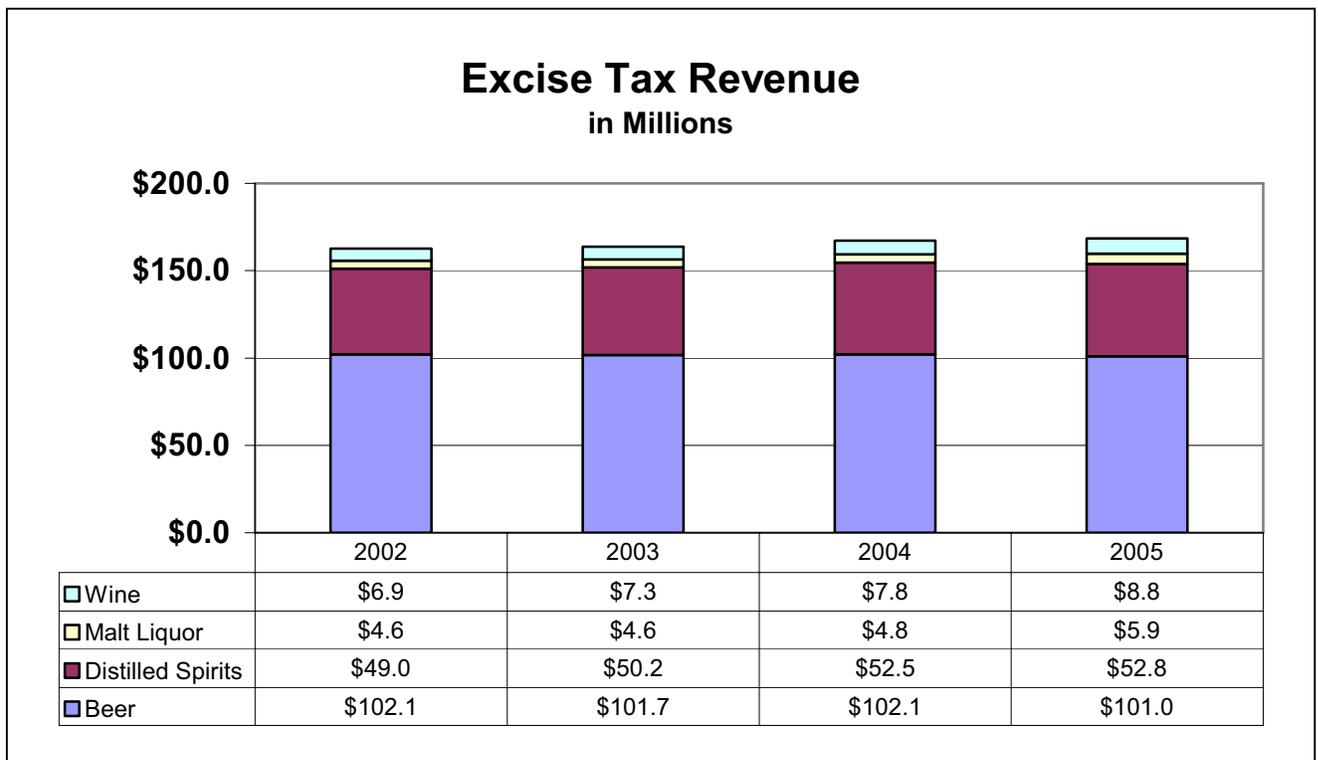


FIGURE 8: Excise Tax Revenue



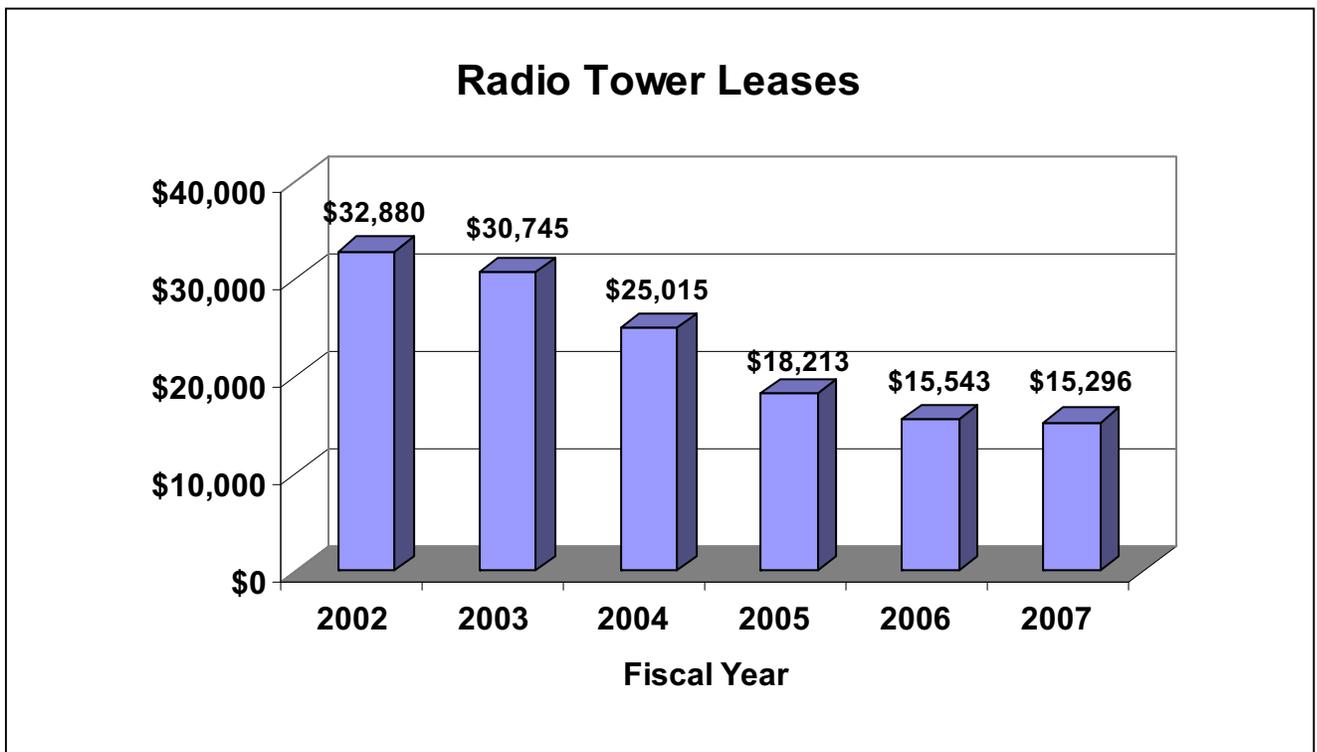
**LEASING COSTS**

*Wireless Communications*

Radio tower space lease expense peaked in fiscal year 2002; as expected, the cost to lease space decreased due to agreements made with public entities to obtain “free” space on publicly-owned towers and because of an increase in the use of hand-held radios. In fiscal year 2003, annual tower lease expenses were \$30,745; in fiscal year 2007, those costs are estimated to be \$15,296. The

decrease in the cost for radio tower space is offset with the increase in handheld radio subscription fees. The agency will continue to take an active role as a participating member of the State Radio Task Force that was created by the 76th Legislature. The task force was created in an effort to organize and plan the short- and long-range goals of the state as they relate to wireless communication needs of state agencies.

**FIGURE 9: Radio Tower Leases**

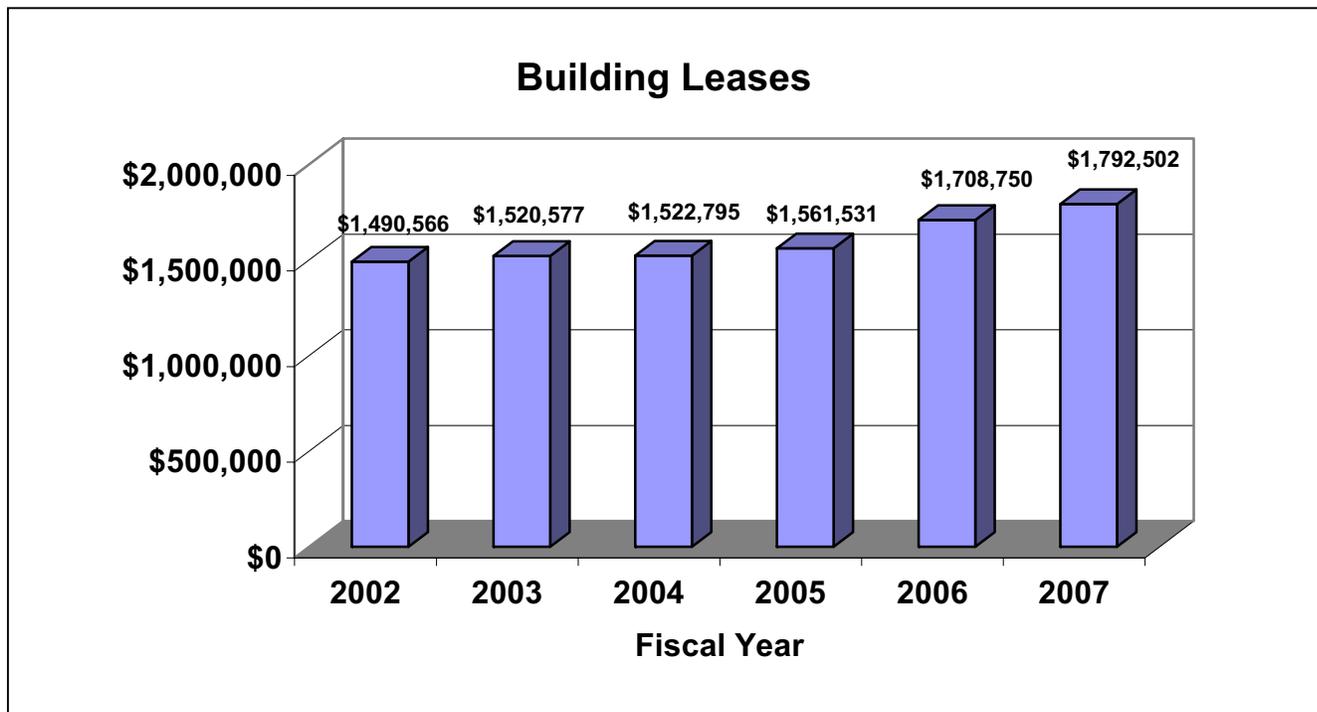


*Office Space*

In fiscal year 2006, the agency was funded for additional space required due to additional FTEs authorized in the biennium. The increases in space were seen in field offices in Dallas, Houston, Conroe, McAllen, and Austin, as well as the Austin headquarters. The agency should continue to see approximately an eight percent increase in statewide lease expense between fiscal year 2005 and fiscal year 2009 since current and

future lease increases will be based on the consumer price index. The agency will eventually need to request additional funding for cumulative consumer price index increases but barring another real estate boom period or significant staffing increases, should have sufficient funding to cover cost increases over the next five years.

**FIGURE 10: Building Leases**



**Border Areas**

The agency’s mandated presence at bridge sites along the Texas/Mexico border not only requires personnel, but increasing lease and construction costs associated with providing tax collection facilities at these border crossings. The General Services Administration (GSA) continues to open new bridge locations and remodel existing locations. As this occurs, the agency’s lease fees with GSA will increase due to amortized construction costs and utility increases being factored into the rental rates. Since fiscal year 2000, the annual lease rentals with GSA have remained relatively steady; however, beginning in late fiscal year 2007, leases at the Paso Del Norte Bridge in El Paso will increase due to major renovation of the bridge. In addition to GSA controlled bridges, several bridge locations are privately owned or owned by municipalities. Rent increases are a result of continued upgrades due to increased security and

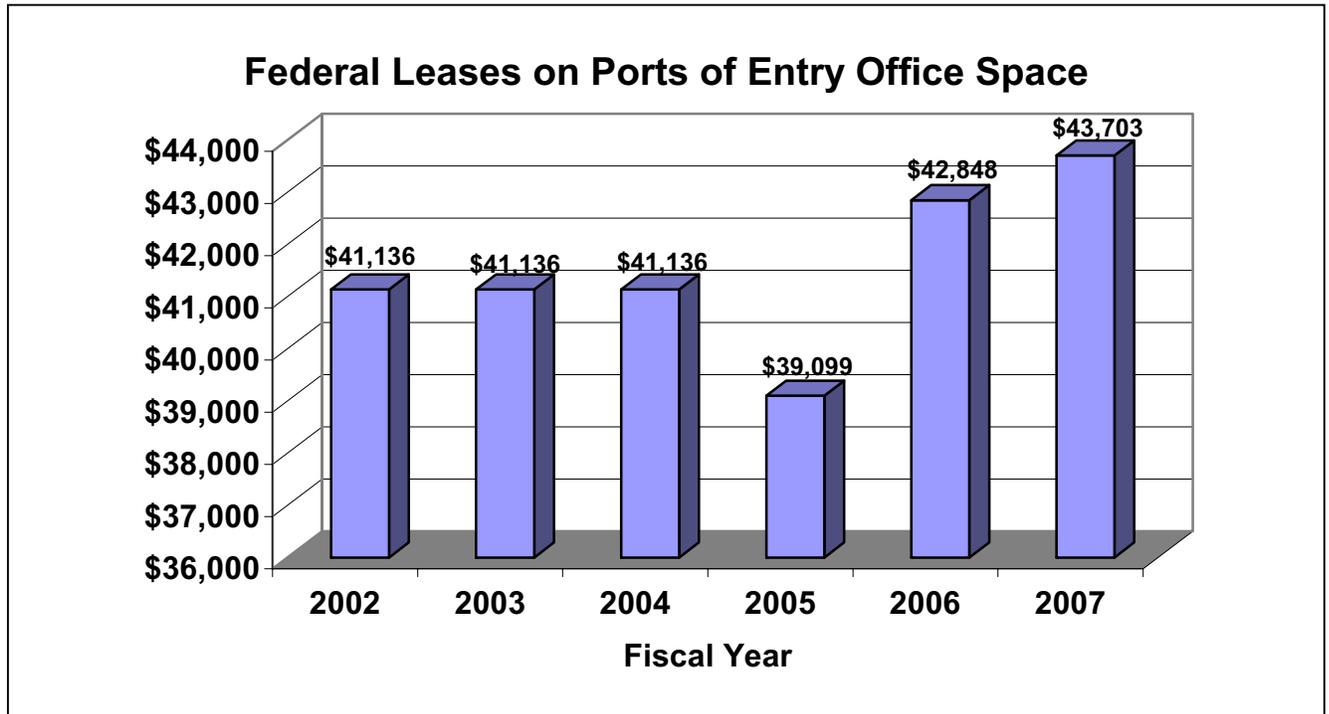
heightened awareness. At the Progreso International Bridge, a privately owned bridge, rent has increased from \$21,600 per year to \$31,200 per year due to remodeling costs being passed on to the agency. Additional renovations at this same bridge are underway and a future increase is expected. Similarly, the City of Pharr is remodeling a tax collection booth at this location that will result in a rent increase of \$4,600 per year.

Replacement or remodeled buildings are still needed in Presidio, Pharr, Rio Grande City, and possibly Laredo (Bridge #4). Remodeling costs for existing structures in Del Rio are still needed. Anzalduas will probably be the next major bridge to open late in fiscal year 2008 and will be between Hidalgo and Roma. The Donna - Rio Bravo bridge is also expected to open in fiscal year 2008. The existing port of Fabens is in need of a small facility to house agency personnel and equipment.

During the 77<sup>th</sup> Legislative Session, the agency was granted funding for constructing tax booths and for staffing at Fabens, Presidio, and Rio Grande City. Funding for these projects was

returned to general revenue as part of the agency's seven percent appropriation reduction in fiscal year 2003.

**FIGURE 11: Federal Leases on Ports of Entry Office Space**



## SERVICE POPULATION DEMOGRAPHICS

Specific groups served by or receiving special attention from the agency, besides the population in general, include young people, especially those in the 16-20 age group, and the businesses that make up the alcoholic beverage industry (alcoholic beverage retailers, wholesalers, and manufacturers/brewers).

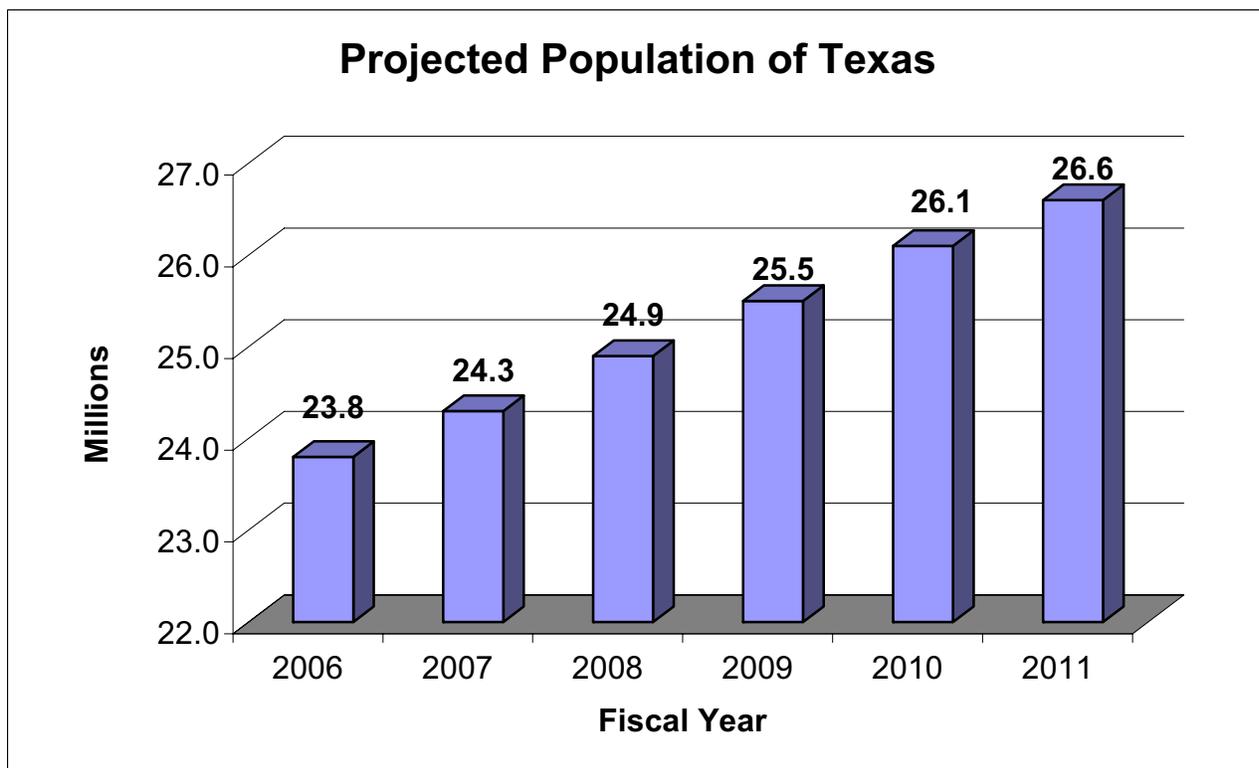
### GENERAL POPULATION

The general population is of interest, not only because it benefits from the regulation of alcoholic beverages, but also because it is population growth that drives the demand for alcoholic beverage products and alcoholic beverage vendors. Changes in aggregate demand for alcoholic

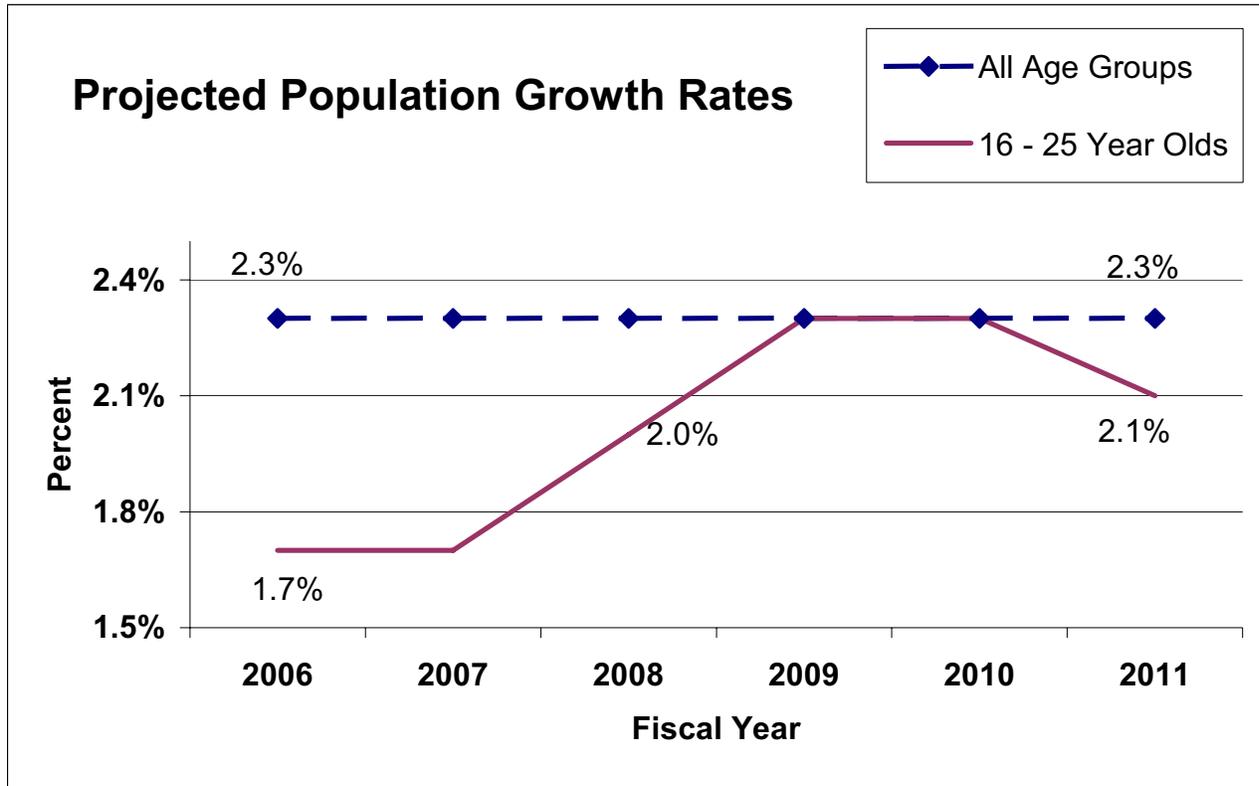
beverages, as well as changes in the number of alcoholic beverage retailers, are directly and positively related to changes in the size of the general population.

The Texas State Data Center projects a slow, but steady growth in population, averaging just under 2.3 percent per year between fiscal year 2006 and fiscal year 2011. The Texas State Data Center also predicts that the state population will continue to age during this period, due principally to the aging of the population's largest age segment, the post-WWII baby boomers. Continuing increases in average life spans, made possible by medical advances and healthier lifestyles, will also contribute to the aging of the state's population.

FIGURE 12: Projected Population of Texas



**FIGURE 13: Projected Population Growth Rates**



Because personal consumption of alcoholic beverages and the incidence of alcohol-related problems have historically declined with age, the passage of an age segment the size of the baby boomers through middle-age should exert a moderating influence upon the consumption patterns and alcohol-related behaviors of the population as a whole. The decline in per capita consumption of alcoholic beverages observed in recent years suggests that the boomers are following the normal trend. The commission expects individual consumption to decline as the population continues to age and believes that further declines in individual consumption will largely offset the pressures that population growth at the expected rate of increase would normally exert on the agency's resources.

**YOUNG PEOPLE**

Young people in the 16 - 25 age group are an important target audience for the agency's public information and education programs. Those who are under 21 cannot legally acquire or use alcoholic beverages, but frequently try to do so, all too often with tragic consequences. Those who are over 21, but still in their early 20s, are frequently the source of the alcoholic beverages consumed by their underage friends and relatives and, as a group are often over-represented in arrests for alcohol-related crimes. As a consequence, 16 – 25 year-olds are also a factor in a substantial portion, if not the majority, of the commission's criminal law enforcement activities.

It is no exaggeration to state that this particular age group has greater impact

on TABC operations than any other segment of the general population. Its growth relative to the agency's resource base will most definitely stress those resources.

The Texas State Data Center expects the number of young people between the ages of 16 and 25 to grow at a substantially slower rate than the general population from 2006 to 2011 (2.0 percent vs. 2.3 percent annually) and to decline slightly as a percentage of the whole. Even so, the actual number of young people will grow relative to the agency's available resources, and the agency will need to find new and better methods of operation in order to maintain current service standards.

#### **ALCOHOLIC BEVERAGE RETAILERS**

Alcoholic beverage retailers constitute the largest single class of businesses regulated by the commission. The greatest part of the agency's regulatory and criminal law enforcement activities take place on retail premises, and retailers are a key target of the commission's public information and education initiatives. The size and economic health of this service population has a significant impact on the agency's resource needs.

After remaining relatively stable for more than a decade, the number of alcoholic beverage retailers has grown in recent years, though at a rate much less than that of the population as a whole (.8 percent vs. 2.2 percent annually). While increases in the general population did contribute to this growth rate, the increase in the number of retailers is primarily due to a sustained surge in the number of local option elections held by communities across the state.

The surge in local option elections was itself sparked by statutory changes enacted by the legislature in 2003 and 2005. Those changes eased petition requirements for a number of key local option petition issues.

Agency planners originally projected a sharp spike in local option elections following the passage of the new laws in 2003. They have been surprised, however, by the extent and duration of the upswing.

The number of elections held were expected to peak in FY 2004 and then fall back to normal levels. Instead, the peak was not reached until FY 2005, and while the volume of petition efforts and elections has since declined, the absolute number remains high in comparison with totals from the years prior to the statutory changes.

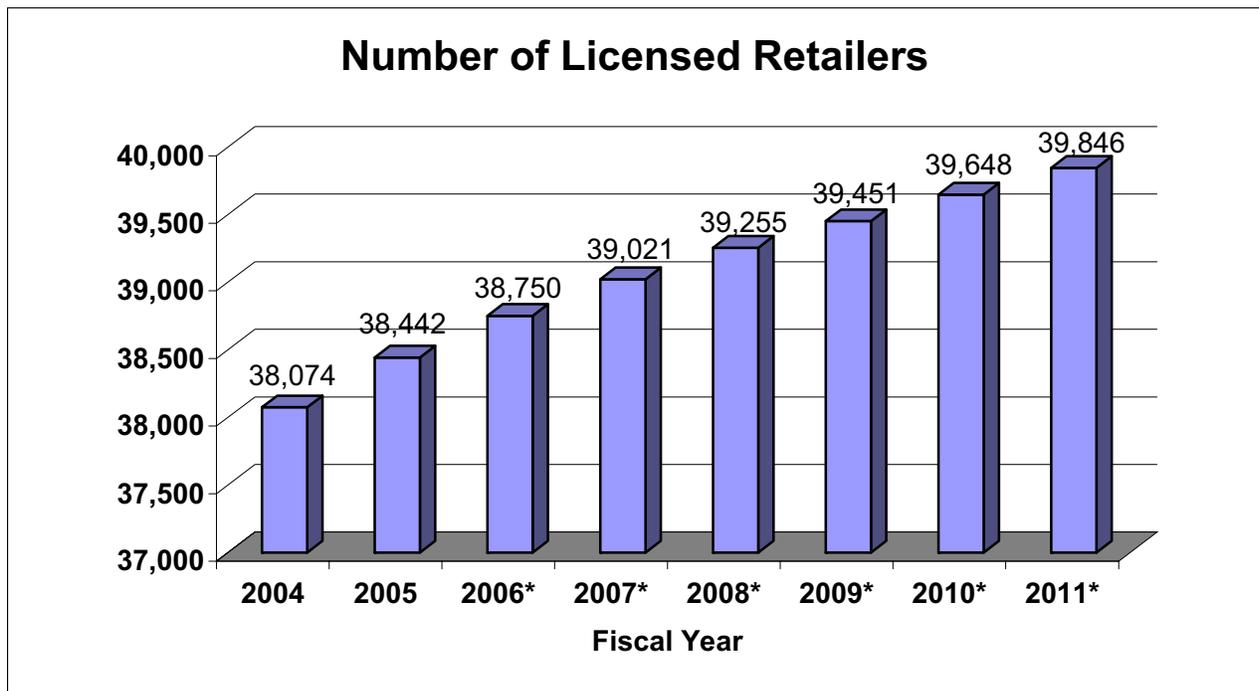
Each successful local option election effort has produced a new wave of applicants seeking to enter the alcoholic beverage business. So far, the rate of business entry has exceeded the rate of business failure, and the total number of retailers in the alcoholic beverage business has increased. Over time, however, the agency expects the rate of business entry to decline as the number of elections held falls. Additionally, the rate of business failures is expected to increase for two reasons: First, some of those who rushed to take advantage of the new business opportunities may discover that they were ill prepared to do so. Second, marginal retailers from neighboring communities—those whose survival depended upon the alcohol sales they made to customers from the formerly dry areas—may end up going out of business.

Eventually, the population of retailers will reach a new equilibrium relative to demand. While the number of licensed retailers will continue to grow, the growth rate for that segment of the industry over the next five years should be much less than that experienced since the start of FY 2004. The commission's forecast for this population anticipates a growth rate of .8 to .9 percent in FY 2006 but then predicts a slow decline in the growth rate thereafter. By the end of the five-year period under consideration, the growth rate for licensed retailers should be no more than .5 percent per year.

agency services and impose additional stresses upon its resource base. Continued growth in the retailer segment of the industry without a concurrent increase in agency resources could cause problems for the commission in future years, especially if the retailer growth rate continues at its present pace. Fortunately, however, the present growth rate is not expected to continue and should abate in the not-too-distant future. Provided that this happens, the agency's current resource base should be capable of handling the increase in service demand expected to result from the anticipated increase in the number of retailers.

Any increase in the size of a key service population will increase the demand for

**FIGURE 14: Number of Licensed Retailers (\*Projected)**



## **WHOLESALE AND MANUFACTURERS**

The agency expects the number of firms doing business in Texas at the wholesale and manufacturing levels of the alcoholic beverage industry to remain more or less unchanged through fiscal year 2011. While it is evident the actual number of different firms in the wholesale level will decrease, the actual locations needed to conduct their operations will be relatively constant. National market conditions make the number of wholesale and manufacturing firms somewhat less responsive to changes in the general population or to changes in the economy than is the case with retailers. Consequently, the moderate levels of economic and population growth projected for Texas between fiscal year 2006 and fiscal year 2011 are unlikely to spark significant changes in the sizes of wholesale and manufacturing tiers of the industry.

Of note, however, is that while the absolute size of these tiers is not expected to change, the agency does expect competition for market share to remain strong and possibly even to intensify. One element of this competition will undoubtedly be the continued expansion of the product lines marketed by manufacturers and wholesalers. The number of applications submitted annually for label approval, for example, increased by almost 22 percent between fiscal years 2001 and fiscal year 2005. The agency expects this upward trend to continue.

As in the past, the agency also expects market share competition to lead some wholesalers and manufacturers into temptation and to result in a certain volume of marketing practice violations. Should that competition intensify, the number of marketing practice violations

will grow and more resources will be required for marketing practice compliance efforts.

## **SUMMARY**

Several key service populations will increase in size between fiscal year 2006 and fiscal year 2011, but the increases are expected to be such that the agency should be able to absorb the resulting incremental increases in service demand without additional resources. That said, the agency does have some concerns about the aggregate growth expected in the number of retailers and in the "under 21" age group. It also notes that market share competition in the wholesale and manufacturing tiers have already stretched the agency resources allotted to those segments of the industry.

## TECHNOLOGICAL DEVELOPMENTS

The agency is well on the way to completion of a major transformation project which migrated core mainframe applications and database systems to a modern enterprise environment. In November 2005, all mainframe functions were discontinued. The primary objective of transitioning the agency's licensing and regulatory applications to newer technology was accomplished by migrating mainframe applications to LicenseEase licensing software from Versa Systems. LicenseEase is a fully developed commercial system that is built on state-of-the-art architecture and employs an expert rules-based engine. In addition to converting licensing and regulatory functions, other mainframe applications were also transformed. The agency's mainframe assets and consumable inventory systems were migrated to Venice Systems Venice Inventory Management software. Venice provides an easy to use, fully integrated inventory management system and also a warehouse management system.

The agency has chosen to use Microsoft's SQL Server and .NET technologies for all in-house custom developed systems. To replace other obsolete mainframe systems, several custom .Net applications have been deployed. Workflow Manager provides field and headquarters staff a method of tracking an application through every step of the application processing cycle. The new Daily Activity Reporting System (DARS) allows field personnel to track their time and efforts and also interfaces with a new vehicle management component system. This feature is used to capture all vehicle usage and historical data and provides all

information required to feed into the statewide FleetFocus system.

The agency continues to work towards having a single technology platform that will help provide efficient state-of-the-art applications to support all internal processes and to meet public needs. Although much progress has been made, the agency continues to strive to:

- Expand into future directions such as web services (for the internal and public customers) and wireless applications (for enforcement and compliance).
- Move toward a totally "web-based system" to participate in e-commerce initiatives of state government allowing rapid renewal applications to be processed.
- Provide more detailed access to agency information to other governmental entities as well as the alcoholic beverage industry and general public.
- Ensure information will be readily available 24 hours a day, 7 days a week for local, state, and federal law enforcement, TABC agents, and industry.
- Maintain a state-of-the-art technology environment that will result in total cost of ownership savings.
- Lower business risks with improved system availability and improved responsiveness/flexibility in adding new features.

### **DATA CENTER CONSOLIDATION**

House Bill 1516 (79th Regular Legislative Session) changes the way agencies obtain data center and disaster recovery services. These changes help the state view data center services from a statewide perspective and gain economies of scale through

shared infrastructure. Changes include establishing the Statewide Technology Center for Data and Disaster Recovery Services (consolidated data center) and requiring agencies to obtain DIR approval for data center and disaster recovery expenditures.

The consolidated data center will combine and coordinate state data center and disaster recovery operations to improve efficiencies and performance. TABC is one of twenty-seven agencies with significant information technology (IT) operations that have been prioritized to participate in the initial consolidation.

#### **PORTS OF ENTRY AUTOMATION**

This project will automate the process to collect and reconcile the taxes collected by TABC taxpayer compliance officers (TCO) for alcohol and cigarettes entering the state from Mexico. The project consists of improvements to the network infrastructure of approximately 45 POE workstations, and the deployment of desktop personal computers or ruggedized laptops with point-of-sale (POS) software to compile the TCO's daily report automatically upon completion of the shift. POS will print out tax stamps on demand, therefore eliminating the TCOs from having to keep up with inventory of stamps, eliminate supervisors from having to issue stamps to port employees, eliminate having to keep up with stock of tax stamps on hand, eliminate supervisors from ordering tax stamps from HQ, eliminate master weekly reports, and convert to a real-time accounting system where reports can be run daily instead of weekly.

Each bridge location will be equipped with personal computers with touch-screen monitors and customer display,

and thermal receipt printers supporting custom developed POS software. Some bridges will also use a mobile laptop or handheld connected by a wireless adapter to an access point over a wireless external antenna. These devices will allow the TCO to collect taxes in traffic areas other than the permanent bridge location (i.e., pedestrian booths, unmanned booths, and other remote locations).

#### **EXCISE TAX AUTOMATION**

The processing of excise tax reports and collection may be the most labor-intensive activity at TABC. Reviewing and reconciling the related reports are all done manually by TABC and the reporting businesses. The development of this automated system would allow major business entities in the alcoholic beverage industry to submit the required reports through an automated network rather than printed documents. The agency could then reconcile the reports more rapidly through automation allowing business to operate more efficiently and generate more tax revenue for the state in a timelier manner.

Developing a solution to automate this process will allow the agency to use its resources more efficiently. Instead of submitting a report and invoices by mail, each permittee would be able to submit the required information electronically. The system will result in a more efficient process.

The agency has reviewed several technical alternatives (i.e. EDI, subscription services) over the last few years for implementing excise tax automation. Within our current technology transformation effort using Versa's LicenseEase solution, the

agency plans to explore their web-based features for new opportunities. Versa's public facing Internet application (eGateway), supports web services (XML) which provides a suitable mechanism for exchange of data between respective environments.

**OTHER TECHNOLOGY  
POSSIBILITIES**

The agency plans to evaluate other technology solutions designed to increase employee productivity by reducing the paper processing workloads. Two of the most notable solutions include:

- Use of document imaging and retrieval technology for storing/retrieving of agency paper documents by incorporating them into the new licensing regulatory system strategy. Archiving images and documents will allow for immediate information access throughout the agency with the latest in document imaging technology. Agency users will be able to retrieve any file using complete text indexing of document contents (such as PDF or Office documents, or OCR text), and search by any custom fields of their choice.
- Use of mobile computing devices by enforcement agents, compliance officers, and TCO's. This technology will be evaluated as a tool to assist the field personnel with their paper workload. New generations of wireless mobile technology devices are emerging on the market including hand-held computers, PDAs, tablet computers, and smart phones. These devices are capable of running a number of business applications, including word processors, e-mail, spreadsheets, presentation tools, fax utilities, and Web browsers. With wireless communications support, these devices would have the ability to provide inquiry and update capability to our new licensing regulatory solution in field operations situations.

## ECONOMIC VARIABLES

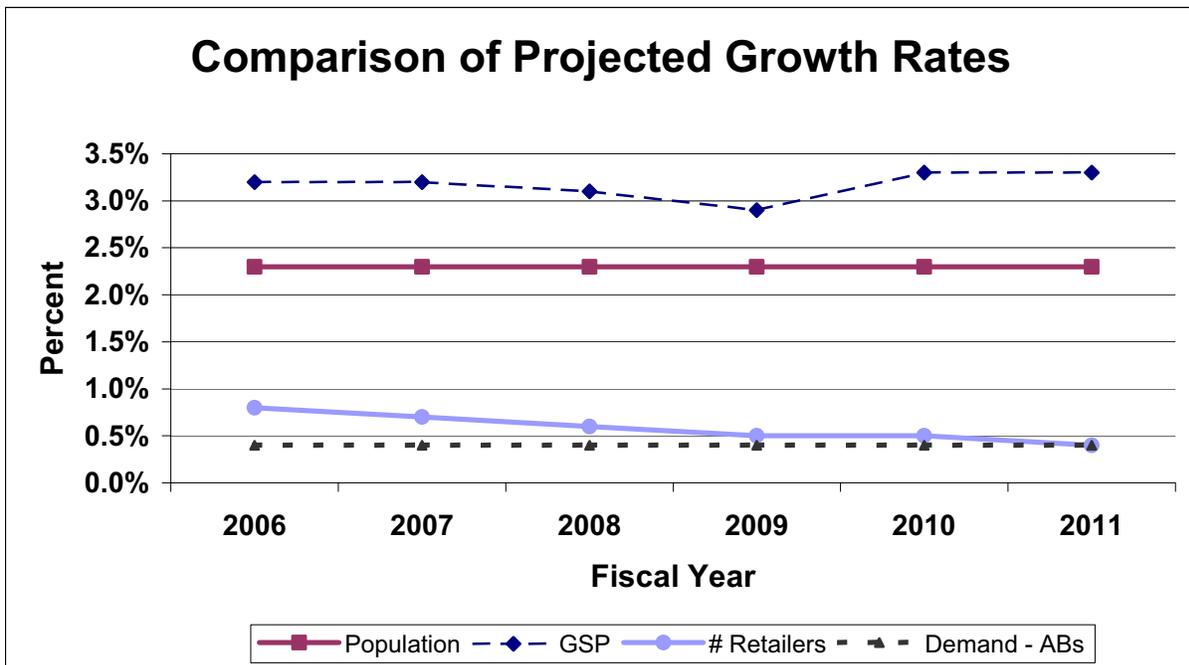
Regression analysis of alcoholic beverage sales volumes, population changes, and economic growth in Texas clearly demonstrates that the economic well being of the Texas alcoholic beverage industry is directly tied to the overall growth rates of the state’s population and its economy, with population changes being the stronger of the two determinates. The relationships in question are strong, highly significant, and undoubtedly causal.

At the same time, however, the growth rate for aggregate alcoholic beverage demand has historically been much lower than that of the state’s population or its economy. Also, the relationship between aggregate alcoholic beverage demand and population has weakened in recent years as personal consumption patterns have changed within the state’s adult population.

The Office of Comptroller of Public Accounts projects steady growth for the state’s population and its economy during the next five years, with average annual growth rates of 2.28 percent and 3.17 percent, respectively. In contrast, the TABC expects the aggregate demand for alcoholic beverages to grow at an average rate of only 0.44 percent annually.

The commission notes that the number of licensed retail locations has grown at an unusually high rate during the immediately past and current fiscal year. It attributes the upswing to a surge in local option elections sparked by changes made by the Legislature in late 2003 to local option petition signature requirements. The commission expects this growth rate to drop substantially over the next year or so and eventually to return to a level of growth more consistent with the anticipated increases in the aggregate demand for alcoholic beverage products.

**FIGURE 15: Comparison of Projected Growth Rates**



## ENVIRONMENTAL ASPECTS

### ***BINGE DRINKING AND UNDERAGE CONSUMPTION***

Data from several national surveys indicates that about four in five college students drink and that about half of college student drinkers engage in heavy episodic consumption, known as binge drinking. If this information is applied to the Texas college population, in the fall of 2004 (approximately 1.2 million college students), it means that 937,124 Texas students would have been classified as drinkers and 468,562 would have participated in episodes of binge drinking. Binge drinking among college students has received increased awareness over the past several years. Because of this, colleges have begun to create policies geared toward the reduction of excessive drinking and underage alcohol use.

### ***Increasing compliance with minimum drinking age laws:***

Research shows that cracking down on “large drinking parties,” parties in public places and penalizing parents, siblings, and co-workers who provide alcohol to underage youth, decreases social access. Some policies that have been used in other states and institutions are:

- Restrict age of hotel room renters and number of guests per room
- Increase patrols of “party-prone” areas
- Increase awareness of laws by implementing awareness campaigns

Research shows that by increasing penalties and monitoring of licensed alcohol sellers, commercial access to alcohol by underage youth will decrease. Some policies that have been developed by other states and institutions are:

- Prohibit alcohol sales on campus
- Restrict/ban home deliveries
- Require server training

### ***Reducing consumption and risky alcohol use:***

Many campuses are looking to reduce risky drinking behavior. Various approaches that can be taken to reduce high-risk drinking among students are to place restrictions on where and how alcohol is sold and distributed, how much alcohol costs, and where alcohol is consumed. Research shows by restricting availability of alcohol, consumption rates go down, as does the rate of alcohol-related problems. Several policies implemented by college campuses and alcoholic beverage control agencies are:

- Reduce density of alcohol sellers by restricting number of licenses issued in certain areas
- Increase cost of license
- Restrict days/hours of sales
- Restrict price promotions
- Closely monitor the use of fake identification
- Increase awareness of penalties for providing/selling alcohol to minors

Some tactics being used by communities limit where alcohol is served and consumed. For example, at community events or festivals, alcohol sales and consumption can be restricted to certain areas to make alcohol less available. By restricting areas, enforcement of underage drinking laws is easier. Colleges and universities have used environmental policies, as well, by only allowing alcohol to be served in banquet halls and for special events. One university commissioned campus parking lots alcohol-free; therefore, tailgating parties were also alcohol-free. Another university prohibited patrons from bringing alcohol into sports

stadiums and restricted alcohol sales at events. An additional environmental prevention tool being used is restricting alcohol manufacturer's sponsorships at sporting events, therefore reducing the contact between alcohol advertisements and underage students. Overall, increased enforcement efforts only reinforce these policies and enhance their effectiveness.

While underage alcohol consumption has been a primary focus of the agency for many years and will continue to garner great attention and effort by the TABC, the number of higher education facilities and students in the state will require additional attention by the agency to address the problem of college and binge drinking issues involving young people who are under and over 21.

#### **DRIVING WHILE INTOXICATED**

Even though penalties and enforcement have increased dramatically over time, drunk driving is still a problem in Texas. After falling throughout most of the 90s and again from 2000 to 2002, DWI arrests are again on the rise, reaching 98,349 in 2004, the highest level in more than a decade.

Not surprisingly, California and Texas today lead the nation in alcohol-related traffic fatalities, having experienced 1,642 such deaths in Texas in 2004. In 2006, Harris and Dallas Counties -- the state's two largest counties in terms of population -- were ranked #1 and #2 in the nation by the National Highway Traffic Safety Administration for the alcohol-related crash deaths experienced within their borders.

Previous research has shown that one-third to a half of all intoxicated drivers come from licensed premises. Texas

studies conducted since 2000 used pseudo-patrons who feigned intoxication to measure the frequency with which servers and bartenders deny alcohol service to obviously intoxicated patrons. Those studies found that, despite well-known legal prohibitions concerning the sale or delivery of alcoholic beverages to intoxicated persons, the odds of continued alcohol service to obviously intoxicated customers was 8 out of 10, meaning that 80% of the time, servers and bartenders would continue to sell and deliver alcoholic beverages to persons who appeared to be intoxicated.

These research findings, as well as the continued fatalities experienced on Texas roads, are of grave concern to the TABC. By law, the agency has a duty to regulate and police all businesses that sell alcoholic beverages, with the purpose of protecting the public from harm. At the same time, however, it must use fair and reasonable methods as it tries to fulfill this duty and not cause undue disruption of the businesses it regulates. The challenge faced by the TABC is to find an effective means of reducing its licensees' contribution to the DWI problem that does not also have an adverse impact on legitimate business -- a task that is easier said than done.

## LEGAL ISSUES

In May 2005, the U.S. Supreme Court released its opinion in *Granholm v. Heald*, 125 S.Ct 1885 (2005). The *Granholm* majority ruled that states which allow in-state wineries to sell and ship wine directly to consumers could not deny that right to out-of-state wineries without violating the Commerce Clause of the U.S. Constitution. Considered more broadly, state regulations that enforce differences between in-state and out-of-state interests only if, under the “strictest” judicial scrutiny, they can be shown to advance a compelling state interest in the least discriminatory way. As the *Granholm* majority recognized, this means that such statutes are almost invalid *per se*.

The major significance of the *Granholm* opinion is that it rejects the view, widely held since 1935, that the 21<sup>st</sup> Amendment to the U.S. Constitution authorized the enactment of just such laws. Thus, while the precise implications of *Granholm* remain unclear, it is certain that it will have effect beyond the narrow boundaries of the rights of wineries. It is equally clear that *Granholm* has, and will continue to, spark a national wave of litigation challenging fundamental aspects of the long established structure of alcoholic beverage regulation.

For example, in April 2006, the agency was sued in *Wine Country Gift Baskets.com v. Alan Steen and Siesta Village Market v. Rick Perry, Greg Abbott, John T. Steen, Gail Madden, and Jose Cuevas, Jr.* The suits are filed by out-of-state retailers who are banned by Texas law from selling and shipping wine to Texas consumers. The plaintiffs

claim that such a ban violates the federal Commerce Clause because, by virtue of Texas law, in-state retailers and out-of-state wineries can sell and ship product to Texas consumers while the plaintiffs are disqualified from holding the permits granting those rights.

At the time of this writing, no judicial response has been made to these claims, either in Texas or any other court in the nation. However, if these claims prove successful, the cases will stand for the proposition that, while Texas can require permitting and compliance with numerous conditions of alcoholic vendors, it cannot distinguish either between in-state and out-of-state interests or between different tiers within the distribution system.

A federal district court in Washington State has just ruled on a *Costco Wholesale Co. v. Hoen*, No. C04-360P, U.S. Dist. Court for the Western Dist. of Washington; Seattle Div. The *Costco* court ruled that a number of restrictions imposed on the alcoholic beverage industry by Washington statutes and regulations were invalid because of conflict with the federal Sherman Anti-Trust Act. The opinion of a district court in Washington does not control Texas courts, either in the state or federal system. Further, the reasoning endorsed by the *Costco* court only applies to two aspects of Texas law: the prohibition on the ability of certain retailers to “warehouse” and self-distribute alcoholic beverages to other locations under common ownerships; and the severe restrictions placed on the ability of retailers to obtain beer and liquor on favorable credit terms.

The significance of the *Costco* case is greater than this, however. The *Costco* judge held that neither the state’s

inherent police power nor the 21<sup>st</sup> Amendment grants the state unique or broader regulatory rights over the alcoholic beverage industry. This is consistent with the *Granholm* conclusion that states do not have any broader authority in alcoholic beverage regulation to contravene normal Commerce Clause jurisprudence. This is significant because a fundamental aspect of the regulatory system in Texas and virtually all other states is that a normal free market in alcoholic beverages results in more intemperance, to the detriment of the public welfare. Further, in order to effectively and predictably regulate the alcoholic beverage industry, states must be able to make regulatory distinctions between different levels of the distribution system and between in-state and out-of-state entities. In recent years, no state has successfully asserted these views against an anti-trust or Commerce Clause challenge.

In coming years, the commission will be increasingly called on to defend fundamental aspects of the statutory and regulatory structure in litigation. Such litigation will call into question the validity of statute, regulation, and regulatory decisions by agency staff. The uncertainty generated will place some impediment on the ability of the agency to inspect, supervise and regulate every aspect of the industry with consistency and predictability.

## KEY ORGANIZATIONAL EVENTS

With the approval of additional staffing obtained during the 2005 legislative process, the agency began the year with a flurry of activity. Increasing the number of personnel by twenty percent brought its own challenges in regards to the actual hiring process as well as the training of such a large increase in professional staff. Current staff spent many hours in preparing for such a large group as well as being involved in the actual training process. Staffing was increased primarily in the legal section, enforcement division, and compliance division.

This additional help was to aid the agency in its movement of enforcement efforts toward the focus of public safety concerns as well as focusing on efforts to decrease the driving-while-intoxicated cases across the state that emanated from bars. Some traditional duties of enforcement personnel were transferred to the compliance division. These included items that the staffing of the compliance division are well suited to handle such as the initial phases of the licensing process, marketing practices regulation, label approvals and related processing, and other regulatory issues. The legal division more than doubled its staff to enable the agency to have timely adjudication of alleged violations.

Though the agency underwent a sunset review in 2004, the bill continuing the agency for six years and making statutory changes recommended by the Sunset Commission did not pass the legislative scrutiny. The agency was continued for an additional two-year period in a separate bill and will again be reviewed by the Sunset staff

beginning in September 2006. There were a number of management recommendations made by the Sunset staff in 2004 that the agency has endeavored to adopt and hopes to have in place by the next review. These include, but are not limited to, issues concerning internal affairs, moving the enforcement division's focus to more public safety driven issues, improving the strategic planning process, focusing more effort on research and data collection, refining performance measures in the enforcement arena, standardizing routine inspections across the agency, and formalizing marketing decisions. Most all areas of noted management improvement have been addressed and are in place.

A key event that has gathered much attention both internally and externally is the migration of the computer system to a web-based enterprise environment. This has added much flexibility for the future use of participation in e-commerce. As with any computer conversion, there were unexpected issues that needed additional focus and rework. Though the processing of original applications for industry applicants continued with the same level of priority, a backlog of renewal applications developed that will take some time and effort to overcome.

While the agency accomplished or experienced the above large and noteworthy events, it was able to continue the somewhat routine events of the year. Through the new education and prevention division, educational efforts continued with instructional programs for all levels of the industry, including the development and introduction of a manager's program for the retail level of the industry. Seminars for the trainers of the seller training

programs continued as well as a strong commission presence in the oversight of the Power Camps sponsored by TABC and MADD. The number of Shattered Dreams programs in local high schools continued to increase while the agency began new efforts to reach parents of high school students to address the consequences of hosting teen parties with underage drinking. An additional educational and community effort in addressing underage drinking on college campuses was accomplished through the Texas College and University Symposium.

The routine events of the enforcement division (minor stings, routine inspections, complaint investigations, and other types of investigations) continue to be the main stream of the work. However, a number of events of importance occurred during this year. The division began to revamp priorities and work to focus on more public safety violations. A program was developed to attain a higher level of responsible alcohol service at the retail level, particularly with retailers who had shown some lack of attention in the past. In doing so, the overall effect should result in a lower number of driving-while-intoxicated cases across the state and lessen the fatalities caused by such drivers. While the program is still in the early stages, there are several examples of successes. In Arlington, the number of driving-while-intoxicated cases, attributable to the driver being in a licensed premise just prior to their arrest, decreased by twenty-eight percent in a nine-month period. In Austin, by focusing on the top fifteen licensed locations from which the most driving-while-intoxicated cases originated, the agency was pleased to

see a decrease in the occurrences by 76 percent.

A number of special events for the state required added attention and awareness. The Hurricane Disaster Relief affected the workload of the coastal areas for several months. Many agents were glad to contribute their efforts in aiding in the evacuation of flooded and damaged areas while the compliance staff manned the office duties. Yearly Mardi Gras and spring break events require additional hours of planning and work. The national championship sporting venues as well as all-star events are also included as those events, which require additional hours of planning and work.

The ports of entry to the state from Mexico generally operate routinely on a daily basis, with the agency staff collecting taxes on alcoholic beverages and cigarettes imported into the state. This past year has seen a decline in the importation of containers due to the violence in the border towns in Mexico. Though the agency has not realized a yearly decline in revenue due to the rounding of fees and taxes collected, there are numerous closings of the agency ports due to bomb threats.

While these are not all of the year's ongoing activities, they highlight special programs underway and which will continue through the next several years. For a more detailed description of agency initiatives, please see Appendix H.

## OPPORTUNITIES FOR IMPROVEMENT

The agency has had a number of opportunities for assistance in evaluating its efforts and noting its opportunities. A continuing internal audit process, State Auditor's review, Sunset staff recommendations, performance measures and internal and external forums throughout the state provide a wide variety of sources.

The agency has historically achieved its performance goals; however, this past year proved challenging. The migration to a web-based enterprise environment has and will provide many opportunities for advancement and improvement in the agency capabilities; nonetheless, the troublesome spots of the initial installations slowed processing of applications and caused the less than 100% achievement of target goal for the licensing division. However, the critical segment, the original applicants not yet in business, were a priority and continued to receive timely processing. At the same time, the agency was pursuing the recommendations of the Sunset Commission to develop a risk-based approach to enforcement. To achieve such, it was necessary to transfer duties of a more regulatory nature to the compliance division. Such transfer and focus on risk-based locations resulted in lower performance of the current goal. The remaining key performance measures of the agency were met.

Though two performance measures were lacking in numbers, the agency is satisfied with the opportunities the new computer environment will provide. It does provide the basis to build upon to attain levels of service the regulated

industry seeks. Agency public forums indicated the strong desire for renewal applications to be acceptable through an on-line submission which should accelerate the time require for processing.

The general public as well as the alcoholic beverage industry are pleased with communications from the agency, but desire a higher level of information. Not only is a public inquiry system desired which would provide the limited information as found in the old Legacy based computer system, but the industry and the general public desire one which may provide pending application information from the initial stages of the process, administrative history information, and active permit information in real time without the need of agency personnel.

Though the public forums were not as heavily attended as hoped in all areas, it was clear that the agency made noticeable improvement in communicating marketing practice findings that were applicable statewide. The continuing quest for more information still persists in the tiers of the industry. The general public that did attend the forums was pleased to have the opportunity to share and learn of the programs of the agency and indicated strong interest in continuing those opportunities on a frequent basis.

The agency made good progress in its identified management goals of 2005. In seeking efficiencies and streamlining the licensing process through technology, that effort is ongoing and continues to be developed. Enforcement programs focused on retailers who sold to minors and intoxicated persons; however, the process was fine-tuned to a greater degree to those retailers at greatest risk.

Compliance division personnel extended efforts to retailers in Harris, El Paso, and Hidalgo market areas to avail themselves of the benefits of seller training. As mentioned previously, great strides were made in marketing practices regulation. Internally, additional employees were trained and interacted across the state with the industry. Coordination of information and decisions to the regulated industry were timely and easily accessible.

As the agency fully staffs the newly created education and prevention division, efforts will be made to reinvigorate the partnering efforts of the agency with coalitions, civic groups and industry members to raise awareness in issues involving the sale of alcoholic beverages to minors and intoxicated persons.

The greatest opportunities remain within the agency. With the number of employees increasing twenty percent since August 2005 and noting that forty-two percent have less than five years tenure, knowledge and expertise is one of the greatest challenges. The agency must aggressively approach the training issues to ensure appropriate and progressive operations continue.

Improving communication internally must continue to be in the forefront of agency actions. Communication issues were noted to be improved; however, in the Survey of Organizational Excellence and in the internal forums with agency staff, effective communication and internal flow of information still remained a concern.

The computer technology transformation brought many advantages from the migration to a web-based system; however, there remains internal

challenges in its use. Staff must be knowledgeable to utilize the system to their advantage. This will encompass further development, training, and accepted use of the tools available.

As indicated in the Survey of Organizational Excellence, and throughout input from staff in regional meetings, fair pay remains an issue. All agency employees received an across the board pay raises in September 2005, and others received additional raises in an acknowledgement of the pay scale being inappropriately low compared to industry standard. However, the fair pay concern is focused on support staff salaries in non-professional positions. The agency will continue to work on ensuring employees receive pay commensurate with their job responsibilities.

The enforcement division will continually be challenged in the coming year to complete its transformation to a risk-based performance group. These efforts should include formal policies to clearly direct the staff on expected activities and extensive training and oversight to ensure their proper implementation.

With the readjustment of the enforcement division duties, the compliance division doubled its field staff and assumed the licensing field functions while expanding its responsibilities with regard to marketing practices and routine inspections. For the coming years, the compliance division will be challenged with providing consistent and ongoing job training as well as determining efficient and effective ways in accomplishing its new duties while maintaining its current work goals in other areas.

## *TABC GOALS*

**1. To protect the peace and safety of the public by taking positive steps to encourage voluntary compliance with the Texas Alcoholic Beverage Code and other state laws and by undertaking enforcement and regulatory actions that are both fair and effective.**

*[Vernon's Texas Alcoholic Beverage Code: Chapters: 2, 61, 101 (Subchapters B & D), 103, 105, 106, 107, 108 and 251; Sections: 1.03, 5.33, 5.36, 5.38, 6.01, 11.01, 11.46, 11.61, 11.68, 25.06, 28.0, 32.14, 32.15, 37.07, 37.09, 38.03, 39.21, 39.31, 39.32, 40.05, 51.03-.04, 63.04, 67.01, 69.06, 104.01, 109.33, 109.35 and 109.53.]*

**2. To process and issue alcoholic beverage license/permit applications while ensuring compliance with the Alcoholic Beverage Code through investigations and other regulatory means.**

*[Vernon's Texas Alcoholic Beverage Code: Chapters: 6-53, 61-75 102, 103, 109, 204 and 251; Sections 5.50, 6.02 and 101.69.]*

**3. To ensure compliance with the Alcoholic Beverage Code in the manufacturing, importing, exporting, transporting, storing, selling, serving, and distributing of alcoholic beverages.**

*[Vernon's Texas Alcoholic Beverage Code: Chapters: 102, 106, 107, 108, 109, 201, 202, 203, 204, 205 and 206; Sections: 5.32, 5.37, 5.41, 5.51, 6.01 and 11.61.]*

**4. To carry out developed agency policies governing purchasing and public works contracting that foster meaningful and substantive inclusion of historically underutilized businesses.**

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# *GOALS, OBJECTIVES, STRATEGIES, AND OUTCOME/OUTPUT MEASURES*

## **GOAL 01: ENFORCEMENT**

To protect the peace and safety of the public by taking positive steps to encourage voluntary compliance with the Texas Alcoholic Beverage Code and other state laws and by undertaking enforcement and regulatory actions that are both fair and effective.

### **OBJECTIVES/OUTCOME MEASURES**

### **STRATEGIES/OUTPUT MEASURES**

#### **01 Detect and Prevent Violations of the Law**

To act to detect and to prevent violations of the law in such a manner that, by fiscal year 2009, 98 percent of all administrative cases filed by enforcement agents result in suspensions or cancellations, 78.5 percent of all licensed establishments are inspected annually, 90 percent of all complaint investigations are closed within 60 days and 82 percent of all licensees responding to post-inspection surveys rate agency enforcement services as satisfactory or better.

#### **Outcome Measures**

- 01 Percentage of Licensed Establishments Inspected Annually
- 02 Percent of Administrative Cases Filed by Enforcement Agents Resulting in Administrative Sanctions
- 03 Percent of Agency Contacts Rating Enforcement Actions as Satisfactory or Better
- 04 Percentage of Complaint Investigations Closed within 60 Days
- 05 Percentage of "At Risk" Licensed Retail Locations Inspected by Enforcement Agents
- 06 Compliance Rate – Inspections of Licensed Retailers by Enforcement Agents
- 07 Compliance Rate – Inspections of "At Risk" Retailers by Enforcement Agents
- 08 Recidivism Rate – Licensed Retailers

#### **01 Deter and Detect Violations**

Deter and detect violations of the Alcoholic Beverage Code through enforcement actions.

#### **Output Measures**

- 01 Number of Inspections Conducted by Enforcement Agents
- 02 Number of Inspections of "At Risk" Licensed Retailers Conducted by Enforcement Agents
- 03 Number of Persons Instructed by the Agency Including Youth
- 04 Number of Licensees Attending Enforcement Education Programs

#### **Efficiency Measure**

- 01 Average Cost Per Enforcement Inspection
- 02 Average Cost Per Person Attending Enforcement Education Programs

#### **Explanatory/Input Measures**

- 01 Number of Enforcement Administrative Cases Reaching Final Disposition
- 02 Number of Licensed Locations Subject to Inspection
- 03 Number of Complaint Investigations Opened
- 04 Number of Criminal Cases Filed
- 05 Number of Administrative Cases Initiated by Enforcement Agents
- 06 Number of "At Risk" Licensed Retail Locations
- 07 Number of Complaint Investigations Closed

**GOAL 02: LICENSING**

To process and issue alcoholic beverage license and permit applications while ensuring compliance with the Alcoholic Beverage Code through investigations and other regulatory means.

<b>OBJECTIVES/OUTCOME MEASURES</b>	<b>STRATEGIES/OUTPUT MEASURES</b>
<p><b>01 Licensing</b></p> <p>Process applications for permits and licenses in an efficient and timely manner such that by fiscal year 2009 the average permit/license processing time is 14 days in the headquarters office.</p> <p><b>Outcome Measures</b></p> <p>01 Percent of Original License/Permit Applications Processed Within 14 Days</p> <p>02 Percent of Agency Clients Expressing Satisfaction with Licensing Process</p>	<p><b>01 Licensing</b></p> <p>Issue licenses and permits while ensuring compliance with laws regarding ownership, performance, tax securities and other regulatory requirements.</p> <p><b>Output Measures</b></p> <p>01 Number of Applications Processed</p> <p>02 Number of Licenses/Permits Issued</p> <p><b>Efficiency Measure</b></p> <p>01 Average Cost Per License/Permit Processed</p> <p><b>Explanatory/Input Measure</b></p> <p>01 Average Number of Days for Original License/Permit Approval</p>

**GOAL 03: COMPLIANCE AND TAX COLLECTION**

To ensure compliance with the Alcoholic Beverage Code in the manufacturing, importing, exporting, transporting, storing, selling, serving and distributing of alcoholic beverages.

<b>OBJECTIVES/OUTCOME MEASURES</b>	<b>STRATEGIES/OUTPUT MEASURES</b>
<p><b>01 Compliance and Tax Collection</b></p> <p>Monitor all tiers of the alcoholic beverage industry and conduct inspections, analyses, investigations and other activities to encourage maximum voluntary compliance with the Alcoholic Beverage Code.</p> <p><b>Outcome Measures</b></p> <p>01 Percent of Inspections, Analyses and Compliance Activities Resulting in Administrative Actions</p> <p>02 Percent of Report Analyzations Resulting in Administrative or Compliance Actions (Including Analyzations of Tax Reports)</p> <p>03 Percent of Agency Contacts Expressing Satisfaction with Compliance Functions</p>	<p><b>01 Compliance Monitoring</b></p> <p>Inspect, investigate and analyze all segments of the alcoholic beverage industry, verify the accuracy and timeliness of tax reporting payments, and initiate any necessary compliance and/or administrative actions for failure to comply, while providing instruction to promote voluntary compliance.</p> <p><b>Output Measures</b></p> <p>01 Number of Inspections, Analyses and Compliance Activities</p> <p>02 Number of Reports Analyzed Regarding Inter-State and Intra-State Distribution of Alcoholic Beverages (Including Tax Reports)</p> <p><b>Efficiency Measure</b></p> <p>01 Average Cost Per Inspection, Analysis, and Compliance Activity</p> <p><b>Explanatory Measures</b></p> <p>01 Number of Licensees/Permittees Subject to Compliance Activity</p> <p>02 Number of Licensees/Permittees Subject to Report Analyzation (Including Tax Report Analyzations)</p> <p>02 Number of Compliance and/or Administrative Actions (Including Tax Report Actions)</p>

**GOAL 03: COMPLIANCE AND TAX COLLECTION (cont'd)**

To ensure compliance with the Alcoholic Beverage Code in the manufacturing, importing, exporting, transporting, storing, selling, serving and distributing of alcoholic beverages.

OBJECTIVES/OUTCOME MEASURES	STRATEGIES/OUTPUT MEASURES
<p><b>02 Ports of Entry</b></p> <p>Ensure maximum compliance with laws regulating importation of alcoholic beverages and cigarettes at ports of entry.</p> <p><b>Outcome Measures</b></p> <p>01 Revenue as a Percent of Expenses                      02 Illegal Containers of Alcoholic Beverages and Packages of Cigarettes as a Percent of Total Containers and Packages Imported</p>	<p><b>01 Ports of Entry</b></p> <p>Identify high traffic loads and strategically place personnel or equipment at ports of entry to more effectively regulate the personal importation of alcoholic beverages and cigarettes.</p> <p><b>Output Measure*</b></p> <p>01 Number of Alcoholic Beverage Containers and Cigarette Packages Stamped</p> <p><b>Efficiency Measure</b></p> <p>01 Average Cost Per Alcoholic Beverage Container or Cigarette Package Imported or Confiscated</p> <p><b>Explanatory Measure</b></p> <p>01 Number of Alcoholic Beverage Containers and Cigarette Packages Confiscated</p> <p>*This measure represents an explanatory measure as the agency has no control over the number of alcoholic beverages or cigarette packages that are imported.</p>

**GOAL 04: HISTORICALLY UNDERUTILIZED BUSINESSES (Non-budgeted)**

To carry out developed agency policies governing purchasing and public works contracting that foster meaningful and substantive inclusion of historically underutilized businesses.

<b>OBJECTIVES/OUTCOME MEASURES</b>	<b>STRATEGIES/OUTPUT MEASURES</b>
<p><b>01 HUBs</b></p> <p>To include HUBs in at least: 1) 12.6 percent of commodities contracts; 2) 33 percent of services contracts; 3) 20 percent of professional and consulting contracts; 4) 57.2 percent of all special trade construction contracts; 5) 11.9 percent of heavy construction contracts; and 6) 26.1 percent of all other building construction contracts. These objectives will be measured as the total value of contracts and subcontracts awarded annually by the agency from fiscal year 2005 through fiscal year 2009.</p> <p><b>Outcome Measure</b></p> <p>01     Percent of Total Dollar Value of Purchasing Contracts and Subcontracts Awarded to Qualified HUBs</p>	<p><b>01 Increased Use of HUBs</b></p> <p>To continue the implementation of the agency's internal HUB policy dated November 15, 1995 for increasing the use of HUBs through purchasing and public works contracts and subcontracts.</p> <p><b>Output Measures</b></p> <p>01     Aggregate Number of HUB Contractors and Subcontractors Contacted for Bids</p> <p>02     For Each Purchasing Category, the Number of HUB Contracts and Subcontracts Awarded</p> <p>03     For Each Purchasing Category, the Dollar Value of HUB Contracts and Subcontracts Awarded</p> <p>04     Number of HUB Related Economic Opportunity Forums, Trade Shows, and Seminars Attended for Increasing the Agency's Outreach and Utilization of HUB Vendors</p>

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## Appendix A: Agency Planning Process

The Texas Alcoholic Beverage Commission has a wide and varied group of customers throughout the state. Not only does the agency focus on its most immediate group, the alcoholic beverage industry, but it must also give adequate attention and concern to the issues of the general public, law enforcement groups, educators, various coalitions, and public interest groups concerning the regulation of alcoholic beverages sales. The agency sought input during the strategic planning phases from all areas, including its own employees, and outside input from public forums held across the state. Notices were mailed to interested groups as well as press releases to the local newspapers, radio, and television. The forums provided an open venue to receive input from the interested members of the public, the regulated industry and other parties.

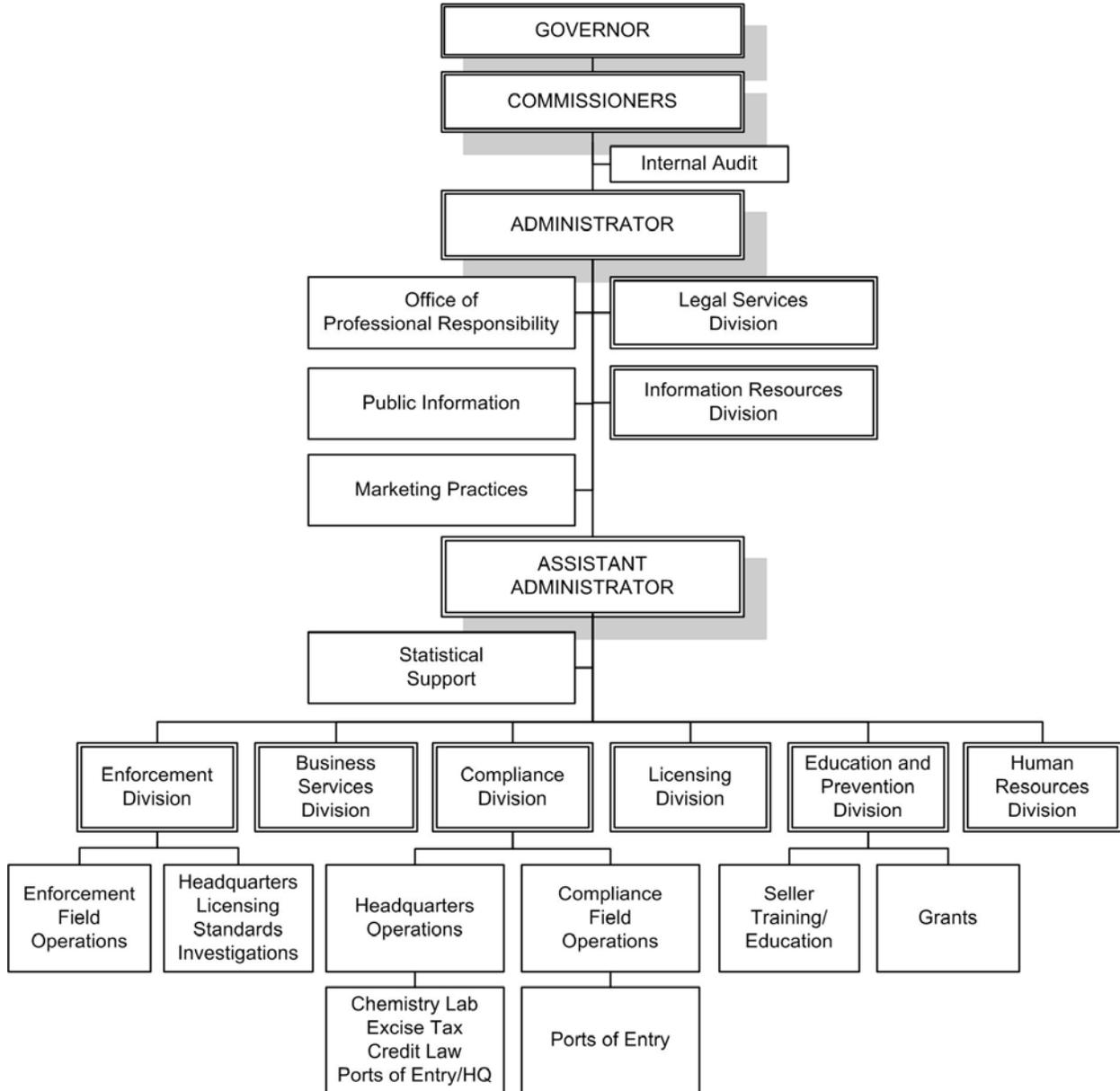
Agency efforts internally were more fruitful than prior years also. Each field office and the headquarters office held brainstorming sessions with the employees and reported the input gathered in three basic areas: major issues facing the agency, areas of improvement, and major accomplishments. This, in and of itself, provided valuable insight in the planning process. Information gathered from the internal and external customers as well as the prior strategic plan, action plans, goals, strategies, performance measures, new initiatives, Survey of Organizational Excellence, technology

issues, and various agency resources were provided to members of the senior team and field staff for their review, analysis, and consideration.

On March 30 and 31, 2006, executive staff and field managers gathered to review the external and internal input and other resource information. The in-depth sessions included reviews of both the functional programs as well as the support divisions. Specific areas of improvement and challenges before the agency were also discussed and reviewed at length. On June 28, 2006, the strategic plan was adopted by the commission members as the plan for the five-year period ending August 31, 2011.

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# Appendix B: Organizational Chart



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## Appendix C: Five-Year Projections for Outcomes

Outcome	2005	2006	2007	2008	2009
Percent of Licensed Establishments Inspected Annually	74.1%	78.5%	78.5%	78.5%	78.5%
Percent of Administrative Cases Filed by Enforcement Agents Resulting in Suspension or Cancellation	95.5%	96%	96%	96%	96%
Percent of Agency Contacts Rating Enforcement Actions as Satisfactory or Better	85.5%	84%	84%	84%	84%
Percent of Complaint Investigations Closed Within 60 Days	89.9%	89%	89%	89%	89%
Percent of Original License/Permit Applications Processed Within 14 Days	99%	99%	99%	99%	99%
Percent of Agency Clients Expressing Satisfaction with Licensing Process	92%	92%	92%	92%	92%
Percent of Inspections, Analyses, and Compliance Activities Resulting in Administrative or Compliance Actions	33.6%	39.4%	40%	40%	40%
Percent of Report Analyzations Resulting in Administrative or Compliance Actions	16%	21%	21%	21%	21%
Percent of Agency Contacts Expressing Satisfaction with Compliance Functions	97%	97%	97%	97%	97%
Revenue as a Percent of Expenses	95%	95%	95%	95%	95%
Illegal Containers of Alcoholic Beverages and Packages of Cigarettes as a Percent of Total Containers and Packages Imported	.23%	.23%	.23%	.23%	.23%

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## Appendix D: Performance Measure Definitions

### Goal 1

**To protect the peace and safety of the public by taking positive steps to encourage voluntary compliance with the Texas Alcoholic Beverage Code and other state laws and by undertaking enforcement and regulatory actions that are both fair and effective.**

### OUTCOME MEASURES

#### **01 Percentage of Licensed Establishments Inspected Annually**

*Short Definition:* The percentage of licensed establishments inspected during a specified time period by enforcement agents or compliance officers, expressed as a ratio of the number of individual establishments subject to inspection. An inspection is a visit to a licensed location or a proposed licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws.

*Purpose/Importance:* This outcome is intended to measure the degree of coverage achieved by enforcement agents and compliance officers during a specified period. Adequate coverage is deemed important because of the deterrent effect of the expectation of inspection and because inspections give licensees the opportunity to ask questions and receive answers that might prevent future violations.

*Source/Collection of Data:* The data required to calculate the measure comes from the agency's automated agent activity inspection records and from its automated licensing records. Records of the inspections conducted by agents and compliance officers are created during data entry of activity reports by field personnel. An automated licensing record is created for each licensee by data entry of information from the licensee's application at the time of application and updated at the time of approval and at the time of each subsequent renewal or change. The values reported for this measure are taken from automated reports.

*Method of Calculation:* The measure is calculated by dividing the number of individual establishments actually inspected during a particular period by the number of licensed establishments subject to inspection during the same period. The number of individual establishments inspected is derived by first finding all inspection records for the inspections conducted during a specified period of time and then by sorting out inspection records with duplicate CLP's (alpha/numeric license identifiers unique to each establishment), leaving one record for each CLP and then counting the remainder. The number of establishments subject to inspections is determined by (1) searching the automated licensing files to identify all licenses that were active during the period in question; (2) then sorting out the records of all secondary licenses,

leaving just one, the primary license record, for each establishment; and finally (3) counting the remaining records.

*Data Limitations:* The base of the ratio (the number of licensed locations) constantly changes as businesses enter or leave the industry. The speed and magnitude of this change are beyond the agency's control and can influence this measure.

*Calculation Type:* The measure is cumulative in nature but not fully cumulative due to the constant entry and exit of businesses from the industry.

*New Measure:* No.

*Target Attainment:* At or above target.

### **02 Percent of Administrative Cases Filed by Enforcement Agents Resulting in Administrative Sanctions**

*Short Definition:* Percent of administrative cases filed by enforcement agents that, during a specified period of time, resulted in the suspension or cancellation of licensing privileges or where the agency was restrained from taking action by operation of Section 106.14 of the Alcoholic Beverage Code, expressed as a ratio of all administrative cases reaching final disposition during the same time period.

*Purpose/Importance:* This outcome measures the quality of the administrative cases filed by enforcement agents by providing a ratio of the cases found favorably to the agency to the total number of cases reaching a final disposition.

*Source/Collection of Data:* Enforcement administrative case records. These automated records are created using hardcopy administrative notices as source documents.

*Method of Calculation:* Using enforcement database, identify all administrative case records for cases that were settled (e.g., reached final disposition, "closed") during the period of interest. Of the records identified by the first find, identify all records with disciplines (final dispositions) other than "dismissed with prejudice" or "dismissed without prejudice." Count both groups and then divide the number of administrative cases with disciplines other than some form of "dismissed" by the total number of administrative cases settled/closed during the specified time period.

*Data Limitations:* The only problem with this measure is that a lengthy time lapse can occur between filing and final disposition if an administrative case is contested. However, most cases are settled by waiver without a hearing and receive dispositions almost immediately.

*Calculation Type:* Non-cumulative.

*New Measure:* No.

*Target Attainment:* On target or higher.

### **03 Percent of Agency Contacts Rating Enforcement Actions as Satisfactory or Better**

*Short Definition:* The number of enforcement post-inspection survey instruments returned with ratings indicating general satisfaction with agency enforcement practices divided by the total number of returned

enforcement post-inspection survey instruments.

*Purpose/Importance:* This outcome measures licensee/permittee satisfaction with regards to agency enforcement practices.

*Source/Collection of Data:* Survey instruments mailed to and returned from licensees and permittees whose premises were inspected during a specified time period and the spreadsheet databases created by entering information from the returned post-inspection survey instruments.

*Method of Calculation:* Each survey instrument contains five questions that gauge respondent satisfaction with agency enforcement practices. Responses on each dimension are noted by marking a likert-like scale. As returned survey instruments are received, they are data-entered into a spreadsheet and the categorical rating for each dimension is translated during data-entry into its number equivalent. The ratings entered for all five dimensions are then averaged to derive a measure of general satisfaction for each respondent. Those whose general satisfaction scores are +1 or above are considered to be "satisfied." To derive the value sought, the number of respondents expressing general satisfaction is then divided by the total number of persons who responded to the survey during the period in question.

*Data Limitations:* Low response rates compromise the representativeness of the data and preclude any generalization of the results.

*Calculation Type:* Non-cumulative.

*New Measure:* No.

*Target Attainment:* At or above target.

#### **04 Percentage of Complaint Investigations Closed Within 60 Days**

*Short Definition:* The number of complaint investigations closed during a specified time period that were closed within 60 days of the date on which they were opened divided by the total number of complaint investigations closed during the same period.

*Purpose/Importance:* This outcome measures the enforcement division's ability to investigate and close complaints within a reasonable amount of time (60 days).

*Source/Collection of Data:* Enforcement compliant investigation records are created using hardcopy complaint cards as source documents.

*Method of Calculation:* Using enforcement database, identify all complaint investigation records for investigations closed during the period of interest. Take each record found and compare the Received Date found in each with its Complaint Closed status date. Identify all whose Complaint Closed Status Date is within 60 days of its Received date. Count the number of elements in both groups identified and then divide the number of complaint records that have "Complaint Closed" status dates that are within 60 days of their original "Received" dates by the total number of records found for complaint investigations that were closed during the specified date range.

*Data Limitations:* Two factors that can influence this measure are outside the agency's control. These are (1) the absolute number of complaints received and (2) the complexity of the complaints

received. Either can affect the value of the measure.

*Calculation Type:* Non-cumulative.

*New Measure:* No.

*Target Attainment:* At or above target.

### **05 Percentage of “At Risk” Licensed Retail Locations Inspected by Enforcement Agents**

*Short Definition:* The number of “at risk” licensed retail locations actually inspected by enforcement agents during a specified time period divided by the total number of licensed retail locations meeting the criteria for “at risk” during the same time period. Inspections are visits to a licensed location or to a proposed licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws. A licensed location may be deemed “at risk” due to business type (bar) or past history of actual or alleged public safety violations.

*Purpose/Importance:* This outcome measure sets a minimum coverage goal for licensed retail locations that are considered to be especially “at risk” for public safety violations due to the type of business operated on the premises or due to the establishment’s past history. It is intended to direct and require agent attention to those licensed retail locations where public safety violations are most likely to occur.

*Source/Collection of Data:* Agency computer system records which are data-entered using Agents Daily Activity Reports as source documents and enforcement criminal case, administrative case, and complaint investigation records, which are entered

from hand-written administrative notices, citations, and complaint cards.

*Method of Calculation:* “At risk” licensed retail locations are identified by comparing pre-set risk criteria against criminal case, administrative case, and complaint investigation records in the enforcement database to determine which licensed entities met the risk criteria during the period in question. The primary license numbers of the entities determined to be “at risk” are then compared against the license numbers contained in inspection records to identify those “at risk” locations that were inspected during the period in question. The number of “at risk” locations is totaled, as is the number of “at risk” retail locations inspected. The required percentage is derived by dividing the number of “at risk” licensed retail locations inspected during the period in question by the total number of “at risk” licensed retail locations subject to inspection during the same period.

*Data Limitations:* “At risk” status is time sensitive. Entities will enter and/or exit “at risk” status throughout the course of the fiscal year.

*Calculation Type:* Non-cumulative.

*New Measure:* Yes – Non-key.

*Target Attainment:* At or above target.

### **06 Compliance Rate – Inspections of Licensed Retailers by Enforcement Agents**

*Short Definition:* The number of inspections of licensed retail locations conducted by enforcement agents during a specified time period that did not result in the filing of criminal or administrative charges for public safety

violations divided by the total number of inspections of licensed retail locations conducted by agents during the same time period. An inspection is a visit to a licensed location or a proposed licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws.

*Purpose/Importance:* This outcome measure gauges the degree to which licensed retailers and their customers actually complied with the public safety provisions of the Alcoholic Beverage Code and other laws.

*Source/Collection of Data:* Automated inspection records which are data-entered using Agents Daily Activity Reports (DAR) as source documents.

*Method of Calculation:* The DAR inspections records pertaining to inspections conducted at retail locations during the period in question are identified and counted. The inspection records identified in the previous step are further examined to identify those that produced criminal or administrative cases involving public safety violation. The number of elements identified as belonging to this subset is then totaled and that total is divided by the total number of inspections conducted at retail locations during the period of interest to derive the desired percentage.

*Data Limitations:* None known.

*Calculation Type:* Non-cumulative.

*New Measure:* Yes – Non-key.

*Target Attainment:* At or above target.

## **07 Compliance Rate – Inspections of “At Risk” Retailers by Enforcement Agents**

*Short Definition:* The number of inspections of “at risk” licensed retail locations conducted by enforcement agents during a specified time period that did not result in the filing of criminal or administrative charges for public safety violations divided by the total number of inspections of “at risk” licensed retail locations conducted by agents during the same time period. Inspections are visits to a licensed location or to a proposed licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws. A licensed location may be deemed “at risk” due to business type (bar) or a past history of actual or alleged public safety violations.

*Purpose/Importance:* This outcome measure gauges the degree to which licensed retailers are deemed to be “at risk” for public safety violations, and their customers actually complied with the public safety provisions of the Alcoholic Beverage Code and other laws.

*Source/Collection of Data:* Inspection records which are data-entered using Agents Daily Activity Reports (DAR) as source documents and enforcement criminal case, administrative case, and complaint investigation records, which are entered from hand-written administrative notices, citations, and complaint cards.

*Method of Calculation:* “At risk” licensed retail locations are identified by comparing pre-set risk criteria against criminal case, administrative case, and complaint investigation records in the enforcement database to determine

which licensed entities met the risk criteria during the period in question. The primary license numbers of the entities determined to be “at risk” are then compared against the license numbers contained in DAR inspection records to identify inspections conducted at those “at risk” retail locations. The enforcement records pertaining to inspections conducted at “at risk” retailer locations further examined to identify those that produced criminal or administrative cases involving public safety violations. The number of inspections conducted on the premises of “at risk” retailers are then totaled as is the number of “at risk” inspections that resulted in criminal or administrative cases involving public safety violations. The number of “at risk” inspections resulting in criminal or administrative cases involving public safety violations is then divided by the total number of inspections of “at risk” retailers to derive the desired percentage.

*Data Limitations:* “At risk” status is time sensitive. Entities will enter and/or exit “at risk” status throughout the course of the fiscal year.

*Calculation Type:* Non-cumulative.

*New Measure:* Yes – Non-key.

*Target Attainment:* At or above target.

## **08 Recidivism Rate – Licensed Retailers**

*Short Definition:* The percent of the licensed retailers charged with an administrative public safety offense during a specified time period that have been charged with other public safety violations during the 12 months

preceding their most recent public safety offense.

*Purpose/Importance:* This outcome measures retailer recidivism with respect to public safety violations and over time provides a method of gauging the enforcement division’s effectiveness in preventing subsequent public safety offenses by the same retailer.

*Source/Collection of Data:* Enforcement administrative case records are created using hardcopy administrative notices as source documents.

*Method of Calculation:* Using administrative case records, identify all licensed retailers who have been charged with public safety offenses during the period of interest. Then using the same database, determine which of the retailers identified during the first find have been charged with other public safety offenses during the 12 months preceding their most recent public safety offense. Count the number in each group and then divide the number of public safety offenders with prior offenses by the total number of public safety offenders found for the specified time period.

*Data Limitations:* None known.

*Calculation Type:* Non-cumulative.

*New Measure:* Yes – Non-key.

*Target Attainment:* At or below target.

## **OUTPUT MEASURES**

### **01 Number of Inspections Conducted by Enforcement Agents**

*Short Definition:* The number of inspections of licensed premises

conducted by agency enforcement agents during a specified period of time. An inspection is a visit to a licensed location or a proposed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws.

*Purpose/Importance:* Counting inspections provides an accurate representation of the number of times agents have had physical contact with licensed premises and citizens in the course of street enforcement activities.

*Source/Collection of Data:* The information required to derive the count comes from inspection records in the agency's agent activity reporting system. Each individual inspection made by an agent is noted in the agent's daily activity report. When these reports are data-entered, an automated record summarizing each inspection is created. The values reported for this measure are taken from either automated report RPT.E.171 or RPT.E.213.2.

*Method of Calculation:* The measure is calculated by counting the number of automated inspection records that were originated for activity occurring during a specified period of time.

*Data Limitations:* One inspection is not necessarily equal to another in terms of complexity, the specific activities performed, or the time and other resources required to conduct it.

*Calculation Type:* Cumulative.

*New Measure:* No.

*Target Attainment:* On target.

## **02 Number of Inspections of "At Risk" Licensed Retailers Conducted by Enforcement Agents**

*Short Definition:* Number of inspections of licensed retail locations previously determined to be "at risk" for public safety violations conducted by enforcement agents during a specified time period. Inspections are a visit to a licensed location or to a proposed licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws. A licensed location may be deemed "at risk" due to business type (bar) or a past history of actual or alleged public safety violations.

*Purpose/Importance:* This output measure provides a count of the number of times enforcement agents inspected retail locations that had been previously determined to be "at risk" for public safety violations.

*Source/Collection of Data:* Enforcement records created by data-entry from Agents Daily Activity Reports; enforcement criminal case, administrative case, and complaint investigation records created by data-entering hardcopy citations, administrative notices, and complaint cards; and licensing records created and updated by data-entry from original, renewal, an change applications.

*Method of Calculation:* The "at risk" retailers that were in business and subject to inspection during the period of interest are identified by first checking licensing records to determine which retailers were in business (license status = active) during the period and to identify those whose primary business was as a bar. After first automatically assigning active bars to the "at risk"

category, then find the history of the remaining active retail entities (the complaint investigations or administrative cases to which it was subjected and the criminal case that occurred on its premises) in the enforcement database, and cross comparing the histories found with the pre-set criteria for “at risk” status to identify the retailers meeting the criteria for “at risk” status during the period in question. Count the number of retailers that had active licenses/permits and met the criteria for “at risk” during the period in question either by virtue of their history or business type. The resulting total represents the number of “at risk” retail locations subject to inspection during the time period specified. To identify the “at risk” retailers whose premises were inspected during the specified time period, the license numbers of the retailers that were determined to be at risk and subject to inspection during this period are compared with those in the enforcement inspection records for the establishments that were actually inspected during the period. Once the “at risk” retailers that were actually inspected have been identified, they are counted and that value becomes the value of this measure.

*Data Limitations:* Retailers are constantly entering and leaving the industry. They also flow onto and off of the “at risk” list over time. As a consequence, the number of retailers and “at risk” retailers can vary over time in a manner that is beyond the control of the agency.

*Calculation Type:* Cumulative.

*New Measure:* Yes – Non-key.

*Target Attainment:* At or above target.

### **03 Number of Persons Instructed by Agency Including**

*Short Definition:* The number of people attending educational presentations made by enforcement agents.

*Purpose/Importance:* Enforcement agents perform two primary tasks. They enforce the law and they educate the public to prevent violations of the law. The volume of the enforcement division’s public education efforts is represented by this measure.

*Source/Collection of Data:* The data for this measure comes from educational program session records stored in the database of the agency’s agent activity reporting system. Agents record information about each program session they teach in their daily activity reports. Automated educational program session records are created when the agent’s daily activity reports are data-entered. Each record identifies the type of program taught, the county in which the session was held, the number of people taught and the date of the session. The values reported for this measure are taken from automated reports.

*Method of Calculation:* The measure is calculated by identifying all automated educational program session records created for sessions held in a specified time period and then summing the attendee counts found in those records.

*Data Limitations:* Most of the work to achieve this goal is done during the school year, which means that there can be strong seasonal variances during the course of a full fiscal year.

*Calculation Type:* Cumulative.

*New Measure:* No.

*Target Attainment:* On or higher than target.

#### **04 Number of Licensees Attending Enforcement Education Programs**

*Short Definition:* Number of license/permit holders and/or their employees who attend public education programs taught by enforcement agents during a specified period of time.

*Purpose/Importance:* This output measure provides a count of those attending the education programs that the enforcement division provides for the owners of regulated businesses and their employees. Licensee education is viewed by the agency as one of the keys to prevention. The programs provide attendees with a better understanding of the law, the penalties it provides, and their own legal responsibilities. The same programs also provide attendees with useful tools for recognizing and avoiding illegal sales.

*Source/Collection of Data:* Enforcement activity records related to agent-taught or facilitated public education classes. These records are data-entered into an enforcement database using Agents Daily Activity Reports as source documents.

*Method of Calculation:* In enforcement database, find all agent activity records related to retailer and upper tier public education classes. Total the number of persons reported to have attended each such class. That total is the value reported for this measure.

*Data Limitations:* None known.

*Calculation Type:* Cumulative.

*New Measure:* Yes – Non-key.

*Target Attainment:* At or above target.

#### **EFFICIENCY MEASURES**

##### **01 Average Cost Per Enforcement Inspection**

*Short Definition:* The cost of all law enforcement activity during a specified period of time divided by the total number of inspections conducted by enforcement agents during the same time period. An inspection is a visit to a licensed location or to a proposed licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws.

*Purpose/Importance:* This efficiency measure provides a unit cost figure for the core law enforcement activity.

*Source/Collection of Data:* Enforcement activity records, which are data-entered using Agents Daily Activity Reports as source documents, and a chart detailing agency expenses during the period in question to the agency's various strategies. The chart comes from the agency's Business Services Division, which compiles the chart from agency financial records.

*Method of Calculation:* The work hours reported for all enforcement activity during the period in question are extracted from enforcement activity records and totaled. Also extracted from the same database, as a subtotal of the first total, is the total for the enforcement work hours that were devoted to public education/information activities. The latter is subtracted from the former to derive a total for the number of enforcement work hours related to

inspection activities. The total expenditures for is then divided by the total number of inspections conducted by enforcement agents during the same period to derive a “per inspection unit cost.”

*Data Limitations:* The division of total work hours of inspections and public education/information is somewhat arbitrary, and there is no good or fair way to divide the time spent on certain supporting activities (supervision, data-entry and reporting/case adjudication, etc.) among the two. For the sake of simplicity, and because it is by far the greater and most important of the two core activities, the supporting activities have all been attributed to inspections. As a consequence, the work hours and, therefore, the costs allocated to inspections tend to overstate the true cost of those activities and to some degree understate the cost of public education/information activities.

*Calculation Type:* Non-cumulative.

*New Measure:* No.

*Target Attainment:* At or below target.

## **02 Average Cost Per Person Attending Enforcement Education Programs**

*Short Definition:* The total cost of all enforcement education/public information activity during a specified time period divided by the total number of persons attending educational programs taught/facilitated by agents during the same time period.

*Purpose/Importance:* This efficiency measure provides a unit cost figure for enforcement educational initiatives.

*Source/Collection of Data:* Enforcement database activity record, which are data-entered using Agents Daily Activity Reports as source documents, and a chart detailing agency expense during the period in question to the agency’s various strategies. The chart comes from the agency’s business services division, which compiles the chart from agency financial records.

*Method of Calculation:* The work hours reported for all enforcement activity during the period in question are extracted from the enforcement database activity records and totaled. Also extracted from the same database, as a subtotal of the first total is a total for the enforcement work hours that were devoted to public education/information activities. The total expenditures for education programs is then divided by the total number of persons attending educational programs taught or facilitated by enforcement agents during the same period to derive a “per person taught” unit cost.

*Data Limitations:* The division of total work hours between the two groups of activities – inspections/compliance checks and public education/information is somewhat arbitrary, and there is no good or fair way to divide the time spent on certain supporting activities (supervision, data-entry and reporting, case adjudication, etc.) among the two. For the sake of simplicity and because it is by far the greater and most important of the two core activities, the supporting activities have been attributed to inspections. As a consequence, the work hours and, therefore, the costs allocated to inspections and other compliance checks tend to overstate the true cost of those activities and to some degree understate the cost of public education/information activities.

*Calculation Type:* Non-cumulative.

*New Measure:* No.

*Target Attainment:* At or below target.

## **EXPLANATORY/INPUT MEASURES**

### **01 Number of Enforcement Administrative Cases Reaching Final Disposition**

*Short Definition:* The number of administrative cases originated by enforcement agents reaching the final disposition stage within a specified time period.

*Purpose/Importance:* Administrative cases initiated by agents can be combined and often are when they reflect two or more incidents concerning the same licensed entity. As a consequence, the number of cases initiated does not equal the number of cases fully adjudicated (“settled”). This particular explanatory measure provides a count of the number of administrative cases fully adjudicated during the period in question. That number is used in calculating the “Percent of Administrative Cases Filed by Enforcement Agents Resulting in Administrative Sanctions” outcome measure.

*Source/Collection of Data:* Enforcement administrative case records, which are data-entered using hardcopy administrative notices as source documents.

*Method of Calculation:* In enforcement database, find all administrative case records with Status = Administrative Case Closed and a Status Date that falls within the date range of interest. Count all records found.

*Data Limitations:* The only problem with this measure is that a lengthy time lapse can occur between filing and final disposition if an administrative case is contested.

*Calculation Type:* Cumulative.

*New Measure:* No.

*Target Attainment:* At or above target.

### **02 Number of Licensed Locations Subject to Inspection**

*Short Definition:* The number of licensed locations subject to inspection during a specified period of time.

*Purpose/Importance:* This explanatory measure provides a count of the number of active licensed locations during the period in question.

*Source/Collection of Data:* Licensing records, which are created and updated using original, renewal, and change applications as the primary source documents.

*Method of Calculation:* Cross reference licensing records to identify the physical locations that are occupied by business entities that were licensed by the agency during the period in question.

*Data Limitations:* The businesses that are licensed to sell or serve alcoholic beverages at the locations in question are free to enter and leave business at will. As a consequence, the number of licensed business entities and the locations from which they do business change over time and are beyond the control of the agency.

*Calculation Type:* Non-cumulative.

*New Measure:* No.

*Target Attainment:* At or above target.

### **03 Number of Complaint Investigations Opened**

*Short Definition:* The number of complaint investigations initiated by the enforcement division during a specified time period.

*Purpose/Importance:* As a matter of policy, the enforcement division investigates all allegations involving violations of the Alcoholic Beverage Code that it receives from the public, other agencies, public officials, and the agency's own employees. This explanatory measure provides a count of the number of investigations initiated by the agency as a result of the allegations (complaints) received during a specified time period.

*Source/Collection of Data:* Enforcement complaint investigation records which are data-entered from hardcopy complaint cards.

*Method of Calculation:* In enforcement database, find all complaint investigation records with a Received Date within the date range of interest. Count the records found; the total will equal the number of complaint investigations "opened" during the date range specified.

*Data Limitations:* Complaints come from the general public, other agencies, and sometimes from agency employees. While the measure is in some regards a "need indicator," its value is beyond the control of the agency.

*Calculation Type:* Cumulative.

*New Measure:* No.

*Target Attainment:* At or above target.

### **04 Number of Criminal Cases Filed**

*Short Definition:* Number of criminal cases originated by enforcement agents during a specified time period.

*Purpose/Importance:* While compliance is the desired outcome of enforcement operations, it is not always the outcome obtained. This explanatory measure provides a count of another possible outcome – the criminal cases initiated by enforcement agents, which arise when agents observe persons committing criminal offenses.

*Source/Collection of Data:* Enforcement criminal case records which are data-entered from hardcopy citation records.

*Method of Calculation:* Find all criminal case records in enforcement database with incident dates within the date range interest. Count the records found; the total is the number of criminal cases initiated by agents during the period in question.

*Data Limitations:* None.

*Type of Calculation:* Cumulative.

*New Measure:* No.

*Target Attainment:* At or above target.

### **05 Number of Administrative Cases Initiated by Enforcement Agents**

*Short Definition:* Number of administrative cases filed by enforcement agents during a specified time period. An administrative case is an administrative action initiated against a licensee for the purpose of suspending or canceling the licensee's licensing

privileges due to a violation of the Alcoholic Beverage Code.

*Purpose/Importance:* While compliance is the desired outcome of enforcement operations, it is not always the outcome obtained. This explanatory measure provides a count of another possible outcome – the administrative cases initiated by enforcement agents, which arise when agents observe a license/permit holder or an employee of license/permit holder committing a serious regulatory or public safety offense.

*Source/Collection of Data:* Enforcement administrative case records which are data-entered using hardcopy administrative notices as source documents.

*Method of Calculation:* In enforcement database, find all administrative case records with Received Dates falling within the specified date range and count all records found.

*Data Limitations:* None known.

*Calculation Type:* Cumulative.

*New Measure:* Yes - Non-key.

*Target Attainment:* At or above target.

## **06 Number of “At Risk” Licensed Retail Locations**

*Short Definition:* The number of licensed retail locations whose licenses or permits were active during the period in question that due to a past history of violations, past allegations of violations, or the type of business conducted on the premises, were considered more likely than other retail locations to be the site of future public safety violations.

*Purpose/Importance:* This explanatory measure provides a count of the licensed locations that are the primary target of agency enforcement operations. This value is used in calculating the “Percent of At Risk Licensed Retail Locations Inspected” outcome measure.

*Source/Collection of Data:* Licensing records, which are entered and updated using original, renewal, or change applications as the primary source documents. Also, enforcement complaint investigation records, administrative case records, and criminal case records, which are entered into agency data systems using complaint cards, administrative notices, and criminal citations as the initial source documents.

*Method of Calculation:* The “at risk” retailers that were in business and subject to inspection during the period of interest are identified by first checking licensing records to determine which retailers were in business (license status = active) during that period and to identify those whose primary business was as a bar. After first automatically assigning active bars to the “at risk” category, then find the history of the remaining active retail entities (the complaint investigations or administrative cases to which it was subjected and the criminal cases that occurred on it premises) in the enforcement database, and cross comparing the histories found with the pre-set criteria for “at risk” status to identify the retailers meeting the criteria for “at risk” status during the period in question. Count the number of retailers that had active licenses/permits and met the criteria for “at risk” during the period in question, either by virtue of their history or business type. The resulting

total represents the number of “at risk” retail locations subject to inspection during the time period specified.

*Data Limitations:* The retail businesses that are licensed to sell or serve alcoholic beverages at the locations in question are free to enter and leave business at will. As a consequence, the number of licensed business entities and the number of retail locations from which the sale or service of alcohol occurs change over time and are beyond the control of the agency. Also beyond the agency’s control are the numbers of retailers that meet the criteria for “at risk.” It is also noted that “at risk” status can change over time and that retailers may gain or lose that status over time as new allegations are received or new violations occur and as old violations and allegations become more distant in time.

*Calculation Type:* Non-cumulative.

*New Measure:* Yes – Non-key.

*Target Attainment:* At or above target.

## **07 Number of Complaint Investigations Closed**

*Short Definition:* Number of complaint investigations closed during the reporting period.

*Purpose/Importance:* Complaints are investigated by conducting interviews, auditing documents and records, conducting undercover operations or other physical inspections, and engaging in other investigative activity. These investigations are closed when the allegations have been disproved, or when sufficient evidence to sustain the allegations has been found, or when agents have made a reasonable effort to

prove or disprove the allegations and have been unable to find sufficient evidence to support either outcome. This particular explanatory measure provides a count of the number of investigations that were closed during a specified time period. That total is used in calculating the “Percent of Complaints Closed in 60 Days” outcome measure.

*Source/Collection of Data:* Enforcement complaint investigation records which are data-entered from hardcopy complaint cards.

*Method of Calculation:* In enforcement database, find all complaint investigation records with Status = Complaint Closed and Status Date within the date range of interest. Count the records found. That total will equal the number of complaint investigation “closed” during the date range specified.

*Data Limitations:* Complaints come from the general public, other agencies and sometimes from agency employees. To the degree that the value of this measure is dependent upon the number of complaints received, its value is beyond the control of the agency. However, the agency can control the rate at which the complaint investigations initiated are closed and thereby influence the value of the measure.

*Calculation Type:* Cumulative.

*New Measure:* Yes.

*Target Attainment:* At or above target.

**Goal 2: To process and issue alcoholic beverage license/permit applications while ensuring compliance with the Alcoholic Beverage Code through investigation and other regulatory means.**

**OUTCOME MEASURES**

**01 Percent of Original License/Permit Applications Processed Within 14 Days**

*Short Definition:* The percentage of original applications processed within 14 days at the agency's central headquarters.

*Purpose/Importance:* This measure is intended to show the percentage of original permits/licenses processed within 14 days from the date the original application is received in Austin. Fluctuation in this information alerts management to problems and/or changes occurring in the application process.

*Source/Collection of Data:* Data entry personnel at headquarters enter into the agency's database all required information on each application received. A record is created for each application. A report is generated at the end of each month extracting information from this database.

*Method of Calculation:* This measure is calculated by subtracting the application's received date from the actual process date. The actual process date is the date the original license/permit application is issued or the date the notification is sent to the applicant explaining deficiencies

with the application. The number of original license/permit applications processed within 14 days is divided by the total number of original license/permit applications processed for the period. The number of applications processed within 14 days is calculated by subtracting the received date in the agency's central headquarters (Austin) from the actual process date.

*Data Limitations:* We rely on a verification process to ensure proper recording of data.

*Calculation Type:* Non-cumulative.

*New Measure:* No.

*Target Attainment:* Higher percentage than targeted is desirable as it indicates more original applications are being processed faster.

**02 Percent of Agency Clients Expressing Satisfaction With Licensing Process**

*Short Definition:* The percentage of agency clients expressing satisfaction with the licensing application process.

*Purpose/Importance:* From the responses and comments made by our customers, management is able to identify areas in the process which are offensive, confusing, or create hardships on the applicant.

*Source/Collection of Data:* This information is obtained from the survey responses, which are mailed to each applicant receiving an original license/permit. The confidential and anonymous survey responses are reviewed by management staff. Results are entered in a statistical program.

*Method of Calculation:* Using a survey designed specifically for licensing activities, the number of favorable responses received is divided by the total number of responses.

*Data Limitations:* The major limitation of this measure is the low response rate. The customer's dissatisfaction with the statutory requirements, as well as city and county regulations and requirements, are beyond the agency's control and may affect this measure. We rely on a verification process to ensure proper recording of data.

*Calculation Type:* Non-cumulative.

*New Measure:* No.

*Target Attainment:* Higher percentage than targeted is desirable.

## **OUTPUT MEASURES**

### **01 Number of Applications Processed**

*Short Definition:* This measure is intended to reflect the total number of license/permit applications (originals, renewals, temporaries and changes) processed by the licensing division.

*Purpose/Importance:* It provides management with information concerning the total work as to the number of applications processed, including those which require time to maintain the files in their current status.

*Source/Collection of Data:* The data required to calculate this measure is obtained from license/permit records, which are created by data entry personnel. Information is entered from the license/permit applications as they are received by the division. Upon

approval of such documents, further updates are completed by data entry personnel. Agency computer system generated data from the license/permit records are used to calculate this measure.

*Method of Calculation:* Using the agency's computer system, this figure represents the number of applications (originals, renewals, temporaries, and changes) processed. This measure affects the average license/permit processing time and the average cost per license/permit processed.

*Data Limitations:* The number of new businesses requiring licenses, as well as the number of business failures and turnover requiring some type of licensing action can affect this measure.

*Calculation Type:* Cumulative.

*New Measure:* No.

*Target Attainment:* Higher performance is desirable.

### **02 Number of Licenses/Permits Issued**

*Short Definition:* This measure provides the number of originals, renewals, and temporaries issued in a specific period.

*Purpose/Importance:* The number of originals, renewals, and temporaries issued determines the revenue generated by the licensing division from license/permit fees and surcharges.

*Source/Collection of Data:* The data required to calculate this measure is obtained from license/permit records, which are created by data entry personnel. Information is entered from the license/permit applications as they

are received by the division. Upon approval of such documents, further updates are completed by data entry personnel. Agency computer system generated data from the license/permit records and are used to calculate this measure.

*Method of Calculation:* Using the agency's computer system, this figure represents the number of originals, renewals, and temporaries issued during the specified time period.

*Data Limitations:* The economy, population and social trends on alcoholic beverage consumption affect the number of new businesses requiring licenses/permits, as well as the number of business failures.

*Calculation Type:* Cumulative.

*New Measure:* No.

*Target Attainment:* Higher performance is desirable.

## **EFFICIENCY MEASURE**

### **01 Average Cost Per License/Permit Processed**

*Short Definition:* This measure is intended to represent the average cost to process a license or permit.

*Purpose/Importance:* This measure allows management to monitor costs and control expenditures.

*Source/Collection of Data:* The expenditure amounts are from reports provided by the Uniform Statewide Accounting System (USAS) and agency computer systems.

*Method of Calculation:* Total costs are divided by the total number of licenses/permits processed including temporaries and changes.

*Data Limitations:* The economy, population, and social trends on alcoholic beverage consumption affect the number of new businesses requiring licenses/permits, as well as the number of business failures.

*Calculation Type:* Non-cumulative.

*New Measure:* No.

*Target Attainment:* Lower cost is desirable.

## **EXPLANATORY MEASURES**

### **01 AVERAGE NUMBER OF DAYS FOR ORIGINAL LICENSE/PERMIT APPROVAL**

*Short Definition:* Average number of days to process original in-state retail and wholesale applications from original date filed with local office to issuance of a license/permit.

*Purpose/Importance:* Provide management with information concerning total average days to process application from beginning of process to issuance of license/permit. Fluctuation in this information alerts management to problems and/or changes in application process.

*Source/Collection of Data:* Data required to calculate this measure is obtained from license/permit records created from dates entered into the agency's computer systems. Personnel in the field record the date the incomplete application is received for processing. This date would be used along with

issuance date of license/permit from the agency computer systems to calculate average number of days.

*Method of Calculation:* Using the agency's computer systems, this figure represents the average number of days to process an in-state retail/wholesale original application from filing of an incomplete application to issuance of license/permit.

*Data Limitations:* This measure is not indicative of the time the agency has control of the application. Many circumstances can affect the process time: requirements of law, elections, protests, number of applications, and responsiveness of applicant.

*Calculation Type:* Non-cumulative.

*New Measure:* Yes – Non-key.

*Target Attainment:* At or below target.

**Goal 3: To ensure compliance with the Alcoholic Beverage Code in the manufacturing, importing, exporting, transporting, storing, selling, serving, and distributing of alcoholic beverages.**

## **OUTCOME MEASURES**

### **01 Percent of Inspections, Analyses, and Compliance Activities Resulting in Administrative Actions**

*Short Definition:* The percentage of inspections, analyses, and compliance activities during which violations of the Alcoholic Beverage Code and/or rules were detected and an administrative action was issued. Inspections are visits

to a licensed location or a proposed licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws. Analyses are reviews of selected areas of a licensee's/permittee's operations to ensure compliance with licensing requirements of the Alcoholic Beverage Code and rules. Compliance activities are enforcement of regulatory provisions, which may or may not require an on-premise visit, the number of initial applications received in the district office and outpost offices, the number of temporary licenses/permits and catering certificates issued by field personnel, and also consists of compliance audits conducted on licensees/permittees.

*Purpose/Importance:* This measure is intended to show all inspections, analyses and compliance activities conducted by division personnel. It reflects regulatory duties performed by compliance personnel to ensure adherence with the Alcoholic Beverage Code and rules.

*Source/Collection of Data:* Using the agency's computer system reports and forms completed by division personnel, this number is a manual tabulation of the number of inspections, analyses, and compliance activities.

*Method of Calculation:* This measure is calculated by compiling information from monthly computer reports and manual records which contain the number of inspections, analyses, and compliance activities completed during the reporting period, regardless of when the activity was begun.

*Data Limitations:* The high number of new personnel and other personnel issues may affect the work hours

available to conduct the monitoring activities.

*Calculation Type:* Cumulative.

*New Measure:* No.

*Target Attainment:* Higher than target.

**02 Percent of Report Analyzations Resulting in Administrative Actions (Including Analyzations of Tax Reports)**

*Short Definition:* The percentage of monthly reports analyzed during which violations of the Alcoholic Beverage Code and/or rules were detected and an administrative or compliance action was issued.

*Purpose/Importance:* This measure shows the rate of noncompliance with the reporting requirements of the Alcoholic Beverage Code and rules and the effectiveness of the agency's monitoring program in detecting these violations.

*Source/Collection of Data:* Compliance and administrative actions resulting from the report analyzation process are entered into the mainframe computer system. Reports (Report #'s-gross receipts history file: PGM.A.208, PGM.A.251; warning file: PGM.A.188; docket file: PGM.A.188) are generated at the end of each month from which these values are taken.

*Method of Calculation:* The number of administrative and compliance actions issued for failure to comply with the Alcoholic Beverage Code and rules discovered during the report analyzation process divided by the total number of reports analyzed during the reporting process.

*Data Limitations:* The agency's current efforts to simplify the reporting process can cause a decrease in the number of inadvertent violations noted and decrease the percentage of report analyzations that result in compliance or administrative actions.

*Calculation Type:* Non-cumulative.

*New Measure:* No.

*Target Attainment:* Lower than target.

**03 Percent of Agency Contacts Expressing Satisfaction with Compliance Functions**

*Short Definition:* The percentage of customers with positive responses after having contact with compliance division personnel.

*Purpose/Importance:* The measure is intended to help identify problems with procedures and understanding of the Alcoholic Beverage Code and rules. It is important because feedback from our customers indicates how well the agency is fulfilling their needs.

*Source/Collection of Data:* A survey is given to permittees/licensees at the close of an analysis or audit (Compliance Division Customer Satisfaction Questionnaire, Form C-701). Permittees or licensees mail their responses to the Austin headquarters, and responses are accumulated in a database when received. A report (Customer Satisfaction Questionnaire) is generated at the end of the reporting period.

*Method of Calculation:* The number of favorable responses on the survey instrument divided by the total number of responses.

*Data Limitations:* The agency has no control over the number of survey instruments returned.

*Calculation Type:* Non-cumulative.

*New Measure:* No.

*Target Attainment:* Higher than target.

## **OUTPUT MEASURES**

### **01 Number of Inspections, Analyses, and Compliance Activities**

*Short Definition:* Inspections are visits to a licensed location or to a proposed licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws. Analyses are reviews of selected areas of a licensee's/ permittee's operations to ensure compliance with licensing requirements of the Alcoholic Beverage Code and rules. Compliance activities are enforcement of regulatory provisions, which may or may not require an on-premise visit, the number of initial applications received in the district and outpost offices, the number of temporary license/permits and catering certificates issued by field personnel, and also the number of compliance audits conducted on licensees/permittees.

*Purpose/Importance:* This measure is intended to show all inspections, analyses, and compliance activities conducted by division personnel. It reflects the regulatory duties performed by compliance personnel to ensure adherence with the Alcoholic Beverage Code and rules.

*Source/Collection of Data:* Using the agency's computer system reports and forms completed by division personnel.

This number is a manual tabulation of the number of inspections, analyses, and compliance activities.

*Method of Calculation:* This measure is calculated by compiling information from monthly computer reports and manual records which contain the number of audits and analyses submitted, and inspections and compliance activities completed during the reporting period, regardless of when the activity was begun.

*Data Limitations:* The high number of new personnel and other personnel issues may affect the work hours available to conduct the monitoring activities.

*Calculation Type:* Cumulative.

*New Measure:* No.

*Target Attainment:* Higher than target.

### **02 Number of Reports Analyzed Regarding the Inter-State and Intra-State Distribution of Alcoholic Beverages (Including Tax Reports)**

*Short Definition:* Reports analyzed regarding the inter-state and intra-state distribution of alcoholic beverages are all monthly reports submitted by licensees and permittees who are engaged in the manufacturing or wholesaling of alcoholic beverages, those who transport or transport and serve, and those who use alcohol in the manufacturing process. The reports are examined to ensure compliance with the Alcoholic Beverage Code and rules.

*Purpose/Importance:* This measure is intended to show the number of reports analyzed to ensure compliance with the inter-state and intra-state distribution of

alcoholic beverages. The entities involved report all alcoholic beverages manufactured, imported, exported, transported, stored, sold, and distributed in this state.

*Source/Collection of Data:* Compliance division personnel record each type of analyzation and when the analyzation was completed regardless of when the activity was begun on the Excise Tax Daily Report, Form C-291. The information is then compiled on a monthly section report form (Excise Tax Activity Report), which is manually totaled for all employees.

*Method of Calculation:* This is a manual tabulation of reports analyzed by division personnel on a monthly basis and maintained on a spreadsheet.

*Data Limitations:* A decrease or increase in the number of entities required to report could occur due to economic variables and decrease or increase in the number of reports analyzed.

*Calculation Type:* Cumulative.

*New Measure:* No.

*Target Attainment:* Higher than target.

## **EFFICIENCY MEASURES**

### **01 Average Cost Per Compliance Activity**

*Short Definition:* Total cost of the compliance monitoring function divided by the total number of inspections, analyses, compliance activities, and report analyzations.

*Purpose/Importance:* This measure is intended to show efficiency of

conducting analyses, inspections, compliance activities, and report analyzations.

*Source/Collection of Data:* Expenditures are recorded in the Uniform Statewide Accounting System (USAS) by the business services division (BSD). Monthly budget and expenditure statements from USAS are provided by BSD (Expenditures for XX Quarter FY XXXX).

*Method of Calculation:* Total cost of the compliance monitoring function, divided by the total number of inspections, analyses, compliance activities, and report analyzations.

*Data Limitations:* Numerous new employees and other personnel issues may affect the work hours available to conduct the monitoring activities, thereby affecting the average cost per compliance activity.

*Calculation Type:* Non-cumulative.

*New Measure:* No.

*Target Attainment:* Less than target.

## **EXPLANATORY MEASURES**

### **01 Number of Licensees/Permittees Subject to Compliance Activity**

*Short Definition:* This measure is intended to indicate the population of retail, wholesale, and manufacturing licensees/permittees subject to inspection, analyses, and/or compliance reviews.

*Purpose/Importance:* To determine increase or decrease in potential licensees/permittees subject to compliance activity.

*Source/Collection of Data:* The agency's automated license file (Report # - PGM.A.201) on the mainframe computer system is the source of data reflecting the number of licenses and permits at a given date which are subject to inspection, analysis and compliance reviews.

*Method of Calculation:* A monthly computer report that tabulates totals by class at a given date. A manual tabulation of these totals is then performed to obtain the grand total.

*Data Limitations:* A decrease in the number of entities subject to compliance activity could occur due to economic variables.

*Calculation Type:* Non-cumulative.

*New Measure:* No.

*Target Attainment:* Not applicable.

## **02 Number of Licensees/Permittees Subject to Report Analyzation (Including Tax Report Analyzations)**

*Short Definition:* The number of licensees/permittees subject to report analyzation who are engaged in the manufacturing or wholesaling of alcoholic beverages, those who transport or transport and serve, or those who use alcohol in the manufacturing process.

*Purpose/Importance:* To determine increase or decrease in potential licensees/permittees subject to report analyzation.

*Source/Collection of Data:* The agency's automated license file (Report # - PGM.A.201) on the mainframe computer system is the source of data

reflecting the number of licenses and permits at a given date which are subject to report analyzation.

*Method of Calculation:* A monthly computer report that tabulates totals by class at a given date. A manual tabulation of these totals is then performed to obtain the grand total.

*Data Limitations:* A decrease or increase in the number of entities subject to report analyzations could occur due to economic variables and decrease or increase the number of reports analyzed.

*Calculation Type:* Non-cumulative.

*New Measure:* No.

*Target Attainment:* Not applicable.

## **03 Number of Compliance and/or Administrative Actions (Including Tax Report Actions)**

*Short Definition:* An administrative action is an action taken against a licensee/permittee, which results in the recommendation of a suspension or cancellation of the license or permit for violations of the Alcoholic Beverage Code and/or rules. A compliance action is a written warning issued to a licensee or permittee or action to secure compliance with the Alcoholic Beverage Code and/or rules.

*Purpose/Importance:* This measure is intended to show the number of compliance and/or administrative actions issued for violations of the Alcoholic Beverage Code and rules detected during inspections, analyses, or compliance activities.

*Source/Collection of Data:* The agency's automated gross receipts history file (Report#'s-PGM.E.157, PGM.A.208, PGM.A.251), warning file (Report#-PGM.A.188), docket file (Report#-PGM.A.188), credit law file (Report#-PGM.L.243) and monthly reports (Excise Tax Cases Sent to Hearing Log, Cases Sent to Legal Log, Summary Suspension Log and Monthly Commissioner's Report) prepared by department personnel are the sources of data providing the number of administrative and compliance actions taken by the compliance division during the reporting period for violations found during inspections, analyses, compliance activities, or report analyzations. The actions are counted regardless of when the activity was begun.

*Method of Calculation:* This measure is calculated by manually compiling information from monthly computer reports and manual tabulation of cases referred to the legal section and summary suspensions of permits. The computer reports contain the number of compliance actions issued, warnings issued, waiver orders issued, and all permittees/licensees with a "delinquent" status during the reporting period.

*Data Limitations:* The agency's current efforts to train and educate its customers can decrease the number of violations detected.

*Calculation Type:* Cumulative.

*New Measure:* No.

*Target Attainment:* Neutral.

## **PORTS OF ENTRY OUTCOME MEASURES**

### **01 Revenue as a Percent of Expenses**

*Short Definition:* It is intended to show the cost effectiveness of the ports of entry section.

*Purpose/Importance:* This measure compares the tax revenue generated by the agency's ports of entry section with the total cost of operating that section.

*Source/Collection of Data:* The revenue from fees and taxes collected is accumulated in computerized reports at each port location. The data is submitted to Austin headquarters on the Master Weekly Report, Form C-930, where it is reconciled with bank deposits by the business services division (BSD). Expenditures are tracked in USAS by BSD. Monthly budget and expenditure statements from USAS and quarterly support cost allocations are provided by BSD.

*Method of Calculation:* Total fees and taxes collected from the personal importation of alcoholic beverages and packages of cigarettes divided by the total cost of the ports of entry function (including the section's share of the agency's administrative overhead costs).

*Data Limitations:* Economic conditions in the United States and Mexico which affect currency valuations have a direct effect on the quantity of alcoholic beverages and cigarettes imported and the fees and taxes collected.

*Calculation Type:* Non-cumulative.

*New Measure:* No.

*Target Attainment:* Higher than target.

## **02 Illegal Containers of Alcoholic Beverages and Packages of Cigarettes as a Percent of Total Containers and Packages Imported**

*Short Definition:* A container is considered an illegal importation if:

- It is in excess of the legal importation quota;
- The container itself is illegal;
- It is imported by minors or intoxicated persons; or
- It is not declared or the importer refuses to pay the required tax.

*Purpose/Importance:* This measure shows the rate of noncompliance with the personal importation requirements of the Alcoholic Beverage Code and rules and the effectiveness of the agency's monitoring program in detecting these violations.

*Source/Collection of Data:* Each port location accumulates the number of illegal containers confiscated and the total containers imported on computerized reports. These reports (Monthly Number of Containers Stamped, Form C-920; Destroyed Confiscated Merchandise, Form C-936) are submitted to Austin headquarters on a monthly basis. Monthly reports are compiled showing the total containers/packages confiscated and total containers/packages imported.

*Method of Calculation:* The number of alcoholic beverage containers and cigarette packages identified and confiscated as being imported into the state unlawfully divided by the total number of containers imported for the reporting period.

*Data Limitations:* Economic conditions in the United States and Mexico which affect currency valuations have a direct effect on the quantity of alcoholic beverages and cigarettes imported and the fees and taxes collected. Since the quantity of illegal containers identified bears a direct relationship to total containers imported, the measure would be affected.

*Calculation Type:* Non-cumulative.

*New Measure:* No.

*Target Attainment:* Lower than target.

## **OUTPUT MEASURE**

### **01 Number of Alcoholic Beverage Containers and Cigarette Packages Stamped**

*Short Definition:* This measure is intended to indicate the total number of alcoholic beverage containers and cigarette packages that the ports of entry section has attached stamps to.

*Purpose/Importance:* The stamped containers reflect the amount of fees and taxes paid on imported alcoholic beverages and cigarettes during the reporting period.

*Source/Collection of Data:* The total number of containers and packages imported is accumulated in computerized reports at each port location (Daily Liquor Tax Stamp Sales, Form C-909; Master Weekly Report, Form C-930; Monthly Number of Containers Stamped, Form C-920). The data is submitted to the Austin headquarters where it is manually tabulated to obtain grand totals on the Monthly Number of Containers Stamped Report. The information from each port

location is reconciled with bank deposits by the business services division.

*Method of Calculation:* The number of alcoholic beverage containers and cigarette packages stamped are manually added together for the reporting period.

*Data Limitations:* Economic conditions in the United States and Mexico which affect currency valuations have a direct effect on the quantity of alcoholic beverages and cigarettes imported.

*Calculation Type:* Cumulative.

*New Measure:* No.

*Target Attainment:* Higher than target.

## **EFFICIENCY MEASURE**

### **01 Average Cost Per Alcoholic Beverage Container or Cigarette Package Imported or Confiscated**

*Short Definition:* Total cost of the ports of entry section in stamping or confiscating alcoholic beverage containers or cigarette packages divided by the total number of alcoholic beverage containers and cigarette packages imported or confiscated.

*Purpose/Importance:* This measure is intended to show the average cost incurred by the agency for each container or package imported or confiscated.

*Source/Collection of Data:* The number of containers and packages imported and those confiscated/seized are manually added together by Austin headquarters from reports: Monthly Number of Containers Stamped, Form C-920; Statewide Monthly Destroyed

Confiscated Merchandise, Form C-908; Daily Liquor Tax Stamp Sales, Form C-909; Master Weekly Report, Form C-930; Confiscated Property Report, Form C-934. Expenditures are recorded in the Uniform Statewide Accounting System (USAS) by the business services division. Monthly budget and expenditure statements from USAS are provided by BSD (Expenditures for XX Quarter FYXXXX).

*Method of Calculation:* Total cost of the ports of entry function divided by the total number of containers or packages imported or confiscated.

*Data Limitations:* Economic conditions in the United States and Mexico which affect currency valuations, and other world events, have a direct effect on the quantity of alcoholic beverages and cigarettes imported and may affect this average cost.

*Calculation Type:* Non-cumulative.

*New Measure:* No.

*Target Attainment:* Less than target.

## **EXPLANATORY MEASURE**

### **01 Number of Alcoholic Beverage Containers and Cigarette Packages Confiscated**

*Short Definition:* A container is considered an illegal importation if:

- It is in excess of the legal importation quota;
- The container itself is illegal;
- It is imported by minors or intoxicated persons; or
- It is not declared or the importer refuses to pay the required tax.

The illegal containers are confiscated and destroyed by the ports of entry personnel.

*Purpose/Importance:* This output is intended to measure the total number of alcoholic beverage containers and cigarette packages confiscated for any reason during the period referenced.

*Source/Collection of Data:* The total number of containers and packages confiscated is accumulated at each port location on forms completed by section personnel (Confiscated Property Report, Form C-934; Confiscated Merchandise Destroyed, Form C-908). The data is entered into the port system by port supervisors and submitted to the Austin headquarters on the Statewide Monthly Destroyed Confiscated Merchandise, Form C-908.

*Method of Calculation:* The number of alcoholic beverage containers and cigarette packages stamped are manually added together for the reporting period.

*Data Limitations:* Economic conditions in the United States and Mexico which affect currency valuations, and other world events, have a direct effect on the quantity of alcoholic beverages and cigarettes imported.

*Calculation Type:* Cumulative.

*New Measure:* No.

*Target Attainment:* Neutral.

# Appendix E: Workforce Plan

## SECTION I

### **OVERVIEW**

The Texas Alcoholic Beverage Commission (formerly the Texas Liquor Control Board) was created in 1935.

Under the Alcoholic Beverage Code, the TABC *“shall inspect, supervise and regulate every phase of the business of manufacturing, importing, exporting, transporting, storing, selling, advertising, labeling and distributing alcoholic beverages, and the possession of alcoholic beverages for the purpose of sale or otherwise.”*

*“This code is an exercise of the police power of the state for the protection of the welfare, health, peace, temperance and safety of the people of the state. It shall be liberally construed to accomplish this purpose.”*

The Texas Alcoholic Beverage Code was enacted to protect against involvement of the criminal element in beverage alcohol trafficking. The legislature has very strictly prohibited persons who have been convicted of certain crimes from obtaining licenses or permits. Also prohibited are “tied house” violations where ownership overlaps the three marketing levels (manufacturing, wholesaling, and retailing) in the alcoholic beverage industry.

The separation of marketing levels is closely scrutinized. TABC employees review all shipments of alcoholic beverages into Texas, as well as any transfer of merchandise between

wholesalers. Background investigations and other research are undertaken when a person applies for a permit or license to operate in some phase of the industry. Efforts are made to detect ownership by others involved at different levels, as well as those factors that would tend to disqualify an applicant, such as previous criminal history or indebtedness to the state for taxes.

### **ORGANIZATIONAL STRUCTURE**

The policy-making body of the agency is a three-member governing board appointed by the Governor with the advice and consent of the Senate. Members of the commission hold office for staggered terms of six years, with the term of one member expiring every two years. Each member must be a Texas resident and must have resided in the state for at least five years preceding the appointment. Commission members serve without salary.

The commission is currently comprised of Chairman John T. Steen, Jr., of San Antonio, Commissioner Gail Madden of Dallas and Commissioner Jose Cuevas, Jr., of Midland.

An administrator, appointed by the three-member governing board, directs the daily operations of the Texas Alcoholic Beverage Commission. The current administrator is Alan Steen, who was appointed August 1, 2003. The administrator is responsible for employing staff to ensure that the policies established by the commission and the laws enacted by the legislature

are implemented in an efficient and cost-effective manner.

Sharing in that responsibility is an assistant administrator, public information officer, as well as the directors of the agency's functional and administrative support divisions. This includes enforcement, licensing, compliance, education/prevention, general counsel/legal services, information resources, business services, and human resources.

There are also specialized sections for marketing issues, homeland security, and an office of professional responsibility. An independent audit firm performs internal audit functions for the agency, reporting directly to the commissioners. For a detailed organization chart, please see Appendix B.

#### *Enforcement*

The agency's largest and most visible operating unit is responsible for the criminal and administrative enforcement of the state's alcoholic beverage laws. Certified peace officers, known as TABC agents, inspect premises licensed by the agency and investigate alleged violations of the Alcoholic Beverage Code and other state laws. Increasingly, the commission has placed a greater emphasis on developing initiatives that target the problems associated with underage drinking and over-consumption of alcohol. Agents provide presentations to licensees and their employees upon request as well as in response to age law violations by the permit holder. In addition, presentations are delivered to schoolchildren, ranging from middle schools to college and university settings. Finally, agents provide presentations to civic organizations and other law enforcement agencies in an attempt to

promote a better understanding of the law and the roles and responsibilities of the Texas Alcoholic Beverage Commission.

#### *Licensing*

The licensing division investigates and processes applications for all phases of the alcoholic beverage industry, including the manufacture, sale, purchase, transportation, storage, and distribution of alcoholic beverages. The division must ensure that each applicant is qualified to hold such license/permit and adheres to all applicable regulatory requirements. Approximately 100,000 licenses and permits are issued each year by division personnel.

#### *Compliance*

The compliance division is charged with the oversight of the taxing authority of the agency, as well as administrative/regulatory enforcement of the Alcoholic Beverage Code. The division plays a role in the initial licensing process through application processing, inspections, fee analysis, and marketing practices reviews. Personnel receive and process monthly excise tax reports and ensure taxes have been paid and that other reporting requirements are in adherence with the statutes of the Alcoholic Beverage Code through an audit oversight function. The division oversees the labeling of alcoholic beverage products in Texas. In addition, field personnel conduct investigative audits, regulatory compliance, and other financial reviews and assist the enforcement division in various types of investigations.

The ports of entry program, a section of the compliance division, is responsible for ensuring compliance with personal importation laws and the collection of taxes and fees on alcoholic beverages

brought into Texas. Taxpayer compliance officers monitor compliance with the laws regarding importation of cigarettes into Texas and collect the applicable taxes for the Office of the Comptroller of Public Accounts. Agency personnel are stationed at all major bridges along the Texas-Mexico border.

#### *Marketing Practices*

The marketing practices section is responsible for oversight of the promotion of alcoholic beverage products in Texas. This section utilizes compliance and enforcement field staff for its investigative work.

#### *Office of Professional Responsibility*

The office of professional responsibility oversees or conducts all internal investigations concerning the conduct of agency employees.

#### *Information Resources*

The information resources division is responsible for developing and maintaining the core technology applications for the agency, which includes licensing, enforcement, compliance, legal, and business services. Additionally, the division establishes and supports the technology infrastructure that facilitates agency operations, and is charged with researching and analyzing how to apply new technologies to solve business problems.

#### *Business Services*

The business services division is responsible for all fiscal operations of the agency, including revenue processing, accounts payable, payroll, time and leave accounting, maintenance of the general ledger, as well as preparation and oversight of the agency's legislative appropriations request, annual report, and performance

reports. The general services section of business services is responsible for staff support functions of purchasing, historically underutilized business (HUB) program coordination, real and personal property management, facilities leasing, fleet management, mail center operations, and warehousing.

#### *Human Resources*

The human resources division manages employment-related activities, including recruitment, selection, benefits and compensation, employee relations, classification, training, risk management, and implementation of the agency's equal employment opportunity program.

#### *Legal Services*

The agency's legal services division prepares, processes, and prosecutes administrative cases dealing with violations of the Alcoholic Beverage Code. This division also reviews and prosecutes application protests by the commission, local authorities, and citizens to the issuance of licenses and permits. When violations by permittees and licensees throughout the state are alleged, a hearing is held by the State Office of Administrative Hearings. Outcomes of such hearings include recommendations to cancel, suspend, grant, or deny a license or permit.

#### **MISSION**

The mission of the Texas Alcoholic Beverage Commission is to supervise and regulate all phases of the alcoholic beverage industry to ensure the protection of the welfare, health, peace, temperance, and safety of the people of Texas, while facilitating fairness, balanced competition, and responsible behavior through voluntary compliance.

### **PHILOSOPHY AND VALUES**

The Texas Alcoholic Beverage Commission will exemplify friendly, courteous, ethical, and professional behavior in all areas of performance. We will provide the best possible services at the lowest possible cost to the people of Texas. We will apply the law and agency policy fairly and consistently throughout the state. We will communicate openly and provide timely and accurate information to the public we serve, and to all our fellow employees.

### **VISION**

A safe and sober Texas served by the Texas Alcoholic Beverage Commission known for its innovation, efficiency, work ethic, and fiscal responsibility.

The agency pursues its vision of a safe and sober Texas, not only through normal police activities, but also through licensing and regulation of commercial activity within the alcoholic beverage industry.

### **STRATEGIC GOALS AND OBJECTIVES**

#### **Goal 1:**

To protect the peace and safety of the public by taking positive steps to encourage voluntary compliance with the Texas Alcoholic Beverage Code and other state laws and by undertaking enforcement and regulatory actions that are both fair and effective.

**Objective:** Detect and prevent violations of the law.

**Strategy:** Deter and detect TABC code violations.

**Strategy:** Deter violations of the TABC code through education.

#### **Goal 2:**

To process and issue alcoholic beverage license/permit applications while ensuring compliance with the Alcoholic Beverage Code through investigations and other regulatory means.

**Objective:** Process and issue license and permit applications.

**Strategy:** Ensure compliance with laws and other regulatory requirements.

#### **Goal 3:**

To ensure compliance with the Alcoholic Beverage Code in the manufacturing, importing, exporting, transporting, storing, selling, serving, and distributing of alcoholic beverages.

**Objective:** Ensure compliance with the Alcoholic Beverage Code.

**Strategy:** Conduct inspections and monitor compliance.

**Objective:** Ensure maximum compliance with importation laws.

**Strategy:** Place ports personnel for maximum revenues.

## SECTION II Current Workforce Profile (Supply Analysis)

### **WORKFORCE DEMOGRAPHICS**

The following charts profile the agency's workforce at the end of fiscal year 2005. TABC's workforce total is 563.50. The workforce is comprised of 62 percent males and 38 percent females. Over 60 percent of the employees are over the age of 40. More than 42 percent of employees have less than five years of agency service. This figure is relatively high and possibly results from the turnover in lower paid positions the agency has experienced.

**FIGURE 16: Agency Age Profile 2005**

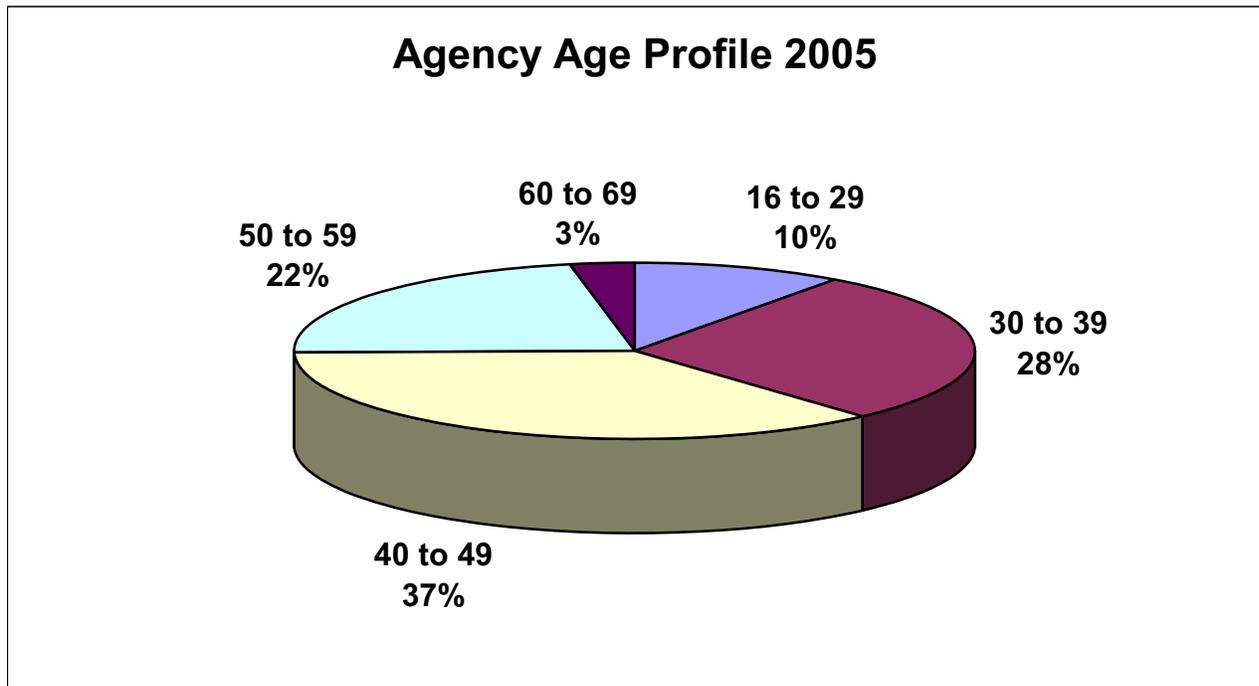


FIGURE 17: Agency Gender Profile 2005

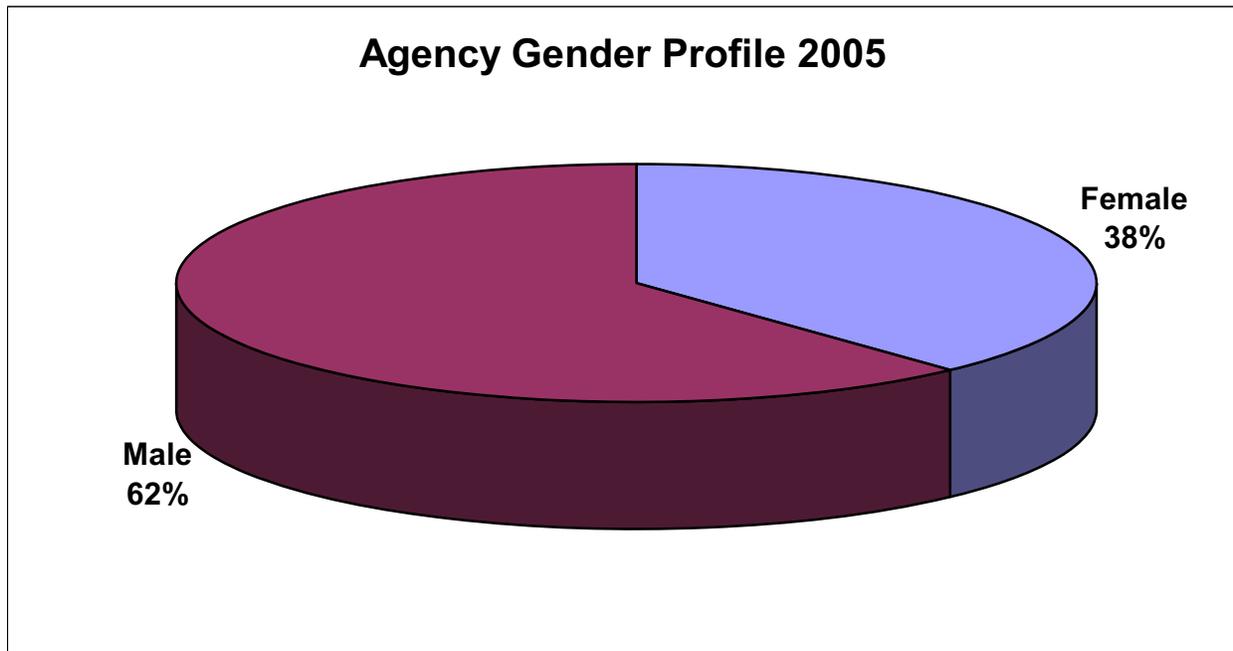
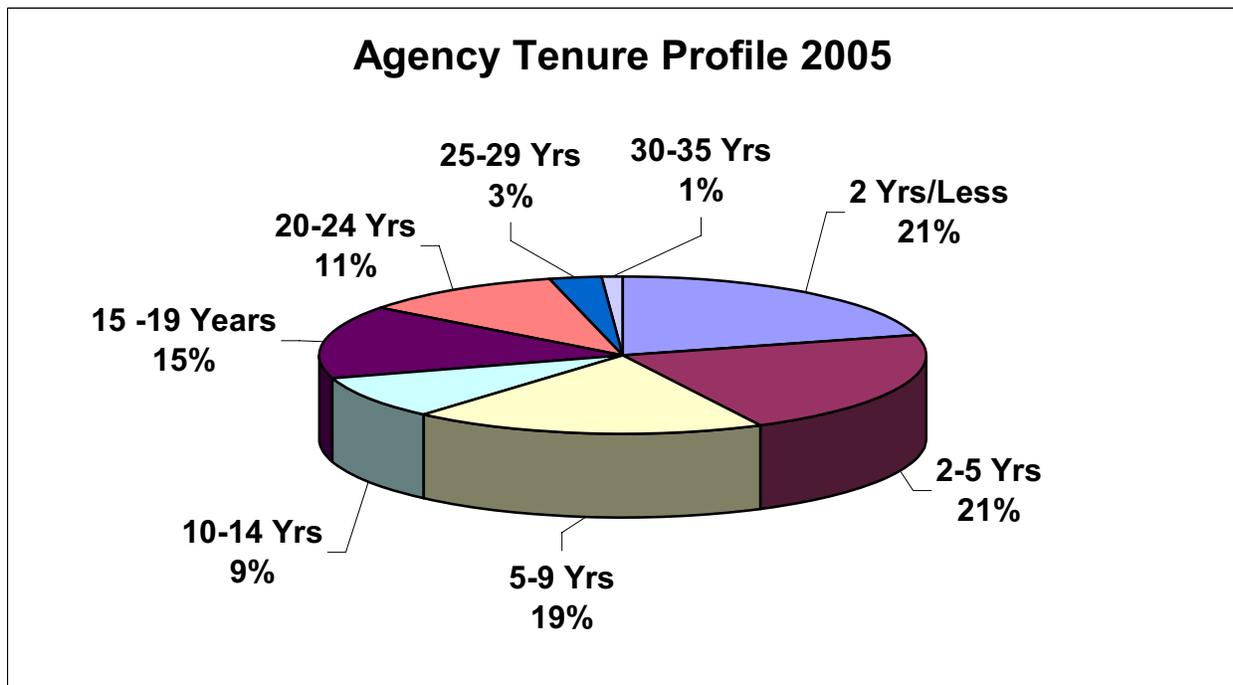


FIGURE 18: Agency Tenure Profile 2005



The following table compares the percentage of African American, Hispanic, and female employees to the statewide civilian workforce.

**FIGURE 19: Workforce Profile Comparison 2005**

EEO Category	Statewide Civilian Workforce					TABC Workforce				
	African American	Hispanic	White/Other	Female	Male	African American	Hispanic	White/Other	Female	Male
Officials/Administrators	7.1%	15.2%	77.8%	44.1%	55.9%	11.1%	0.0%	88.9%	33.3%	66.6%
Professional	7.9%	14.4%	77.8%	54.4%	45.6%	10.8%	21.3%	67.9%	51.1%	48.9%
Technical	10.4%	19.8%	69.8%	47.5%	52.5%	10%	7.5%	82.5%	20%	80%
Protective Services	18.02%	22.09%	58.80%	47.5%	52.5%	6.7%	23.6%	69.7%	12%	88%
Paraprofessional	17.86%	31.78%	47.16%	55.61%	78.43%	2.6%	72%	25.4%	54%	46%
Administrative Support	9.9%	23.2%	66.9%	61.5%	38.5%	23%	30%	47%	89.3%	10.7%
Skilled Craft	4.7%	34.1%	61.2%	7.0%	93.0%	0.0%	0.0%	100.0%	0.0%	100.0%

The agency remains underrepresented in one or two areas of all seven EEO categories. The overall percentages of the EEO categories have remained stable since 1998 with slight decreases in one category, balanced by increases in others.

There were 73 new hires during the 2005 calendar year, of which 37 (51 percent) were minorities. African Americans comprised 8 percent and Hispanics accounted for slightly more than 41 percent of the new hires during 2005. African Americans made up approximately 15 percent of the agency's terminations, while 34 percent of the terminations were Hispanic.

The agency's representation of African Americans exceeded their availability in the statewide civilian workforce in the official/administrator, professional, and administrative support categories. However, African American representation remains more than 10 percent below the available civilian

workforce in the paraprofessional and protective services categories.

The agency also has a favorable level of representation of Hispanics in the professional, paraprofessional, protective services and administrative support categories. A large portion of the Hispanic representation in the paraprofessional category includes ports of entry personnel. Ports of entry personnel are hired to conduct TABC business at ports of entry from Mexico. Hispanics make up the majority of the population in these areas.

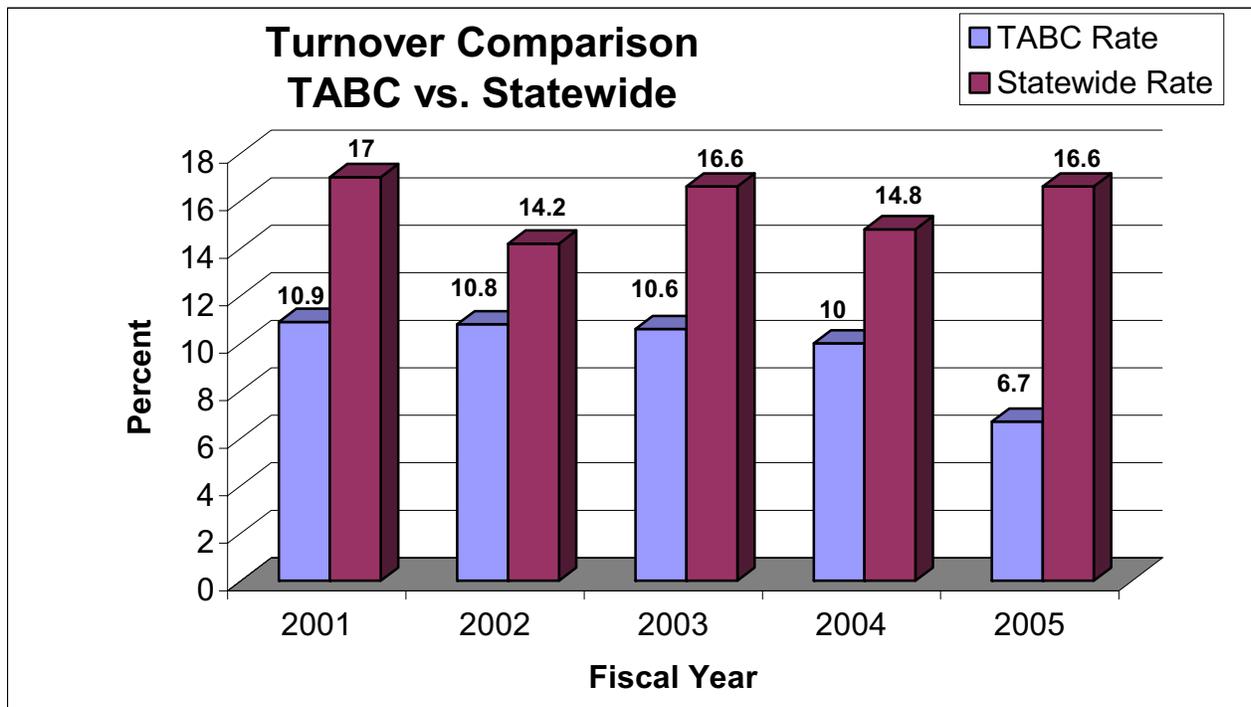
The agency's representation of female employees has remained approximately the same. Fifty-six percent of the new hires during 2005 were females; however, 45 percent of the terminations were females.

Hispanic, African American, and female representation in the Technical and Skilled Craft categories remains low. These are two specialized categories containing a limited number of positions in which turnover rarely occurs,

providing no opportunity to increase representation numbers. Consequently, the resignation or reclassification of one

employee will drastically affect the overall representation.

**FIGURE 20: Turnover Comparison TABC vs. Statewide**



During the last five years, the agency's turnover rate has remained relatively steady. The above chart compares the average TABC turnover rate to that of the state over the last five years. The agency's turnover rate has been lower than the state as a whole; however, the turnover rate increases significantly when comparing EEO categories within the agency. The agency experiences higher turnover in the administrative support and paraprofessional EEO categories. Turnover in those categories is due to the inability to compete with private sector and/or other state agencies in terms of pay.

Trend analysis indicates that turnover rates over the next five years should be as depicted in the following graph. Past

trends, however, may not accurately predict a future in which the workforce ages at a more rapid pace. In the past, retirement has not accounted for the majority of terminations. Over the next few years, it will become critical because of the number of personnel eligible for retirement in key positions with a high degree of expertise. During the next five years, 159 employees will become eligible for retirement. Of those projected retirements, 86 are classified in non-commissioned positions. Commissioned peace officers account for 73 of the possible retirements. Figure 22 below examines the potential loss of employees due to retirement over a five-year period.

FIGURE 21: Projected Agency Turnover Rate

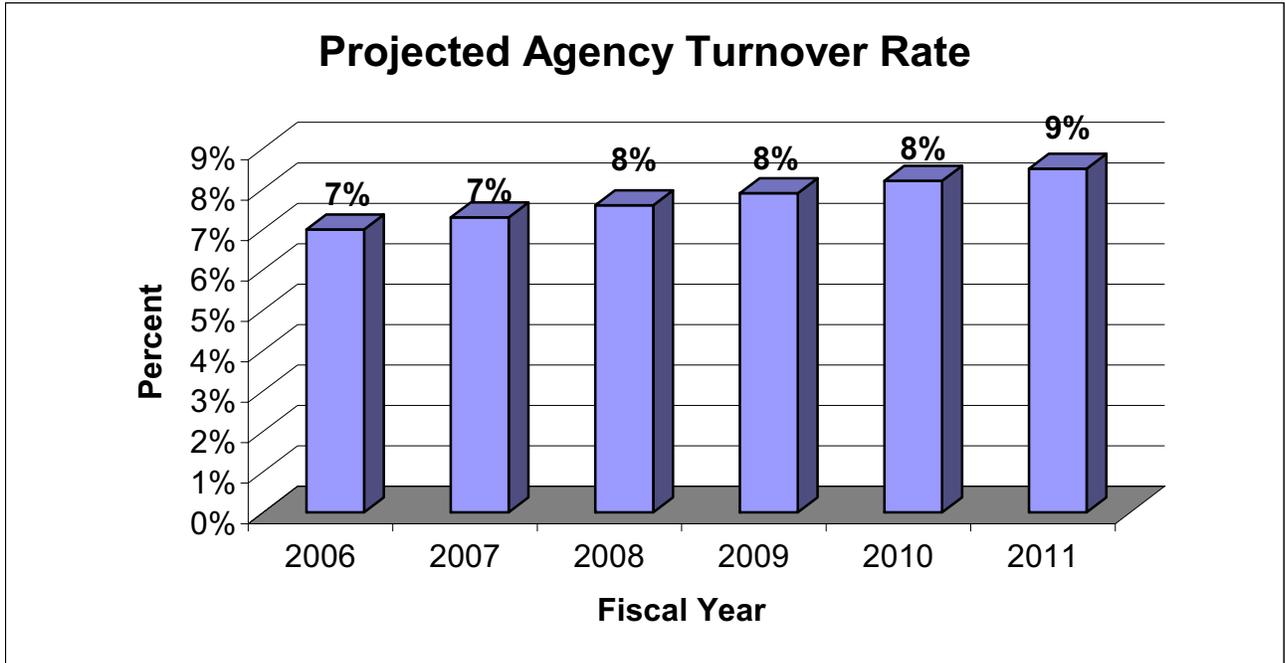
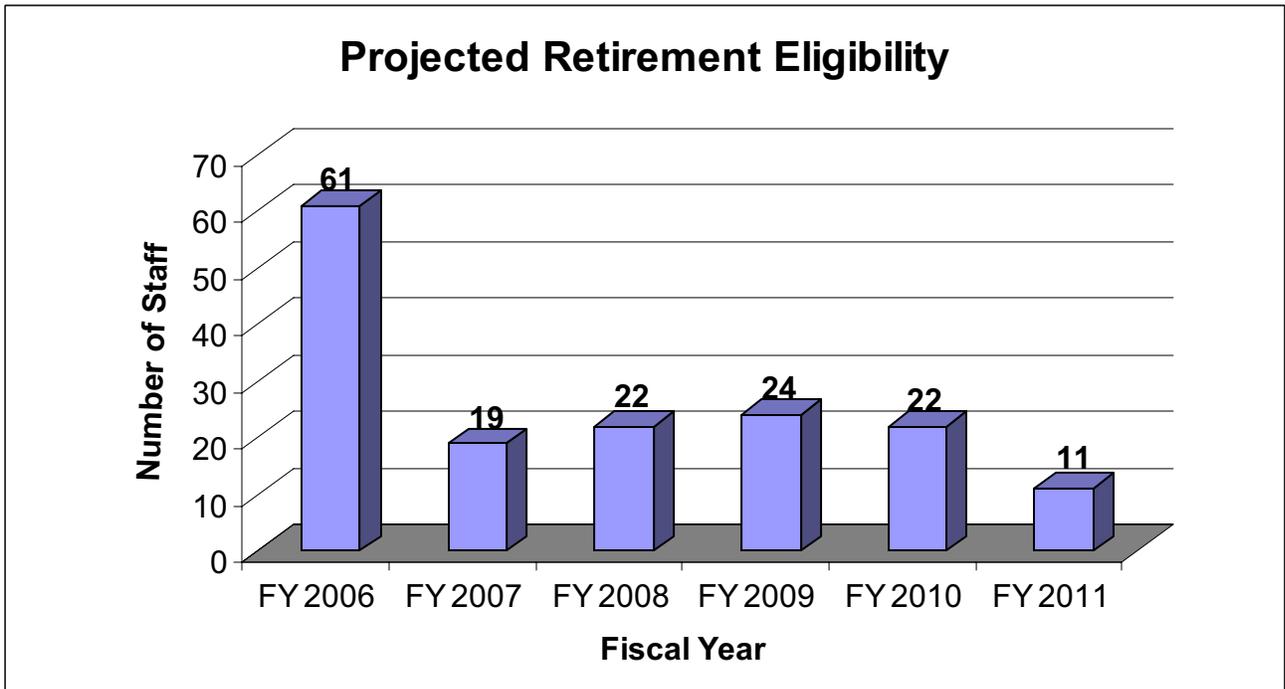


FIGURE 22: Projected Retirement Eligibility



### **CRITICAL WORKFORCE SKILLS**

Although the agency has many qualified employees, there are critical skills that are necessary for the agency to operate. Without such, basic business functions could not be provided. These skills are customer service, database development, and maintenance. We also recognize that skills such as written and oral communication, bilingual language skills, and interpersonal skills will always be a necessity.

Determining the existing levels of skills for employees is difficult. It is not possible at this stage to determine the skills individual employees have. The identification of required competencies and a comprehensive skills audit throughout TABC should be undertaken so that future planning for the development and importation of workforce skills and competencies are improved.

### **CHALLENGES AFFECTING CRITICAL WORKFORCE SKILLS**

Staffing, both currently and in the future, requires employees with the educational level to match the complexity of the work they are required to perform. This ranges from high school graduates for the filing positions, to employees with degrees in business-related fields.

The workplace is becoming more automated and efficiency-oriented. The public expects services to be easily accessible, customer friendly, and cost effective. In addition, in the future both workers and customers are becoming more diverse. As a result of these factors, staffing of positions will require better-educated, trained, and a more technical staff. Many positions currently

require outside and/or state certifications in order to perform job duties, and few positions within the division will accommodate the hiring of non-experienced personnel due to down time and limited staff.

Organizational, communication, and problem-solving skills are needed at all levels of the organization. In addition, most positions within all divisions will require the utilization of a computer. The changing demands for increased information technology services means TABC will need to revise the staffing needs for its information technology business unit.

## SECTION III Future Workforce Profile (Demand Analysis)

### **EXPECTED WORKFORCE CHANGES**

The aging of the available workforce will pose unique challenges to the agency and especially its law enforcement arm. Because of the physical exertions often required in police work, workforce age can greatly affect program effectiveness. Increased automation may very well improve certain work processes and decrease manpower requirements to a limited degree, but it cannot offset the need for physical contact between enforcement agents and those they regulate, or between enforcement agents and criminal violators. The need for a physically fit and physically able agent workforce will remain. Population growth patterns indicate that the older population is steadily increasing. The number in the population under 18 is decreasing and the number of persons between the ages of 18 – 24 is growing at a slower rate than the general population. Thus, the population segment from which the workforce can be drawn (21- to 50-year olds) will shrink as a percentage of the general population. Under these circumstances, workforce demand will certainly outpace available supply.

The population of Texas and its workforce will become increasingly Hispanic in composition. Asian and Southwest Asian subpopulations are also expected to grow. While increased diversity has a multitude of possible advantages for the agency, a significant advantage is that increased diversity in the available workforce should make it easier for the agency to recruit, hire, and

retain a greater number of bilingual enforcement agents, more of whom are desperately needed to serve an increasingly multilingual population.

While the agency's mission and the enforcement division's goals and objectives are expected to be relatively fixed, the strategies, technologies, and work processes used to achieve them will change and, as they change, so too will the knowledge, skills, and abilities needed within the workforce.

For example, in the past, the tactics used to achieve enforcement division's primary objective -- detecting and deterring violations of the Alcoholic Beverage Code -- were limited to those associated with direct street enforcement -- inspections, surveillance, and limited undercover work. Today, with a greater emphasis on public education and working with and through other organizations, agents have to be communicators, teachers, planners, organizers, and motivators as well as enforcers of the law. Also, because of the growing use of technology and the increased complexity of some of the activities in which they take part, agents have to have a broader range of skills and knowledge.

This expansion of the division's tactical methods translates into a great expansion of the range of knowledge, skills, and abilities required of an effective enforcement agent. Neither expansion is expected to stop, which means the enforcement agent of tomorrow will have to be more broadly educated and better trained. As a consequence, the agency will not only be competing to attract a shrinking segment of the future workforce, its

competition will be increasingly focused towards the upper end of that segment.

Employees within the licensing division will require more formal education because of the complexity of business entities applying for licenses and permits. Most will require degrees in business, accounting, finance, or related areas. Higher skilled employees will be required to be intuitive, self-motivated, and analytical, working in a very fluid environment and atmosphere.

Auditors' decreasing involvement in tax collection, due to consolidation of entities, will expand their role. In the future, auditors' duties will include investigations, providing regulatory oversight, and acting as an information resource.

Increases in technology will enhance information gathering and report writing. Employees will be required to have computer literacy skills ranging from very basic to advance. More efficient programmers, database administrators, and network and systems support specialists will be necessary to increase technology efforts. A re-engineering of workflow processes, revising, and streamlining must also take place to identify and implement necessary automation for improved efficiency and greater productivity.

Employee training will need to be enhanced to an on-going continuing education program to provide sufficient training in new processes and to supplement prior training of those hired. This training modality should include both internal and external courses in classroom and/or seminar settings and instructional or on-line training. A basic

need may also rise for increased usage of cross training among employees and across divisions due to shrinking resources to hire additional manpower.

### **FUTURE WORKFORCE SKILL REQUIREMENTS**

TABC enforcement agents will be required to have the ability to communicate well both orally and in writing, as well as the ability to plan, analyze, organize, and lead. Increased knowledge and use of computer technology as well as proficient computer user skills will become an integral part of the workplace.

Investigative skills will continue to be a necessary component in an agent's skill set. A background in investigations can be either required as a condition of employment or acquired after hiring. If the agency decides that it is not better served by requiring such skills and experience as a prerequisite of the job, then it should have a training program in place that ensures that agents acquire these needed skills.

Basic peace officer certification and a limited degree of law enforcement experience are no longer enough to satisfy the division's tactical needs. Agents will need a broader range of training, education, experience, and managerial skills.

To effectively and efficiently process all applications ensuring compliance with all provisions of the Texas Alcoholic Beverage Code and Rules and other local, state, and federal statutes, employees must have varied attributes. These may include, but are not limited to, additional formal education, degrees in business, accounting, finance, or

other related fields, the ability to analyze various and complex structures, and supervisory skills or management potential.

Auditors, similar to enforcement agents, will require investigative skills, the ability to communicate, and the ability to plan, analyze, and organize. Increased knowledge and use of computer technology will be necessary as well.

Cash handling experience, customer service, problem resolution, report writing, oral and written communications, and safety awareness will remain necessary as basic level skills.

Support services will require maintaining a knowledgeable and competent staff. As those services move toward a more strategic focus, staff will need skills such as project management, teamwork, negotiation and facilitation, strategic planning, business process re-engineering, statistical analysis, fiscal management, and performance assessments.

Technical environment workforce skills, with expanded technology, will also require change and security management, network and operating systems expertise, database administration, and other training as essential for future positions. More specifically, PC and PC application skills and working knowledge of external systems such as USAS, USPS, ABEST, and human resources information systems will become required skills for employees in several divisions.

### **STAFFING NEEDS**

To perform critical functions as outlined above, the TABC has 295 budgeted

commissioned peace officer positions in the enforcement division. The TABC needs every full-time position from its budgeted commissioned peace officer positions to meet its performance targets. Inability to hire or excess delays in hiring replacements adversely affects performance achievement. Failure or inability to maintain adequate skill and proficiency levels among the agents also adversely affects performance achievement, and of course, the range of skills and proficiencies necessary will expand as new tactical methods are employed.

With respect to staffing and the skill and proficiency levels of its agents, the division's chief concern is that future retirements will lead to an exit of manpower, knowledge, and experience. Compounding this concern is the fact that all law enforcement agencies are competing for a shrinking applicant pool, and state agencies with enforcement responsibilities are unable to attract top candidates due to a noncompetitive salary structure.

The licensing division is currently authorized to have 46 employees. Past reviews to automate parts of the applications process have indicated that no reduction of staff would be obtained. However, automation of agency programs overall may result in the re-evaluation of workloads within the licensing as well as other TABC divisions and/or sections as to staffing.

Enactment of new legislation regarding license/permit cancellations may further affect this division's needs and will definitely increase the need for additional attorneys in the legal section

due to an increased caseload resulting from increased enforcement efforts.

The compliance division anticipates a need for increased field personnel to conduct investigations, audits, and analyses.

The ports of entry section will need additional personnel due to renovation of existing bridges. Three positions will be required for two bridges being renovated. Paso Del Norte POE will have an additional vehicular workstation staffed 16 hours per day (two shifts) which will require additional manpower. Progreso POE will also be undergoing renovation, which will increase the distance between the pedestrian workstation and the vehicular workstation. Whereas in the past, both workstations could be staffed by one employee, it will now require two. Additional bridges that are scheduled to come on-line in the near future are Anzalduas POE and Donna-Rio Bravo POE in the lower Rio Grande Valley area. Guadalupe-Tornillos POE in El Paso is scheduled to open in 2012. Additional staff may ultimately be required in headquarters to balance the increased field staff. Supervisory or managerial positions may also become necessary, depending on the overall increase of agency positions in relation to current management/staff ratios. Additionally, other factors such as an increase in the workforce size, increased demands on existing program, onset of new programs or tasks such as Internet on-line processing, and reallocations of processes may also create the need for additional personnel, especially in service-related divisions.

### **CRITICAL FUNCTIONS**

Determining the agency's workforce requirements for the future requires consideration of a range of factors. The following critical functions have been identified:

- Enforcement activities such as inspections, complaint investigations, and public education programs to achieve goals and objectives.
- Processing applications for all phases of the alcoholic beverage industry involving the manufacturing, sale, purchase, transportation, storage, and distribution of alcoholic beverages and determining each applicant's qualifications to hold such license or permit.
- Maintaining complete and accurate information of all licensees and permittees and to provide this information in a timely manner to agency personnel, members of the alcohol beverage industry, other law enforcement and state agencies, and to the general public.
- Ensuring the state is adequately protected from the potential loss of revenue from taxes and non-compliance by maintaining current tax security and performance bonding.
- Processing monthly tax and informational reports and credit law notices. Monitoring and evaluating seller training schools and classes. In compliance with code and rules, collecting taxes on alcoholic beverages and cigarettes.

- Conducting investigations, audits and analyses, inspections of licensed entities, and inspections of applicants holding alcoholic beverage permits or licenses. Maintaining and accounting for confiscated properties.
- Strategically moving towards re-engineering of the agency's information resource systems and other independent database systems. Increasing support of the agency's network and PC computing environments, and increasing security awareness and oversight.
- Processing all financial transactions in an efficient and timely manner and preparing necessary reports for management and as statutorily required. Budgeting agency appropriations and managing grant programs effectively.
- Attracting and retaining qualified applicants for positions within the division and developing and training division employees for future positions within other divisions.
- Maintaining voice and radio communications systems and portfolio of office, radio, and warehouse leases. Procuring goods and services effectively and efficiently, and managing vehicle fleet and capital equipment.
- Exploring and implementing cost-effective changes utilizing the advancements in technology.

## SECTION IV Gap Analysis

### **ANTICIPATED SURPLUS/SHORTAGE OF EMPLOYEES**

A shortage of qualified police recruits is dependent upon three factors: (1) growth of staffing relative to the growth of general population, (2) growth of staffing relative to the growth of the potential pool of applicants, and (3) the competitiveness of the state salary structure.

Based on past history, any growth in staffing is likely to be relatively small and certainly not proportionate to the growth of the general population. As for the pool of potential applicants, it will shrink relative to the general population, but still grow in absolute terms.

If the state salary structure remains moderately competitive (better than most small or intermediate size police departments and sheriff's offices), the TABC should be able to recruit in numbers sufficient to meet manpower needs. If state salaries increase to become highly competitive (as good as or higher than those of large metropolitan departments), then the agency will not only meet basic manpower needs, but should also be able to minimize personnel development costs by hiring experienced officers who already have the full range of knowledge, skills, and abilities related to general law enforcement needed for agency service.

The TABC projects that law enforcement salaries will be only moderately competitive. Even so, the agency should be able to hire commissioned peace officer

replacements in sufficient numbers but will probably have to make compromises in terms of the knowledge, skills, and proficiency levels of those hired.

Past experiences have demonstrated how difficult it has been to attract, develop, and retain qualified applicants for all support positions within several divisions. Many of the processes and/or job tasks are moving away from untrained and unskilled clerical positions to positions requiring more formal education and technical training. Salaries for administrative positions often do not reflect the higher skill level needed, making recruitment for the positions more difficult. Also, the repetitive nature of several primary job functions hinders efforts to retain more qualified employees. Fatigue and stress brought on by the large volume of work to be processed within a short period of time also adds to the inability to retain employees within the licensing division.

Advancement opportunities are limited within the agency in several job positions, which discourages many of the more qualified and educated employees from making long-term plans and commitment. In many instances, the agency has experienced losing full-time positions in favor of salary increases to retain existing staff due to the difficulty in attracting and retaining qualified employees.

Trends indicate that turnover rates are higher during the first five years of TABC employment. The rate at which less tenured employees are leaving is affecting the agency's ability to position key staff members for promotion, career development, and succession planning.

**ANTICIPATED SURPLUS/SHORTAGE OF SKILLS**

The compromises made at the time of hiring will force the TABC to invest more resources in agent training and development. If employees retire immediately upon becoming eligible, there will be immediate and acute shortages in the knowledge and skills needed for operations; a greater proportion of this investment will have to be made at the front-end of careers than ever before.

For the enforcement division, expected shortages include a lack of computer and oral communications skills among agent trainee recruits. Few are expected to be sufficiently familiar with investigative techniques and procedures or with techniques and procedures for undercover operations. Lack of knowledge concerning the Alcoholic Beverage Code has always been common among recruits but would become more critical if tenured employees are not available to provide on-the-job instruction in practical applications.

Within the compliance division, field personnel are primarily college educated with accounting/business degrees. At the end of fiscal year 2003, the agency lost a number of compliance division employees with over 20 years with the agency because of state retirement incentives. The agency is still recovering from the loss in knowledge and experience, due again to the complexity of the Alcoholic Beverage Code and rules. There was limited existing staff to replace these positions, as the remaining staff were primarily administrative and did not have the skills nor the education to fill professional staff

vacancies. Additionally, because of the loss of knowledge or experience, there is a lack of professional/highly knowledgeable employees to follow a management career.

Increasingly, there is a shortage of skilled workers with the diversification of job skills now required for the majority of positions within the agency. This makes replacement of most positions with qualified applicants a problem, considering current compensation levels as compared to the private sector and other state agencies.

Current employees in administrative support divisions, such as human resources and business services, do not have a wide range of career opportunities inside the agency. Limited advancement is possible, but relative job experience may not qualify staff for other jobs in the agency. Although the skills necessary to carry out most of the tasks associated with the service divisions do not require a college education, the soft skills and technical knowledge that are usually acquired through an advanced education are often missing (management, communication, statistical analysis, and decision making). This may not negatively affect the overall success of divisions as to meeting performance standards, but it could affect how well these divisions interact with other divisions and employees.

Several key positions throughout the agency, and especially in information technology management, have not been targeted for succession planning, although a number of employees have been identified as eligible for retirement in the next five years. A lack of skilled information technology programmers

has slowed the development process for new systems resulting in more outsourcing contracts or slower implementation processes. As well, Internet-based skill sets are not being developed as quickly as needed. The next generation database, programming, and operating systems skills are lacking, and internal candidates for information technology positions are experiencing difficulty competing for higher positions because of limited technical experience.

The ports of entry section does not anticipate a shortage of skills within the next five years, as this segment of the workforce is diverse enough to develop and train future supervisory/management personnel from within the ranks. Working knowledge acquired through length of service coupled with on-site training will enable selecting from present employees.

Currently, throughout the agency, managers are sufficiently skilled in all necessary areas at this time. However, several division directors will become eligible for retirement in the next five years. At the next level, there may be some gaps in skills related to decision making, business process analysis, statistical analysis and computer skills; however, this will present a significant problem if these individuals aspire to become managers. This gap could be difficult to close because of the educational background of current staff and limited opportunity to learn such skills on the job. Manager positions are relatively competitive as far as salary is concerned, so the agency could attract employees outside the agency that would have the skills necessary to take

over the management positions of the division.

### **NEW SKILLS NEEDED**

The need for new skills will arise whenever operational methods change or when new strategies or sub-strategies are added. Changes in high-level strategies are not expected; however, the fine-tuning of existing methods and the adoption of new ones is an on-going process. Such changes are, however, generally incremental and are built on existing skills. When the need for new skills results from changes or additions to existing operational methods, training is provided in advance of full implementation. This training has been primarily in the form of interactive instruction but in the future will also employ teleconferencing and webinars.

To accomplish the mission and goals of the agency, future employees must possess the ability to make sound decisions, communication skills both oral and written, computer skills, business, finance, accounting background or training, analytical skills, customer service, management and supervisory experience, and the ability to work within a stressful atmosphere.

In several areas and for key positions, investigative skills, problem resolution, project management, various certifications, business process analysis, and statistical analysis may also be required.

## SECTION V Strategy Development

In an attempt to address identified deficits between the current workforce and future demands, several strategies will be implemented for the current workforce. These are based on a range of factors identified through analyzing the agency and its workforce.

### **ORGANIZATIONAL STRUCTURE**

Continue to realign personnel and restructure processes utilizing more technology and moving away from labor-intensive manual processes to electronic processes and computer-based applications.

Increase requirements of level of formal education for key positions to facilitate career development among positions. In some cases, education, training, and certifications may become of more value than experience and will be assigned a higher weight during selection processes.

### **RETENTION PROGRAMS**

Encourage greater utilization of staggered work hours and work incentive (flexible) schedules by employees. Encourage increased usage of telecommuting and implement job sharing program.

Continue to utilize performance enhancement programs such as the use of administrative leave and employee recognition. Increase educational incentives and allow for greater flexibility to meet educational demands.

Increase the availability of training both inside and outside of the agency. Increase the use of online training. Require division management to identify

and track employee training needs using the agency's Individual Development Plan. The plan should require the completion of a mandatory set of core training as well as identifying job specific training. The job specific training should enhance skills needed for current positions as well as develop the employee for career advancement.

Offer in-house training at different locations throughout the state to accommodate more employees.

The human resources division should also focus on develop training programs for supervisory skills and soft skills such as communication skills and project management.

Implement career ladders when feasible and encourage greater state benefits through appropriate channels.

### **RECRUITMENT PLANS**

Continue to utilize the agent trainee hiring process that allows for greater participation of field staff, a process to hire agents throughout the year, and increased recruitment in specific areas and locations.

Establish a relationship with college and university career centers to recruit graduates and alumni. Increase participation in high schools, college and university vocational training, and internship programs.

Strengthen relationships with minority organizations and associations, particularly those in the Asian and Hispanic populations to support recruitment of bilingual employees.

Seek additional cost-efficient recruitment resources that are targeted to all areas of the population for key positions within the agency.

Establish membership with associations related to the operations of TABC to facilitate cost-effective advertising.

### **CAREER DEVELOPMENT PROGRAMS**

Encourage participation in the Governor's Management Development Program and Bill Blackwood Law Enforcement Training Program.

Encourage participation in state-sponsored fundamental courses such as fiscal officer, human resources, and information technology academies.

Coordinate and participate with other state agencies in their training by exchanging areas of experience and expertise.

### **SUCCESSION PLANNING**

Continue to identify agency wide career ladders for key positions and competitive promotional process for ranking law enforcement positions.

Selection of personnel for advancement either by employees indicating their desire for advancement or based on supervisor's opinion of employee's ability.

Increase employee job functions/task responsibilities through cross training, job shadowing or special projects.

### **LEADERSHIP DEVELOPMENT**

Develop and implement basic supervisory courses to include a fundamental core of workplace issues relating to management and supervision.

Utilize team and project leaders in special projects, new initiatives or applicable agency processes.

Encourage participation in the Governor's Management Development Program and Bill Blackwood Law Enforcement Training Program.

### **ORGANIZATIONAL TRAINING AND EMPLOYEE DEVELOPMENT**

Continue to provide mandatory training for key positions requiring continuing education mandates.

Continue to provide basic training for respective job functions/tasks such as licensing procedures, business entity training, customer service, Alcoholic Beverage Code and Administrative Rules, and other timely work issues.

Increase accessibility to computer-based training, both interactive and on-line instruction.

Develop individual training plans for employees to assist in identifying potential career advancement and address performance issues.

Increase and develop new training, addressing unique needs of core groups for respective job functions/tasks.

## Appendix F: Survey of Organizational Excellence

Out of 555 employees who received invitations, 436 employees participated in this year's on-line Survey of Organizational Excellence -- a 79 percent response rate. Survey questions dealt with 20 "core constructs," broad themes, or subject areas that go to the heart of job satisfaction and general attitude toward TABC as an employer.

The scores are based on a 500-point system. Scores of 400 or higher indicate areas of substantial strength. Scores above 300 suggest that employees perceive the issue more positively than negatively, while scores below 300 are viewed more negatively by employees. Scores below 200 should be a significant source of concern for the organization and should receive immediate attention. TABC did not have any constructs that indicated an area of substantial strength or a significant source of concern. Ranked from highest to lowest score agency wide, below are the TABC results with previous year's scores for each core area.

<b>Constructs</b>	<b>2006</b>	<b>Change</b>	<b>2004</b>	<b>2002</b>	<b>2000</b>	<b>1998</b>	<b>1996</b>
<b>Areas of Relative Strength:</b>							
Strategic Orientation	394	5.1%	375	378	389	398	385
Quality	377	4.4%	361	366	356	353	344
External Communication	366	4.9%	349	353	387	345	335
Fairness	364	5.2%	346	345	287	279	284
Burnout	363	5.2%	345	350	320	321	323
<b>Other Areas:</b>							
Benefits	362	10.7%	327	354	369	365	363
Empowerment	360	5.9%	340	345	305	299	300
Diversity	358	8.8%	329	329	311	310	307
Availability of Information	355	1.1%	351	350	302	301	301
Goal Oriented	352	4.8%	336	336	340	341	340
Physical Environment	350	-0.8%	353	341	329	319	310
Holographic (Consistency)	349	6.4%	328	333	307	307	308
Time and Stress	346	4.2%	332	337	342	343	348
Employee Development	346	16.5%	297	306	302	306	302
Job Satisfaction	343	1.8%	337	342	319	305	301
<b>Relative Areas of Concern:</b>							
Team Effectiveness	342	7.5%	318	318	322	321	314
Change Oriented	332	6.8%	311	315	305	301	308
Supervisor Effectiveness	338	9.4%	309	313	286	278	283
Internal Communication	323	8.0%	299	290	297	292	289
Fair Pay	289	29.6%	223	229	321	323	311

The Survey of Organizational Excellence consists of five workplace dimensions: Work Group, Accommodations, Organizational Features, Information, and Personal. Taken together these five capture the total work environment. Each workplace dimension consists of several survey constructs. The survey constructs are designed to broadly profile organizational strengths and weaknesses so that interventions may be targeted appropriately.

TABC experienced positive growth in all but one of the constructs in comparison to the last iteration of the survey. The areas that experienced a high percentage of growth were Benefits (+10.7%), Employee Development (+16.5%) and Fair Pay (+29.6%). Although not areas of relative strength, they were identified by employees as having the most significant improvement compared to the previous iteration of the survey. The only construct that showed a decrease in score was Physical Environment (-0.8%). This construct was not a relative area of concern, and the decrease was less than a percentage point; nevertheless, attention should be given to it when considering which areas to focus efforts upon improving.

In order to support the improvement of the agency's organizational needs as outlined in the results of the survey, each division will concentrate on the constructs unique to their division.

**Licensing Division**

- Fair Pay
- Job Satisfaction
- Team Effectiveness
- Time and Stress
- Employee Development

**Ports of Entry**

- Fair Pay
- Benefits
- Supervisor Effectiveness
- Fairness
- Change Oriented

**Enforcement Division**

- Internal Communication
- Fair Pay
- Change Oriented
- Job Satisfaction
- Supervisor Effectiveness

**Compliance**

- Fair Pay
- Internal Communication
- Change Oriented
- Supervisor Effectiveness
- Team Effectiveness

**Business Services**

- Fair Pay
- Internal Communication
- Change Oriented

Below is an explanation of each of the constructs with the workplace dimensions they comprise. The agency score is noted for each construct, with an average score for the dimension as a whole.

**WORK GROUP**

**Average Score: 351**

This dimension relates to employees’ activities in their immediate work vicinity. They include factors that concern how employees interact with peers, supervisors, and all of the persons involved in day-to-day work activity. This is the immediate work environment of the employee.

**Supervisor Effectiveness**

Score: 338

This construct provides insight into the nature of supervisory relationships in the organization, including the quality of communication, leadership, thoroughness, and fairness that employees perceive exists between them and supervisors. This construct helps organizational leaders determine the extent to which supervisory relationships are a positive element of the organization.

**Fairness**

Score: 364

This construct measures the extent to which employees believe that equal and fair opportunity exists for all members of the organization.

**Team Effectiveness**

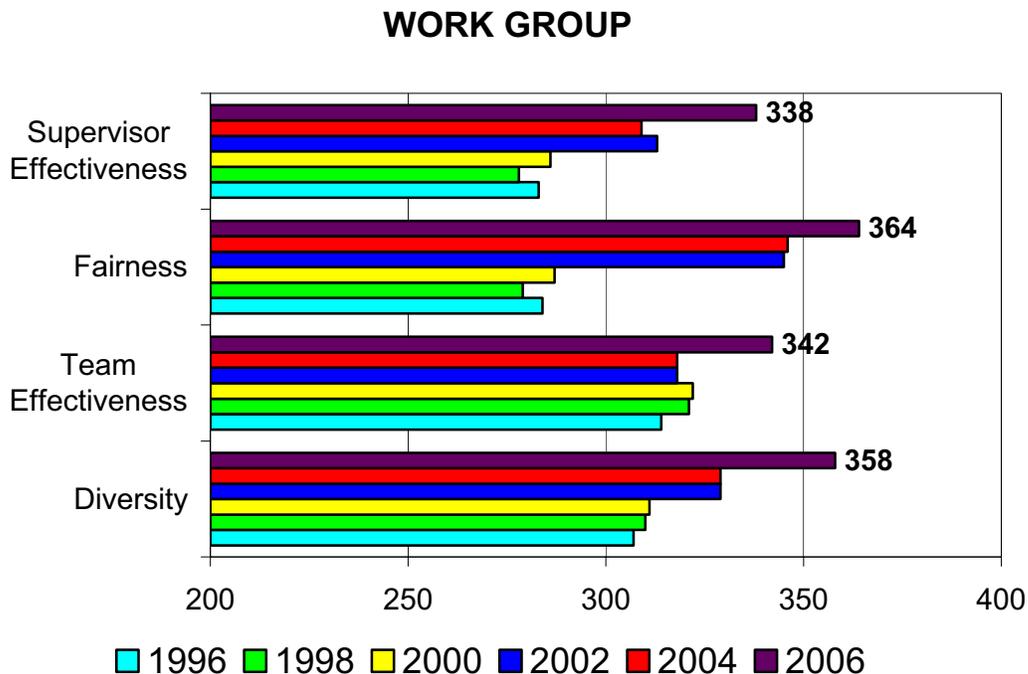
Score: 342

This construct captures employees’ perception of the effectiveness of their work group and the extent to which the organization environment supports appropriate teamwork among employees.

**Diversity**

Score: 358

This construct addresses the extent to which employees feel that individual differences, including ethnicity, age and lifestyle, may result in alienation and/or missed opportunities for learning or advancement.



**ACCOMMODATIONS**

**Average Score: 337**

This dimension looks at the physical work setting and the factors associated with compensation, work technology, and tools. It is the “total benefit package” provided to employees by the organization.

**Fair Pay**

Score: 289

This construct is an evaluation from the viewpoint of employees of the competitiveness of the total compensation package. It addresses how well the package “holds up” when employees compare it to similar jobs in their own communities.

**Adequacy of Physical Environment**

Score: 350

This construct captures employees’ perceptions of the work setting and the degree to which employees believe that a safe and pleasant working environment exists.

**Benefits**

Score: 362

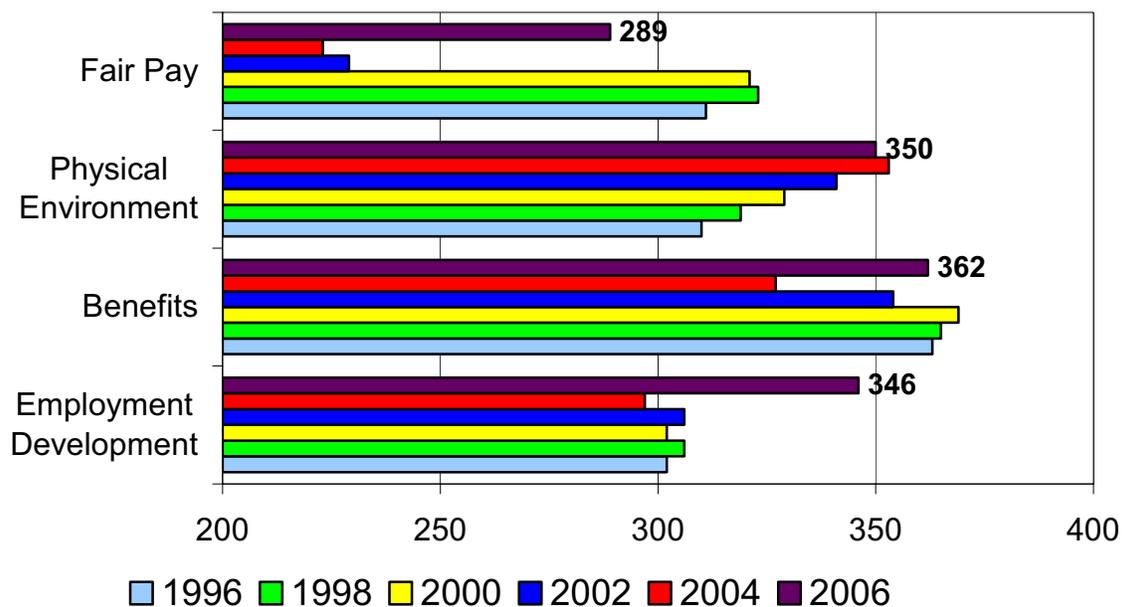
This construct provides an indication of the role that the employment benefit package plays in attracting and retaining employees.

**Employment Development**

Score: 346

This construct captures perceptions of the priority given to the career and personal development of employees by the organization.

**ACCOMMODATIONS**



**ORGANIZATIONAL FEATURES**

**Average Score: 361**

This dimension addresses the organization’s interface with external influences. It is an internal evaluation of the organization’s ability to assess changes in the environment and make needed adjustments. Also included are assessments of the quality of relations the organizations has with the public. In essence, this dimension captures the “corporate” culture.

**Change Oriented**

Score: 332

This construct secures employees’ perceptions of the organization’s capability and readiness to change based on new information and ideas.

**Goal Oriented**

Score: 352

This construct addresses the organization’s ability to include all its members in focusing resources towards goal accomplishment.

**Holographic (Consistency)**

Score: 349

This construct refers to the degree to which all actions of the organization “hang together” and are understood by all. It concerns employees’ perceptions of the consistency of decision-making and activity within the organization.

**Strategic Orientation**

Score: 394

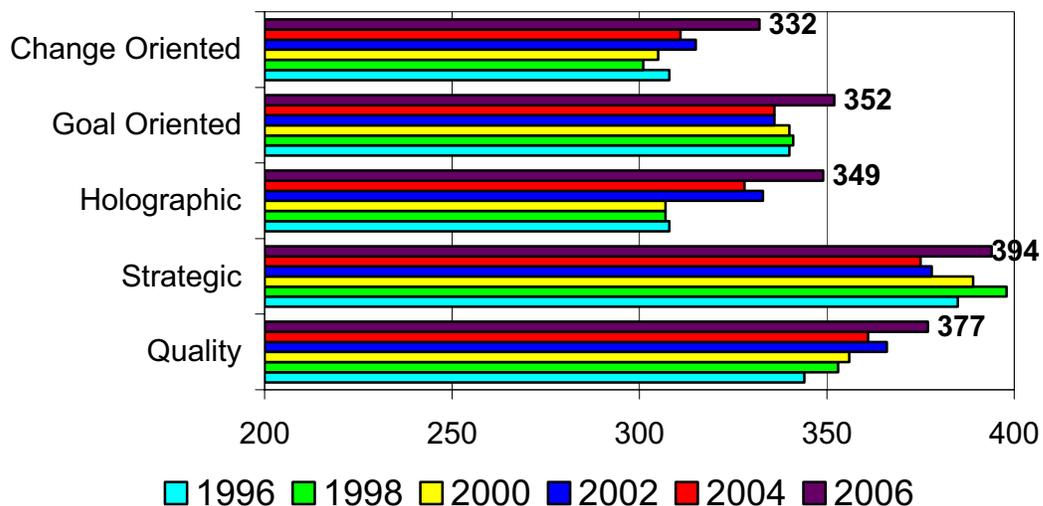
This construct secures employees’ thinking about how the organization responds to external influence, including those which play a role in defining the mission, services, and products provided by the organization.

**Quality**

Score: 377

This construct focuses upon the degree to which quality principles, such as customer service and continuous improvement, are a part of the organizational culture.

**ORGANIZATIONAL FEATURES**



**INFORMATION**

**Average Score: 348**

This dimension refers to how consistent and structured communication flow is within the organization and to outside groups. It examines the degree to which communication is directed towards work concerns, how focused and effective it is, as well as how accessible information is to employees.

**Internal Communication**

Score: 323

This construct captures the nature of communication exchanges within the organization. It addresses the extent to which employees view information exchanges as open and productive.

**Availability of Information**

Score: 355

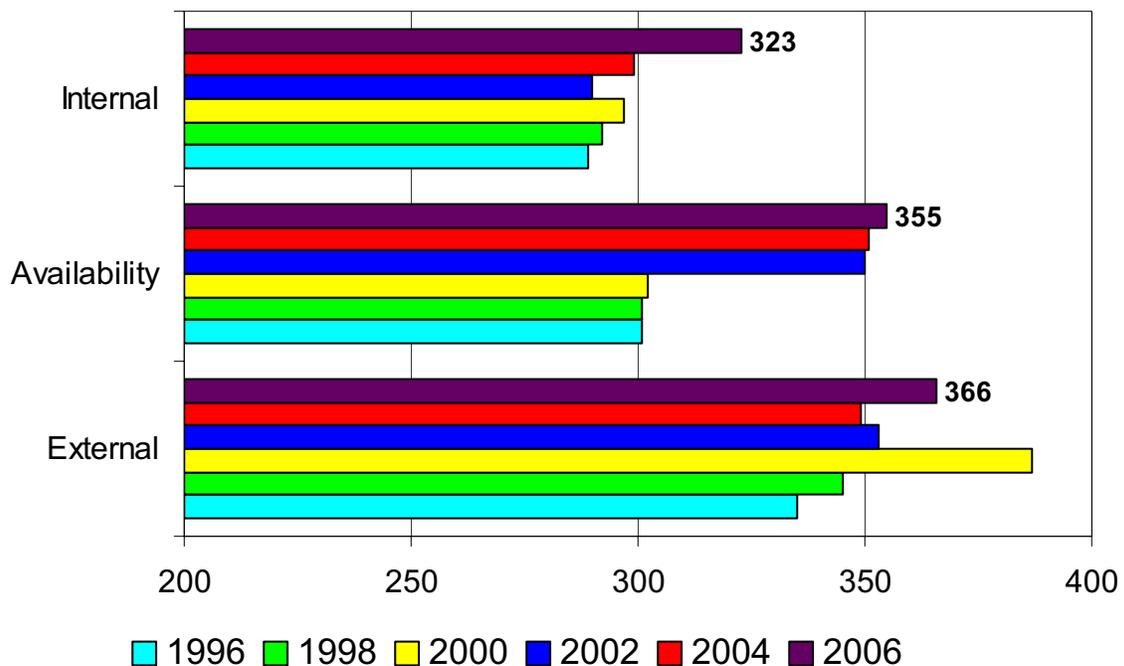
This construct provides insight into whether employees know where to get needed information and whether they have the ability to access it in a timely manner.

**External Communication**

Score: 366

This construct looks at how information flows in and out of the organization. It focuses upon the ability of the organization to synthesize and apply external information to work performed by the organization.

**INFORMATION**



**PERSONAL**

**Average Score: 353**

This dimension reports on how much internalization of stress is occurring and the extent to which debilitating social and psychological conditions appear to be developing the level of the individual employee. It addresses the important interface between employees' home and work lives, and how this relationship may impact job performance and organizational efficiency.

**Job Satisfaction**

Score: 343

This construct addresses employees' satisfaction with their overall work situation. Weighed heavily in this construct are issues concerning employee evaluation of the availability of time and resources to perform jobs effectively.

**Time and Stress Management**

Score: 346

This construct looks how realistic job demands are given time and resource constraints, and also captures employees' feelings about their ability to balance home and work demands.

**Burnout**

Score: 363

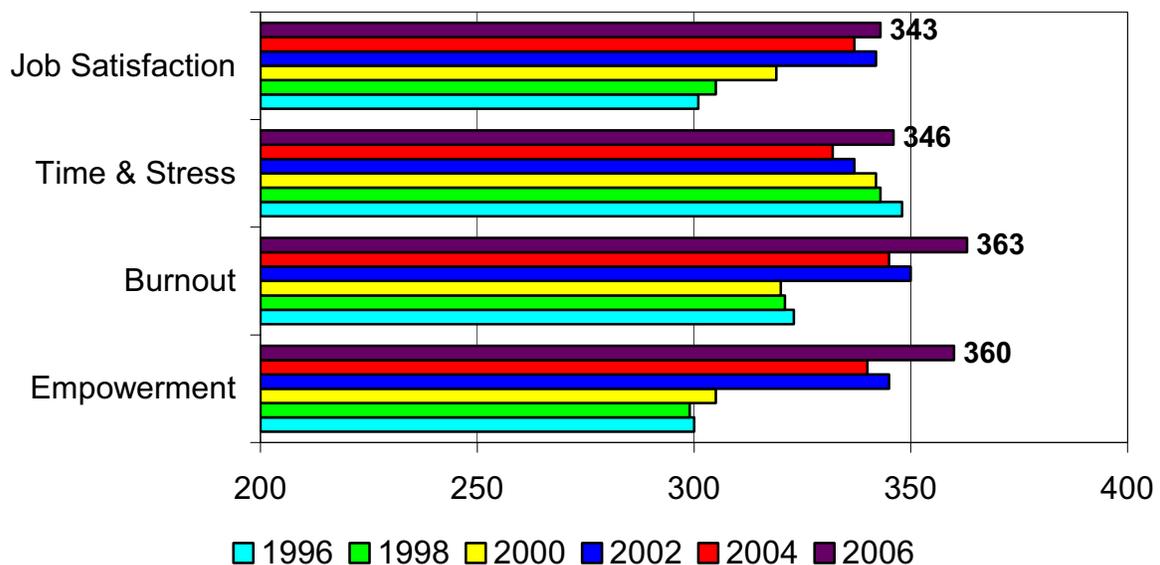
This construct is a feeling of extreme mental exhaustion that can negatively impact employees' physical health and job performance, leading to lost resources and opportunities in the organization.

**Empowerment**

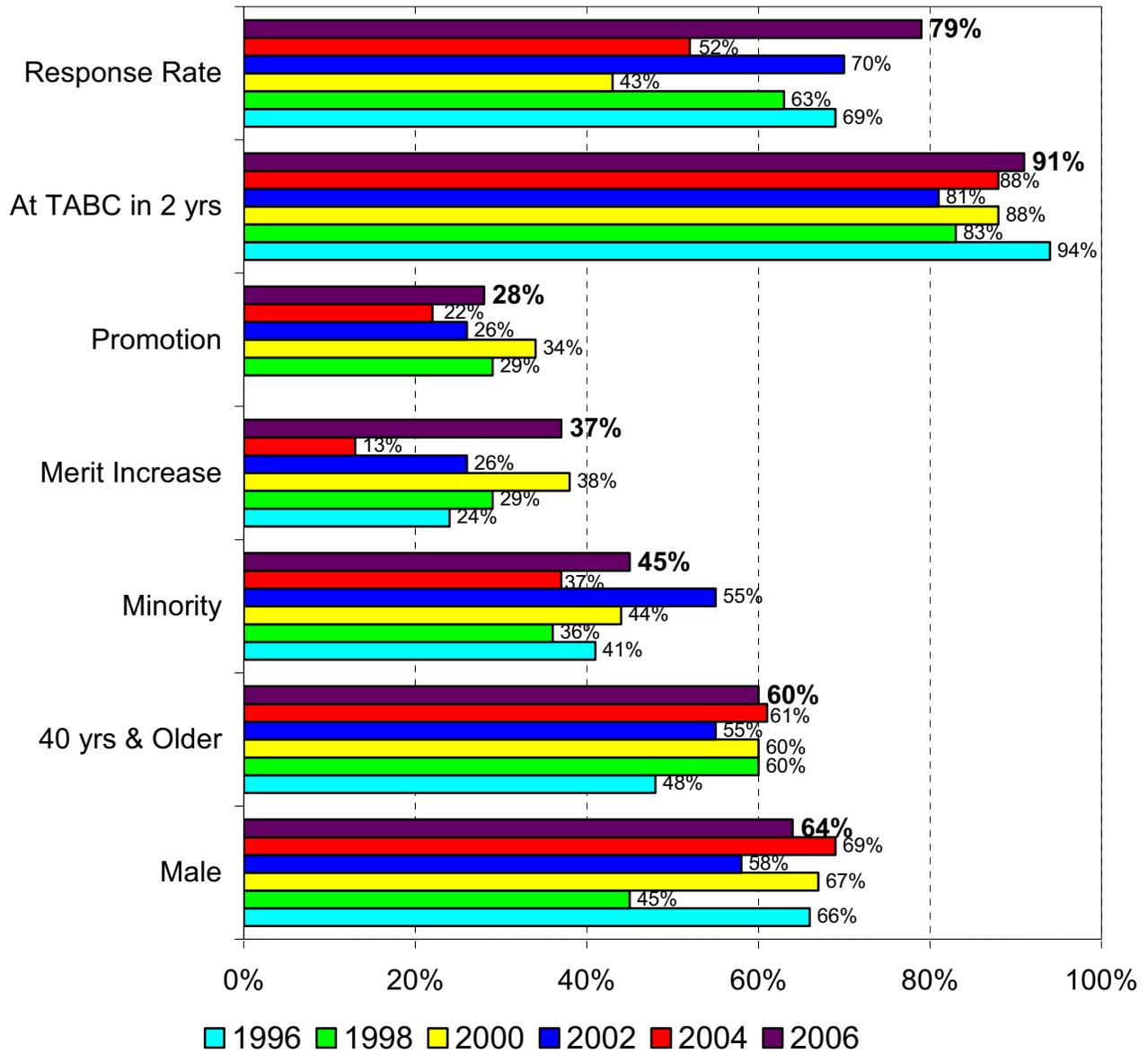
Score: 360

This construct measures the degree to which employees feel that they have some control over their jobs and the outcome of their efforts.

**PERSONAL**



# PARTICIPANT PROFILE



## Appendix G: Internal Policy on Historically Underutilized Businesses

It is the policy of the Texas Alcoholic Beverage Commission (TABC) to comply with Article IX, Section 111 of the General Appropriations Act, House Bill 1, 74<sup>th</sup> Legislature Regular Session (1995), the Texas Building and Procurement Commission's (TBPC's) adopted HUB rules, Texas Administrative Code (TAC) 111.11 – 111.28, and Texas Government Code, Title 10, Subtitle D, Chapter 2161 in order to encourage the use of historically underutilized businesses (HUBs) and to achieve these goals through the use of race, ethnic, and gender neutral means. The goal of this program is to promote full and equal business opportunity for all businesses in the agency's contracting.

This policy shall incorporate the adoption of TBPC's HUB rules to implement a meaningful HUB program based on the State of Texas Disparity Study. The TABC will make a good faith effort to utilize HUBs in contracts for commodities, services, professional and consulting services, and construction by contracting directly with HUBs or indirectly through subcontracting opportunities. The TABC shall make a good faith effort to assist HUBs in receiving a portion of the total contract value of all contracts that the agency expects to award in a fiscal year in accordance with the following percentages: 1) 12.6 percent for commodities contracts; 2) 33 percent for services contracts; 3) 20 percent for professional and consulting services contracts; 4) 57.2 percent for all special

trade construction contracts; 5) 11.9 percent for heavy construction contracts; and 6) 26.1 percent for all other building construction contracts.

The agency shall ensure it makes a good faith effort by implementing the following procedures: 1) advance planning of large purchases to ensure adequate time and preparation is involved; 2) when possible, divide proposed requisitions into reasonable lots in keeping with industry standards and competitive bid requirements; 3) when applicable, assess bond and insurance requirements to avoid unreasonable bidding restrictions and permit more than one business to perform the work; 4) specify reasonable, realistic delivery schedules consistent with the agency's actual requirements; 5) ensure that specifications, terms and conditions reflect TABC's actual requirements, are clearly stated, and do not impose unreasonable or unnecessary contract requirements; 6) when contracts exceed \$100,000, the agency shall require contractors to make a good faith effort to award necessary subcontracts to HUBs by providing contractors with HUB subcontracting good faith guidelines, HUB goals, and a reference list of available certified HUBs; and 7) determine whether specific agency-wide goals are appropriate because some HUB groups have not been underutilized within applicable contracting categories and should not be included in the HUB goals for that category.

The TABC will maintain and compile monthly information relating to the agency's use (by each operating division of the agency) of HUBs, including information regarding subcontractors. Additionally, the TABC shall require contractors on awarded contracts exceeding \$100,000 to report to the TABC on a quarterly basis, the identity and the amount paid to each HUB vendor to whom the contractor has awarded a subcontract for the purchase of supplies, materials, equipment, and services. The agency will ensure that internal and external reporting guidelines are in place to ensure tracking, control, and accountability.

The TABC shall maintain the designation of an agency HUB coordinator. The HUB coordinator and the purchasing section shall assist each division in finding, certifying, and making a good faith effort to use HUBs in accordance with the agency's set forth policies, goals, and procedures. Agency employees within each division that are engaged in recommending, requesting, or approving a particular vendor in the acquisition of goods and services and/or vehicle fleet repairs, will be held accountable for adhering to the agency's HUB policy. The HUB coordinator shall actively participate in HUB forums, trade shows, training, and implementation of the agency's Mentor Protégé program to promote HUB subcontracting.

This internal HUB policy, as amended, is hereby adopted for implementation this 25<sup>th</sup> day of April 2002.

*NOTE: It is expected that the agency's HUB policy will change in the near future to reflect changes made by the Texas Building and Procurement Commission.*

## Appendix H: Program Initiatives

### **Minor Stings**

Under the close supervision of TABC enforcement agents, young people who are obviously underage go into licensed establishments and attempt to buy alcoholic beverages. Criminal charges are filed on clerks and servers who violate the law by completing the transactions. The licensed entity faces administrative charges that could result in suspension, fine in lieu of suspension, or cancellation.

Enforcement agents conducted approximately 7,242 minor stings in fiscal year 2005 and found an overall compliance rate of 80 percent, a vast improvement from the 30 to 40 percent rate that existed in some locations at the time the program began in the early 1990s.

### **Cops In Shops/COPS**

TABC enforcement agents, with the cooperation of licensees and their employees, pose as customers or employees of an establishment and apprehend underage buyers as they attempt to purchase alcoholic beverages. Cops In Shops targets establishments where alcoholic beverages are sold for off-premise consumption only. COPS targets establishments where alcoholic beverages are sold for on-premise consumption

Both programs were originally funded by grants through the Texas Department of Transportation but are now fully funded by the TABC.

### **Operation Fake-Out**

TABC enforcement agents, working in cooperation with alcoholic beverage licensees, local law enforcement, and other state police agencies, check the IDs offered by young people as they attempt to gain access to bars and nightclubs. Youngsters presenting fake, forged, or altered IDs, or IDs that clearly belong to other parties, are arrested and charged with the appropriate ID-related offense.

Operation Fake-Out activities have taken place in the entertainment districts of most of the state's major metropolitan areas and in and around the state's college campuses. The arrests resulting from each operation have run well into the double digits, and the deterrent effect of those arrests have been greatly magnified by the tremendous coverage given each Operation Fake-Out by the local press.

### **Project SAVE**

The TABC's public education initiative is directed to several groups throughout the state. The TABC provides alcohol prevention education with four separate, multi-lesson curriculums for grades four through nine. Also, for those in the later years of high school, the TABC offers "Shattered Dreams," a two-day special event that dramatizes community and peer response to alcohol-related tragedies. Because they, too, have a role to play in combating underage drinking, Project SAVE also includes programs for parents, civic groups, alcoholic beverage retailers, and local law enforcement.

In fiscal year 2005, TABC enforcement agents made educational presentations to 270,504 Texans, including 203,959 school children, 13,957 college students, 11,784 police officers, 19,530 members of civic and parent groups, and 21,274 Texas retailers and their employees.

### **Safe Prom/Safe Graduation**

Prom and graduation parties are common in Texas during April and May. The TABC, along with local law enforcement authorities, make a special effort to keep these parties safe and alcohol-free. Agents and local officers visit the area high schools to discuss options and consequences with the youngsters and their parents. They heavily promote the concept of alcohol-free parties and do everything they can to publicize enforcement efforts planned for the party season. The objective is to give young people alternatives to underage drinking and to ensure that bad choices will have immediate consequences.

Co-sponsors of Safe Prom/Safe Graduation include the Texas Association of Petroleum Marketers and Convenience Stores and the Texas Hotel/Motel Association.

### **Shattered Dreams**

Shattered Dreams is a profoundly hard-hitting program that targets high school students and involves the dramatization of an alcohol-related crash on or near a high school campus, complete with police and EMS response, emergency room treatment, family notification, and the arrest and booking of the teenage driver. To help students better comprehend the absolute magnitude of DWI-related deaths and injuries, a person dressed as the “Grim Reaper”

appears in a different classroom every fifteen minutes to select a new victim, who is then taken out of the classroom, made-up in white face, and dressed in a black t-shirt before being returned to the classroom to represent a DWI death for the remainder of the day. The following morning, a wrap-up assembly is held featuring those who played roles during the previous day’s drama, including the crash victims, the drunk driver, their parents, participating law enforcement, and medical personnel. Comment and impact statements from community members whose lives have been affected by teenage alcohol use and teenage DWI bring closure to the program and reinforce its dual message for the teenage audience - don’t drink until you are 21 and never drink and drive.

TABC enforcement agents assisted in the planning and staging of more than 45 Shattered Dreams productions in fiscal year 2005 and expect to assist with roughly the same number of productions in fiscal year 2006 and future years. Federal funding through the Texas Department of Transportation (TxDOT) permitted the TABC to provide \$500 mini-grants to participating high schools in fiscal year 2004 and 2005 to help them offset the cost of Shattered Dreams productions. TxDOT has continued funding for the mini-grants through the end of FY 2006.

### **MADD (Mothers Against Drunk Driving)/TABC Power Camps**

MADD/TABC Power Camps are held at various sites across the state each summer and provide leadership and team building skills training to high school students who are interested in underage drinking and DWI prevention issues. The objective of these camps is

to prepare young people for leadership roles in community prevention efforts and to give them the skills needed to help build sustainable broad-based coalitions in their communities.

MADD and the TABC sponsored one power camp in 2005 and will sponsor another in 2006.

### **Policing Special Events - Mardi Gras and Spring Break**

The TABC has always assisted local law enforcement in crowd control and alcohol enforcement at special events such as rodeos, festivals, and other mass gatherings. In recent years, the agency has sought and received grant funding from the Texas Department of Transportation, the Office of the Governor's Criminal Justice Division, and the U.S. Department of Justice's Office Juvenile Justice and Delinquency Prevention to increase its presence at events such as Galveston's Mardi Gras and spring break at South Padre Island, Port Aransas, and Galveston County's Crystal Beach. In fiscal year 2005, the TABC devoted over 26,550 agent work hours to special events, including spring break and Mardi Gras operations.

### **SSIPS (Stopping Sales to Intoxicated Persons)**

Recent research indicates that almost half of the state's drunk drivers had their last drink before driving from an establishment licensed to sell alcoholic beverages for on-premise consumption. Texas law prohibits sales of alcoholic beverages to those who are already intoxicated. The goal of SSIP is to significantly reduce the number of intoxicated drivers by using enforcement actions to motivate retailers, who might be inclined to do otherwise, to comply with the law.

In the course of SSIP operations, retailers who have sold to intoxicated persons in the past or who have been the subject of complaints concerning such violations are visited by enforcement agents posing as customers in the late evening hours of peak business nights. While in these establishments, the agents watch specifically for any sales made to intoxicated persons. If violations are observed, agents document the violations and then take action as warranted.

SSIP operations are usually preceded and followed by publicity blitzes. These publicity blitzes are intended to raise public awareness of the relationship between illegal sales and drunk driving and to building public support for efforts to curb illegal sales. A third, perhaps even more important goal, is to encourage voluntary compliance among retailers.

Full statewide implementation of the SSIP program began in fiscal year 2003. In FY 2005, agents devoted 15,658 work hours to the initiative and conducted more than 5,300 SSIP compliance checks.

### **EUDL Grant Program**

In late 2002, Governor Perry transferred responsibility for administering the federal Enforcing the Underage Drinking Laws (EUDL) block grant from his Office's Criminal Justice Division to the TABC. Funded through the U.S. Department of Justice's Office of Juvenile Justice and Delinquency Prevention, the EUDL block grant provides approximately \$360,000 per year to the State of Texas for underage drinking enforcement and prevention efforts. On average, two-thirds of the

EUDL funds received are used to provide grants to eight to ten universities, communities, and non-profits per year to support local programs. The remainder is used to support TABC pilot tests and statewide initiatives, such as an annual symposium on underage drinking for representatives from the state's colleges and college communities.

### **Seller Training**

The agency's seller training section has established initiatives throughout the state to encourage retailers to require that their employees attend TABC-approved seller training classes. It is expected that attending the training will reduce the possibility that these employees will sell alcohol to underage or intoxicated persons.

The seller training division has also implemented a standardized test for all seller-training schools. It is hoped that standardizing the tests will improve the quality of the content of the classes and ensure consistency across the state.

### **Ports of Entry**

The ports of entry section has been making additional efforts to distribute information on laws concerning personal importation of alcoholic beverages and cigarettes into Texas from Mexico.



