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AGENCY STRATEGIC PLAN

For The Fiscal Years 2009-2013 Period

BOARD MEMBERS | DATES OF TERMS | HOMETOWNS
--- | --- | ---
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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 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 determination of the types of alcoholic beverages that may be sold and how they can be sold by means of local option elections. Counties, cities, and justice of the peace precincts can hold 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 beverage 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 involving headquarters and field staff, management and line staff, as well as external stakeholders. Supervisors across the state held staff meetings, presenting the results of the Survey of Organizational Excellence, and providing employees with the opportunity to brainstorm concerns and recommendations for how to improve their workplace experience.

Population Demographics
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 1.15 enforcement agents per county and only 65 compliance auditors for the entire state.
• With more communities across the state voting to legalize the sale of alcoholic beverages, the number of license/permit applications has increased.

• 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 1.49 percent per year between fiscal years 2008 and 2013, will affect demand for agency resources.

• 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 2007 to 2013, 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 increase in the total number of licensed premises to be inspected and regulated by compliance and enforcement personnel.

• An increase in the types of businesses authorized to ship wine directly to consumers in Texas could result in an increase in unlicensed businesses outside of Texas shipping into Texas illegally, as well as shipping to minors in Texas.

• The agency expects competition for the market share to remain strong and possibly even 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.

Technology Developments

The agency continues to work toward 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, future plans include:

• Maintaining a state-of-the-art technology environment that will result in total cost of ownership savings.

• Lowering business risks with improved system availability and improved responsiveness/flexibility when new features need to be added.

On-Line Services

The agency is progressing toward enabling the public to conduct the following business on-line:

• Submit applications for original licenses;

• Renew existing licenses;

• Request changes such as address or trade name; and

• Make payments.

The agency plans to make on-line services more effective by allowing:

• Multi-language by user choice;

• Secure user registration/logon;

• Password retrieval; and

• E-mail transaction confirmation.
Ports of Entry Automation
A ports of entry automation project is underway which automates the process of collecting and reconciling the taxes collected by TABC taxpayer compliance officers for alcohol and cigarettes entering the state from Mexico.

Mobile handheld devices and printers will allow the tax compliance officers 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 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 businesses to operate more efficiently and generate more tax revenue for the state in a timelier manner.

Public Inquiry System
The current in-house developed Public Inquiry System allows the public to search basic license information using a combination of criteria. This system has been expanded over the last two years, and the agency will continue to expand the system to provide more detailed real-time information to governmental entities, the alcoholic beverage industry, and the general public.

In-Car Computers
A pilot project was conducted to determine the feasibility of equipping TABC enforcement vehicles with in-car technology. Six agents participated in the evaluation of tough-books between October 2007 and February 2008. During the pilot, we were able to document an 18.2 percent efficiency increase. By reducing the administrative burden, we enable our agents to maintain a visible police presence by minimizing the amount of time spent in an office. To fully implement the in-car project, additional funding is being requested for equipment, security components, and software design.

Document Imaging
Through a managed services state contract, the agency has begun to make use of document imaging and retrieval technology for the storing and retrieving of agency paper documents.

Other Possibilities
The agency plans to evaluate other technology solutions designed to improve interagency communications, enhance management reporting of agency performance information, and increase employee productivity.

- Unified Communications which is the integration of disparate communications systems, media devices, and applications.
- Digital Dashboard which allows executive staff to capture and report specific data points from each department within the organization, thus providing a "snapshot" of performance.
- Digital data capture technology which allows handwritten data to be digitally captured and then transferred to external systems.

Education and Prevention Efforts
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 roads, are of grave concern to the TABC. 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.

TABC will continue to communicate and reach out to communities to facilitate the needs of parents, youth, retailers, and other law enforcement agencies to address the problems of binge drinking, underage alcohol consumption, irresponsible service, and irresponsible consumption.

**Legal Issues**
Recent litigation against the agency and similar cases being pursued around the country demonstrate that 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 statutes, regulations, 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.

**Management Goals for 2009-2013**
In March 2008, division directors in headquarters, field managers, and ports of entry supervisors used employee feedback related to the Survey of Organizational Excellence to develop management goals and strategies specifically related to the needs of TABC employees.

Following are the management goals developed by division directors in headquarters.

1. Fair Pay: Investigate ways to improve employee pay and incentives.

2. Internal Communication: Take steps to improve the flow of communication within the agency, reducing unnecessary communication and increasing the flow of relevant information.

3. Employment Development: Investigate ways to expand or improve training opportunities for employees.

4. Change Oriented: Review various processes from beginning to end to streamline and eliminate unnecessary duplication and/or inefficiencies.

5. Physical Environment: Identify cost effective workplace/physical environment enhancements.
In April 2008, a cross-section of agency employees worked alongside external stakeholders to develop management goals and strategies related to the agency’s mission of regulating the alcoholic beverage industry. The following are the agency’s priorities at this time:

1. Forge and consistently maintain relationships with industry and communities to facilitate communication and education.

2. Re-engineer the licensing process to reduce cost and time involved.

3. Identify and develop programs to target more common violations through risk-based enforcement and education. The goal is to foster voluntary compliance.

4. Develop a new process for filing, investigating, and reporting complaints against permit holders.

5. Establish new ways to consider permittee conduct under prior permits when reviewing applications for new permits, including but not limited to:
   - Credit law
   - Debts to the state
   - Violation history
   - Past management practices

6. Improve the public’s perception of the agency.

7. Continue to increase the overall consistency in our efforts and outcomes, in part through effective internal communication and building relationships with stakeholders.

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 “Securing our Future: 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:

- Preventing and reducing terrorism and crime;
- Securing the Texas/Mexico border from all threats;
- Achieving an optimum level of statewide preparedness capable of responding and recovering from all hazards; 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 promoting 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, and 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. This is done through 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 needs;
- Promoting a favorable business climate; 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

In February 2008, TABC employees, representing every division in the agency and all parts of the state, gathered to develop a new agency vision, mission, philosophy, four cornerstones, and guiding principles.

TABC VISION
A safe and responsible Texas served by an Alcoholic Beverage Commission committed to innovative partnerships with our communities and the alcoholic beverage industry.

TABC MISSION
The mission of the Texas Alcoholic Beverage Commission is to promote public safety and serve the people of Texas through consistent, fair and timely administration of the Alcoholic Beverage Code while fostering education, voluntary compliance and legal, responsible alcohol consumption.

TABC PHILOSOPHY
The Texas Alcoholic Beverage Commission will:

• apply the Alcoholic Beverage Code in a fair, consistent, and timely manner;
• exemplify courteous, ethical, and professional behavior;
• be fiscally responsible and accountable to the people of Texas; and
• be accessible, transparent, efficient, and effective.

TABC FOUR CORNERSTONES
The agency’s cornerstones provide the foundation for the agency – who we are and what we do. Everything else is built on these four principles.

• Service
• Integrity

• Courtesy
• Accountability

TABC GUIDING PRINCIPLES

1. We value our employees, are committed to their continual improvement and empower them to make key decisions.

2. We recruit, train, mentor, and develop individuals who are committed to our vision.

3. We expect ethical and professional behavior of ourselves.

4. We exercise discretion in our authority when making decisions based on ethical and legal principles.

5. We do the right thing, not just what we have the right to do.

6. We know our mission and understand our purpose, and we integrate our efforts in order to accomplish it in a consistent and efficient manner.

7. We work together to achieve goals and solve problems.

8. We strive to put responsible people into business and promote good business practices through integrated partnerships.

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:

• Efficiency
• Quality
• Honesty

• Commitment
• 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.
EXTERNAL/INTERNAL ASSESSMENT

OVERVIEW OF AGENCY SCOPE AND FUNCTIONS

HISTORICAL PERSPECTIVE
When the 21st Amendment to the U.S. Constitution repealed national prohibition (imposed by the 18th 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 21st 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.

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.

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 from the Sunset Review of 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 79th Legislative Session. Instead, TABC was continued for another two years.

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 enforcement 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.

Following another Sunset Review in 2006, Senate Bill 904 passed during the 80th Legislative Session, continuing the agency for another 12 years. Following is a summary of the major aspects of the Sunset bill:

1. Update TABC’s mission to better reflect the agency’s role in protecting public safety and regulating the modern alcoholic beverage industry.

2. Ensure TABC’s enforcement efforts are fair, consistent, and focused on public safety.

3. Reduce TABC’s regulation of certain business practices that duplicate federal requirements, impose unnecessary costs and delays on the industry, and create excessive burdens for the agency.

4. Require TABC to develop a formal process for making and communicating policy decisions regarding marketing practices regulations.

5. Require the agency to create a more formal and consistent approach to investigating and resolving complaints against its employees.
6. Ensure licensees have access to online license application, renewal, and fee payment.

7. Require establishments that serve alcohol to post signs warning the public of the risks of drinking alcohol during pregnancy.

8. Expand TABC’s authority to take enforcement action against establishments that sell or serve alcohol during prohibited hours.

**Local Option Elections**

Although the laws regulating the alcoholic beverage industry are consistent statewide, the Alcoholic Beverage Code allows local determination of the types of alcoholic beverages which may be sold and how they can be sold by means of local option elections.

Following the demise of Prohibition, local communities maintained the right to choose whether to legalize the sale of alcoholic beverages. Many communities decided to remain “dry” or “partly dry,” which meant that alcohol sales were banned or restricted. Many communities conducted elections and voted to legalize the sale of alcoholic beverages. Those communities who were “wet” prior to Prohibition automatically reverted back to their original status.

Entire counties, individual cities, or single justice of the peace (judicial) precincts in Texas can hold an election and decide to legalize or prohibit the sale of alcoholic beverages, and if so, what kinds of alcoholic beverages (beer, ale/wine or distilled spirits). Registered voters can determine whether it will be legal to sell alcoholic beverages in convenience or grocery stores, in liquor stores, in bars, and/or in restaurants.

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 extended the period to 60 days.

For most issues, the new laws also reduced 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, through 2008, there have been 299 elections attempting to legalize some form of the sale of alcoholic beverages with an 80% success rate. In November 2007, there were seven elections attempting to prohibit the sale of alcoholic beverages and two were successful. This was the first time a community prohibited the sale of alcoholic beverages since 1999.

As of June 2008, there are 37 completely wet counties in Texas and 35 completely dry counties. The remaining 182 counties are partially wet, meaning that the sale of some type of alcoholic beverage is legal in some part of the county. Prior to the changes in the law in September 2003, there were 35 completely wet counties and 51 completely dry.

For an overview of the current wet/dry status of Texas counties, refer to the following map.
FIGURE 1: Wet/Dry Status of Counties in Texas, June 2008

*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, training and retention of a highly qualified 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 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. 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 fiscal year 2007, TABC’s total number of employees was 688. Overall, minorities constitute approximately 46 percent of the commission’s workforce, a slight increase from the 45 percent in 2006.
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 Steen, of San Antonio; José Cuevas, Jr., of Midland; and Steven M. Weinberg, MD, JD, of Colleyville.

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 the assistant administrator of support services, chief of field operations, general counsel, director of the office of professional responsibility, and the public information officer. See Appendix B for a detailed organization chart.

An independent audit firm performs internal audit functions for the agency, reporting directly to the commissioners.

Field Operations: Enforcement and Compliance
The agency's largest and most visible divisions, enforcement and compliance, were recently combined into one operating unit – field operations. The chief of field operations oversees two assistant chiefs who supervise enforcement, as well as one assistant chief who supervises the compliance division.

The enforcement division 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.

The compliance division is charged with the administrative/regulatory enforcement of the Alcoholic Beverage Code. The division plays a role in the initial phases of the licensing process, inspections, and fee analysis. They play a role in monitoring seller training schools to ensure compliance with agency standards. In addition, compliance personnel conduct investigative audits and other financial reviews, and assist the enforcement division in various types of investigations. The compliance division is also responsible for oversight of the promotion of alcoholic beverage products in Texas.

Both enforcement agents and compliance auditors provide training to permit holders and their employees, upon request as well as in response to age law violations by the permittee. In addition, presentations are delivered to students, ranging from middle schools to
university settings. Finally, they 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 agency.

**Tax**
The tax division is charged with the oversight of the taxing authority of the agency. Personnel receive, process and audit monthly excise tax reports to ensure taxes have been paid and that other reporting requirements are in adherence with the Alcoholic Beverage Code. The division also oversees the testing and labeling of alcoholic beverage products in Texas.

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

**Education and Prevention**
The education and prevention staff oversee agency programs involving educating the public, retailers, and their employees of the laws associated with consuming alcoholic beverages. They lead the agency’s efforts to prevent illegal underage drinking, illegally making alcohol available to minors, as well as driving while intoxicated. The staff work with different statewide and local agencies, community coalitions and other groups to share information as well as participate in various programs to prevent underage drinking.

**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 qualifies 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.

**Office of Professional Responsibility**
The office of professional responsibility (internal affairs) 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, research and planning, as well as preparation and oversight of the agency’s legislative appropriations request, annual financial 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, records retention 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 / General Counsel
The agency's legal services and general counsel 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 24.1 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 47,184 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. Other than the agency’s headquarters office, which is statutorily required to be in Austin, 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. 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 - Amarillo
Lubbock, Amarillo, Abilene, Odessa, and El Paso districts; outposts in Wichita Falls, San Angelo, Brownwood, Big Spring, and Alpine.
FIGURE 4: Location of TABC Offices

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 San Benito, 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 six peace officers are stationed in each of the thirty-seven outpost locations. Additional compliance personnel (compliance auditors and/or accounts examiners) are stationed at ten 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 in El Paso, 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.

**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 1.15 enforcement agents per Texas county and only 65 compliance auditors 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 this area of the state, private clubs comprise a high number of the licensed premises. Private clubs require a higher level of regulatory expertise, as do the motor speedways and large professional sporting events located in the area. Agents and compliance auditors must have a thorough knowledge and understanding of marketing practices regulations to regulate these facilities. Additionally, effective prior planning is necessary to handle the pressures of large crowds and demands for alcoholic beverages.

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 live in close proximity to TABC-licensed locations. The Houston area also appears to have a larger issue with illegal 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, especially during spring break when large numbers of minors descend upon the beaches.

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 same extent. Universities, large and small, are more prevalent in Region 4 than any other part of the state. Issues of underage drinking and binge drinking are compounded due to the concentrated clusters of 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. Along with the West Texas region, the South Texas region deals with the challenge of working with immigrants who are not familiar with the laws and customs of the state. Natural disasters and the preparedness of agency employees 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.

In summary, each region has unique challenges that present the agency with opportunities to succeed. This success is dependent on the proper knowledge, training, planning and efficient execution.

**MANAGEMENT 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 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. In the past, the agency has addressed some of those demands by realigning staff involved in the licensing process from the enforcement division to the compliance division. 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, education/prevention and tax divisions is needed.
The future outcome of pending litigation could impact the licensing process and number of licenses and permits issued, potentially requiring additional staffing in the licensing division.

There is also a growing need for the agency to hire bilingual employees. The state’s population is 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 initial phase of an automated licensing process, a workflow management system, an online purchasing system and an automated payment system for ports of entry. The agency utilizes the Internet to provide information to the public and to its employees. While the intent of these changes is to increase efficiency, 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 2007, the agency’s turnover rate was 10.7 percent which was significantly lower than the state average. 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, 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. TABC has used current and emerging technologies to enhance network connectivity for remote field offices and ports of entry stations. The upgrade has enabled us to enhance connectivity over a broader area while providing faster and less expensive service to our most remote locations. Wireless technologies are
being leveraged for better performance, scalability, and mobility. Our telecom infrastructure has been expanded and upgraded to enhance office interoperability, streamlining workflow processes, communications, and reporting. Greater bandwidth allows for faster response to important data that is essential for carrying out day-to-day job duties. Continued enhancement of the network will ensure redundancy that will support operations and daily processing 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 these systems without the additional cost of time and travel. As newer technology is implemented, older components of the WAN and telecommunications must be upgraded to keep up with the enhanced network.

Personal Computers
Personal computing technologies such as desktops and notebooks continue to be upgraded throughout the agency on a three- or four-year cycle. This cycle now enables the client workstations to keep up with the changing technology of the agency. The agency is now implementing ruggedized laptops and mobile handheld devices into various parts of the state. This has enabled our employees to become more efficient and mobile.

Fleet Assessment
The agency requested funding for 65 law enforcement replacement vehicles for the FY 2008-2009 biennium. The agency typically tries to replace its vehicles at 100,000 miles, but was unable to meet that goal in FY 2006-2007 due to capital budget limitations in that biennium. Improved maintenance procedures and better vehicle design have limited the negative impact of driving vehicles beyond the 100,000 mark; however, the agency will continue to replace its vehicles at 100,000 miles for safety and efficiency purposes.

Radios
The agency’s mobile radio funding is sufficient to carry the agency through the year 2009. 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 was provided in the FY 2008-2009 biennium for handheld radio replacements. 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 staff augmentation 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 through approved state-supported contracts.

The agency contracts for internal auditing services. Historically, this contract has totaled approximately
$50,000. In fiscal year 2005, the agency had one-time expenditures for the purchase and implementation of a new licensing system. In fiscal year 2007, in order to complete the process, TABC contracted with two vendors for programming updates and changes for a total cost of $396,837.

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, education and prevention efforts, 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 the 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 HUBs 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 HUBs is an on-going effort attributable to a policy that encourages contributions from all employees involved in the procurement process, establishes goals, and requires division level reporting and
accountability. The policy incorporates Comptroller’s Office 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 five fiscal years. The Texas Alcoholic Beverage Commission shall continue to demonstrate good faith efforts, with the utilization of the agency HUB Coordinator and sufficient resources from our current operating budget. The commission’s HUB Coordinator shall assist in the development of the agency’s procurement specifications, HUB subcontracting plans, evaluation of contracts for compliance, contract administration, marketing and outreach efforts for HUB participation. The commission has made significant changes in existing policies related to standard procurement and credit card purchases to encourage the use of minority owned businesses. In addition, the commission has sponsored and attended several HUB forums, conferences and outreach programs and is a supporting member of the HUB Discussion Workgroup Outreach Committee and a co-host of all Regional Economic Opportunity Forums across Texas. These sponsored forums encourage HUB vendors to network with agency procurement officials as well as market goods and services that are provided to all state agencies, colleges, political subdivisions, and universities.

FIGURE 5: TABC vs. Statewide HUB Utilization

<table>
<thead>
<tr>
<th>Year</th>
<th>TABC HUB Use %</th>
<th>Statewide HUB Use %</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY03</td>
<td>19.0%</td>
<td>13.0%</td>
</tr>
<tr>
<td>FY04</td>
<td>17.4%</td>
<td>13.1%</td>
</tr>
<tr>
<td>FY05</td>
<td>22.9%</td>
<td>13.8%</td>
</tr>
<tr>
<td>FY06</td>
<td>27.5%</td>
<td>13.7%</td>
</tr>
<tr>
<td>FY07</td>
<td>27.8%</td>
<td>13.6%</td>
</tr>
</tbody>
</table>

- **TABC**
- **Statewide**
FISCAL ASPECTS

BUDGET
For the 2008-2009 biennium, the agency received a $7.3 million increase in legislative general revenue funding over the previous biennium. Funding in the 2006-2007 biennium included one-time capital budget items of $430,000. The majority of the increase in fiscal years 2008 and 2009 is attributed to salary increases authorized during the 79th Legislature. Also funded were additional capital items related to replacement of public safety equipment as well as funds for the Statewide Data Center Consolidation. Also included in the agency bill pattern was $893,627 in funding for ports of entry for opening two new bridges. This amount is an increase of $374,277 over the previous biennium due to additional employees being funded for each bridge. Contingency funding totaling $857,998 was authorized for Senate Bill 1217 which requires the agency to transition to two-year licenses and permits. Currently, TABC permits expire after one year unless they are renewed. The agency was authorized additional appropriations for salary increases, including $1.7 million for CPO increases and $600,000 for non-CPO salary increases over the biennium.

The agency’s biennial budget of $79.9 million is 98.8 percent general revenue funded, 0.9 percent federally funded with the remaining 0.3 percent funded through appropriated receipts, interagency contracts and Office of the Governor Criminal Justice Division grants.

FIGURE 6: Appropriations

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Appropriations in Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$30.3</td>
</tr>
<tr>
<td>2005</td>
<td>$29.6</td>
</tr>
<tr>
<td>2006</td>
<td>$37.4</td>
</tr>
<tr>
<td>2007</td>
<td>$35.2</td>
</tr>
<tr>
<td>2008</td>
<td>$40.2</td>
</tr>
<tr>
<td>2009</td>
<td>$39.7</td>
</tr>
</tbody>
</table>
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 General Appropriations Act now sets the limitation of transfers between strategies at 12.5 percent, down from 25 percent.

GRANTS
The United States Department of Justice awarded the agency $350,000 in 2007, and an additional $350,000 in 2008, for grants associated with the statewide initiative to prevent underage drinking through prevention, education and enforcement programs. The majority of this funding is 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 two grants from the Texas Department of Transportation including the Shattered Dreams program ($67,056), and the Manager’s Awareness Program ($87,580).

The agency also received funds from the Office of the Governor’s Criminal Justice Division for enforcement and educational efforts related to spring break. The total of these funds was $187,420.

REVENUE COLLECTIONS
Licensing Revenue
The 73rd Legislature directed the agency to collect amounts equal to its appropriation through license and permit fees and surcharges. The 75th Legislature directed the agency to cover its appropriation plus other direct and indirect costs through fees, surcharges, fines and miscellaneous revenue. The 78th 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 11 percent between fiscal years 2004 and 2007. These taxes are deposited into the state’s general revenue fund of which 100 percent is directed toward other state expenditures.
FIGURE 7: License and Permit Fees

License and Permit Fees

in Millions

Fiscal Year

FIGURE 8: Excise Tax Revenue

Excise Tax Revenue

in Millions

Wine $6.9 $7.3 $7.8 $8.8 $8.8 $9.5  
Malt Liquor $4.6 $4.6 $4.8 $5.3 $6.0 $6.6  
Distilled Spirits $49.0 $50.2 $52.5 $54.0 $57.8 $60.5  
Beer $102.1 $101.7 $102.1 $101.0 $104.3 $103.8
**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 $37,848; in fiscal year 2007, those costs were $18,852. The decrease in the cost for radio tower space is offset by the increase in handheld radio subscription fees. The agency will continue to play 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**

![Radio Tower Leases Graph]

**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 located 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 need to request additional funding for cumulative consumer price index increases to cover costs going up over the next biennium approximately two percent in fiscal year 2010 and four percent in fiscal year 2011.
**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 rates with GSA have remained relatively steady; however, beginning in late fiscal year 2008, 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 and Rio Grande City. Del Rio is also in the process of being remodeled. Anzalduas will probably be the next major bridge to open in late 2009 and will be located south of Mission, Texas. The Donna - Rio Bravo bridge is expected to open in fiscal year 2010. Finally, the existing port of Fabens is in the planning stages of being replaced in 2013. That could again result in higher rent. During the 77th 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 18-24 age group, and the businesses that make up the alcoholic beverage industry (retailers, wholesalers, and manufacturers).

GENERAL POPULATION

The general population is of interest, not only because it benefits from the regulation of alcoholic beverages, but also because population growth drives the demand for alcoholic beverage products and 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 Comptroller of Public Accounts Economic Forecast (Fall 2007) predicts a slow but steady growth in population, averaging just under 1.49 percent per year between fiscal year 2008 and fiscal year 2013. Information from the Texas State Data Center also indicates that state population will continue to age during this period, with the population growth rate for the 45 – 64 age cadre roughly twice that of younger age groups. The growth rate for those 65 and up is expected to be half again larger than that of the 45 – 64 year olds.

The ethnic make up of the population is also continuing to change. The population growth rate for African Americans will, according to the Texas State Data Center, be approximately four times greater than the population growth rate for Anglos. Hispanics and other ethnic minorities will exceed the Anglo growth rate by a factor of 10. As a consequence, while the Anglo population will grow in absolute numbers, it will continue to decline as a percentage of total population. Traditional minority groups, already collectively the majority of the state’s population, will continue to expand their share of the population base.

The “graying” of Texas is due primarily to the aging of the population’s largest age segment, the post-WWII baby boomers. Continued increases in the average life span, made possible by medical advances and healthier lifestyles, have also contributed to the observed increase in average age.

Changes in the state’s ethnic make up are due to two factors: higher birth rates among non-Anglos and net inward migration from places outside of Texas and the United States.
FIGURE 12: Projected Population of Texas

![Projected Population of Texas](image)

FIGURE 13: Projected Population Growth Rates for Selected Age Groups

![Projected Population Growth Rates](image)
OLDER PEOPLE
Personal consumption of alcoholic beverages and the incidence of alcohol-related problems have historically declined with age. For that reason, the passage of an age segment the size of the baby boomers through middle-age and into their “golden years” 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 18 - 24 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, 18 – 24 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 18 and 24 to grow at a substantially slower rate than the general population from 2007 to 2013 (1.12 percent vs. 1.49 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.

INCREASED ETHNIC DIVERSITY
Changes in the ethnic make up of the state will also place new demands on the agency and affect service delivery. The most crucial challenge confronting the agency will be the need to ensure that agency personnel can communicate clearly and effectively with foreign-born citizens and licensees who may have a limited knowledge of the English language. As noted previously, the growth rate for Hispanics and other ethnic groups will greatly outpace that of the Anglo population in coming years. Many of these new Texans will be foreign-born and will bring with them a wide range of cultural preferences and practices that will differ - in some cases greatly differ - from the Anglo-dominated culture of the past. The agency and its employees must be sensitive to these differences and able to respond to the changes in business practices, population drinking patterns, and product preferences that they might bring.
FIGURE 14: Changes in Ethnic Diversity from 2008-2013

Ethnic Diversity in 2008

- Anglo: 36.3%
- Black: 11.4%
- Hispanic: 3.8%
- Other: 48.5%

Ethnic Diversity in 2013

- Anglo: 38.9%
- Black: 11.2%
- Hispanic: 4.1%
- Other: 45.8%
**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 since 2003, though at a rate much less than that of the population as a whole (0.86 percent vs. 1.87 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 declined to some degree, 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. The 1.19 percent decline in the number of licensed retailers observed between the midpoints of FY 2007 and FY 2008 along with an expected 15 percent decrease in the number of local option elections held in FY 2008 may be the first signals that the expansion of the number of retail outlets that commenced in 2003 is nearing its end.

Should this be the case, the population of retailers will have reached 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 2003.
The commission's forecast for this population anticipates little or no growth for the remainder of FY 2008 and the possibility of continued stagnation and maybe even a slight decline during the first half of FY 2009, depending upon the effect of the looming national recession on the Texas economy. As the state and national economies improve, growth should return to this sector, though the growth in the number of licensed retail establishments will trail population growth by a significant margin. Assuming that the population of alcoholic beverage retailers has, in fact, reached a new equilibrium relative to demand, the growth of this service population should average approximately one-half of one percent per year (0.5 percent) for each of the next five years.

As for the impact of this growth on the agency, any increase in the size of a key service population will increase the demand for agency services and impose additional stresses upon the agency's 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 actual retailer growth rate in future years is greater than that currently projected. Fortunately, however, the growth rate for this population is expected to remain relatively low, and the agency's current resource base should be capable of handling the increases in service demand created by population growth.

FIGURE 15: Number of Licensed Retailers

![Number of Licensed Retailers Graph]

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Number of Licensed Retailers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>34,000</td>
</tr>
<tr>
<td>2002</td>
<td>36,000</td>
</tr>
<tr>
<td>2003</td>
<td>38,000</td>
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<tr>
<td>2004</td>
<td>40,000</td>
</tr>
<tr>
<td>2005</td>
<td>42,000</td>
</tr>
<tr>
<td>2006</td>
<td>44,000</td>
</tr>
<tr>
<td>2007</td>
<td>46,000</td>
</tr>
<tr>
<td>2008</td>
<td>48,000</td>
</tr>
</tbody>
</table>
WHOLESALERS AND MANUFACTURERS

Contrary to the agency’s projections at the time the agency formulated its 2007 – 2011 strategic plan, the number of upper tier licensees and permittees actually grew during the FY 2006 – FY 2008 period. The unexpected growth was due, in part, to legislation passed in FY 2007 creating an Out-of-State Winery Direct Shippers permit which authorizes the permit holder to ship their wines directly to Texas consumers. Within Texas, the number of locations from which in-state upper tier entities were authorized to do business also increased, as liquor wholesalers and beer distributors expanded operations into formerly dry areas that had been “wetted up” as a result of the surge in local option elections. Yet another factor was the continued increase in the number of Texas wineries, which grew from 127 in FY 2006 to 155 in FY 2007 and (at the time this was written) was on-track for a further 7.1 percent expansion in FY 2008.

Direct shippers and in-state wineries aside, 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 FY 2013. This is due, in part, to the expected decline in the number of local option elections that could “wet up” new markets for liquor wholesalers and beer distributors. Also contributing to this projection is a long-term and pronounced national trend towards increased consolidation (mergers and buy-outs) in the wholesale and manufacturing tiers of the alcoholic beverage industry. Also, 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 FY 2008 and FY 2013 are unlikely to spark significant changes in the sizes of wholesale and manufacturing tiers of the industry.

The reader should note that direct shippers and in-state wineries were excluded from the previous projection of “relative stability.” Legal action is pending or contemplated that could force Texas to extend direct shipping privileges to businesses other than wineries and retailers and to products other than wine. Losses at the courthouse and/or subsequent widening of the current direct shipment statute by the Texas Legislature could lead to an explosion in the number of upper tier licenses and permits related to direct shipping. As for in-state wineries, the market has not yet demonstrated an upper limit to demand that would slow the rate of business formation. Until that limit is reached, the number of in-state wineries is expected to continue to expand and at a rate much greater than that of the rest of the alcoholic beverage industry.

Also, while the agency forecasts relative stability in terms of the size for most parts of the wholesale and manufacturing tiers, it expects competition for market share within the various components of these tiers 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 FY 2001 and FY 2005 and by an additional 8.1 percent between FY 2005 and FY 2007. The agency expects this trend to continue.

In addition, 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 FY 2008 and FY 2013, 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

DATA CENTER CONSOLIDATION
House Bill 1516 (79th Regular Legislative Session) changed 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 combines and coordinates state data center and disaster recovery operations to improve efficiencies and performance. TABC is one of 27 agencies with significant information technology (IT) operations that transitioned to the data center services contract in April 2007. Starting in April 2008, the agency will begin the process of transforming all its servers to the Austin Data Center. This process is expected to be completed by February 2009.

PORTS OF ENTRY (POE) AUTOMATION
A project is underway which automates the process of collecting and reconciling taxes collected by taxpayer compliance officers (TCO) for alcohol and cigarettes entering the state from Mexico. In November 2007, a pilot project began in Brownsville using mobile handheld computers, mobile label printers, touch screen desktops, and a custom developed POE Tax Collector System (POETCS) software. The new system allows the TCO to compile a daily report automatically upon completion of the shift and also automates the master weekly report. POETCS will print tax stamps on demand, eliminating the need for inventory, issuance, stocking, and ordering of preprinted tax stamps.

Mobile handheld devices and printers will allow the tax compliance officers to collect taxes in traffic areas other than the permanent bridge location (i.e., pedestrian booths, unmanned booths, and other remote locations). By September 2008, the new system will be fully deployed at the remaining ports of entry.

INTEGRATED MOBILE DATA COMPUTERS (IN-CAR)
A proof of concept developed through a pilot project was conducted to determine the feasibility of equipping TABC enforcement vehicles with in-car technology. Six agents participated in the evaluation of the CF19 and the CF30 Panasonic Toughbooks between October 2007 and February 2008. Network connectivity to agency applications and increased productivity were some of the key elements tested. During the pilot, we were able to document an 18.2 percent efficiency increase. In-car computers reduce agents’ administrative burden and enable them to maintain a visible police presence by minimizing the amount of time spent in an office. To fully implement the in-car project, additional funding is being requested for equipment, security components, and software design.

Through the acquisition of these systems, we will be able to provide a standard of integration and interoperability throughout the state and its regions. This will help us to better support information sharing. This
technology has become a priority not only for public safety, but also to homeland security.

**DOCUMENT IMAGING AND RETRIEVAL**

Through a managed services state contract, the agency has begun to make use of document imaging and retrieval technology for the storing and retrieving of agency paper documents. Since 2007, the business services division has been imaging employee time sheets and summary statements. The business services division is responsible for indexing and preparing the records for the image contractor to perform the image capture. Once a box of records is processed, the documents are returned and the imaged documents are made available over a secure website. The agency will be exploring additional opportunities to expand the use of this service to other agency business units.

**FUTURE UPGRADE FROM “LICENSE EASE” TO “VERSA REGULATION”**

In 2005, the agency completed a major two-year technology transformation project which migrated mainframe applications and database systems to a modern enterprise environment. This was accomplished using LicenseEase software from Versa Systems.

Information systems must constantly change to meet increased demands for improved functionality and access to information. Versa Regulation is the successor to LicenseEase and is the next generation of business applications designed by Versa Systems to improve efficiency and deliver enhanced customer service. As a client, TABC is entitled to this upgrade, but there will be a significant upfront cost associated with customization.

Versa Regulation employs the same tabular-driven navigation and sortable list functions that are currently being implemented in in-house developed applications. The new application is more flexible than its predecessor, contains more functionality, and can be configured to more closely match business processes. Another noteworthy advantage is that the product no longer requires the use of Oracle Application Server, which will result in immediate cost savings.

**IN-HOUSE CUSTOM DEVELOPED SYSTEMS (.NET PLATFORM)**

The agency has been using Microsoft’s SQL Server and .Net technologies for all in-house custom developed systems. Several custom .Net applications have been deployed and are currently in use. ARTS (Agency Reporting and Tracking System) is the most widely used in-house developed application and provides field and headquarters staff a method of capturing complaint, inspection, offense and daily activity information and gives the ability to relate these items. A vehicle management component allows capture of vehicle usage data and related fuel purchases and repair details. This information is required to feed into the statewide FleetFocus system. ARTS replaces the older Workflow Manager (WFM) application and has been expanded to include new modules that will allow more real-time capturing and reporting of information. New modules will allow:

- Issuance and printing of catering certificates in the field.
- Issuance and printing of temporary licenses and permits in the field.
- Data entry of basic information for original retailer applications in the field.
- Tracking of application protests.
ONLINE LICENSE APPLICATIONS AND RENEWALS
The agency continues to work toward 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, future plans include:
• Maintaining a state-of-the-art technology environment that will result in total cost of ownership savings.
• Lowering business risks with improved system availability and improved responsiveness/flexibility when new features need to be added.

The agency is progressing toward enabling the public to conduct the following business on-line:
• Submit applications for original licenses;
• Renew existing licenses;
• Request changes such as address or trade name; and
• Make payments.

The agency plans to make on-line services more effective by allowing:
• Multi-language by user choice;
• Secure user registration/logon;
• Password retrieval; and
• E-mail transaction confirmation.

PUBLIC INQUIRY
The current in-house developed Public Inquiry System allows the public to search basic license information using a combination of criteria. Current license status, basic violation history, and current credit law (delinquent list) status are also provided. Additional plans for the Public Inquiry System include:
• Providing information about complaints lodged against license and permit holders, as well as the outcome of the complaint.
• Enhancing Internet access to permit the public to conduct more in-depth license searches and verifications and provide more license-related information.
• Providing more detailed access of agency information to governmental entities, the alcoholic beverage industry, and the general public.
• Ensuring information will be readily available at all times for TABC agents, other law enforcement officials, and the industry.
• Expanding into future directions such as wireless applications for enforcement and compliance staff.

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 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 businesses to operate more efficiently and generate more tax revenue for the state in a timelier manner.

Developing a solution to automate this process would 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.
In April 2007, the agency participated in an architectural design session at the Microsoft Technology Center to document the excise tax filing and cross-checking process and architect a system to automate the process. The design document will allow the agency to prepare an accurate budget request for the upcoming legislative appropriations submission.

**OTHER TECHNOLOGY POSSIBILITIES**
The agency plans to evaluate other technology solutions designed to improve interagency communications, enhance management reporting of agency performance information, and increase employee productivity.

**Unified Communications** (UC) is a commonly used term for the integration of disparate communications systems, media devices, and applications. This technology allows for the integration of fixed and mobile voice, e-mail, instant messaging, desktop and advanced business applications, Internet Protocol (IP)-PBX, voice over IP (VoIP), presence, voice mail, fax, audio/video and web conferencing, unified messaging, unified voice mail, and whiteboarding into a single environment. This offers the user a more complete, simpler and more effective method of accessing information.

**Digital Dashboard** Most organizations have various departments all contributing to the overall success, and it is important to be able to assess the progress of each department. Digital dashboards, which are a type of executive information system, allow managers to do just that. To gauge exactly how well an organization is performing overall, digital dashboards allow one to capture and report specific data points from each department within the organization, thus providing a "snapshot" of performance.

**Digital Data Capture Technology**
Handwritten data is digitally captured and then easily transferred to external systems through the use of a digital handwriting device (pen) on a computer generated form.
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 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 1.49 percent and 3.15 percent, respectively. In contrast, the TABC expects the aggregate demand for alcoholic beverages to grow at an average rate of only 0.68 percent annually.

The commission notes that the number of licensed retail locations has grown at an unusually high rate since FY 2003. It attributes the upswing to a surge in local option elections sparked by changes made by the Legislature to local option petition signature requirements first in late 2003 and then again in 2005. The commission expects this growth rate to drop substantially during the current fiscal year (FY 2008) and thereafter to return to a level of growth more consistent with the anticipated increases in the aggregate demand for alcoholic beverage products.

FIGURE 16: Projected Growth Rates for Key Economic Variables
ENVIRONMENTAL ASPECTS

UNDERAGE DRINKING / BINGE DRINKING
A 2005 survey of Texas college students showed 58 percent under the age of 21 reported drinking alcoholic beverages within the past month, and almost 30 percent reported binge drinking on at least two occasions within the past month. Out of the reported underage drinkers, the majority (81 percent) reported obtaining alcohol from an older family member or friend, as opposed to a TABC-licensed retailer.

Binge drinking and underage alcohol consumption do not start on college campuses. It is a problem that can start as early as middle school. In a survey of Texas secondary school students (grades 7-12), over 31 percent reported consuming alcohol in the past month. The number of students consuming alcohol increased with grade level with over 46 percent of high school seniors reporting drinking within the past month.

<table>
<thead>
<tr>
<th>Grade Level</th>
<th>Percent of students who report consuming alcohol in the past month</th>
</tr>
</thead>
<tbody>
<tr>
<td>7th Grade</td>
<td>16.2%</td>
</tr>
<tr>
<td>8th Grade</td>
<td>22.9%</td>
</tr>
<tr>
<td>9th Grade</td>
<td>31.7%</td>
</tr>
<tr>
<td>10th Grade</td>
<td>36.8%</td>
</tr>
<tr>
<td>11th Grade</td>
<td>40.3%</td>
</tr>
<tr>
<td>12th Grade</td>
<td>46.3%</td>
</tr>
</tbody>
</table>

It was also reported that 22 percent of secondary school students reported binge drinking in 2006. In the survey, only 17 percent of secondary students whose parents strongly or mildly disapproved of drinking beer actually drank in the past month, compared to 53 percent of those whose parents strongly or mildly approved. It is clear that underage drinking and binge drinking remain a problem and a threat to the safety and health of Texas youth.

In Texas, 47,794 persons under the age of 21 were arrested in 2006 for various alcohol-related violations. That same year, almost 4,000 people were charged with selling or making alcoholic beverages available to minors. In many instances, the person who is of legal age may not understand that it is illegal to provide alcohol to a minor, even if it is in their own home and even if they have the parents’ permission. It is important to educate everyone that making alcohol available to a minor is a serious crime with serious consequences.

Providing alcoholic beverages to a minor is a class A misdemeanor, punishable by a fine up to $4,000 and/or up to a year in jail, as well as an automatic driver’s license suspension for 180 days. Persons 21 or older (other than the parent or guardian of the minor) can be held liable for damages caused by intoxication of a minor under 18 if the adult knowingly provided alcoholic beverages to the minor or knowingly allowed the minor to be served or provided alcoholic beverages on the premises owned or leased by the adult.

Legal consequences of underage drinking are not the only repercussions. According to the Center for Disease Control and Prevention, over 21,000 people died in 2005 due to alcohol-induced causes, including alcohol poisoning. Research shows that heavy drinking at an early age can cause damage to the adolescent brain. Also, if a person begins drinking before the age of 15, they are five times more likely to
become addicted to alcohol when they are older.

**DRIVING WHILE INTOXICATED**

In 2006, 1,677 Texans died in alcohol-related traffic crashes. Also in 2006, there were over 94,000 arrests for DWI, an increase of two percent from the previous year.

California and Texas lead the nation in the number of alcohol-related traffic fatalities; nevertheless, 48 percent of all traffic fatalities in Texas are alcohol-related, compared to 42 percent in California. 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. However, the non-metro area of Hidalgo County was in the top five counties for alcohol-related fatalities for the state.

**REGULATORY RESPONSIBILITY**

The effects of underage drinking, binge drinking, and DWI’s are of grave concern to the TABC. The agency has a duty to regulate businesses that sell alcoholic beverages in order to protect the public from harm. At the same time, it must use fair and reasonable methods and not cause undue disruption to the businesses it regulates. The challenge faced by the TABC is to find an effective means of reducing its licensees’ contribution to these societal problems without adversely impacting legitimate and responsible businesses.

**EDUCATION AND PREVENTION / COMMUNITY AWARENESS**

Youth in the United States grow up in a world filled with messages about alcohol, and research shows that many minors drink for the same reasons as adults. By the creation of programs, materials and outreach efforts for youth, parents, communities and retailers, TABC can impact the areas of binge drinking and underage alcohol consumption. In order to prevent underage drinking, the community must have educated servers and managers. These groups can be reached through either TABC approved seller training courses or through a TABC taught program called the Manager’s Awareness Program (MAP) or Project SAVE for Retailers. Through these two areas, servers and managers can be taught how to assist in the prevention of irresponsible and/or underage alcohol consumption. They are trained to recognize fake ID’s and signs of intoxication as well as how to handle difficult situations.

Through education-based programs, parent workshops are held to inform parents about their responsibilities and the law. TABC has started a community awareness campaign in the Rio Grande Valley to reach parents and train law enforcement and other community associations to work together to prevent underage alcohol consumption. Public awareness is also sought by creating materials that can be produced and given to community groups. These materials contain statistics on underage drinking, information about the laws and seller server education, and other reminders for both parents and youth.

Through these connections and efforts, TABC will continue to reach out to communities to facilitate the needs of parents, youth, retailers, and other law enforcement agencies to address the problems of binge drinking, underage alcohol consumption, irresponsible service, and irresponsible consumption.
LEGAL ISSUES

In May 2005, the U. S. Supreme Court issued its opinion in Granholm v. Heald, which ruled that statutory schemes that offered in-state wineries broader rights to sell and ship directly to consumers than were offered to out-of-state wineries violate the Commerce Clause of the U. S. Constitution. Perhaps the most significant aspect of the Granholm case was the implicit basis of the court’s ruling: that the Twenty-first Amendment to the U. S. Constitution offers states no unique or broader regulatory rights over liquor than over other commercial products. This represents a significant shift in long held tenets of Twenty-first Amendment jurisprudence and in the suppositions on which much of the regulatory structure for alcoholic beverages is built.

Predictably, the Granholm decision has sparked a wave of litigation around the country. That litigation is producing different and, in some cases, conflicting interpretations of the state’s authority to regulate alcoholic beverages. In Texas, two cases have invalidated portions of the Alcoholic Beverage Code in recent months.

In the case of Southern Wine and Spirits v. Steen, the one year state residency requirement for license and permit applicants was invalidated as violative of the Commerce Clause. Similarly, in Wine Country Gift Baskets v. Steen, the federal district court ruled that state law unconstitutionally discriminated against out-of-state retailers and has ordered the agency to accept applications from out-of-state retailers and, if they are otherwise qualified, issue them Texas retail permits. This decision is on appeal, and so, the ultimate outcome of the case is unclear as of the time of this writing.

These cases and similar ones being pursued around the country demonstrate that in coming years the commission will be increasingly called on to defend fundamental aspects of the statutory and regulatory structure in litigation. Such litigations will call into question the validity of statutes, regulations, 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

The agency has seen significant organizational events since the last strategic plan. The most significant event was the passage of Senate Bill 904, the agency's Sunset Bill, during the 80th Legislation Session. Key events also took place in the areas of education, cultural change, reorganization, technology, and a focus on public safety and voluntary compliance by permit holders.

The passage of the Sunset Bill extended the life of the agency for another 12 years. The agency had undergone Sunset Review in 2004 and then again in 2006. Many of the management recommendations made by the Sunset Commission had already been implemented at the time of passage. Some of these recommendations include issues concerning internal affairs, moving the enforcement division's focus toward an emphasis on public safety, improving the strategic planning process, research and data collection, refining performance measures in the enforcement area, standardizing routine inspections across the agency, and formalizing marketing practice decisions.

The agency made great strides in the area of education. This includes internal as well as external training. The enforcement division revised their policy manual and did extensive training to support their goal of a risk-based approach to enforcement. The human resources division implemented new training classes to meet the needs of our employees in areas of management and technology. The education and prevention staff developed and distributed the MAP program (Manager's Awareness Program) which is used by retailers to educate their managers on the laws concerning the sale of alcoholic beverages. The Lifesavers National Conference on Highway Safety Priorities selected the MAP program from several entries to be showcased in April 2008. It was selected under the category of "New Strategies for Communities to Address Alcohol Service Issues."

Another initiative that the education and prevention staff coordinated was the Valley Project. This campaign to educate parents and teens on laws concerning underage consumption involved several government agencies and community groups.

Following a Sunset recommendation, the commission has focused the activities of the enforcement division on public safety issues. This has been accomplished with a realignment of duties, as well as education. To assist in those efforts, a new data collection tool was implemented called "ARTS" or the Agency Reporting and Tracking System. This new system will allow for better tracking and data research to determine the effectiveness of public safety efforts. Organizationally, there were changes that will further assist in the focus of public safety issues by combining enforcement and compliance under one chief, creating field operations. Both areas now report to one chief who is responsible for field activities and the effectiveness of each program.

New technology has also assisted field operations with the implementation of in-car computing. Although a pilot program, the benefits have already been seen. The in-car mobile technology provides an efficient and effective
means of communication among our employees, between our employees and local law enforcement officials, and between our employees and our computer network.

The field operations division is not the only division to have new technology assist with their efforts. The ports of entry section began automating the collection of excise tax on the border using hand-held scanners. Their efforts resulted in the 2007 Best Solutions Award from Government Technology Conferences.

The business services division completed a pilot program on the imaging of critical state documents. That pilot was not only a success but will serve as the groundwork for further imaging of documents by the commission.

All this automation took place while our information resources division was implementing House Bill 1516 from the 80th Legislative Session, requiring the agency to consolidate specific aspects of the information technology under one infrastructure.

The result of several lawsuits changed the way the licensing division processes applications. The Texas residency requirement no longer exists for license and permit applicants. This has resulted in criminal histories being obtained from states other than Texas. It has also resulted in the passage of Rule 33.10 to clarify residency requirements that continue to be in statute.

The agency has seen many key organization events that are the beginning of many more positive changes to come in the future.

For a more detailed description of agency initiatives, please see Appendix I.
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.

Various meetings held during the strategic planning process, involving employees as well as external stakeholders, provided the agency with some significant opportunities for improvement, and a plan for accomplishing these changes.

Reviewing the progress made in implementing management goals from the previous strategic plan provided some direction for the next few years.

1. Staff turnover in the relatively-new education and prevention division continues the need to reinvigorate the partnering efforts of the agency with coalitions, civic groups, and industry members on preventing the sale of alcoholic beverages to minors and intoxicated persons.

2. The agency will continue to address the issue of training new staff as well as current employees while faced with the loss of vast amounts of institutional knowledge through retirement.

3. Improving internal communication must continue to be in the forefront of agency actions. In the Survey of Organizational Excellence and in the brainstorming meetings with agency staff, effective communication and internal flow of information still remain a concern, although significant strides have been made.

4. During the past two years, the agency has improved efforts to train employees on new technology within the agency, so they can use internal computer systems knowledgeably and to their advantage. Management will continue to focus on providing training where it is needed in the upcoming years.

5. As indicated in the Survey of Organizational Excellence, and through input from staff in local meetings, fair pay remains an issue. The agency will continue to work on ensuring employees receive pay commensurate with their job responsibilities.

The agency made noticeable improvement in communicating marketing practice regulations and maintaining consistency statewide.

Administrative violation history of permit holders and active permit information are now available on the agency’s website in real time. This has turned out to be helpful to agency employees as well as the public.

The agency is closer to being able to provide information on pending permit applications from the initial stages of the process, as well as information on complaints against permit holders, through the Public Inquiry System on our website. This information will be more readily available to employees, in addition to being available to the general public.
6. The enforcement division has made great strides to transform to a risk-based performance group. The agency will continue to find newer and better ways to focus resources where they are most needed.

7. Compliance personnel transitioned well into their new role in application processing in the field offices. The agency continues to find more efficient ways to handle these responsibilities so that staff shortages and increased numbers of applications create less of a strain.

Several of the management goals from two years ago will continue to remain priorities.

In March 2008, division directors, field managers, and ports of entry supervisors used employee feedback related to the Survey of Organizational Excellence to develop management goals and strategies specifically related to the needs of TABC employees.

The following are the management goals developed by division directors in headquarters. Please see Appendix J to review management goals developed by each region and ports of entry.

1. Investigate ways to improve employee pay and incentives.
   - Study career ladder possibilities.
   - Study possibilities of hiring employees at a higher part of the salary range.
   - Investigate the possibility of using lapsed funds for across-the-board one-time bonuses.
   - Consider reclassification studies for employees whose job functions changed since the implementation of LicenseEase.
   - Consider providing employees with the opportunity of self-evaluation before their performance reviews.
   - Investigate ways for supervisors to work with employees on career mapping and build career development plans and clearly outlined goals. Perhaps make it part of the performance evaluation process.
   - Investigate ways to compensate IRD staff who are on-call after hours or who are required to have high-speed internet access at home.
   - Investigate ways to reward employees when salary increases are not possible. Increase the use of the following rewards:
     - Administrative leave to employees for specific accomplishments or following a good performance evaluation when a merit raise is not possible.
     - Career development classes to increase skill levels of top-performing employees as a perk.
     - Compressed work weeks, flex time, and telecommuting.

2. Take steps to improve the flow of communication within the agency, reducing unnecessary communication and increasing the flow of relevant information.
   - Establish agencywide announcements of new staff, separations, promotions, retirements and transfers. Post updates on the intranet. Keep internal website employee directory up-to-date.
   - Provide executive staff meeting minutes to all employees instead
of depending on supervisors to distribute them.

- Communicate who the Spanish speakers are in headquarters.
- Provide more information to employees on the agency’s budget, including expenses and how spending decisions are made.
- Investigate ways that more employees can attend commission meetings.
- Find ways for supervisors to consistently communicate with their employees after meetings (commission, executive staff) – about decisions made, assignments, deadlines, relevant information.
- Give more employees the ability to send e-mails to all employees.
- Increase the number of regularly-scheduled department meetings to communicate about on-going projects and have guest speakers from other divisions to learn what they are doing.
- Find ways to ensure that employees receive information about changes before the public (e.g., legislative changes, changes resulting from lawsuits).
- Investigate opportunities for employees to communicate to other divisions/employees the issues/problems they have with performing their jobs.
- Increase written directives in lieu of, or to follow up on, verbal directives.
- Investigate ways for more employee involvement in the budget process.
- Find ways to increase recognizability of employees: Name tags at agency social events, employee photos on the intranet, etc.

3. Investigate ways to expand or improve training opportunities for employees.

- Include more employees in training on new IT programs (e.g., offer ARTS training to support staff, especially those who need to look up information).
- Investigate ways for new employee orientation to include learning about the agency, Lotus Notes, travel, purchasing, timesheets, where to direct questions, and where to find information on TABC’s website.
- Provide information to employees about outside computer software training opportunities.
- Investigate ways to increase or improve training for supervisors and managers and future managers: listening and communication skills, praising employees, professionalism, openness to employee ideas, counseling, coaching, training, change management, teambuilding, and setting goals within workgroups. Investigate ways for employees to evaluate supervisors’/managers’ performance, and then provide training where needed.
- Investigate ways to infuse freshness into inservice training – offer different topics, make courses more interactive.
- Review the possibility of spending time in inservice training discussing each division’s goals and responsibilities and how to find information on TABC’s website.
• Develop training to help employees be more comfortable with the inevitability of change.

4. Review various processes from beginning to end to streamline and eliminate unnecessary duplication and/or inefficiencies.
   • Licensing process, including LSI function.
   • Settlement/waiver process.
   • Delinquent list.

5. Identify cost effective workplace/physical environment enhancements.
   • Investigate ways to improve the state of furniture in the field and some headquarters divisions – some ways other than more hand-me-downs. Establish unofficial replacement schedule.
   • Expand the use of imaging and electronic files to eliminate unnecessary files and filing cabinets.
   • Expand use of in-car computers to reduce work space needed by agents in the field offices.

In April 2008, a cross-section of agency employees worked alongside external stakeholders to develop management goals and strategies related to the agency’s mission of regulating the alcoholic beverage industry. The following are the agency’s priorities:

1. Forge and consistently maintain relationships with industry and community to facilitate communication and education.
   • Partner with industry on marketing practices issues – integrated training, better communication, shared resources.
   • Develop shared industry training.

2. Re-engineer the licensing process to reduce cost and time involved.
   Streamline the process for the timely issuance of licenses, ensure adaptability, and progress toward online processing (originals, renewals, and fee payments).
   • Complete assessment of the need.
   • Identify legal and financial impediments to implementation. Provide information to the legislature as appropriate.
   • Develop implementation plan prior to submission of the Legislative Appropriations Request.
   • Initiate rule changes.
   • Implement two-year permits.
   • Incorporate input from all employees, industry, and local officials through employee and stakeholder forums.
   • Engage local officials through increased communication about the licensing process.
   • Streamline the application protest process.
   • Make adaptability a high priority. Build the framework for the future. Look forward in our process improvement – changes
in technology, changes in law, results of litigation.

3. Identify and develop programs to target more common violations through risk-based enforcement and education. The goal is to foster voluntary compliance.
   • Consider adding inspection refusal relating to public safety as a priority violation.
   • Identify high-risk businesses by using non-public safety violations as an indicator that public safety violations may be occurring.
   • Identify a set of business practices that end up being irresponsible retailing. Identify those retailers and work with them to find better ways to operate.
   • Increase communication with the Comptroller’s Office to find those operating outside of the law.

4. Develop a new process for filing, investigating and reporting complaints against permit holders.
   • Develop a policy and process for filing public complaints.
   • Post the information on our website.
   • Give the public access to the results of complaint investigations through the internet.
   • Find ways to encourage the alcoholic beverage industry to report issues.
   • Find ways to handle larger issues differently than public safety complaints.

5. Establish new ways to consider permittee conduct under prior permits when reviewing applications for new permits, including but not limited to:
   • Credit law;
   • Debts to the state;
   • Violation history; and
   • Past management practices.

6. Improve the public’s perception of the agency.
   • Develop more PSA’s.
   • Update the agency website including making it more modern and expanding departmental web pages. Conduct public forums to get input.
   • Distribute more press releases about the positive work we do.
   • Expand the use of industry resources to spread messages.
   • Conduct regional quarterly forums with the retail level, similar to the meetings held with members of the upper tiers. Follow the same agenda statewide, similar to spring break retailer’s meetings. Use public resources to advertise meetings (flashy signs).
   • Expand “Cops in Shops” in convenience stores to increase off-premises retail employee contact with our employees.
   • Use sporting events as a medium to disseminate messages related to underage drinking, etc.
   • Recognize retailers who have best practices. A committee has developed some for off-premises retailers (Heineken Health Alliance).
7. Continue to increase the overall consistency in our efforts and outcomes, in part through effective internal communication and building relationships with stakeholders.
   - Finalize the revision of the penalty chart.
   - Revise Office of Professional Responsibility policy on investigating complaints against employees.
   - Publicize the new mission, vision, guiding principles, goals, etc.
   - Communicate through marketing practice bulletins.
   - Continue to develop risk-based enforcement efforts.
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.
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.

<table>
<thead>
<tr>
<th>OBJECTIVES/OUTCOME MEASURES</th>
<th>STRATEGIES/OUTPUT MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 Detect and Prevent Violations of the Law</td>
<td>01 Deter and Detect Violations</td>
</tr>
<tr>
<td>To act, to detect, and to prevent violations of the law in such a manner that, by fiscal year 2011, 78.5 percent of all licensed establishments are inspected annually; 95 percent of all administrative cases filed by enforcement agents result in administrative sanctions; 95 percent of all licensees responding to post-inspection surveys rate agency enforcement services as satisfactory or better; 86 percent of all complaint investigations are closed within 60 days; 95 percent of all priority retail locations are inspected annually; a retail public safety compliance rate of not less than 95 percent is achieved; a 93 percent priority retailer public safety compliance rate is achieved; and the public safety recidivism rate for licensed retailers is reduced to 15 percent.</td>
<td>Deter and detect violations of the Alcoholic Beverage Code through enforcement actions.</td>
</tr>
<tr>
<td>Outcome Measures</td>
<td>Output Measures</td>
</tr>
<tr>
<td>01 Percentage of Licensed Establishments Inspected Annually</td>
<td>01 Number of Inspections Conducted by Enforcement Agents</td>
</tr>
<tr>
<td>02 Percent of Administrative Cases Filed by Enforcement Agents Resulting in Administrative Sanctions</td>
<td>02 Number of Inspections of Priority Retailers Conducted by Enforcement Agents</td>
</tr>
<tr>
<td>03 Percent of Agency Contacts Rating Enforcement Actions as Satisfactory or Better</td>
<td>03 Number of Persons Instructed by Enforcement Agents</td>
</tr>
<tr>
<td>04 Percent of Complaint Investigations Closed within 60 Days</td>
<td>04 Number of Licensees Attending Enforcement Education Programs</td>
</tr>
<tr>
<td>05 Percent of Priority Licensed Retail Locations Inspected by Enforcement Agents</td>
<td>Efficiency Measure</td>
</tr>
<tr>
<td>06 Retailer Public Safety Compliance Rate</td>
<td>01 Average Cost Per Enforcement Inspection</td>
</tr>
<tr>
<td>07 Priority Retailer Public Safety Compliance Rate</td>
<td>02 Average Cost Per Person Attending Enforcement Education Programs</td>
</tr>
<tr>
<td>08 Public Safety Recidivism Rate – Licensed Retailers</td>
<td>Explanatory/Input Measures</td>
</tr>
<tr>
<td>01 Number of Enforcement Administrative Cases Reaching Final Disposition</td>
<td>01 Number of Enforcement Administrative Cases Reaching Final Disposition</td>
</tr>
<tr>
<td>02 Number of Licensed Locations Subject to Inspection</td>
<td>02 Number of Licensed Locations Subject to Inspection</td>
</tr>
<tr>
<td>03 Number of Complaint Investigations Opened</td>
<td>03 Number of Complaint Investigations Opened</td>
</tr>
<tr>
<td>04 Number of Criminal Cases Filed</td>
<td>04 Number of Criminal Cases Filed</td>
</tr>
<tr>
<td>05 Number of Administrative Cases Initiated by Enforcement Agents</td>
<td>05 Number of Administrative Cases Initiated by Enforcement Agents</td>
</tr>
<tr>
<td>06 Number of Priority Retail Locations</td>
<td>06 Number of Priority Retail Locations</td>
</tr>
<tr>
<td>07 Number of Complaint Investigations Closed</td>
<td>07 Number of Complaint Investigations Closed</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>OBJECTIVES/OUTCOME MEASURES</th>
<th>STRATEGIES/OUTPUT MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>01 Licensing</strong></td>
<td><strong>01 Licensing</strong></td>
</tr>
<tr>
<td>Process applications for permits and licenses in an efficient and timely manner such that, by fiscal year 2011, 99 percent of all original license/permit applications are processed within 14 days of receipt at headquarters, and the average licensing customer satisfaction score is 96 percent.</td>
<td>Issue licenses and permits while ensuring compliance with laws regarding ownership, performance, tax securities and other regulatory requirements.</td>
</tr>
</tbody>
</table>

**Outcome Measures**

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

**Output Measures**

01 Number of Applications Processed
02 Number of Licenses/Permits Issued

**Efficiency Measure**

01 Average Cost Per License/Permit Processed

**Explanatory/Input Measure**

01 Average Number of Days Required to Approve an Original Primary Application Processed through a TABC Field Office
**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.

<table>
<thead>
<tr>
<th>OBJECTIVES/OUTCOME MEASURES</th>
<th>STRATEGIES/OUTPUT MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 Compliance and Tax Collection</td>
<td>01 Compliance Monitoring</td>
</tr>
<tr>
<td>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, so that, by fiscal year 2011, a 96.7 percent compliance rate for inspections conducted by auditors is achieved; only 17 percent of all report analyses result in administrative action; 96 percent of agency contacts express satisfaction with contact with agency auditors; and the compliance rate for field analyses and audits is not less than 95 percent.</td>
<td>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.</td>
</tr>
</tbody>
</table>

**Outcome Measures**

| 01 Percent of Inspections Resulting in Administrative Action |
| 02 Percent of Report Analyses Resulting in Administrative or Compliance Action |
| 03 Percent of Agency Contacts Expressing Satisfaction with Contacts with Agency Auditors |

**Output Measures**

| 01 Number of Inspections, Analyses, and Compliance Activities |
| 02 Number of Wholesale and Manufacturing Reports Analyzed |
| 03 Number of Audits and Other Analyses Conducted by Field Auditors |
| 04 Inspections Conducted by Field Auditors |

**Efficiency Measure**

| 01 Average Cost Per Compliance Activity |

**Explanatory Measures**

| 01 Number of Licensed Locations Subject to Inspection and Other Regulatory Enforcement Activities |
| 02 Number of Wholesale/Manufacture Licensees/Permittees Required to Submit Monthly Reports |
| 03 Number of Administrative Actions Initiated by Compliance and Tax Personnel |
**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.

<table>
<thead>
<tr>
<th>OBJECTIVES/OUTCOME MEASURES</th>
<th>STRATEGIES/OUTPUT MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>02 Ports of Entry</strong></td>
<td><strong>01 Ports of Entry</strong></td>
</tr>
<tr>
<td>Ensure maximum compliance with laws regulating importation of alcoholic beverages and cigarettes at ports of entry, so that, by fiscal year 2011, ports of entry revenue is at least 99 percent of the ports of entry expenses.</td>
<td>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.</td>
</tr>
</tbody>
</table>

**Outcome Measures**

| 01 Revenue as a Percent of Expense |

**Output Measure**

| 01 Number of Alcoholic Beverage Containers and Packages of Cigarettes Stamped |

**Efficiency Measure**

| 01 Average Cost Per Alcoholic Beverage Container or Cigarette Package Imported |

**Explanatory Measure**

| 01 Number of Alcoholic Beverage Containers and Cigarette Packages Confiscated |

*This measure represents an explanatory measure as the agency has no control over the number of alcoholic beverages or cigarette packages that are imported.*
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.

<table>
<thead>
<tr>
<th>OBJECTIVES/OUTCOME MEASURES</th>
<th>STRATEGIES/OUTPUT MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>01 HUBs</strong></td>
<td><strong>01 Increased Use of HUBs</strong></td>
</tr>
<tr>
<td>To carry out state and agency policies concerning the inclusion of historically underutilized businesses in such a way that, by fiscal year 2011, at least 22.1 percent of the total dollar value of agency purchasing contracts and subcontracts are awarded to HUB vendors, with the following minimums for the various contract/subcontract categories:</td>
<td>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.</td>
</tr>
<tr>
<td>1) 12.6 percent of commodities contracts;</td>
<td><strong>Output Measures</strong></td>
</tr>
<tr>
<td>2) 33 percent of services contracts;</td>
<td>01 Aggregate Number of HUB Contractors and Subcontractors Contacted for Bids</td>
</tr>
<tr>
<td>3) 20 percent of professional and consulting contracts;</td>
<td>02 For Each Purchasing Category, the Number of HUB Contracts and Subcontracts Awarded</td>
</tr>
<tr>
<td>4) 57.2 percent of all special trade construction contracts;</td>
<td>03 For Each Purchasing Category, the Dollar Value of HUB Contracts and Subcontracts Awarded</td>
</tr>
<tr>
<td>5) 11.9 percent of heavy construction contracts; and</td>
<td>04 Number of HUB Related Economic Opportunity Forums, Trade Shows, and Seminars Attended for Increasing the Agency’s Outreach and Utilization of HUB Vendors</td>
</tr>
<tr>
<td>6) 26.1 percent of all other building construction contracts.</td>
<td></td>
</tr>
</tbody>
</table>
## TECHNOLOGY INITIATIVE ALIGNMENT

<table>
<thead>
<tr>
<th>TECHNOLOGY INITIATIVE</th>
<th>RELATED AGENCY OBJECTIVE</th>
<th>RELATED SSP STRATEGY (IES)</th>
<th>STATUS</th>
<th>ANTICIPATED BENEFITS</th>
<th>INNOVATION, BEST PRACTICES, BENCHMARKING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Transformation and consolidation of agency data center operations into the State Data Center.</td>
<td>All Objectives</td>
<td>1-1</td>
<td>Current</td>
<td>Replacement of old server technology; improved service support; enhanced disaster recovery.</td>
<td></td>
</tr>
<tr>
<td>2. Implement the POETCS system at all of the ports of entry locations.</td>
<td>Objective 03-02 Ports of Entry</td>
<td>5-1</td>
<td>Current</td>
<td>Speed up the process of tax collection at the ports. Improve control and accountability of the tax process. Provide faster management reporting.</td>
<td>Innovation: Use of mobile hand devices including PDA and printers in a rugged environment.</td>
</tr>
<tr>
<td>3. Improve information security and privacy management within the agency.</td>
<td>All Objectives</td>
<td>3-1 3-2</td>
<td>Current</td>
<td>Reduced vulnerabilities, risks, and threats; improved security awareness; improved privacy policies; increased privacy awareness; and reduced privacy breaches.</td>
<td></td>
</tr>
<tr>
<td>4. Increase the public’s ability to access license status, violation history, complaint, and credit law information through Public Inquiry System.</td>
<td>Objective 01-01 Detect and Prevent Violations of the Law Objective 02-01 Licensing Objective 03-01 Compliance and Tax Collection</td>
<td>4-1</td>
<td>Planned</td>
<td>Satisfies the public’s demand for more openness in government; satisfies Sunset recommendation for making violation and complaint information public via the agency’s website.</td>
<td>Best Practices: Enhance the uses of TABC’s Public Inquiry System which is nationally recognized by the state alcohol regulation community.</td>
</tr>
<tr>
<td>5. Enhance the agency’s Application Tracking and Reporting System (ARTS) to include case management.</td>
<td>Objective 01-01 Detect and Prevent Violations of the Law Objective 02-01 Licensing Objective 03-01 Compliance and Tax Collection</td>
<td>4-1</td>
<td>Planned</td>
<td>Eliminate redundant system for entering and tracking enforcement investigation cases; reduce support costs; improve usability.</td>
<td></td>
</tr>
<tr>
<td>6. Upgrade LicenseEase to the next generation Versa Regulation to improve efficiency and deliver enhanced customer service.</td>
<td>Objective 02-01 Licensing</td>
<td>5-1</td>
<td>Planned</td>
<td>Improve efficiency and deliver enhanced customer service; reduce support costs for software maintenance. more flexible and functional than LicenseEase.</td>
<td></td>
</tr>
<tr>
<td>TECHNOLOGY INITIATIVE</td>
<td>RELATED AGENCY OBJECTIVE</td>
<td>RELATED SSP STRATEGY (IES)</td>
<td>STATUS</td>
<td>ANTICIPATED BENEFITS</td>
<td>INNOVATION, BEST PRACTICES, BENCHMARKING</td>
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</tr>
</tbody>
</table>
| 7. Implement public access to online license application, renewal, and fee payment via TexasOnline. | Objective 02-01 Licensing | 4-1  
1-3 | Planned | Allows applicants to submit applications for original licenses, renew existing licenses, request changes such as address or trade name, and make payment of fees. Other benefits include: providing multi-language by user choice; secure user registration/logon; password retrieval; and e-mail transaction confirmation. | Best Practices: Utilize TexasOnline for ePay fee payment. |
| 8. Automate the excise tax reporting and collection process. | Objective 03-01 Compliance and Tax Collection | 5-1  
4-1 | Planned | Allows major industry licensees to submit required reports through an automated network rather than printed documents; more rapid reconciliation of reports by agency staff through automation; more efficient and timely process. | Innovation: Provide a “best of class” solution among the other state alcohol regulators. |
| 9. Deploy the integrated mobile data computers (in-car) to all enforcement agent vehicles. | Objective 01-01 Detect and Prevent Violations of the Law | 5-1  
4-2  
4-4 | Current | Access to agency applications through a secure VPN connection over wireless communications service; secure access to other law enforcement resources (TLETS, NLETS); GPS and mapping capabilities; increased productivity and reduced administrative burden; increased visible police presence on the street. | Best Practices: Enable our officers to deploy state-of-the-art mobile data systems that foster greater access and sharing of data and information in real-time among and beyond Texas law enforcement.  
Benchmarking: Provide a baseline standard of integration and interoperability throughout the state and its regions to support greater information sharing. |
<table>
<thead>
<tr>
<th>TECHNOLOGY INITIATIVE</th>
<th>RELATED AGENCY OBJECTIVE</th>
<th>RELATED SSP STRATEGY (IES)</th>
<th>STATUS</th>
<th>ANTICIPATED BENEFITS</th>
<th>INNOVATION, BEST PRACTICES, BENCHMARKING</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. Implement document imaging and retrieval to all agency business units.</td>
<td>Objective 01-01 Detect and Prevent Violations of the Law Objective 02-01 Licensing Objective 03-01 Compliance and Tax Collection</td>
<td>5-1 1-4</td>
<td>Current</td>
<td>Improved archiving of images and documents; easier retrieval to files using complete text indexing of document contents (such as PDF or Office documents, or OCR text), and custom searching; reduced cost to maintain records.</td>
<td>Best Practices: Utilize a managed services contract to maximize efficiency while reducing costs.</td>
</tr>
<tr>
<td>11. Implement a Unified Communications (UC) technology solution to integrate the agency’s different communications systems, media, devices and applications.</td>
<td>All Objectives</td>
<td>5-1 3-1 3-2</td>
<td>Planned</td>
<td>Allow for the integration of fixed and mobile voice, e-mail, instant messaging, desktop and advanced business applications into a single, simple environment for agency users.</td>
<td>Innovation: Deploy innovative technology to enhance agency communication both internally and externally.</td>
</tr>
<tr>
<td>12. Develop an executive dashboard for agency managers to track key performance data.</td>
<td>All Objectives</td>
<td>5-1</td>
<td>Planned</td>
<td>Improve access to key performance measure data for agency executives.</td>
<td></td>
</tr>
</tbody>
</table>
Appendix A: Agency Planning Process

In addition to the agency’s internal customers - the employees themselves - the Texas Alcoholic Beverage Commission has a wide and varied group of external 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 beverage sales.

The commission approached the structuring of the Strategic Plan through the formation of a “Change Team.” The Change Team was tasked with cultural realignment – discussions and activities surrounding a cultural shift to a more bottoms-up management style that values the input of every employee. In a separate meeting, external and internal factors affecting the agency were used to identify problem areas. Stakeholders were identified and tasked to help develop internal management goals centered around the agency’s Survey of Organizational Excellence results and the Sunset Bill. The information was then compiled and submitted to the commissioners for final approval.

Cultural Realignment
A “Cultural Realignment / Strategic Planning Meeting” was held in Austin in February 2008, and was the first gathering of the Change Team. The team worked together to develop a new agency mission, vision, philosophy, four cornerstones and guiding principles.

The new mission, vision, philosophy and guiding principles were subsequently approved by the commissioners at the March 28, 2008, commission meeting.

External / Internal Assessment
On March 17, a subset of the Change Team met again. Subject matter experts presented information used as the basis for the External / Internal Assessment section of the Strategic Plan. Members of the Change Team were provided the opportunity to ask questions and make suggestions.

Members of the alcoholic beverage industry and other community stakeholders were invited to learn more about the agency and what factors affect its operations. The theme of the day was “Information Sharing – Information Gathering.”

Stakeholder Involvement
During the 2004 and 2006 strategic planning process, the agency held public forums across the state to gather input from the general public and all permit holders. These regional meetings

The Change Team
Starting in January 2008, the agency’s leadership made a conscious decision to include more employees in the development of the Strategic Plan. A “Change Team” was identified to participate in the planning process. The 55 members of the Change Team represented every part of the agency – each division and each region, at every level.
were advertised in local newspapers. Attendance was low, and the discussions did not result in a great deal of valuable input into our strategic planning.

During this year’s process, instead of inviting the general public to participate, focus was given to the agency’s direct stakeholders – the alcoholic beverage industry and other public interest groups. These interested parties were invited to participate along with agency employees in two different strategic planning sessions. The stakeholders’ input, particularly in developing recommendations for management goals, was invaluable.

Additionally, the agency has reported on its progress at the March, April and May public commission meetings. Community stakeholders were invited to provide input in writing or in person during the commission meetings. However, the majority of the feedback was received during the strategic planning sessions mentioned above.

**Management Goals**

Each year, the Opportunities for Improvement section of the agency’s Strategic Plan includes internal management goals. During this year’s process, the decision was made to focus these goals on two areas: the results of the Survey of Organizational Excellence, and any Sunset Review recommendations that had not been fully implemented.

**Survey of Organization Excellence Local Brainstorming Meetings**

Throughout March, supervisors hosted local meetings to discuss the results of the Survey of Organizational Excellence for their particular area, and to gather ideas on how to incorporate findings into the agency’s management goals. Every employee had the opportunity to meet in small to medium-size groups and discuss their personal interpretation of the survey results. Then they were able to brainstorm issues or concerns, as well as recommendations, for how to address the lowest-scoring constructs in the survey.

In late March, field managers and division directors used the results of these local brainstorming meetings to develop management goals and strategies specifically related to the needs of TABC employees in their areas. Seven different groups of managers each developed several goals that reflected their local needs. These groups were Region 1, Region 2, Region 3, Region 4, Region 5, Ports of Entry, and Headquarters. They will be expected to report their progress to the Change Team on a quarterly basis throughout the next two years. The Survey of Organizational Excellence in 2009 will measure the results. These local goals are included in Appendix J: Internal Management Goals and Strategies.

**Sunset Bill**

On March 25, the executive staff met to review the agency’s progress in implementing Senate Bill 904 – the agency’s Sunset Bill.

The results of this meeting were presented at an April 2-3 meeting of a subset of the Change Team comprised of the captains, compliance supervisors, division directors, key headquarters employees, and a TABC commissioner. Members of the alcoholic beverage
industry and other stakeholders also participated in the meeting.

The group developed seven agency internal management goals and strategies related to the agency’s mission of regulating the alcoholic beverage industry. These goals are included in the Opportunities for Improvement section of the Strategic Plan.

**Executive Staff Meeting**
In April, the executive staff met to review the recommendations developed during the April 2-3 meeting, and the group finalized the headquarters and agencywide management goals.

**Adoption by Commissioners**
On June 27, 2008, the Strategic Plan was adopted by the commission members as the plan for the five-year period ending August 31, 2013.

**Implementation / Follow-Up**
Beginning in July 2008, the Change Team will meet quarterly to revisit the Strategic Plan and discuss our progress, barriers to success, and other related issues.

**Summary**
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 provided the basis for the agency’s FY 2009-2013 Strategic Plan.
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Appendix B:
Organizational Chart

People of Texas
Governor of Texas
Commissioners

Internal Audit
Administrator

Office of Professional Responsibility
Public Information Officer

Legal Services Division
Information Resources Division

Chief of Field Operations

Compliance Division
Enforcement Division
Marketing Practices
Cash Law
Credit Law
LSI Training

Support Services Assistant Administrator

Business Services Division
Licensing Division

Tax Division
Human Resources Division

Research and Planning
Excise Tax
Chemistry Lab
Ports of Entry
Seller Training
Education Grants

Strategic Plan 2009-2013
## Appendix C:
### Five-Year Projections for Outcomes

<table>
<thead>
<tr>
<th>Outcome</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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<tbody>
<tr>
<td>Percent of Licensed Establishments Inspected Annually</td>
<td>87.4%</td>
<td>78.5%</td>
<td>78.5%</td>
<td>78.5%</td>
<td>78.5%</td>
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<tr>
<td>Percent of Administrative Cases Filed by Enforcement Agents Resulting in Suspension or Cancellation</td>
<td>95.1%</td>
<td>95.0%</td>
<td>95.0%</td>
<td>95.0%</td>
<td>95.0%</td>
</tr>
<tr>
<td>Percent of Agency Contacts Rating Enforcement Actions as Satisfactory or Better</td>
<td>94.1%</td>
<td>95.0%</td>
<td>95.0%</td>
<td>95.0%</td>
<td>95.0%</td>
</tr>
<tr>
<td>Percent of Complaint Investigations Closed Within 60 Days</td>
<td>86.2%</td>
<td>86.0%</td>
<td>86.0%</td>
<td>86.0%</td>
<td>86.0%</td>
</tr>
<tr>
<td>Retailer Public Safety Compliance Rate</td>
<td>94.5%</td>
<td>95.0%</td>
<td>95.0%</td>
<td>95.0%</td>
<td>95.0%</td>
</tr>
<tr>
<td>Priority Retailer Public Safety Compliance Rate</td>
<td>92.7%</td>
<td>93.0%</td>
<td>93.0%</td>
<td>93.0%</td>
<td>93.0%</td>
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<tr>
<td>Public Safety Recidivism Rate – Licensed Retailers</td>
<td>17.38%</td>
<td>15.0%</td>
<td>15.0%</td>
<td>15.0%</td>
<td>15.0%</td>
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<tr>
<td>Percent of Original License/Permit Applications Processed Within 14 Days</td>
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<td>99.0%</td>
<td>99.0%</td>
<td>99.0%</td>
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<tr>
<td>Average Licensing Customer Satisfaction Score</td>
<td>95.6%</td>
<td>96.0%</td>
<td>96.0%</td>
<td>96.0%</td>
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<tr>
<td>Compliance Rate – Inspections of Licensed Premises Conducted by Auditors</td>
<td>96.7%</td>
<td>96.7.4%</td>
<td>96.7%</td>
<td>96.7%</td>
<td>96.7%</td>
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<tr>
<td>Percent of Report Analyses Resulting in Administrative Action</td>
<td>18.2%</td>
<td>17.0%</td>
<td>17.0%</td>
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<td>17.0%</td>
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<tr>
<td>Percent of Agency Contacts Expressing Satisfaction with Compliance Functions</td>
<td>94.9%</td>
<td>96.0%</td>
<td>96.0%</td>
<td>96.0%</td>
<td>96.0%</td>
</tr>
<tr>
<td>Compliance Rate – Audits &amp; Analyses</td>
<td>90.1%</td>
<td>89.0%</td>
<td>90.0%</td>
<td>90.0%</td>
<td>90.0%</td>
</tr>
<tr>
<td>Revenue as a Percent of Expenses</td>
<td>98.8%</td>
<td>99.0%</td>
<td>99.0%</td>
<td>99.0%</td>
<td>99.0%</td>
</tr>
</tbody>
</table>
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 and compliance auditors, expressed as a ratio of the number of individual establishments subject to inspection. With respect to this measure, 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 auditors 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 inspection records and from its automated licensing records. Records of the inspections conducted by agents and compliance auditors are created as part of the data entry of daily 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
is 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 an automated
Crystal View Report ENF1008 "78.5% of
All Licensed Locations Inspected."

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
definers 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: Noncumulative.

New Measure: No.

Desired Performance: Higher than
target.

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

Short Definition: The percentage of
administrative cases originated by
enforcement agents that were closed--
reached final disposition-- during a
specified time period and that resulted in
either specific sanctions being imposed
upon a licensee or permittee or in
sanctions being prevented by operation
of Section 106.14 of the Alcoholic
Beverage Code. For the purposes
of this measure, an administrative case is
a due process civil action in which the
agency seeks to suspend or cancel an
entity’s licensing privileges due to one or
more violations of the Alcoholic
Beverage Code.

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

Source/Collection of Data: Enforcement
administrative violation records. These
automated records are created using
hardcopy administrative notices as
source documents and are updated
throughout the case settlement process.
The numbers required for the
calculations associated with this
measure come from Crystal View
Report ENF1009 "Investigative and
Admin Summary."
Method of Calculation: All administrative violation records pertaining to cases that were settled (e.g., reached final disposition or were “closed”) during the period of interest are identified and counted. Then within that group of case records, all records with disciplines (final dispositions) other than “dismissed with prejudice” or “dismissed without prejudice” are identified and counted. As the final step in the calculation, the number of administrative cases with disciplines other than some form of “dismissed” is divided by the total number of administrative cases that had been settled or closed during the same 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: Noncumulative.

New Measure: No.

Desired Performance: Higher than target.

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.

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

Calculation Type: Noncumulative.

New Measure: No.
Desired Performance: Higher than 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: Automated complaint investigation records pertaining to complaints investigated by enforcement personnel are the source of the information used for this measure. These records are created by data entry using hardcopy complaint cards as source documents or by direct entry from field notes. Each automated record is updated periodically over the course of the investigation and then closed at its conclusion. The totals needed for the calculation of the measure are taken from Crystal View Report ENF1003 "Complaint Investigations and Inspections."

Method of Calculation: Using the 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: Noncumulative.

New Measure: No.

Desired Performance: Higher than target.

05 Percentage of Priority Retail Locations Inspected by Enforcement Agents

Short Definition: The number of priority 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 priority status during the same time period. For the purposes of this measure, 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. A licensed retail location may be deemed a priority retail location if there is a past history of public safety violations occurring on its premises.
**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 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:** Automated agency inspection, violation, and licensing records are the sources of the information used to calculate the value of this measure. These records are created by data entry from standardized forms or, in some cases, by data entry from handwritten field notes. The specific numbers used in the calculation come from Crystal View Report ENF1022 "Inspections of Retail, Priority, and Upper Tier Locations."

**Method of Calculation:** Priority retail locations are identified by comparing pre-set risk criteria against the automated criminal and administrative violation records stored in the agency’s database to determine which licensed entities met the risk criteria during a specified time period. The primary license numbers of the entities determined to be at risk for future public safety violations are then compared against the license numbers contained in inspection records to identify the priority retail locations that were inspected during the period in question. The number of priority locations subject to inspection is totaled as is the number of priority retail locations inspected. The required percentage is derived by dividing the number of priority retail locations inspected during the period in question by the total number of priority retail locations subject to inspection during the same period.

**Data Limitations:** Priority status is time sensitive. Entities will enter and/or exit priority status throughout the course of the fiscal year.

**Calculation Type:** Noncumulative.

**New Measure:** No.

**Desired Performance:** Higher than target.

---

**06 Retailer Public Safety Compliance Rate**

**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. For the purposes of this measure, an inspection is a visit to a licensed location or 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 agency inspection record and automated violation records related to those inspection records are the sources of the data used to calculate this measure. The automated inspection records are created during the data entry process.
entry of employee daily activity reports and field notes. The automated violation records are created by the data entry of hardcopy criminal citations and administrative notices. The values needed for the calculation of this measure are taken from Crystal View Report ENF1022 "Inspections of Retail, Priority, and Upper Tier Locations."

**Method of Calculation:** The automated records pertaining to inspections conducted at retail locations during the period in question are identified and counted. These records and their related violation records are further examined to identify all inspections that did not produce criminal or administrative cases involving one or more public safety violations. 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:** Noncumulative.

**New Measure:** No.

**Desired Performance:** Higher than target.

---

**07 Priority Retailer Public Safety Compliance Rate**

**Short Definition:** The number of inspections of priority 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 priority retail locations conducted by agents during the same time period. For the purpose of this measure, 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 retail location may be deemed a priority retail location if there is a past history of public safety violations occurring on its premises.

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

**Source/Collection of Data:** Automated agency inspection record and automated violation records are the sources of the data used to calculate this measure. The automated inspection records are created during the data entry of employee daily activity reports and field notes. The automated violation records are created by the data entry of hardcopy criminal citations and administrative notices. The values needed for the calculation of this measure are taken from Crystal View Report ENF1022 "Inspections of Retail, Priority, and Upper Tier Locations."

**Method of Calculation:** Priority retail locations are identified by comparing pre-set risk criteria with automated criminal and administrative case records 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 the automated...
records pertaining to the inspections conducted during the same period to identify the inspections conducted at priority retail locations. The inspection records pertaining to the inspections conducted at priority retail locations and their related violation records are further examined to identify those inspections that did not produce criminal or administrative cases involving public safety violation. The number of inspections conducted on the premises of priority retailers are then totaled as is the number of these priority inspections that did not result in criminal or administrative cases involving public safety violations. The number of priority inspections that did not result in criminal or administrative cases involving public safety violations is then divided by the total number of inspections of priority retailers to derive the desire percentages.

Data Limitations: Priority status is time sensitive. Entities will enter and/or exit priority status throughout the course of the fiscal year.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher than target.

08 Public Safety Recidivism Rate - Licensed Retailers

Short Definition: The percent of the licensed retailers charged with an administrative public safety offense during a specified period of time that have been charged with other public safety violations during the 12 months preceding the last public safety offense they committed during the period under review.

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 and are then sorted and tabulated in various ways to obtain the reported values. The reported values are taken from Crystal View Report ENF1014 "Recidivism Rate."

Method of Calculation: First, all administrative case records originated for offenses that occurred during a specified period of time are sorted through to identify all licensed retailers who were charged with public safety offenses during that time period. Those so identified are counted. Next, the agency's administrative case records are again reviewed, this time in comparison with a list of the retailers identified during the first step, to determine if any of those retailers had been charged with a prior public safety offense during the twelve months preceding the last public safety offense they committed during the period under review. Those found to have prior public safety charges meeting this criterion are also counted. Then, as a final step, the number of public safety offenders with prior offenses is divided by the total number of public safety offenders.

Data Limitations: None known.

Calculation Type: Noncumulative.
New Measure: No.

Desired Performance: Lower than target.
OUTPUT MEASURES

01 Number of Inspections Conducted by Enforcement Agents

Short Definition: Number of inspections of licensed premises conducted by enforcement agents during a specified time period. For the purpose of this performance measure, and inspection is a visit to a licensed location, a proposed licensed location, or any other physical location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws. Undercover compliance checks also fall within this definition.

Purpose/Importance: Inspections are the agency’s primary law enforcement work process. There are various forms or types of inspections but what they all have in common is a physical encounter for the purpose of confirming or enforcing compliance with state laws. Counting inspections provides an accurate representation of the number of times agents have conducted physical compliance checks during the course of their law enforcement duties.

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 or field notes. When these reports or notes are data-entered, an automated record summarizing each inspection is created. The values reported for this measure are taken from the Enforcement’s Compliant Investigations & Inspections Report.

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: The term “inspection” is applied to a wide variety of compliance checks. 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.

Desired Performance: Higher than target.

02 Number of Inspections of Priority Retailers Conducted by Enforcement Agents

Short Definition: Number of inspections of priority retailers who are licensed retail locations previously determined to be “at risk” for future public safety violations conducted by enforcement agents during a specified time period. With respect to this performance measure, 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 a priority retailer if it has a past history of 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 especially “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, and change applications.

Method of Calculation: The retailers that were in business and subject to inspection during the period are first identified by checking licensing records. Then the histories of the retail entities determined to have been active during the period (the administrative cases to which it was subjected and the criminal cases that occurred on its premises) are pulled from the agency’s database of automated violation records and cross compared with the pre-set criteria for priority status to identify the retailers meeting the criteria for priority status during the period in question. To identify the priority 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 are compared with those found in the enforcement inspection records for the period. The priority establishments that were actually inspected are then counted and that total becomes the value reported for this measure.

Data Limitations: Retailers are constantly entering and leaving the industry. They also flow on to and off of the priority list over time. As a consequence, the number of retailers and priority retailers can vary over time in a manner that is beyond the control of the agency.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher than target.

03 Number of Persons Instructed by Enforcement Agents

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 or field notes 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 the Crystal View Report ENF1416 "Educational Activities Statewide."

Method of Calculation: The measure is calculated by identifying all automated educational program session records created for sessions taught by enforcement agents during 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.

Desired Performance: 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 the reporting period.

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 or field notes as source documents and then tabulated to obtain the reported totals. The reported totals are taken from the Crystal View Report ENF1416 "Educational Activities Statewide."

Method of Calculation: First, all automated agent activity records related to retailer and upper tier public education classes taught by enforcement agents during a specified time period are identified. Then the class attendee counts found within these records are totaled. The resulting sum is the value reported for this measure.

Data Limitations: None known.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher than 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-- physical compliance checks-- conducted by enforcement agents during the same time period. An inspection is a visit to a licensed location, a proposed licensed location, or any other 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 automated activity records and inspection records, which are data-entered using agent field notes or Agents Daily Activity Reports as source documents, and a chart from the agency's business services division that allocates the agency's expenses during the period in question among its various strategies are used in the calculations required for this measure.

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 enforcement activities is then multiplied by a ratio created by dividing inspection activity work hours by total enforcement work hours to identify the amount of total enforcement expenditures attributable to inspections and that amount 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 between the two groups of activities - 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: Noncumulative.

New Measure: No.

Desired Performance: Lower than target.

02 Average Cost Per Person Attending Enforcement Education Programs

Short Definition: The total cost of all enforcement educational/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 automated activity records, which are data-entered using agent field notes or Agents Daily Activity Reports as source documents and a chart from the agency's business services division that allocates the agency's expenses during the period in question among its various strategies are used in the calculations required for this measure. Agent educational work hours and total agent work hours are taken from the Crystal View Report ENF1361 "Task Type Summary by Division and Date." (Agent educational work hours can also be found on the Crystal View Report ENF1416 "Educational Activities Statewide.") The number of persons instructed by enforcement agents is taken from the Crystal View Report ENF1416 "Educational Activities Statewide."

*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 divided by the former and the resulting ratio is then multiplied by the total for enforcement expenses during the period in question to derive the amount of total enforcement expenditures attributable to educational activities. That amount is then divided by the total number of persons instructed by enforcement agents during the same period to derive a "per person instructed" unit cost.

*Data Limitations:* The division of total work hours between the two groups of activities—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 been 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:* Noncumulative.

*New Measure:* No.

* Desired Performance:* Lower than 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 or agent field notes as source documents are used in the calculation of the value of this measure. Crystal View Report ENF1009 "Investigative and Admin Summary" provides the numbers required for reporting.

Method of Calculation: All automated administrative case records for cases originated by enforcement agents that have a unique docket number present in the record, a status of "closed," and a status date falling within the date range specified are found and counted. The resulting total is the value reported for this measure.

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.

Desired Performance: Higher than 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, are used in the compilations required to derive the reported total. The reported total is taken from Crystal View Report ENF1008 "78.5% of All Licensed Locations Inspected."

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. Count the individual locations found.
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: Cumulative.

New Measure: No.

Desired Performance: Higher than 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 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 or field notes. The values reported come from Crystal View Report ENF1003 "Complaint Investigations and Inspections."

Method of Calculation: In the agency automated database, find all complaint investigation records that pertain to investigations led by enforcement agents with a Received Date that falls within the date range of interest. Then count the records found; the resulting total is the value reported for this measure.

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.

Desired Performance: Higher than 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 or from agent field notes are counted to derive the values reported for this measure. The values reported are taken
from Crystal View Report ENF1004 "Violation by Disposition Summary - Criminal Enforcement Actions."

**Method of Calculation:** Find all criminal case records in the agency's database with violation 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:** Prior to the second half of FY 2007, each individual violation required a separate case record. A recent change in software and citation forms (late FY 2007, early FY 2008) now permits case records with multiple violations if the offender, incident date and time, and the severity of the offense are the same. As a consequence, the number of criminal case records from late FY 2007 onward could be less than in previous fiscal years even if the absolute number of violations were the same. The data from late FY 2007 onward will, therefore, not be fully comparable with that of prior periods.

**Type of Calculation:** Cumulative.

**New Measure:** No.

**Desired Performance:** Higher than 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 cancelling 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 or field notes as source documents. The values reported come from Crystal View Report ENF1004 "Violation by Disposition Summary - Administrative Enforcement Actions."

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

**Data Limitations:** None known.

**Calculation Type:** Cumulative.

**New Measure:** No.

**Desired Performance:** Higher than target.

**06 Number of Priority 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 public safety violations 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 Priority 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 administrative case records and criminal case records, which are entered into agency data systems using administrative notices, and criminal citations as the initial source documents. The values actually reported come from Crystal View Report ENF1022 "Inspections of Retail, Priority, and Upper Tier Locations."

**Method of Calculation:** Licensing records are reviewed to determine which licensed retailers were in business and, therefore, subject to inspection during the period in question. The history of each license found to be subject to inspection is then compared with pre-set risk criteria to determine which should be considered especially "at risk" for public safety populations. The "at risk retailers" are then counted and their numbers totaled.

**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 is the number of retailers that meet the criteria for priority status. It is also noted that priority status can change over time and that retailers may gain or lose that status over time as new violations occur and as old violations become more distant in time.

**Calculation Type:** Noncumulative.

**New Measure:** No.

**Desired Performance:** Higher than target.

### 07 Number of Complaint Investigations Closed

**Short Definition:** Number of complaint investigations led by enforcement agents that were closed during a specified period of time.

**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 and field notes, are counted to obtain the reported total. The totals reported are taken from Crystal View Report ENF1003 "Complaint Investigations and Inspections."

**Method of Calculation:** All automated complaint investigation records with an agent as the "lead investigator," a "closed" status, and status date falling within the specified date range are identified and counted. The resulting total is reported as the value for this measure.

**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:** No.

**Desired Performance:** Higher than 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 MEASURE

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 at the agency's central headquarters 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 and then updated as warranted. Cognos reports (Original Applications Processed, Parts I and II) are generated at the end of reporting period to extract the information needed for this measure from this database and to import it into an Excel spreadsheet where the required calculations are performed.

Method of Calculation: This measure is calculated by first finding all original application records with closed dates falling within a specified date range and counting the records found. Next, for each record found, the application's headquarters received date is subtracted from its process date. If a record does not contain a process date, its closed date is substituted for the process date in this calculation. After
these calculations, the records with 14 or less days in the difference of the two dates are counted. As a final step, the number of records where the difference between the two dates is 14 days or less is divided by the total number of records found in the initial find. The result is the Percent of Original Applications Processed within 14 days. Note: The actual process date is the date the original license/permit application is approved, denied, or withdrawn or, if problems exist with respect to the application, the date the notification is sent to applicant explaining any deficiencies with the application.

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

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher than target.
OUTPUT MEASURES

01 Number of Applications Processed

Short Definition: This 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.

Desired Performance: Higher than target.

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. The count of temporaries, originals, and renewal applications that have been approved within a specified date range is taken from Crystal View Report LIC1301 “License and Permits Issued by Class and Fee Paid.” Temporary, original, and renewal licenses and permits are printed and issued on the date that they are approved.

Method of Calculation: Crystal Report LIC1301 “License and Permits Issued by Class and Fee Paid” finds and counts all temporary, original, and renewal applications approved within a specified date range.
Data Limitations: The economy, population and social trends on alcoholic beverage consumption affect the number of new business requiring licenses/permits as well as the number of businesses failures.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher than target.
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:* Noncumulative.

*New Measure:* No.

*Desired Performance:* Lower than target.
EXPLANATORY MEASURES

01 Average Number of Days Required to Approve an Original Primary Application Processed through a TABC Field Office

Short Definition: Average number of days to process original primary 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 original primary retail and wholesale applications from beginning of process to issuance of license/permit. Fluctuation in this information alerts management to problems and/or changes in application process. The license/application classes selected for monitoring are those most often sought by persons and entities attempting to start new retail or wholesale businesses in Texas, specifically MB, RM, N, NE, NB, BG, BQ, BE, BF, P, Q, V, Y, W, X, LX, BB, BC, and BD.

Source/Collection of Data: Data required to calculate this measure is obtained from license/permit application records pertaining to the following license classes: MB, RM, N, NE, NB, BG, BQ, BE, BF, P, Q, V, Y, W, X, LX, BB, BC, and BD. These records contain the date each application was originally received in a field office as well as the date on which each application was approved and the related license or permit was printed. A Cognos Report entitled "Average Number of Days to Process Original Applications" extracts the necessary data from the agency’s database for this measure.

Method of Calculation: As the automated report entitled "Average Number of Days to Process Original Applications" runs, it first finds all records pertaining to original applications for the classes of primary licenses and permits whose processing starts at agency field offices (MB, RM, N, NE, NB, BG, BQ, BE, BF, P, Q, V, Y, W, X, LX, BB, BC, and BD; Transaction Codes 1020 and 1030) with application approved dates within the specified date range and counts the number of records found. For each record found, it then subtracts the district office received date found in that record from its application approved date, to determine the number of processing days required for the application. After next summing the number of processing days required for all records found, the report then divides that sum by the number of application records found during the initial search. Using the agency’s computer systems, this figure represents the average number of days to process an in-state retail/wholesale original application.

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: Noncumulative.

New Measure: Yes.

Desired Performance: Lower than 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.

Objective 1: Ensure Compliance with the Alcoholic Beverage Code.

OUTCOME MEASURES

01 Percent of Inspections Resulting in Administrative Action

Short Definition: The percentage of inspections, analyses, and regulatory activities during which violations of the Alcoholic Beverage Code and/or rules were detected and an administrative action was initiated. An inspection is a visit to a licensed location, or to a proposed licensed location, or any other location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws. Field Analyses are reviews, conducted by field auditors, of selected areas of a licensee's/permittee's operations to ensure compliance with the licensing requirements of the Alcoholic Beverage Code and Rules and includes financial and records audits of various types. The selected regulatory activities in question include the intake of original applications in the field, applicant interviews, the issuance of temporary licenses/permits and caterer's certificates by field personnel, the handling of marketing practices and other informational inquiries by field personnel, the processing of credit law Notices of Default, and the processing of destruction and export applications. Administrative actions include administrative warnings, administrative cases, application protests, summary suspensions initiated by compliance personnel, and the initial publication of credit law Notices of Default.

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:** The numbers used to calculate the value of this measure come from various agency automated and manual reports. With respect to the compliance activities considered in this measure, the total for Analyses and Audits is taken from Crystal View Report COM1180 "R.O. submitted to H.Q.," inspection totals come from ENF1003 "Complaint Investigations and Inspections," and the counts for marketing practices and other inquiries, applicant interviews, and the destruction/export applications processed are taken from ENF1361 "Task Type Summary by Division and Date." The total for the credit law Notices of Default processed come monthly manual reports entitled "Credit Law Monthly Number of Notices of Default." Also presently coming from manual reports are the field original application, temporary license/permit, and caterer's certificate counts. As for the administrative action counts, totals for the number of administrative warning, administrative cases, applications protests, and summary suspensions initiated by compliance personnel all come from Crystal View Report ENF1004 "Violation by Disposition Summary - Criminal Enforcement Actions." The total for the number of Notices of Default first publications is taken from an automated report generated from Cognos that's entitled "Delinquency Notices by Original Publication Date."

**Method of Calculation:** The sums from the various reports pertaining to the administrative actions initiated by compliance are totaled. Also totaled are the relevant sums from the various reports pertaining to compliance analyses, inspections, and other activities. The total for compliance administrative actions is then divided by the total for compliance analyses, inspections, and other activities to derive the value reported.

**Data Limitations:** Staffing levels and the experience/knowledge levels of agency employees can influence the value of this measure.

**Calculation Type:** Noncumulative.

**New Measure:** No.

**Desired Performance:** Higher than target.

**02 Percent of Report Analyses Resulting in Administrative or Compliance Action**

**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.209 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 analyzes 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 analyzes that result in compliance or administrative actions.

**Calculation Type:** Noncumulative.

**New Measure:** No.

**Desired Performance:** Lower than target.

**03 Percent of Agency Contacts Expressing Satisfaction with Contacts with Agency Auditors**

**Short Definition:** The percentage of compliance post-inspection/audit survey instruments returned with ratings indicating general satisfaction with the actions of the agency's auditors.

**Purpose/Importance:** This outcome measures licensee/permittee satisfaction with regard to the practices of the agency's auditors. It is important because it provides feedback from our customers and indicates how well the agency is meeting its own expectations concerning customer service.

**Source/Collection of Data:** The data required for the calculation of this measure comes from survey instruments that are mailed to and returned from licensees and permittees whose businesses were inspected or audited during a specified time period by the agency's field auditors. The responses when returned are data-entered into a spreadsheet database and tabulated at the end of each reporting period.

**Method of Calculation:** Each survey instrument contains six questions that gauge respondent satisfaction with the auditor's practices. Respondents rate compliance auditors on each dimension by marking either "Yes" or "No." As returned survey instruments are received, they are data-entered into a spreadsheet, with the initial categorical rating for each dimension being translated during data entry into a numeric value-- "1" for Yes and "0" for No. A respondent's failure to rate the auditors on a given dimension is treated as a "No" response for that dimension. The ratings entered for all six dimensions are then averaged to derive a measure of general satisfaction for each respondent. Those whose general satisfaction scores are greater than .5 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:** The agency has no control over the number of survey instruments returned, and the response rate is usually low. Low response rates compromise the representativeness of the data and preclude any generalization of the results.
Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: 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 licenses/permits and catering certificates issued by field personnel, and also consist the number 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, 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.

Desired Performance: Higher than target.

02 Number of Wholesale and Manufacturing Reports Analyzed

Short Definition: The number of monthly reports received and analyzed by agency employees that come from the manufacturing and wholesale tiers of the alcoholic beverage industry and that pertain either to the sale and shipment of alcoholic beverages into or within the State of Texas, to the alcoholic beverage products manufactured within the state, or to the use of beverage quality alcohol in the manufacturing process for non-beverage products. The total includes all of the excise tax reports received and reviewed by TABC employees.

Purpose/Importance: The measure shows the workload and output of those agency employees who are involved in processing the monthly reports the agency receives from the manufacturing and wholesale tiers of the alcoholic beverage industry.

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, inspections and compliance activities completed during the reporting period, regardless of when the activity was begun.
Source/Collection of Data: Tax division personnel manually record each report analysis completed by type of analysis performed on their Excise Tax Daily Reports (Form C-29). These are then data-entered into a spreadsheet which is used to generate totals for all employees and to produce an "Excise Tax Activity Report" for the period in question.

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

Data Limitations: Economic/market conditions can cause fluctuations in the number of entities required to submit monthly reports and thereby cause fluctuations in the volume of reports received. Also, the knowledge and skills levels of the upper tiers employees completing the reports and the TABC employees analyzing them can have an impact on the number of errors present within the reports and on processing time at the TABC end.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher than target.

03 Number of Audits and Other Analyses Conducted by Field Auditors

Short Definition: The number of audits and other analyses conducted by field auditors during a specified period of time. Analyses are reviews, conducted by field auditors, of selected areas of a licensee's/permittee's operations to ensure compliance with the licensing requirements of the Alcoholic Beverage Code and rules. Included in this broad definition are financial and records audits of various types.

Purpose/Importance: For all of their usefulness, inspections constitute a rather cursory check for compliance. Audits and analyses involve a deeper and more prolonged look at selected aspects of the licensee/permittee's operations and require considerably more expertise than a simple inspection. While conducted less frequently than inspections, they are, perhaps, the most important part of an auditor's workload.

Source/Collection of Data: The data required for the calculation of this measure comes from automated analyses/audit records created by field auditors while data-entering their Daily Activity Reports. Crystal View Report COM1180 "R.O. submitted to H.Q." tabulates the records for a specified date range and provides the count reported as the value for this measure.

Method of Calculation: A Crystal View Report (COM1180 "R.O. submitted to H.Q.") identifies all automated records pertaining to audits and analyses conducted by field auditors during a specified date range, counts them, and provides the total reported for this measure.

Data Limitations: Lack of cooperation from licensees/permittees and the knowledge and experience levels of the auditors themselves can delay the completion of audits and other analyses and, therefore, adversely impact the value reported for this measure.

Calculation Type: Cumulative.
New Measure: Yes.

Desired Performance: Higher than target.

04 Inspections Conducted by Field Auditors

Short Definition: The total number of inspections conducted by field auditors during a specified period of time. For the purpose of this measure, an inspection is a visit to a licensed location, a proposed licensed location, or any other physical location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws.

Purpose/Importance: Inspections are the agency’s primary regulatory compliance work process. There are various forms or types of inspections but what they all have in common is a physical encounter for the purpose of confirming or enforcing compliance with state laws. Counting them provides an accurate representation of the number of times auditors have conducted physical compliance checks during the course of their regulatory enforcement duties.

Source/Collection of Data: The information required to derive the county comes from inspection records in the agency’s activity reporting system. Each individual inspection made by an auditor is noted in the auditor’s daily activity report or field notes. When these reports or notes are data-entered, an automated record summarizing each inspection is created. The values reported for this measure are taken from Crystal View Report ENF1003 “Complaint Investigations & Inspections.”

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

Data Limitations: The term “inspection” is applied to a wide variety of compliance checks. 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: Yes.

Desired Performance: Higher than target.
EFFICIENCY MEASURES

01 Average Cost Per Compliance Activity

*Short Definition:* Total cost of 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 Uniform Statewide Accounting System (USAS) by the Business Services Division (BSD). Monthly budget and expenditure statements from USAS are provided by BSD.

*Method of Calculation:* Total cost of 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 and thereby, affecting the average cost per compliance activity.

*Calculation Type:* Noncumulative

*New Measure:* No.

*Desired Performance:* Lower than target.
EXPLANATORY MEASURES

01 Number of Licensed Locations Subject to Inspection and Other Regulatory Enforcement Activities

*Short Definition:* The number of licensed locations within the State of Texas subject to inspection or other regulatory compliance activities during a specified time period.

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

*Source/Collection of Data:* Automated agency licensing records, which are created and updated using original, renewal, and change applications as the primary source documents, are used in the compilations required to derive the reported total. The reported total is taken from a Crystal View Report ENF1008 "78.5% of All Licensed Locations Inspected."

*Method of Calculation:* The automated report (Crystal View Report ENF1008 "78.5% of All Licensed Locations") cross references automated licensing records to identify the physical locations that were occupied by business entities holding licenses or permits during the period in question and then count the individual locations found.

*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:* Noncumulative.

*New Measure:* No.

*Desired Performance:* Neutral.

02 Number of Wholesale/Manufacture Licensees/Permittees Required to Submit Monthly Reports

*Short Definition:* Number of upper tier licensees and permittees who are required to submit monthly reports to the agency. These are businesses involved in the wholesale sale or manufacturing of alcoholic beverages that either sell or ship alcoholic beverages into, out of, or within the State of Texas, which manufacture alcoholic beverage products within the state, or that use beverage quality alcohol in the manufacturing process for non-beverage products.

*Purpose/Importance:* The measure provides a count of the current number of business that must submit monthly reports for review and analysis and also provides an indication of the number of such reports that can be expected to be received at the end of the next reporting period.

*Source/Collection of Data:* The agency's automated licensing records are the primary source of the data used in the calculation. The Crystal View Report LIC1300 “Currency CLP Counts by Class” provides a breakdown by license class of the licenses and permits that were active on date that the report ran.

*Method of Calculation:* Crystal View Report LIC1300 “Currency CLP Counts by Class” is run immediately following the close of period that is to be reported.
The user then manually totals the counts provided within that report for the license classes of interest. The license classes whose members must submit monthly reports to the TABC are AB, B, BA, BB, BC, BD, BJ, BP, BS, C, D, DS, FC, G, I, J, LX, MW, PT, S, W, X, and Z.

Data Limitations: Businesses are free to enter or exit the industry at will. As a consequence, the value reported for this measure is constantly changing, and those changes are beyond the agency's control.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Neutral.

03 Number of Administrative Actions Initiated by Compliance and Tax Personnel

Short Definition: The sum total of the administrative cases, administrative warnings, summary suspensions, protests, compliance (excise tax) letters, and Notices of Default first publications initiated by compliance and tax personnel.

Purpose/Importance: The measure represents the number of times auditors, report examiners, and other compliance/tax personnel found violations and took corrective action during the course of their duties.

Source/Collection of Data: The data used in the calculation of this measure comes from automated agency violation records, from automated Notices of Default records, and from hardcopy excise tax report processing records.

The totals for the number of administrative warnings, administrative cases, application protests, and summary suspensions initiated by compliance and tax personnel are taken from Crystal View Report ENF1004 "Violation by Disposition Summary - Criminal Enforcement Actions." The total for the number of Notices of Default first publications is taken from an automated report generated from Cognos that's entitled "Delinquency Notices by Original Publication Date." The compliance (excise tax) letter count is pulled from the "Excise Tax Activity Report."

Method of Calculation: The totals are taken from the various reports describe above and then summed. The resulting total is reported as the value for this measure.

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.

Desired Performance: Higher than 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.

Objective 2: *Ensure Maximum Compliance with Importation Laws at Ports of Entry.*

**OUTCOME MEASURES**

**01 Revenue as a Percent of Expenses**

*Short Definition:* The revenue derived by the TABC port of entry section from the taxes and fees collected for the personal importation of alcoholic beverages and cigarettes divided by the total cost of ports of entry operations.

*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 the 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). Once reconciled, the revenue data is uploaded on a monthly basis to a spreadsheet report entitled "Ports of Entry Revenue." The expenditures are tracked in USAS and the cost data is extracted quarterly by BSD and used to create quarterly Expenditure Reports that allocate agency operating costs to its various strategies.

*Method of Calculation:* Total fees and taxes collected from the personal importation of alcoholic beverages and cigarettes divided by the total cost of the ports of entry function. The total for the taxes and fees collected by ports of entry personnel during a specified period of time is taken from the report entitled "Ports of Entry Revenue" and divided by the total of the costs allocated to the ports of entry strategy on the BSD Expenditures by Strategy Report for the same period. The result is expressed as a percentage.
Data Limitations: Economic conditions in the United States and Mexico which affect currency valuations have a direct affect upon the quantity of alcoholic beverages and cigarettes imported and, therefore, upon the fees and taxes collected for the personal importation of said products. Also impacting personal importations are the public's perception of the public safety situation in and around the border area, especially on the Mexican side, and state tax rates.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher than target.
OUTPUT MEASURES

01 Number of Alcoholic Beverage Containers and Packages of Cigarettes Stamped

*Short Definition:* The total number of containers of alcoholic beverages and packages of cigarettes personally imported into the State of Texas for which the required taxes and fees were paid by the persons importing the products.

*Purpose/Importance:* TABC ports of entry have two functions: (1) to collect the taxes and fees due on personally imported cigarettes and alcoholic beverages and (2) to seize illegally imported cigarettes and alcoholic beverages. This measure provides a count of the individual items taxed as ports of entry personnel carried out their first function.

*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). These are manually compiled by ports supervisors into a Master Weekly Report, Form C-930, which is sent to headquarters. At headquarters, it is reconciled with cash deposit records and then used to compile a statewide Monthly Number of Containers Stamped Report, Form C-920.

*Method of Calculation:* The totals for the containers and packages stamped are taken from the statewide Monthly Number of Containers Stamped Reports pertaining to the reporting period and then summed. The resulting total is the value reported for this measure.

*Data Limitations:* Economic conditions in both the U.S. and Mexico, especially those affecting currency valuations; perceptions concerning public safety in and around the border area; and Texas tax rates all impact importations.

*Calculation Type:* Cumulative.

*New Measure:* No.

*Desired Performance:* 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. The expenditures are tracked in USAS and the cost data is extracted quarterly by the agency's business services division and used to create quarterly Expenditure Reports that allocate agency operating costs to its various strategies.

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

Data Limitations: Economic conditions in both the U.S. and Mexico, especially those affecting currency valuations; perceptions concerning public safety in and around the border area; and Texas tax rates all impact importations and/or confiscations.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower than target.
EXPLANATORY MEASURE

01 Number of Alcoholic Beverage Containers and Cigarette Packages Confiscated

Short Definition: The number of alcoholic beverage containers and packages of cigarettes confiscated by ports of entry personnel as illegal imports during a specified time period. A container or package is considered to be illegally imported if: it is in excess of the legal importation quota; the container or package 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 and packages are confiscated and destroyed by the ports of entry personnel.

Purpose/Importance: This number 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 confiscated is manually added together for the reporting period.

Data Limitations: Economic conditions in both the U.S. and Mexico, especially those affecting currency valuations; perceptions concerning public safety in and around the border area; and Texas tax rates all impact importations and/or confiscations.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Lower than target.
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Appendix E:  
Implementing the Texas Transformation

MANAGED SERVICE DELIVERY  
(2007 SSP, Strategies 1-1, 1-2, 1-3, 1-4)

1. Has the agency considered use of managed services in order to focus more on its business needs?

Yes, the agency is one of 27 agencies currently using the data center services (DCS) program for server operations management, data center transformation/consolidation, and security and disaster recovery improvements. The agency also uses the statewide TEX-AN communications services contract for voice and data services including access circuits, data transport services, ATM, frame-relay, point-to-point services, internet service provider services, and network security operations services. We also plan to use TexasOnline.com for online licensing fee payments.

MANAGED IT SUPPLY CHAIN  
(2007 SSP, Strategy 2-1)

2. Does the agency leverage and obtain additional value from the Information and Communications Technology (ICT) Cooperative Contracts program; for example, by further negotiating not-to-exceed pricing?

In order to save the state money, the 79th Texas Legislature passed and the Governor signed legislation, H.B. 1516, requiring the Department of Information Resources (DIR) to negotiate favorable prices for commodity items based on aggregate demand. To be in compliance with this legislation, the Texas Alcoholic Beverage Commission utilizes all DIR contracts to reduce information technology costs, decrease agency administrative costs and maximize value while negotiating and capturing very deep discounts and savings. The Texas Alcoholic Beverage Commission consistently and aggressively negotiates each IT related contract to ensure added value by reducing the purchase price; ensuring compatibility with existing data with the expansion and upgrading to more advanced levels of technology; training support to bring persons using the system to a stated level of proficiency; and providing technical support requirements for the maintenance of data across network platforms and the management of the internal network hardware and software for the overall best value to the Texas Alcoholic Beverage Commission and the State of Texas.

SECURITY AND PRIVACY  

3. Describe the agency’s strategies to align with the State Enterprise Security Plan (http://www.dir.state.tx.us/pubs/securityplan2007/index.htm).

TABC employs a full-time information security officer (ISO) to help align cybersecurity initiatives and resources; conduct agencywide annual risk, vulnerability, systems, and equipment assessments; respond quickly to the state Computer Security Incident Response system; identify, develop, and
maintain best practices, performance standards, templates, and guidelines on IT security; improve information sharing and enhance security communication throughout the agency; and promote cybersecurity awareness, training, and education.

The TABC will continue to provide information technology security awareness training for employees throughout the agency. The agency will provide training to the IT management and technical staff in order to enhance and bolster best practices in information security and Data Center operations through security forums, publications, and other information sharing avenues. TABC will provide continued funding to improve and upgrade hardware/software providing automated monitoring and alerts. We will also explore new technologies to provide wider accessibility while maintaining high security standards.

4. Describe the agency’s policies, practices and programs, implemented or planned, that comply with relevant statutes and administrative rules to ensure the privacy of confidential data. Consider federal privacy requirements (e.g., the Health Insurance Portability and Accountability Act or the Family Educational Rights and Privacy Act) that apply to the agency. List the organizational units (program, offices, IT, legal, etc.) that manage privacy functions. Describe any future plans for improvement.

TABC is continually updating agency policy to reflect current privacy requirements through our executive, IT and legal divisions. As part of the policy update, employee awareness is stressed. Edge network devices have been deployed to monitor extra-agency communications in order to automate compliance. Procurement of devices to ensure that all devices that connect to the TABC network meet a minimum security screening is under consideration.

TECHNOLOGY POLICY, BEST PRACTICES, AND PARTNERSHIPS
(2007 SSP, Strategy 4-1, 4-2)

5. What current practices or plans are in place to improve usability and searchability of the agency’s web content?

Improving usability and accessibility is an on-going process. When website users submit questions about where to find something on the TABC site, the agency PIO will decide if the web content needs to be either moved or a link added to the information under a different menu selection. As existing content is updated on a webpage, we also update the code of the webpage to make it more user friendly to users with assistive technologies. This is a standard practice, recommended by DIR, since it would be such a burden to update the code of every page. It is also recommended that the most frequently accessed pages be updated.

Searchability of the agency’s web content will be addressed when the public website is redesigned during 2008-2009. We are currently looking into several solutions including open source tools.
6. What current practices or plans are in place to improve life cycle management of agency data and information? Include the agency’s approach and ability to meet future open records and e-discovery requests.

The agency is planning to implement Office Sharepoint Server which was procured as part of an Enterprise Agreement with Microsoft. Sharepoint Server will provide the agency support for specific content publishing, content management, and records management. We will also be able to conduct effective searches for people, documents, and data, and access and analyze large amounts of agency data. This enterprise wide strategy provides the necessary infrastructure to improve life cycle management of agency data and information. We are also collaborating with the Attorney General’s office and other state agencies on developing consistent policies, procedures, guidelines, and best practices for managing digital information in order to meet future open records and e-discovery requests.

7. Describe agency methods and standards (federal, state, industry), implemented or planned, intended to enhance data sharing (i.e., improve interoperability) with other entities.

TABC is currently in partnership with the Texas Department of Public Safety (DPS) to share the secure mobile data network that state troopers use. Once the project is completed, the agency will have the ability to share DPS resources and access TLETS and NLETS. This initiative will enable our officers to deploy state-of-the-art mobile data systems that foster greater access and sharing of data and information in real-time among and beyond Texas law enforcement. This effort will enhance our day-to-day public safety operations to better support various targeted and coordinated regional initiatives including drunk driving enforcement, officer oversight and training review, and specific actions against certain types of drug, human trafficking and other related crimes.

House Bill 11, 80th Regular Legislative Session, as well as both agencies’ involvement in the regulation and taxation of certain Texas businesses necessitate that Comptroller and TABC cooperate in the exchange of information relating to those businesses. TABC plans to implement changes to an agency system to capture additional data elements in order to improve coordination in the exchange of information between the agencies. Comptroller and TABC have agreed to provide each other access to information related to entities involved in the sale of alcoholic beverages.

CORE MISSIONS
(2007 SSP, Strategy 5-1)

8. Does the agency have any plans to simplify or reduce the number of existing software platforms (e.g., operating systems, application development environments, database systems, office suites, other COTS applications)? If no, is the agency fully leveraging its technology to support both its current and future business environment?

Yes. The agency has plans to move to a single operating system standard (Windows Server 2003) with older
operating systems being retired or upgraded. The agency has been using .Net technologies for all in-house custom developed systems and plans to continue all future custom application development using this platform. We also use Microsoft’s SQL Server as our in-house database system platform standard for all custom developed systems. For office suite standardization, the agency uses an Enterprise Agreement with Microsoft to support a single version of office suite software. An enterprise level COTS system was procured under DIR’s GoDirect contract to support the agency’s core licensing regulatory function.

9. Describe any current or planned activities targeted at reducing the environmental resource consumption of technology equipment (recycling, consolidating, virtualizing, buying energy efficient equipment, etc.).

The Texas Government Code requires all state agencies, institutions of higher education, state courts, judicial agencies, counties, municipalities, school districts, junior or community college districts, or special districts to follow certain precepts regarding recycling and the purchase of recycled content products.

Agencies are required to "give preference to recycled, remanufactured, or environmentally sensitive products" as determined by state rule if the purchases meet applicable specifications as to quantity and quality. In following this mandate, TABC continually utilizes Energy Efficient Products that are technology based, to incorporate energy and environmentally sensitive products and services into the technology field. TABC replaces all out of date equipment with devices that employ the latest power saving technologies. The agency implements network policies that enforce power saving practices. We have moved to consolidate the overall number of personal computers within the agency by restricting users to a single solution (desktop or laptop) or by sharing computers within an office. TABC is also part of the DIR data center consolidation project in which many servers will be virtualized and consolidated in the Austin Data Center.
Appendix F: 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 Steen, of San Antonio; José Cuevas, Jr., of Midland; and Steven M. Weinberg, MD, JD, of Colleyville.

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 the assistant administrator of support services, chief of field operations, general counsel, director of the office of professional responsibility, and the public information officer. See Appendix B for a detailed organization chart.

An independent audit firm performs internal audit functions for the agency, reporting directly to the commissioners.

Field Operations: Enforcement and Compliance
The agency’s largest and most visible divisions, enforcement and compliance, were recently combined into one operating unit – field operations. The chief of field operations oversees two assistant chiefs who supervise enforcement, as well as one assistant chief who supervises the compliance division.

The enforcement division 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.

The compliance division is charged with the administrative/regulatory enforcement of the Alcoholic Beverage Code. The division plays a role in the initial phases of the licensing process, inspections, and fee analysis. They play a role in monitoring seller training schools to ensure compliance with agency standards. In addition, compliance personnel conduct investigative audits and other financial reviews, and assist the enforcement division in various types of investigations. The compliance division is also responsible for oversight of the promotion of alcoholic beverage products in Texas.

Both enforcement agents and compliance auditors provide training to permit holders and their employees, upon request as well as in response to age law violations by the permittee. In addition, presentations are delivered to students, ranging from middle schools to university settings. Finally, they 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 agency.

Tax
The tax division is charged with the oversight of the taxing authority of the agency. Personnel receive, process and audit monthly excise tax reports to ensure taxes have been paid and that other reporting requirements are in adherence with the Alcoholic Beverage Code. The division also oversees the testing and labeling of alcoholic beverage products in Texas.

The ports of entry program, a section of the tax division, is responsible for ensuring compliance with personal importation laws and the collection of taxes and fees on alcoholic beverages and cigarettes brought into Texas from Mexico. Cigarette taxes are collect on behalf of the Office of the Comptroller of Public Accounts. Agency personnel are stationed at all major bridges along the Texas-Mexico border.
Education and Prevention
The education and prevention staff oversee agency programs involving educating the public, retailers, and their employees of the laws associated with consuming alcoholic beverages. They lead the agency’s efforts to prevent illegal underage drinking, illegally making alcohol available to minors, as well as driving while intoxicated. The staff work with different statewide and local agencies, community coalitions and other groups to share information as well as participate in various programs to prevent underage drinking.

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 qualifies 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.

Office of Professional Responsibility
The office of professional responsibility (internal affairs) 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, research and planning, as well as preparation and oversight of the agency’s legislative appropriations request, annual financial 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, records retention 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 / General Counsel
The agency’s legal services and general counsel 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 promote public safety and serve the people of Texas through consistent, fair and timely administration of the Alcoholic Beverage Code while fostering education, voluntary compliance and legal, responsible alcohol consumption.

**VISION**
A safe and responsible Texas served by an Alcoholic Beverage Commission committed to innovative partnerships with our communities and the alcoholic beverage industry.

**PHILOSOPHY AND VALUES**
The Texas Alcoholic Beverage Commission will:
- apply the Alcoholic Beverage Code in a fair, consistent, and timely manner;
- exemplify courteous, ethical, and professional behavior;
- be fiscally responsible and accountable to the people of Texas; and
- be accessible, transparent, efficient and effective.

The agency’s cornerstones provide the foundation for the agency – who we are and what we do. Everything else is built on these four principles.
- Service
- Courtesy
- Integrity
- Accountability

**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 through enforcement actions.

**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 2007. TABC’s workforce total is comprised of 61% males and 39% females. Over 60% of the employees are over the age of 40. More than 36% of employees have less than five years agency service. This figure is relatively high and possibly results from the turnover the agency has experienced in lower paid positions.

FIGURE 17: Agency Age Profile 2007
FIGURE 18: Agency Gender Profile 2007

Agency Gender Profile 2007

Female 39%
Male 61%

FIGURE 19: Agency Tenure Profile 2007

Agency Tenure Profile 2007

2 Yrs/Less 22%
2-5 Yrs 16%
5-9 Yrs 21%
10-14 Yrs 11%
15 -19 Years 11%
20-24 Yrs 10%
25-29 Yrs 6%
30-35 Yrs 3%
The following table compares the percentage of African American, Hispanic, and female employees to the statewide civilian workforce.

**FIGURE 20: Workforce Profile Comparison 2007**

<table>
<thead>
<tr>
<th>EEO Category</th>
<th>Statewide Civilian Workforce</th>
<th>TABC Workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>African American</td>
<td>Hispanic</td>
</tr>
<tr>
<td>Officials/Administrators</td>
<td>7.0%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Professional</td>
<td>9.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Technical</td>
<td>14%</td>
<td>18%</td>
</tr>
<tr>
<td>Protective Services</td>
<td>18%</td>
<td>21%</td>
</tr>
<tr>
<td>Paraprofessional</td>
<td>18%</td>
<td>31%</td>
</tr>
<tr>
<td>Administrative Support</td>
<td>19%</td>
<td>27%</td>
</tr>
<tr>
<td>Skilled Craft</td>
<td>10%</td>
<td>28%</td>
</tr>
</tbody>
</table>

The agency remains under-represented in one or two areas of all seven EEO categories. However, during the last four years slight gains have been made in most categories.

African Americans comprised 14% and Hispanics accounted for 38% of the new hires during fiscal year 2007. African Americans made up 14% of the agency’s terminations while 32% of the terminations were Hispanic.

The agency’s representation of African Americans exceeded their availability in the statewide civilian workforce in the professional category. African American representation in the professional, technical and administrative support was less than 5% below the statewide availability. African American representation remains more than 10% below the available civilian workforce in the official/administrator, paraprofessional and protective services categories.

The agency has made consistent gains in the level of representation of Hispanics in most EEO categories. At the end of fiscal year 2007, Hispanic representation was less than the statewide availability in only two categories – official/administrator and skilled crafts.

The agency’s representation of female employees has increased slightly. Females comprise 39% of TABC’s workforce. The most significant underutilizations are found in the technical and skilled craft categories. In the protective service categories, TABC female representation is only 7% below statewide availability and only 1% below in the paraprofessional categories. Fifty-five percent of the new hires during 2007 were females; however, 46% of the terminations were females. There were 47 new hires during the 2003 calendar year, of which 22 (47%) were minorities.
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.

During the last five years, the agency has experienced a fluctuating rate in its turnover as exhibited below. The following graph also 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. Turnover can be attributed to a variety of reasons including retirements, resignations due to salary dissatisfaction, and general attrition resulting from management changes and reorganizations.

The turnover rate of the agency will continue to increase due to expected retirements, but should remain below the statewide average. Over the next five years, it will become critical because of the high number of eligible personnel for retirement in key positions with a high degree of expertise. By the end of 2012, 146 employees will become eligible for retirement. Of those projected retirements, 85 are classified in non-commissioned positions. Commissioned peace officers account for 61 of the possible retirements. The following chart examines the potential loss of employees due to retirement over a five-year period.

**FIGURE 21: Turnover Comparison TABC vs. Statewide**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>TABC Rate</th>
<th>Statewide Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>10.6</td>
<td>16.6</td>
</tr>
<tr>
<td>2004</td>
<td>10</td>
<td>14.8</td>
</tr>
<tr>
<td>2005</td>
<td>6.7</td>
<td>16.6</td>
</tr>
<tr>
<td>2006</td>
<td>10.4</td>
<td>15.8</td>
</tr>
<tr>
<td>2007</td>
<td>10.7</td>
<td>17.4</td>
</tr>
</tbody>
</table>
FIGURE 22: Projected Retirement Eligibility

CRITICAL WORKFORCE SKILLS
Although the agency has many qualified employees, there are critical skills necessary in order for the agency to operate: customer service and database development / maintenance. Without such, basic business functions could not be provided. We also recognize that skills such as written and verbal communication, foreign language skills, analytical reasoning, and interpersonal skills will always be a necessity.

During the hiring process, hiring supervisors shall continue to identify which knowledge, skills and abilities are necessary for filling vacant positions. The selection process should focus on those skills in both the screening criteria, interview questions, and if applicable, assessment exercises.

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 even more important in the future, requires employees with the educational level to match the complexity of the work they are required to perform. Although some positions will continue to only require a high school diploma, many skills needed for positions will support the preference for a college degree.
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 agency 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, more positions within all divisions will require the utilization of technology to provide better efficiency and accessibility. The demand for increased information technology services means that staffing needs of the information resources division are critical. Positions will require expertise in developing technology, initiating process improvements and communicating with non-technical employees.

SECTION III
Future Workforce Profile (Demand Analysis)

EXPECTED WORKFORCE CHANGES
The law enforcement arm of the TABC workforce will be challenged by legislatively mandated physical requirements. The aging of the available workforce particularly in the enforcement division will pose unique challenges to the agency. The need for a physically fit and physically able agent workforce will remain even though the population segment from which that workforce can be drawn (21 – 50 year olds) will shrink as a percentage of the general population. 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. Under these circumstances, workforce demand may 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 disproportionately. 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 focus on public safety, the strategies, technologies, and work processes used to achieve them will change. 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 public education and a greater emphasis on working with and through other organizations added to the mix, agents have to communicate, teach, plan, organize, and motivate as well as enforce 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 than those serving today. 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, compliance auditors will also focus on public safety initiatives that involve investigations, providing regulatory oversight, and 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 advanced. 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 as well as 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 verbally 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 will require employees with 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.

Compliance 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 and ABEST will become required skills for employees in several divisions.

**STAFFING NEEDS**

To perform critical functions as outlined above, the TABC has a cap of 685 FTEs. Of those 685 FTEs, 291 are budgeted commissioned peace officer positions in the enforcement division. Inability to hire or excess delays in hiring replacements for vacant peace officer position adversely affect 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. This concern is magnified by the number of employees that are eligible for retirement over the next five years. A large number of retirements, in addition to regular turnover, could have an impact on the agency’s operations for a period of time.

The licensing division is currently authorized 47 employees. An increase in full-time positions will be required to meet future demands.

Past reviews to automate parts of the applications process have indicated no reduction of staff would be obtained and one review actually required an increase of three staff. However, automation of agency programs overall may result in the re-evaluation of workloads within all divisions as to staffing.

Automating a complex licensing process that is constrained by statutory qualification requirements and the applicants’ need for capital, protection of liability, and other business decisions, will be a long term process that will most likely be achieved in phases throughout the next few years. The division will utilize project management skills as well as technology.

License and permit cancellations will continue to affect this division’s needs and will definitely increase the need for additional attorneys in the legal division 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. Several positions will be required for two bridges being renovated. Paso Del Norte Port of Entry will have an additional vehicular workstation staffed 16 hours per day (two shifts) which will require additional manpower. Progreso Port of Entry 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 in the lower Rio Grande Valley area are scheduled to come on-line in the near future. They are Anzalduas in late 2009 and Donna-Rio Bravo in early 2010. 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 programs, 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 needs to take into account 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.

- Process applications for all phases of the alcohol beverage industry involving the manufacturing, sale, purchase, transportation, storage, and distribution of alcoholic beverages and determine each applicant’s qualifications to hold such license or permit.

- Maintain complete and accurate information of all licensees and permittees and 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.

- Ensure the state is adequately protected from the potential loss of revenue from taxes and non-compliance by maintaining current tax security and performance bonding.

- Process monthly tax and informational reports and credit law notices. Monitor and evaluate seller training schools and classes. In compliance with code and rules, collect taxes on alcoholic beverages and cigarettes.

- Conduct investigations, audits and analyses, inspections of licensed entities, and inspections of applicants holding alcoholic beverage permits or licenses. Maintain and account for confiscated properties.

- Strategically move toward re-engineering of the agency’s database systems. Increase support of the agency’s network and PC computing environments, and increase security awareness and oversight.

- Process all financial transactions in an efficient and timely manner and prepare necessary reports for management and as statutorily required. Budget agency appropriations and manage grant programs effectively.

- Attract and retain qualified applicants for positions within the agency and develop and train agency employees for future positions within all divisions.

- Maintain voice and radio communications systems and portfolio of office, radio, and warehouse leases. Procure goods and services effectively and efficiently, and manage vehicle fleet and capital equipment.

- Explore and implement 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.

As the legislature mandated, the state must complete a salary review of Schedule C to ensure that the salary scale is moderately competitive (better than most small or intermediate size police departments and sheriff’s offices). If salary levels are changed or kept current based upon that review, the TABC should be able to recruit in numbers sufficient to meet manpower needs. If state salaries are 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 needed for agency service.

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 clerical untrained and unskilled positions to positions requiring more formal education and technical training. As the agency reengineers processes, positions will be reclassified to higher-level positions requiring additional funding.

Advancement opportunities are limited within the agency in several division-specific positions as well as agencywide positions, which discourages many of the more qualified and educated employees from making long-term plans and commitments. 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.

The information resources division’s effort in hiring personnel with technology experience is hindered by the lack of quality applicants in technical positions.

Trends demonstrate increasing annual turnover rates for technical positions, as younger technical employees (by age and length of service) are not staying with the agency. The rate at which younger, 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. Because the unusually high number of retirements will create...
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.

Expected shortages include a lack of computer and oral communications skills among 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 will be even more critical due to the presence of fewer tenured employees to provide on-the-job instruction in practical applications.

Within the compliance division, field personnel are primarily college educated with accounting/business degrees. A significant percentage of those employees will also become eligible for retirement in the next five years. Both the auditor positions and the accounts examiner positions require extensive knowledge of the Alcoholic Beverage Code. Since tenured employees may not be available to mentor and coach new employees, it will be necessary to recruit applicants with the ability to interpret and apply statutes and law, the ability to multitask and work independently.

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 challenge considering current compensation levels as compared to the private sector and other state agencies.

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. Additionally, 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 and management personnel from within the ranks. Working knowledge acquired through length of service coupled with on-site training will enable selecting from current employees.

Throughout the agency, managers are currently sufficiently skilled in all necessary areas at this time and are likely to remain secure for 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 not present a significant problem unless 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 from outside that would have the necessary skills.

**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, 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 skill results from changes or additions to existing operational methods, training will be provided in advance of full implementation.

To accomplish the mission and goals of the agency, future employees must possess the ability to make sound decisions, communication skills both verbal 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 requirement levels 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.

Utilize performance enhancement programs such as 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. Develop a method of notifying employees of available training, registering for training and accessing training records. The agency should continue to seek opportunities to offer in-house training at different locations.
throughout the state to accommodate more employees.

Create an employee development program that allows employees to gain training in skills needed for current positions and higher-level positions. Continue to identify core-training needs for each employee and locate or develop training resources to meet those needs. Training will have both a developmental and job specific focus.

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

**RECRUITMENT PLANS**
Establish a hiring process for agent trainee positions that includes a process to hire agents throughout the year, establish recruitment specialist positions and increase recruitment in specific areas and locations throughout the year.

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

Seek additional cost efficient recruitment resources that are targeted or 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 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 agencywide career ladder for key positions and competitive promotional process for ranking law enforcement positions.

Select personnel for advancement either by employee’s indicating their desire for advancement or based on supervisor’s opinion of employee’s ability.

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

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

**LEADERSHIP DEVELOPMENT**
Encourage participation in Governor’s Management Development Program and Bill Blackwood Law Enforcement Training Program.

Require completion of basic supervisory courses that include a fundamental core of workplace issues relating to management and supervision for all employees in lead or supervisory
position as well as those employees being developed to those levels.

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

**ORGANIZATIONAL TRAINING AND EMPLOYEE DEVELOPMENT**

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

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

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

Increase accessibility to computer based training, both interactive and online instruction.

Develop training profiles 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 and tasks.
Appendix G:
Survey of Organizational Excellence

Overall Response Rate
Out of the 631 employees who were invited to take the survey, 470 responded. At 74%, our response rate was considered high. The response rate in 2005 was only slightly higher at 79%. High rates mean that employees have an investment in the organization, want to see the organization improve, and generally have a sense of responsibility to the organization.

Survey Framework and Scoring
The survey assessment is a framework that consists of survey items, constructs, and dimensions. Each level of the framework provides insight into the workings of an organization.

- **Items** - At the most basic level there are survey items, which provide specific feedback. For each item, employees are asked to indicate how strongly they agree or disagree that the item describes the organization, on a scale of one to five.

- **Constructs** - The survey constructs are designed to broadly profile organizational strengths and areas of concern so that interventions may be targeted appropriately. Survey constructs are developed from a group of related survey items. Scores for the constructs range from a low of 100 to a high of 500.

- **Dimensions** - The framework, at its highest level, consists of five workplace dimensions. These five dimensions capture the total work environment. Each dimension consists of several survey constructs. The dimension score also ranges from 100 to 500 and is an average of the construct scores belonging to the dimension.

### Survey Dimensions and Constructs

<table>
<thead>
<tr>
<th>Dimension I Work Group</th>
<th>Dimension II Accommodations</th>
<th>Dimension III Organizational Features</th>
<th>Dimension IV Information</th>
<th>Dimension V Personal</th>
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<tr>
<td>Supervisor Effectiveness</td>
<td>Fair Pay</td>
<td>Change Oriented Goal Oriented Holographic Strategic Quality</td>
<td>Internal Availability External</td>
<td>Job Satisfaction Time and Stress Burnout Empowerment</td>
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<td>Fairness</td>
<td>Physical Environment Benefits</td>
<td>Holographic Strategic Quality</td>
<td>Job Satisfaction Time and Stress Burnout Empowerment</td>
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<td>Team Effectiveness</td>
<td>Employment Development</td>
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<td>Internal Availability External</td>
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<tr>
<td>Diversity</td>
<td></td>
<td></td>
<td>Job Satisfaction Time and Stress Burnout Empowerment</td>
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</table>

### Construct Analysis
Highest scoring constructs are areas of strength for this organization while the lowest scoring constructs are areas of concern. Scores above 300 suggest that employees perceive the issue more positively than negatively, and scores of 400 or higher indicate areas of substantial strength. Conversely, scores below 300 are viewed more negatively by employees, and scores below 200 should be a significant source of concern for the organization and should receive immediate attention.
Our agency scored between 273 (Fair Pay) and 382 (Strategic Orientation) on all constructs. There were no constructs that indicated an area of substantial strength or a significant source of concern. Below are the highest and lowest scoring constructs and a comparison to previous iterations of the survey.

<table>
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<td>Strategic Orientation</td>
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<td>Quality</td>
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<td>Physical Environment</td>
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<td>Burnout</td>
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<td>-3.0%</td>
<td>363</td>
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Analyzing Over Time Data
In 2005, TABC experienced positive growth in 19 out of the 20 constructs in comparison to the 2003 iteration of the survey. The constructs with the most positive growth were: Fair Pay, Employment Development, Benefits, Supervisor Effectiveness, and Diversity.

However, in 2007, TABC experienced positive growth in only 5 out of the 20 constructs in comparison with the 2005 iteration of the survey. The constructs with the most positive growth are: Job Satisfaction, Time and Stress, Physical Environment, Benefits, and Availability. Together, these constructs were identified by employees as having the most significant improvement compared to the previous iteration of the survey.
In 2005, the constructs that showed the least amount of improvement or a decrease in score were: Physical Environment, Availability, Job Satisfaction, Time and Stress, and Goal Oriented.

In 2007, the constructs that showed the least amount of improvement or a decrease in score are: Fairness, Diversity, Team Effectiveness, Fair Pay, and Empowerment.

These constructs may or may not be the lowest scoring constructs, but definite attention should be given to these constructs when considering which areas to focus efforts upon improving.

Employee Retention
87% percent of employees reported that they see themselves working for this organization in two years, compared to 91% in 2005. This measurement is a good indicator of how well the organization is doing at retaining its employees.

Division Results
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. Five are the lowest-scoring constructs for each division.

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

HRD/IRD
- Fair Pay
- Supervisor Effectiveness
- Fairness
- Change Oriented
- Internal Communication

Compliance / Education and Prevention
- Fair Pay
- Internal Communication
- Change Oriented
- Supervisor Effectiveness
- Team Effectiveness

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

Ports of Entry
- Internal Communication
- Fair Pay
- Change Oriented
- Supervisor Effectiveness
- Team Effectiveness

Executive / Legal
- Fair Pay
- Supervisor Effectiveness
- Fairness
- Holographic
- Internal Communication

Business Services
- Fair Pay
- Internal Communication
- Fairness
- Holographic
- Change Oriented

Explanation of Constructs
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: 332

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: 326

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: 341

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

**Team Effectiveness**

Score: 324

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: 339

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**

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: 273  
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: 352  
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: 363  
This construct provides an indication of the role that the employment benefit package plays in attracting and retaining employees.

**Employment Development**  
Score: 335  
This construct captures perceptions of the priority given to the career and personal development of employees by the organization.
Texas Alcoholic Beverage Commission

ORGANIZATIONAL FEATURES

Average Score: 351

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: 323
This construct secures employees’ perceptions of the organization’s capability and readiness to change based on new information and ideas.

Goal Oriented Score: 346
This construct addresses the organization’s ability to include all its members in focusing resources toward goal accomplishment.

Holographic (Consistency) Score: 335
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: 382
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: 372
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

Change Oriented
Goal Oriented
Holographic
Strategic
Quality

Score: 323
Score: 346
Score: 335
Score: 382
Score: 372

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INFORMATION

Average Score: 341

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 toward work concerns, how focused and effective it is, as well as how accessible information is to employees.

**Internal Communication**
Score: 310
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: 356
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: 358
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

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
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<td><strong>Availability</strong></td>
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<tr>
<td><strong>External</strong></td>
<td></td>
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</table>
**PERSONAL**

**Average Score: 349**

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: 349

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: 351

This construct looks at 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: 352

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: 345

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

- Response Rate: 2004 - 52%, 2006 - 74%, 2008 - 79%
- At TABC in 2 yrs: 2004 - 64%, 2006 - 87%, 2008 - 91%
- Merit Increase: 2004 - 31%, 2006 - 37%
- 40 yrs & Older: 2004 - 59%, 2006 - 64%, 2008 - 69%
- Male: 2004 - 64%, 2006 - 64%, 2008 - 69%
Appendix H:
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, 74th Legislature Regular Session (1995), the Comptroller of Public Accounts (CPA) adopted HUB rules, Texas Administrative Code (TAC) 20.11 – 20.28, 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 CPA’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 HUB’s in contracts for commodities, services, professional and consulting services, and construction by contracting directly with HUB’s or indirectly through subcontracting opportunities. The TABC shall make a good faith effort to assist HUB’s 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 HUB’s by providing contractors with HUB subcontracting good faith guidelines, HUB goals, and a reference list of available certified HUB’s; and 7) determine whether specific agencywide 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 HUB’s, 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 HUB’s 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 May 31, 2008.
Appendix I:
Program Initiatives

Risk-Based Enforcement
The key elements of the risk-based enforcement program are: increased inspection frequency for retailers with past histories of public safety violations; a greater emphasis on “after hours” establishments that illegally sell or permit consumption of alcoholic beverages during prohibited hours; and prioritization of its complaint investigations to give investigations involving allegations of public safety offenses first priority in terms of time and resources.

Priority Inspections
The TABC assigns retailers whose premises have been the scene of any public safety violation in the past twelve months to one of three priority levels, based on the number of violations, length of time since the most recent violation, and exact nature of the past violations. The priority level to which the retailer is assigned determines the frequency of inspection. At the highest level, which is reserved for retailers whose owner or employees have recently committed a public safety offense, locations are inspected bi-weekly until three inspections have been conducted without the discovery of additional public safety violations. At the second highest level, inspections are conducted monthly until six months have passed since the last public safety violation. At the lowest level, inspections are conducted quarterly until twelve months have passed since the last public safety violation.

As part of this program, the agency also provides free training opportunities to retail managers and employees in an attempt to prevent future violations. Field offices are required to offer these opportunities to all retailers qualifying for Level 1 (the highest) and Level 2 priority status, but routinely make them available to all other retailers as well.

The offenses termed public safety violations by the TABC are alcohol age-law offenses (sale to minor, permitting minors to possess and consume alcoholic beverages, etc.), intoxication offenses, drug-related offenses, and breaches of the peace (fighting or assault). All were selected for special attention because they have some relationship to the level of intoxication of persons leaving licensed premises, the former if only because the inexperience of young people generally puts them and the public at risk at any degree of intoxication.

4,717 retailers qualified for priority status during FY 2007. TABC enforcement agents conducted 29,229 inspections of these retailers licensed premises as the year progressed, and the inspections produced 2,214 criminal cases and 617 administrative cases involving additional public safety offenses. As result of its training initiatives, some 15,238 retail managers and employees, most from priority retail locations, were exposed to illegal sales recognition and prevention “best practices” techniques. Due to all of this attention, the percent of inspections of priority locations resulting in the discovery of public safety violations fell from 12.80 percent in FY 2006 to 7.35 percent at the end of FY 2007, a decline
of almost 43 percent in just twelve months.

Prohibited Hours Enforcement
The TABC considers prohibited hours enforcement important because “after hours” consumption can lead to higher intoxication levels among establishment patrons and staff when they finally do get onto the streets to go home and can also have an adverse impact on the quality of life in nearby neighborhoods. As a consequence, TABC enforcement agents conducted 5,770 inspections of licensed premises in FY 2007 outside of the legal hours of sale for the specific purpose of detecting the sale and consumption of alcoholic beverages during prohibited hours. These inspections resulted in 588 criminal cases and 205 administrative cases related to prohibited hours offenses.

This level of activity was roughly twice that of the prior fiscal year and produced an almost 22% decline in the percentage of such inspections resulting in criminal and/or administrative cases.

Prioritized Complaint Investigations
The number of complaint investigations opened by enforcement agents grew by approximately 65 percent between FY 2006 and FY 2007. Three-fifths of the gain is attributable to the agency’s decision to treat public safety violation follow ups as internally generated complaints. The remainder, however, represents a still significant increase (24%) in the number of complaints coming to the agency from outside sources.

While the average time required to conduct investigations was still within five percent of the original target. In keeping with the results observed in inspections, the incidents of non-compliance found during the course of complaint investigations fell by more than eight percent.

As for specific numbers, The TABC received and investigated 7,963 complaints from the public, other agencies, and internal sources in FY 2007, all alleging various violations of state law. Of these, 5,815 pertained to public safety violations and, therefore, went to the front of the line for investigation. Those investigations resulted in 2,352 criminal cases and 695 administrative cases for various public safety offenses.

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 or 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 10,964 minor stings in FY 2007 and found an overall compliance rate of 85 percent, a vast improvement from the 30 – 40 percent rate that existed in some locations at the time the program began in the early 1990s.

Cops In Shops
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. In addition to discouraging minors from attempting to purchase alcoholic beverages, the program gives agents the unique opportunity to work closely with retail employees, building rapport and sharing knowledge. Agents teach employees how to identify minors and fake or false identification and other retailer best practices. This one-on-one interaction creates an environment where an agent can educate retail employees on a more informal or personal level than an organized training session.

Cops in Shops was originally funded by grants through the Texas Department of Transportation but is now fully funded by the TABC. Enforcement agents conducted 724 Cops In Shops sessions on the premises of 533 individual retailers in FY 2007.

Operation Fake Out
TABC enforcement agents, in cooperation with alcoholic beverage permittees, local law enforcement, and other state law enforcement 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. Agents conducted 140 Operation Fake Out operations at 104 individual licensed locations in FY 2007, mostly in the entertainment districts of the state’s major metropolitan areas or in and around college campuses.

Project SAVE
Project SAVE (Stop Alcohol Violations Early) is the TABC’s public education initiative. The initiative consists of multiple educational programs, each targeting a separate segment of the population. Shattered Dreams, for example, targets high school students. The Manager’s Awareness Program is geared for retail managers. There are also specific programs for elementary and middle school students, college students, the employees of Texas retailers, wholesale tier employees, parents/civic groups, and local law enforcement. In FY 2007, TABC enforcement agents taught or sponsored educational presentations attended by 289,188 persons as part of the agency’s Project SAVE initiative.

Shattered Dreams
A key component of Project SAVE and Shattered Dreams is a profoundly hard hitting program that targets high school students. It involves the dramatization of an alcohol-related crash on or near a high school campus and its aftermath. Included in the dramatization is the crash scene itself, complete with gruesome injuries and deaths, police and EMS response, emergency room treatment, family notification, and the arrest, booking, and trial 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 class, 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, and 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 agents assisted in the planning and staging of more than 200 Shattered Dreams events in FY 2007 which were attended by a total of 147,186 Texas high school students.

Manager’s Awareness Program
The Manager’s Awareness Program (MAP) was designed by TABC staff for owners and managers of licensed establishments to encourage voluntary compliance through education. Launched in 2007, MAP is funded through a safety grant from Texas Department of Transportation. During the 2007 grant period, TABC enforcement agents provided training to 2,344 managers across the State of Texas in a six-month time period. In October 2007, the second year of the grant was approved, and TABC enforcement agents have continued to provide training to establishments across the state.

Topics presented include responsible management practices, exemption from administrative action (safe harbor), civil liability for the licensed establishment, minors, private clubs, intervention techniques, signs of intoxication, refusing sales, policies and procedures and checking employee certification for seller/server training. The program also includes a fire safety section that was written as a collaborative effort between TABC and the Texas State Fire Marshall’s Office.

Policing Special Events – Mardi Gras & 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 of 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’s Crystal Beach. In FY 2007, agents devoted 12,249 work hours to policing special events, including Spring Break and Mardi Gras operations.

EUDL Grant Program
In late 2002, Governor Perry transferred responsibility for administering the federal Enforcing 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 no more than seven colleges, 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**
In addition to providing educational opportunities for retailers through programs taught by its own employees, the TABC also oversees the delivery of training for the employees of retailers through a network of private providers as part of its Seller/Server Certification Program. These programs deal specifically with the recognition and avoidance of illegal sales involving minors and intoxicated persons and, when successfully completed, result in a state certification being issued to the course participant. Current law provides special benefits to retailers who require their employees to attend certification courses. The agency’s seller training section markets the program to retailers, oversees the private training schools, and ensures consistency and quality through standardized testing and periodic inspection. Approximately 200,000 retail employees obtain seller/server certification each year.

**Valley Initiative**
On August 30, 2007, TABC joined the community leaders of Hidalgo and Cameron County to launch the *Facts about Underage Drinking Campaign*, an effort to encourage parents to talk to teens about alcohol and provide education about the consequences of underage drinking.

To support in the educational effort, the TABC has partnered with Health Alliance on Alcohol in Washington, D.C. The partnership enables TABC enforcement agents an opportunity to receive specialized training from experts in the field of adolescent medicine about talking to teens during different stages of adolescent development. This partnership has also given the TABC an opportunity to provide parents with educational materials written by doctors at the Morgan Stanley Children’s Hospital of New York Presbyterian and the White Plains Hospital Center. These materials include information about starting conversations about underage drinking, peer pressure, college, and teen driving and alcohol.

The *Facts about Underage Drinking Campaign* is an 18-month pilot program that will run in Hidalgo and Cameron Counties. The TABC felt that the strong community spirit expressed during initial discussions with community leaders created the perfect environment for a campaign that relies so heavily on involvement at the local level.

Phase two of the campaign started in February 2008. During the second phase, TABC provided education to local law enforcement agencies. The training sessions were hosted free to law enforcement personnel and involved Texas Liquor Law training and Preventing and Dispersing Underage Drinking Parties training.
Appendix J:
Internal Management Goals and Strategies

In March 2008, field managers, ports of entry supervisors and division directors in headquarters used employee feedback related to the Survey of Organizational Excellence to develop management goals and strategies specifically related to the needs of TABC employees.

In April, a cross-section of agency employees worked alongside external stakeholders to develop agencywide management goals and strategies related to the agency’s mission of regulating the alcoholic beverage industry.

Following are the agency priorities at this time:

1. Region 1: El Paso, Lubbock, Amarillo, Wichita Falls Area
2. Region 2: Dallas, Ft. Worth, Longview Area
3. Region 3: Houston, Beaumont, Galveston Area
4. Region 4: Austin, Waco, Victoria Area
5. Region 5: San Antonio, McAllen Area
6. Ports of Entry
7. Headquarters
8. Agencywide
Texas Alcoholic Beverage Commission
West Texas Region 1 Management Goals

1. **Improved Internal Communication**: To provide accurate, concise, and focused information throughout the chain of command and assigned positions to include enhancing communication systems where possible.
   - Provide information to all employees (for example, providing “Executive Meeting Notes”)
   - Focus on Clarity of Communication
   - Work internally and with other agencies to obtain access to information such as TCIC/NCIC

   **MEASURE**: Direct feedback from employees – Quarterly

2. **Enhanced Team Effectiveness**: To include all staffing positions in decision-making and operations in a manner that displays that we value all employees and their various contributions to the Mission and Goals of the TABC and Region 1.
   - Meet with ALL employees during District Meetings
   - Include Auditors on operations when appropriate (for example, seizures or financial investigations)
   - Work with outside agencies to enhance operations
   - Employ the Skills and Expertise of all team members

   **MEASURE**: Direct feedback from employees – Quarterly

3. **Improve Internal Quality of Service**: To improve service to Internal Customers to the point that it is at least commensurate with the high level of service that we provide to External Customers.
   - Use Web Page for feedback and comments on internal customer service – much like what IRD does only on an “open invitation” basis (for example, use the “ENF” icon on the page to go to a sub-menu).
   - Communicate positively with employees and reinforce positive actions/behaviors.

   **MEASURE**: Direct feedback from employees – Quarterly

4. **Increase Supervisor Effectiveness**: To facilitate the perception and reality of fairness in employee actions, to provide quality leadership, and to provide specific, high quality communication to employees at all levels.
   - Open communication with employees to include accepting criticism as input that allows a leader to improve
   - Anonymous measure of supervisory performance and effectiveness by employees (for example, 1-5 scale with comments)
   - Review of employee feedback and adjusting leadership style/method(s) to respond (flexibility)
   - Train and develop current and newly appointed supervisors and provide mentoring for potential leaders
MEASURE: Secure/Anonymous Measure to include comments and examples – Quarterly

5. **Develop Change Orientation and Direction**: To invest effort toward improving the professional and personal development of individual employees as well as the Region 1 team in order to accomplish the Top 5 Public Safety Goals of the TABC.
   - Seek out training on investigations (for example, Certified Fraud Investigations, criminal investigations, Undercover Operations)
   - Collect ideas from other TABC Regions and outside agencies
   - Focus on obtaining training that enhances our ability to interdict Sales to Minors, Sales to Intoxicated People, Prohibited Hours, Breaches of the Peace, and Drug Offenses
   - Provide at least a basic version of LSI Training to all employees

MEASURE: Record of Hours of Relevant Training – minimum total of 24 hours per year
Texas Alcoholic Beverage Commission
Dallas Region 2 Management Goals

1. Intra-Agency Communication
   - Supervisors will commit to communicate openly with employees in all matters where information can and should be shared. (Understanding that there is some information that supervisors are not at liberty to discuss with other employees.)
   - Employees will commit to communicating with supervisors, providing them with information in regards to all aspects of their jobs.
   - All employees within the region will open the lines of communication between divisions.
   - All employees will strive to provide consistent and accurate information to both internal and external customers.
   - Employees will not criticize or judge others for information communicated.

2. Employee Development / Training
   - All employees will be responsible for providing training topics and planning district and/or regional training sessions on a monthly basis.
   - Supervisors will engage in constructive conversation with employees in regards to current topics, case decisions, laws, or situations, rather than just telling them they are wrong, or that something is going to be changed.
   - We will provide both joint and separate training sessions for the different divisions in the field.

3. Supervisor Effectiveness
   - All supervisors will strive for consistency in decisions made and information distributed.
   - Supervisors will ensure that all employees are treated in a fair and consistent manner.
   - A committee of employees will be formed to develop an informal supervisor evaluation policy and evaluation for Region 2 supervisors. Employees within the region will conduct the evaluation.

4. Consistency / Standardization
   - Supervisors within the region will strive for consistency with regard to policies, procedures, practices, forms, case settlement, and the treatment of employees.
   - When making a decision the supervisors within the region should ensure that they are consistent with decisions that have been made in the past concerning like situations.

5. Fair Pay / Incentives
   - Supervisors will be open to allowing flexibility in scheduling with the understanding that the needs of the agency and region must be met at all times.
   - Supervisors will utilize the administrative leave as an incentive when appropriate.
   - Supervisors will consider allowing employees to work from home in situations where this would be appropriate.
Texas Alcoholic Beverage Commission
Houston Region 3 Management Goals

1. Communication
   • All supervisors will meet the last Wednesday of every month
   • ALL employees will attend quarterly regional meetings
   • Enforcement District meeting monthly
   • Auditors/Ad Techs/Enforcement support staff weekly meeting (Houston)
   • Auditors/Ad Techs Regional meeting monthly
   • Reinforcement and reiteration of supervisor’s “open door” policy
   • Suggestion and Feedback Forum on “K” drive

2. Schedule
   • Monthly schedule published one month prior
   • Schedule changes require two week notification (except emergencies)
   • ALL employees will have option to work four 10-hour shifts
   • Agents will be scheduled for one weekend off per month

3. Consistency
   • Chain of command, publish regional organizational chart
   • Adhere to schedule
   • Fair and equitable opportunities for all affected employees

4. Supervisor Effectiveness
   • Through commitment to communication, consistency, regular scheduling and attending training, supervisors will improve in their effectiveness.
Texas Alcoholic Beverage Commission

Austin Region 4 Management Goals

1. **Team Effectiveness**: Team effectiveness captures employees’ perceptions of the effectiveness of their work group and the extent to which the organization environment supports appropriate teamwork among employees.

   A. Training:
      1) Internal: Regional sergeants are compiling lesson plans (with exams) that will study particular areas in-depth (e.g., MB sections of TABC and Rules, on-premise promotion rules), and these lesson plans will be taught quarterly during district meeting involving both compliance and enforcement.
      2) External: Ensure that all personnel continue to attend in-service classes and approve external classes that will benefit the agency and region as a whole.
      3) Group - Enforcement and Compliance: This would be addressed in including compliance in certain ride-along roles. They could assist enforcement with inspections, and they could in turn show enforcement what compliance looks for.

   B. Assignments evenly distributed: Sergeants and compliance supervisors will make certain all agents and auditors are being assigned work evenly.

   C. Joint Meetings: Include enforcement and compliance staff in all district meetings, but more importantly, in the quarterly training sessions described above.

   D. Cross Training in some areas: See above for district meeting trainings, and ride-along ideas.

2. **Change Oriented**: Change Oriented secures employees’ perceptions of the organization’s capability and readiness to change based on new information and ideas.

   A. Solicit input from ranks: Conduct open forums during scheduled district meetings. Make certain that all persons that make suggestions are acknowledged. If their particular idea is not possible, then it needs to be explained to that agent or auditor. Additionally, at times other than at district meetings, if an agent or auditor approaches a supervisor with an idea, then that employee needs to be listened to, and if possible, let him or her run with the idea.

   B. Open mind on suggestions from front line workers: See above.

3. **Holographic**: Holographic 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.

   A. Work on involving all parties early on, especially cases that may go to court: Make certain agents and auditors are allowed to work an amended schedule during higher profile cases that will inevitably end up at trial. This schedule will allow them to work with our legal division, daytime supervisory staff, and any other resources they might need to prepare a solid case for trial.
B. Employ preliminary meetings with Legal to avoid issues later: See above.

4. **Internal Communication:** Internal Communication captures the nature of communication exchanges within the organization. It addresses the extent to which employees view information exchanges as open and productive.

   A. Possibly increase the number of meetings: Include both agents and auditors in the monthly district meetings thereby increasing internal office communications and employee focus.
   
   B. Group meeting between both divisions: See above district meetings.
   
   C. Allow employees to communicate directly with legal once supervisor is notified: See above.
   
   D. Monthly listing of new accounts: Monthly posting of list of new permits and licenses issued each month. These lists can be posted on squad room bulletin boards. (Generated From Public Inquiry System)
   
   E. Cancelled / Suspended List: Have day agent monitor the suspended list and keep a running calendar on the aforementioned bulletin board showing locations that should be closed while serving suspensions. These suspended calendars can be viewed by agents and auditors and the locations checked.
   
   F. Temporary permits: Persons issuing temporary permits and catering certificates will post list on aforementioned bulletin boards at each office for large festivals and special events. Agents and auditors can monitor these events as needed.

5. **Supervisor Effectiveness:** Supervisor effectiveness provides insight into the nature of supervisory relationships in the organization. Including the quality of communication, leadership, and fairness that employees perceive exist between supervisors and themselves.

   A. Delegation: When second- and third-tier supervisors delegate a task to be handled by a first line supervisor, the first line supervisor needs to make certain the message is communicated in the same manner as it was received. If a first line supervisor does not agree with the order, then he or she has to speak to his supervisors, not “water down” the message. Basically employ the “complain up, not down,” concept.
   
   B. Support: Ensure that when our agents and auditors are right, we support their decisions… with added coaching if the job could have been done better. Provide to our agents and auditors all that we possibly can to ensure they do their job with quality and confidence.

To measure the successes (or failures) of the aforementioned concepts, we as supervisors intend to conduct informal surveys on a bi-annual or quarterly basis. Furthermore, we will monitor that the concepts listed above are actually being implemented.
Texas Alcoholic Beverage Commission
San Antonio Region 5 Management Goals

1. Internal Communication
   - Joint projects between Enforcement and Compliance (these joint endeavors will foster trust and team work and will thus encourage open communication)
     - Working protest investigations together
     - Joint subterfuge investigations and other investigations
     - Joint presentations to public
     - Joint industry meetings
   - Encourage employee feedback on issues
     - District Monthly meetings
       - Agenda to include discussion and clarification of important issues.
       - Compliance to join during the first 30 minutes to discuss licensing issues, pending applications, protests, cases, and other pertinent situations.
       - Breakout sessions for each division.
     - Quarterly regional meetings (Compliance)
       - To insure that core procedures are maintained uniformly.
       - To discuss better ways of doing things and to brainstorm for changes in procedures and processes.
       - To discuss issues and concerns.
   - Bulletin Board or Central Information Location for each office
     - Where important communications and e-mails can be posted

2. Supervisor Effectiveness:
   - More one on one meetings with employees to encourage communication
     - This will encourage issues to be discussed on an individual basis
     - Policy and procedures suggestions and issues can be discussed
     - To clarify procedures, compensatory time, etc.
     - Take suggestions from employees
   - Management and leadership training for supervisor’s and team leaders

3. Change Oriented:
   - Educate and inform every employee from both divisions what the other division does
     - This will be accomplished with the joint meetings and open discussion noted in Internal Communication.
     - Joint projects worked together
   - Encourage employees to suggest new ideas
     - Implement good ideas and give feedback as to why some ideas cannot be implemented.
     - Encourage and offer praise for participating and providing input
   - Self Development
     - Get input from employees on what training they need or want
     - Provide employee input to our training section for implementation
Texas Alcoholic Beverage Commission
POE Management Goals

1. **Supervisor Effectiveness**: We will improve supervisor effectiveness by:
   - Attending additional training to enhance our supervisor skills
   - Improving team building skills, attend training
   - Conduct quarterly meetings with staff
   - When all bridges are automated, supervisors will spend less time on administrative tasks and have more time to coach.

2. **Communication**: We will improve our communication efforts by:
   - Attending training to improve skills and understand how to communicate well
   - Support effective communication by:
     1. earning trust
     2. being open
     3. being transparent
     4. reinforcing good communication practices
     5. sharing in the responsibility of communicating well
     6. keeping communication efforts in the forefront and continue to develop them
     7. fostering and nurturing climate for open communication
     8. soliciting specific feedback from co-workers, subordinates and headquarters

3. **Working Conditions**: We will improve work conditions by:
   - Painting or cleaning booths and ordering new equipment when the budget allows
   - Researching additional items such as canopies, if feasible
   - Conducting cost/benefit analysis of renting uniforms. If not feasible within current budget, submit exceptional item in legislative appropriations request for funding

4. **Internal Policies**:
   - We will review internal policies to determine which policies may need revision and/or updating.
   - We will respond to specific requests for a policy change and explain why the policy can or cannot be revised.
Texas Alcoholic Beverage Commission

Headquarters Management Goals - Internal

1. **Fair Pay:** Investigate ways to improve employee pay and incentives.
   - Study career ladder possibilities.
   - Study possibilities of hiring employees at a higher part of the salary range.
   - Investigate the possibility of using lapsed funds for across-the-board one-time bonuses.
   - Consider reclassification studies for employees whose job functions changed since the implementation of LicenseEase.
   - Consider providing employees with the opportunity of self-evaluation before their performance reviews.
   - Investigate ways for supervisors to work with employees on career mapping and build career development plans and clearly outlined goals. Perhaps make it part of the performance evaluation process.
   - Investigate ways to compensate IRD staff who are on-call after hours or who are required to have high-speed internet access at home.
   - Investigate ways to reward employees when salary increases are not possible. Increase the use of the following rewards:
     - Administrative leave to employees for specific accomplishments or following a good performance evaluation when a merit raise is not possible.
     - Career development classes to increase skill levels of top-performing employees as a perk.
     - Compressed work weeks (WISE), flex time, and telecommuting.

2. **Internal Communication:** Take steps to improve the flow of communication within the agency, reducing unnecessary communication and increasing the flow of relevant information.
   - Establish agencywide announcements of new staff, separations, promotions, retirements and transfers. Post updates on the intranet. Keep internal website employee directory up-to-date.
   - Provide executive staff meeting minutes to all employees instead of depending on supervisors to distribute them.
   - Communicate who the Spanish speakers are in headquarters.
   - Provide more information to employees on the agency’s budget, including expenses and how spending decisions are made.
   - Investigate ways that more employees can attend commission meetings.
   - Find ways for supervisors to consistently communicate with their employees after meetings (commission, executive staff) – about decisions made, assignments, deadlines, relevant information.
   - Give more employees the ability to send e-mails to all employees.
   - Increase the number of regularly-scheduled department meetings to communicate about on-going projects and have guest speakers from other divisions to learn what they are doing.
   - Find ways to ensure that employees receive information about changes before the public (e.g., legislative changes or changes resulting from lawsuits).
• Investigate opportunities for employees to communicate to other divisions/employees the issues/problems they have with performing their jobs.
• Increase written directives in lieu of, or to follow up on, verbal directives.
• Investigate ways for more employee involvement in the budget process.
• Find ways to increase recognizability of employees: Name tags at agency social events, employee photos on the intranet, etc.

3. **Employment Development**: Investigate ways to expand or improve training opportunities for employees.
   • Include more employees in training on new IT programs (e.g., offer ARTS training to support staff, especially those who need to look up information).
   • Investigate ways for new employee orientation to include learning about the agency, Lotus Notes, travel, purchasing, timesheets, where to direct questions, and where to find information on TABC’s website.
   • Provide information to employees about outside computer software training opportunities.
   • Investigate ways to increase or improve training for supervisors and managers and future managers: listening and communication skills, praising employees, professionalism, openness to employee ideas, counseling, coaching, training, change management, teambuilding, and setting goals within workgroups. Investigate ways for employees to evaluate supervisors/managers’ performance and then provide training where needed.
   • Investigate ways to infuse freshness into inservice training – offer different topics, make courses more interactive.
   • Review the possibility of spending time in inservice training discussing each division’s goals and responsibilities and how to find information on TABC’s internet/intranet websites.
   • Develop training to help employees be more comfortable with the inevitability of change.

4. **Change Oriented**: Review various processes from beginning to end to streamline and eliminate unnecessary duplication and/or inefficiencies.
   • Licensing process, including LSI function.
   • Settlement/waiver process.
   • Delinquent list.

5. **Physical Environment**: Identify cost effective workplace/physical environment enhancements.
   • Investigate ways to improve the state of furniture in the field and some headquarters divisions – some ways other than more hand-me-downs. Establish unofficial replacement schedule.
   • Expand the use of imaging and electronic files to eliminate unnecessary files and filing cabinets.
   • Expand use of in-car computers to reduce work space needed by agents in the field offices.
Texas Alcoholic Beverage Commission
Agency Management Goals - External

1. Forge and consistently maintain relationships with industry and community to facilitate communication and education.
   - Partner with industry on marketing practices issues – integrated training, better communication, shared resources.
   - Develop shared industry training.
   - Notify stakeholders of new employees and other changes in personnel.
   - Tour stakeholder facilities.
   - Education and prevention staff should partner with stakeholders for training and meet and greets.
   - Plan events with the industry during the summer.
   - Engage local law enforcement and other local officials. Increase communication by including stakeholders in re-engineering efforts, such as licensing.

2. Re-engineer the licensing process to reduce cost and time involved. Streamline the process for the timely issuance of licenses, ensure adaptability, and progress toward on-line processing (originals, renewals, and fee payments).
   - Complete assessment of the need.
   - Identify legal and financial impediments to implementation. Provide information to the legislature as appropriate.
   - Develop implementation plan prior to submission of the Legislative Appropriations Request.
   - Initiate rule changes.
   - Implement two-year permits.
   - Incorporate input from all employees, industry, and local officials through employee and stakeholder forums.
   - Engage local officials through increased communication about the licensing process.
   - Streamline the application protest process.
   - Make adaptability a high priority. Build the framework for the future. Look forward in our process improvement – changes in technology, changes in law, results of litigation.

3. Identify and develop programs to target more common violations through risk-based enforcement and education. The goal is to foster voluntary compliance.
   - Consider adding inspection refusal relating to public safety as a priority violation.
   - Identify high-risk businesses by using non-public safety violations as an indicator that public safety violations may be occurring.
   - Identify a set of business practices that end up being irresponsible retailing. Identify those retailers and work with them to find better ways to operate.
   - Increase communication with the Comptroller’s Office to find those operating outside of the law.
4. Develop a new process for filing, investigating and reporting complaints against permit holders.
   • Develop a policy and process for filing public complaints.
   • Post the information on our website.
   • Give the public access to the results of complaint investigations through the internet.
   • Find ways to encourage the alcoholic beverage industry to report issues.
   • Find ways to handle larger issues differently than public safety complaints.

5. Establish new ways to consider permittee conduct under prior permits when reviewing applications for new permits, including but not limited to:
   • Credit law;
   • Debts to the state;
   • Violation history; and
   • Past management practices.

6. Improve the public’s perception of the agency.
   • Develop more PSA’s.
   • Update the agency website including making it more modern and expanding departmental web pages. Conduct public forums to get input.
   • Distribute more press releases about the positive work we do.
   • Expand the use of industry resources to spread messages.
   • Conduct regional quarterly forums with the retail level, similar to the meetings held with members of the upper tiers. Follow the same agenda statewide, similar to spring break retailer’s meetings. Use public resources to advertise meetings (flashy signs).
   • Expand “Cops in Shops” in convenience stores to increase off-premises retail employee contact with our employees.
   • Use sporting events as a medium to disseminate messages related to underage drinking, etc.
   • Recognize retailers who have best practices. A committee has developed some for off-premises retailers (Heineken Health Alliance).

7. Continue to increase the overall consistency in our efforts and outcomes, in part through effective internal communication and building relationships with stakeholders.
   • Finalize the revision of the penalty chart.
   • Revise Office of Professional Responsibility policy on investigating complaints against employees.
   • Publicize the new mission, vision, guiding principles, goals, etc.
   • Communicate through marketing practice bulletins.
   • Continue to develop risk-based enforcement effort.