



# **TEXAS ALCOHOLIC BEVERAGE COMMISSION**

**STRATEGIC PLAN**  
Fiscal Years 2021-2025



# STRATEGIC PLAN

## Fiscal Years 2021-2025

By the Texas Alcoholic Beverage Commission

Commission Member	Term	Hometown
Kevin J. Lilly, Chair	April 20, 2017 – Nov. 15, 2021	Houston
Jason Boatright	April 29, 2019 – Nov 15, 2023	Dallas
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# Strategic Plan



# Mission

## MISSION

The mission of the Texas Alcoholic Beverage Commission (TABC) is to serve the people of Texas and protect the public health and safety through consistent, fair, and timely administration of the Alcoholic Beverage Code.

## VISION

A safe and healthy Texas served by an innovative Alcoholic Beverage Commission regulating a responsible and compliant alcoholic beverage industry.

## FOUR CORNERSTONES

- ★ Service
- ★ Courtesy
- ★ Integrity
- ★ Accountability

## PHILOSOPHY

TABC's philosophy is enshrined in its motto, "Texans Helping Businesses and Protecting Communities." The agency, through the powers granted by the Alcoholic Beverage Code, will work directly with those whom it regulates to ensure a safe, compliant, and competitive alcoholic beverage industry while operating at peak efficiency and value for Texas taxpayers. Through these actions, as well as the day-to-day interactions with business owners across the state, TABC will work to make it easier for businesses to remain compliant with state law while ensuring the highest levels of public safety for businesses, employees, and their customers.

## NOTE

Hereafter, the Alcoholic Beverage Code will be referred to as the "Code" and the Texas Administrative Code, Title 16, Part 3 will be referred to as "Rules." The terms "license" and "permit" refer to any TABC-issued license or permit to manufacture, distribute, or sell alcoholic beverages.



# Goals and Action Plans

## **Goal 1 | Effectively combat human trafficking connected to the alcoholic beverage industry.**

### **ACTION ITEMS**

1. Effectively conduct investigations, including a significant number of undercover operations, to combat human trafficking crimes with ties to the alcoholic beverage industry (ongoing).
2. Communicate victories on human trafficking investigations conducted by or involving TABC (ongoing).
3. Train TABC agents and officers from other agencies to recognize and investigate human trafficking offenses with ties to the alcoholic beverage industry (ongoing).
4. Allocate staff to ensure the greatest effectiveness in conducting human trafficking investigations (ongoing).
5. Educate civilian employees and industry members on the recognition and methods of reporting possible human trafficking crimes connected to TABC-licensed locations (ongoing).
6. Expand TABC's analytical capabilities to identify at-risk locations for human trafficking investigations (ongoing).



## HOW GOAL/ACTION ITEMS SUPPORT STATEWIDE OBJECTIVES

### 1. **Accountable to tax and fee payers of Texas.**

By targeting human trafficking in licensed businesses, TABC is combating a major public safety threat and protecting communities. Fighting trafficking also helps eliminate the unfair advantage gained by members of the industry who commit these crimes and pad their books with illicit profits.

By combating human trafficking, TABC is helping to dismantle criminal enterprises that prey on Texans, including children. A University of Texas study found more than 79,000 minor victims of sex trafficking in the state. To best accomplish TABC's fight against trafficking, the agency will expand its analytical investigative techniques to target investigations on locations that are at-risk for involvement in human trafficking and related crimes.

### 2. **Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.**

TABC ensures maximum results with limited waste by using partnerships and strategic relationships as force multipliers in the fight against human trafficking. TABC has 247 certified peace officers, including a Special Investigations Unit (SIU). Since it began in 2013, SIU has closed more than 100 businesses with ties to organized crime. Still, agents face challenges. Covering the second largest state by land area in the country, TABC agents must utilize resources wisely and use innovative tools to accomplish their mission.

The agency will continue to build on the strategy it has already begun. TABC is currently working with members of the alcoholic beverage industry to train and educate industry employees about the signs of human trafficking. Doing this allows TABC to enlist the help of others as eyes and ears across Texas, leading to increased complaints and investigations into possible crimes. TABC also partners with local law enforcement and task forces to make arrests, shut down criminal enterprises, or assist in investigations. The agency's strategy also contains a data analysis component that helps ensure maximum results. TABC will continue building partnerships with public universities to create actionable insights that will improve the agency's efficiency and effectiveness.





Finally, dependent on funding, the agency will create a new victim services coordinator position and continue building relationships with nongovernmental organizations (NGOs) to assist with connecting human trafficking victims with services.

**3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.**

TABC regularly tracks its performance in human trafficking operations and conducts analyses to ensure continuous improvement. TABC recently completed a comprehensive gap analysis of its efforts to combat trafficking and identify operational strengths and weaknesses related to prevention, protection, and partnerships, along with other areas.

As a member of the state's Human Trafficking Prevention Coordinating Council, and charged with developing the state's five-year strategic plan to combat human trafficking (Senate Bill 72), TABC has recognized specific program areas and contributing factors essential for accomplishing the mission to prevent human trafficking. TABC will continue to assess its performance and identify ways to implement improvements.

**4. Providing excellent customer service.**

TABC law enforcement agents are courteous and professional in all dealings with the public and governmental partners and organizations, resulting in a 93.6% customer satisfaction rating from licensed entities they've visited. Although law enforcement operations are focused on public safety and ensuring license holders comply with the law, regulated industry members can sometimes assist with investigations.

For example, SIU worked with multiple package stores to track down a suspect in a large credit card abuse scheme in which the stores had thousands of dollars of liquor stolen. SIU also helped distributors with internal theft rings where stolen product was being sold on social media sites. TABC staff will continue to form partnerships and build on relationships with stakeholders, universities, government agencies, and NGOs in its fight against human trafficking.





**5. Transparent such that agency actions can be understood by any Texan.**

TABC Communications regularly produces news releases, graphics, social media posts, and other information that demonstrate TABC's effectiveness in combating human trafficking to the public and various stakeholders. Human trafficking results are also regularly displayed in public Commission Meetings and legislative committee hearings. By regularly sharing the agency's involvement in preventing human trafficking, TABC is increasing awareness and developing new coordinated efforts with local, state, and federal law enforcement, NGOs, and government entities.

**OTHER CONSIDERATIONS RELEVANT TO GOAL/ACTION ITEMS**

TABC's addition of a victim services coordinator and the continuation of that position depends on grant funding or appropriations from the Legislature. Victims are often reluctant to work with law enforcement personnel or seek help, which can lead them to re-enter a trafficking situation.

Aside from the importance of improving lives, victim cooperation is often a key part in the successful prosecution of traffickers. The process of working with the victims of these crimes is time-intensive and requires sensitivity and advanced knowledge of victim services. This position has been recognized in the state's five-year strategic plan as key to ensuring victims are safely connected with service providers. A victim services coordinator is better suited to handle these affairs due to their expertise and ability to connect with victims.

**Far-Reaching Impacts:** The goal of effectively combating human trafficking connected to the alcoholic beverage industry helps communities and businesses across the state in a variety of ways.

● **External constituency benefits:**

- ★ Fair business environment — Combating human trafficking and preventing participation by alcohol industry businesses denies illicit funds to criminal enterprises. By stopping profits from human trafficking operation, TABC creates a business environment where safe, legitimate businesses can thrive.



- **Customer benefits:**

- ★ Safety — Preventing and combating human trafficking connected to licensed or permitted alcohol industry businesses helps rescue victims, root out criminal enterprises, and protect communities across Texas.

- **Internal employee benefits:**

- ★ Efficiency and effectiveness — This goal helps provide a clear path toward combating human trafficking and draws on skills, experience, and expertise from teams across divisions within the agency.



## **Goal 2 | Implement and enhance TABC's technology capacity to provide excellent customer service on all levels to its constituencies.**

### **ACTION ITEMS**

#### **1. Improve navigation, ease of use, and transparency of TABC's website through the Public Website Redesign project.**

- ✦ Launch new public website that provides clear information to the alcoholic beverage industry, the public, staff and other stakeholders (September 2020).
- ✦ Communicate new changes to the website to industry, the public, staff and other stakeholders (September 2020).
- ✦ Integrate the public website with new digital systems, such as the Alcohol Industry Management System (AIMS) (ongoing).
- ✦ Create continuous improvements to allow better website functionality, improve and develop content, and create better navigation for the public website (ongoing).

#### **2. Modernize the agency's technology landscape, covering industry-related regulatory services and enforcement efforts through a new Alcohol Industry Management System (AIMS) and other strategic enterprise solutions.**

- ✦ Launch within AIMS the new point-of-sale solution for ports of entry. (fall 2020)
- ✦ Launch the new AIMS system to make TABC easily accessible and streamline processes for businesses (September 2021).
- ✦ Launch additional mission-critical functionality within AIMS covering excise tax reporting, label approvals, additional case management features, and statutorily required reporting (September 2023).
- ✦ Communicate with industry about using AIMS and TABC's updated process for system implementation (ongoing).

#### **3. Allow TABC to make better business decisions and reduce manual work with automation through the Enterprise Data Solutions project.**

- ✦ Implement a streamlined approach to gathering and analyzing data (ongoing).
- ✦ Integrate with data captured from AIMS to allow agency employees to work as efficiently and effectively as possible (ongoing).



## **HOW GOAL/ACTION ITEMS SUPPORT STATEWIDE OBJECTIVES**

### **1. Accountable to tax and fee payers of Texas.**

To ensure this goal item is successful, TABC is using capital funds appropriated to the agency by the Texas Legislature. Controls and oversight are in place to ensure these critical funds are expended in a way that is most beneficial for taxpayers.

TABC's legacy systems operate with old, obsolete, unsecure, or inefficient hardware or software. These legacy systems are difficult and costly to maintain, prone to reliability issues, and carry a high degree of security risk, particularly given the sensitivity of the data TABC handles. Updating and replacing aging systems reduces these risks and increases efficiencies for both internal and external customers.

### **2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.**

In its current environment, existing business processes and workflows are currently dependent on outdated Code, Rules, and technology systems built in the mid-2000s and are at or beyond end-of-life. TABC's technology capacity transformation includes targeted efforts to improve business processes and workflows for effectiveness in addition to the incorporation of technological automation for improved efficiencies. These improved efficiencies will bring value to the Texas taxpayers.

On average, the agency takes 45 days to issue an original license. However, if automation reduced the wait time to 30 days to issue a license, the state would receive substantial additional tax revenue per license holder. The AIMS project is also providing the Ports of Entry division's regulatory compliance officers (RCOs) with an automated module. This module will give RCOs the ability to receive electronic tax payments for allowable alcohol, document disallowed products, and provide receipts and refunds through AIMS. The public will also be able to self-report through an online progressive web app when arriving at one of the state's ports.



**3. Effective in fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.**

The purpose of this goal is to implement a strong foundation from which TABC may properly and effectively fulfill its mission to provide a business-friendly regulatory environment for the State's alcoholic beverage industry.

By improving our technology services across the agency, employees will be able to fulfill TABC's core functions while improving performance measures like cutting down on the wait time for receiving a permit or license.

**4. Providing excellent customer service.**

TABC is building its technology capacity to provide exemplary customer service over the next several years. This initiative is modernizing the way the agency does business with Texans and will clearly enhance the services the public and stakeholders in the alcoholic beverage industry receive from TABC.

**5. Transparent such that agency actions can be understood by any Texan.**

Improved customer service, improved efficiency and data available to the public all lead to a transparent agency. The improved structure and streamlined content of the redesigned TABC website will offer the alcoholic beverage industry and the public easier access to forms and applications, bulletins, guidelines and important news.

Additionally, the new website is responsive in nature, making it accessible via all types of devices.



## **OTHER CONSIDERATIONS RELEVANT TO GOAL/ACTION ITEMS**

Improving TABC's technology environment to provide a modernized, business-friendly approach will benefit external constituents, consumers and agency employees.

- **External constituency benefits:**

- ☆ Quicker new business openings — Processing for original applications will decrease to less than 30 business days, allowing new businesses to begin operating with an alcoholic beverage license or permit quicker.
- ☆ Compliance — Technology improvements will assist licensees and permittees in maintaining compliance with the Texas Alcoholic Beverage Code.
- ☆ Tax revenue generation — The improvements will assist in generating tax revenue for the State through an automated system for filing and collection of excise taxes, and get applicants into business in under 30 business days.

- **Consumer benefits:**

- ☆ Safety — TABC will be able to better ensure that consumers experience a safe environment at licensed and permitted businesses across Texas. This will promote safety in communities for local residents and visitors.

- **Internal employee benefits:**

- ☆ Efficiency and effectiveness — TABC employees will benefit from the improved collection of data to better inform business decisions and the automation of manual tasks, which will allow focus on anomalies, more advanced research and enhanced customer service.





## **Goal 3 | Improve TABC's capability to serve the people of Texas by providing high-level training and education opportunities for new hires, existing employees, and external stakeholders.**

### **ACTION ITEMS**

- 1. Generate TABC enforcement agents trained and ready to support agency priorities.**
  - ✧ Conduct regular New Agent Academies to fully train and certify new Law Enforcement Division hires as TABC agents to replenish the workforce when there is turnover. (ongoing).
  - ✧ Provide on-the-job training and job shadowing opportunities for new agents as part of their probationary period (ongoing).
  - ✧ Provide multiple professional development opportunities to existing agents to help keep skills fresh while introducing new policies and technologies (ongoing).
  
- 2. Enhance commissioned peace officer (CPO) and counter-human trafficking training across the workforce.**
  - ✧ Collaborate with Texas A&M Engineering Extension Service (TEEX) to develop counter-human trafficking curriculum for internal use (summer 2020).
  - ✧ Develop human trafficking strategic plan to ensure training efforts align with overall agency priority (summer 2020).
  - ✧ Deploy training solution to all CPOs and civilian workforce members (fiscal year 2021).
  
- 3. Improve civilian agency and external audience training and education.**
  - ✧ Develop and deploy multiple training opportunities for civilian employees in accordance with TABC's mission, rules and policies (ongoing).
  - ✧ Complete development of Consumer Delivery (CD) driver certification program (summer 2020).
  - ✧ Collaborate with external audiences to provide training and education opportunities for alcoholic beverage industry members (ongoing).



## **HOW GOALS/ACTION ITEMS SUPPORT STATEWIDE OBJECTIVES**

### **1. Accountable to the tax and fee payers of Texas.**

TABC takes advantage of numerous opportunities to ensure its agent program provides a good value to the tax and fee payers of Texas. First, the agency hires only (with very few exceptions) trainees who have already obtained peace officer certification from the Texas Commission on Law Enforcement (TCOLE). This ensures that all new trainees have already mastered the basics of police work, allowing TABC's own training program to focus on the statutory and regulatory processes that are unique to the agency's mission.

For those few trainees who have not already obtained TCOLE certification prior to hire, TABC is able to take advantage of existing partnerships with other agencies, which allow agency trainees to attend a basic peace officer training course without charge. One example is the agency's relationship with The University of Texas Police Department, which allows two to three TABC trainees to attend their in-house training academy. Additionally, TABC takes advantage of its relationship with the Texas Military Department to make use of that agency's training facilities at Camp Mabry at low or no cost.

### **2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.**

As outlined above, TABC makes every effort to save costs while ensuring maximum effectiveness in its agent training program.

One measure which helps ensure this is its on-the-job training program, which allows new agents to begin work while being closely supervised by a veteran agent who is responsible for their continued development. This reduces the overall training costs associated with facility and boarding rentals while ensuring the trainee has visibility on the day-to-day requirements of enforcement work.



**3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures, and implementing plans to continuously improve.**

As the state's sole regulator of the alcoholic beverage industry in Texas, TABC is responsible for ensuring alcohol is responsibly and lawfully manufactured, distributed and sold. Frequent, high-quality training opportunities for internal and external audiences greatly enhance the agency's ability to fulfill this mandate. Providing such training and education not only improves the agency's capabilities but also allows our external clients — the business owners and people of Texas — to better understand and improve their own policies and practices in order to promote safety and compliance with the Alcoholic Beverage Code.

**4. Providing excellent customer service.**

Customer service is one of the cores of TABC's mission. This is accomplished, in part, through providing outstanding training and education opportunities for alcoholic beverage industry members. By providing frequent, high-quality training seminars, briefings, classes, and webcasts, the agency is able to keep the public informed on the latest developments in industry regulation, including updated statutes, agency rules and technology improvements.

**5. Transparent such that agency actions can be understood by any Texan.**

Increased internal and external training allow for greater understanding of TABC's mission, priorities, capabilities and methods. By ensuring our employees and the public have access to top-quality training and education opportunities, TABC is able to provide insight into agency operations while ensuring the public has visibility on how and why the agency operates in support of public safety and the state's economy.



## **Goal 4 | Effectively implement legislative mandates to streamline the Alcoholic Beverage Code and reduce the regulatory burden for Texas.**

### **ACTION ITEMS**

- 1. Conduct planning, research, and project management activities to implement legislative changes.**
  - ★ Coordinate technology solutions, rules, policies and procedures, training, and communications among all divisions to fully implement changes from the 86th Texas Legislature, including the Sunset Bill (House Bill 1545).
    - Restructure the application review and protest process and streamline the product registration process (December 2020).
    - Develop a process for setting new license and permit fees in rule and implementing beer and ale consolidation (September 2021).
    - Eliminate and consolidate licenses and permits (September 2021).
    - Implement new laws as a result of the 87th Legislature (September 2023).
  
- 2. Manage development and promulgation of rules, including obtaining industry input and spelling out requirements to promote compliance.**
  - ★ Implement driver training certification and minimum software application standards in rule as a result of Senate Bill 1450 for alcohol delivery to consumers (August 2020).
  - ★ Adopt rules for streamlining the product registration process (December 2020).
  - ★ Adopt rules for application review and protests (December 2020).
  - ★ Adopt fees for licenses and permits (September 2021).
  - ★ Establish penalty methodology for regulatory violations in rule, including penalty policy and calculation template (October 2020).
  - ★ Adopt rules related to new laws as a result of the 87th Legislature (September 2023).



3. **Coordinate internal and external communications and training to inform and educate employees, industry, the public, and legislators of legislative changes.**
  - ★ Coordinate communications and training related to changes enacted by the 86th Legislature (December 2021).
    - Develop educational materials for employees such as FAQs, presentations, and other reference materials. (December 2021).
    - Orchestrate training strategies to ensure effective implementation of legislative changes (December 2021).
  - ★ Coordinate communications and training related to changes enacted by the 87th Legislature (December 2023).
4. **Develop and/or review policies, procedures, and advisories across the agency to align with legislative mandates.**
  - ★ Overhaul more than 60 Marketing Practices advisories to ensure alignment with legislative mandates and updated rules (April 2022).
  - ★ Develop and revise policies and procedures to align agency practices with mandates from the 86th and 87th legislatures (December 2024).
5. **Ensure execution of necessary support activities, such as technology, publications, and web updates.**
  - ★ Coordinate timing and functionality of new technology solutions to align with legislative changes (September 2022).
  - ★ Ensure support related to changes enacted by the 87th Legislature (December 2023).



## **HOW GOAL/ACTION ITEMS SUPPORT STATEWIDE OBJECTIVES**

### **1. Accountable to tax and fee payers of Texas.**

TABC is building accountability into each step of the implementation process. By holding several stakeholder meetings to gain input from industry, clearly communicating with the public, and adopting new rules in a transparent way, TABC will ensure the accountability throughout the process.

Numerous legislative mandates will also increase accountability. The Sunset Commission found TABC's protest process lacked transparency and accountability. Staff will update agency rules to add transparency and accountability to the protesting a license or permit.

### **2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.**

Legislative implementation will eliminate many redundant activities, primarily through consolidating license and permit types, eliminating the distinction between beer and ale, and streamlining the product registration process.

In 2019, there were 75 types of licenses and permits. By Sept. 1, 2021, a new legislatively mandated licensing structure will be in effect that contains only 37 licenses and permits. Eliminating numerous outdated and unnecessary licenses and permits will allow TABC staff to better focus on core functions.

Overhauling the product registration process will also eliminate the need for staff to perform functions that are duplicative of federal approvals, such as the U.S. Alcohol and Tobacco Tax and Trade Bureau's Certificate of Label Approval process, so they can refocus their efforts on completing TABC-specific functions more efficiently.

Classifying both beer and ale as malt beverages will also reduce redundancies and eliminate an antiquated distinction between alcoholic beverage types. Doing this simplifies numerous licensing and product registration processes for businesses and within the agency.





**3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.**

The implementation goal is the driving force behind plans to continuously improve, which, in turn, helps ensure successful fulfillment of core functions and success in achieving performance measures.

House Bill 1545 mandated dramatic changes to the TABC licensing structure and product registration process, along with numerous other changes. Legislative implementation helps create the framework for TABC's core functions and performance measures. Reviewing rules, policies, and procedures to ensure alignment with direction provided in statute also assists in properly aligning the agency to complete core functions and measure performance. For instance, legislative implementation ensures that the agency adopts priorities as directed by statute, such as combating human trafficking and creating a risk-based approach to enforcement and audit efforts.

**4. Providing excellent customer service.**

Updating TABC's policies, procedures, processes, and rules to streamline product registration, adopt a new licensing structure, and overhaul advisories will improve customer service. These changes eliminate duplicative processes for businesses and reduce the regulatory burden. The action item to seek industry input and spell out requirements will also help industry understand the complex Alcoholic Beverage Code, better comply with the law, and, ultimately, better regulate the alcoholic beverage industry.

Every effort throughout the implementation process focuses on customer service by providing clear, easy-to-understand information. For example, reviewing more than 60 Marketing Practices advisories dating back to 2004 will allow TABC to eliminate any outdated guidance and issue the clear, updated information to industry and the public that aligns with legislative changes.



**5. Transparent such that agency actions can be understood by any Texan.**

Every aspect of the planning and implementation process makes TABC more transparent. Stakeholder meetings are held regularly to allow the public and industry to provide input on rules and advisories. Rules processes are conducted in an open way, seeking industry feedback and publishing all materials as required in the Texas Register.

The rules and processes themselves also seek to make the agency more transparent. A newly proposed penalty matrix will show the work of the agency when assessing penalties. It essentially provides a simple worksheet that will show industry exactly how TABC determined a penalty, rather than relying on calculations that are done on a case-by-case basis.

The Legislature also eliminated surcharges in 2019. When TABC adopts those changes, a new fee structure will eliminate a patchwork of fees enacted throughout various legislative sessions and surcharges created by the agency. The result will be a simplified fee structure that is easier for industry and the public to understand.

**OTHER CONSIDERATIONS RELEVANT TO GOAL/ACTION ITEMS**

Effectively implementing legislative mandates to streamline the Alcoholic Beverage Code and reduce the regulatory burden for Texas will provide benefits for external constituents, consumers, and agency employees.

• **External constituency benefits:**

- ★ Improved processes for businesses — The new, simplified licensing structure will provide clarity and make TABC licenses and permits easier for businesses to understand and abide by. The streamlined product registration process and elimination of the distinction between beer and ale will also make getting approvals easier for businesses and reduce the time it takes to bring a product to market.
- ★ Increased transparency and accountability — Implementation will improve the application review and protest process, fee structure, penalties, rules, and other processes in a way that makes TABC operations and decisions easier for businesses to understand.



- **Consumer benefits:**

- ★ Safety — Implementing these changes will allow staff to better prioritize their duties, leading to increased safety at licensed and permitted locations.

- **Internal employee benefits:**

- ★ Efficiency and effectiveness — Implementation will standardize, simplify, and align agency rules, policies, and procedures with current legislation. TABC employees will benefit from easier-to-understand systems and processes that will increase efficiency and reduce redundancies, so that staff can better serve Texans.



# Redundancies and Impediments

Service, statute, rule, or regulation	Chapter 102, Control Labels/Exclusive Brands
<p><b>Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.</b></p>	<p>Chapter 102 of the Texas Alcoholic Beverage Code prohibits businesses in different tiers (i.e., manufacturers, distributors, and retailers) from owning or operating one another. The historical purpose of these provisions is to prevent unfair competition and unlawful trade practices in the marketplace. The term “control label” refers to a product that is made by a manufacturer exclusively for a particular retailer — in essence, the retailer <i>controls</i> the product, and no other retailer has access to it for resale. Thousands of control label products are in the Texas marketplace, despite the statutory prohibition against one tier managing or controlling the business or interests in another tier.</p> <p>The Code does not contain a provision directly prohibiting control labels. Instead, Chapter 102’s catch-all provisions make the practice unlawful.</p> <p>The commission has handled the denial of malt beverage products differently than wine and distilled spirits. Through rulemaking authority, the commission can, and has traditionally, denied control labels for malt beverage products. More than a decade ago, the law changed, and the commission was no longer allowed to deny control labels for wine and distilled spirits. This led to the population of thousands of control labels into the marketplace.</p> <p>Effective in 2021, new provisions direct TABC to register malt beverage, wine, and spirits labels that have received federal approval unless TABC determines that approving the label would create a cross-tier violation or otherwise violate the</p>



	<p>Code. TABC can deny all control labels for all products; however, prohibitions are still in place for control labels of malt beverages. Due to the number of control labels of wine and distilled spirits in the marketplace, it would be impossible for the agency to pursue thousands of cases, leading to selectively pursuing permittees for prosecution.</p>
<p><b>Provide agency recommendation for modification or elimination.</b></p>	<p>TABC recommends adding a provision to Chapter 102 that would authorize the production and sale of control label products under limited circumstances for wine and distilled spirits. This would create a business-friendly exception to Chapter 102’s tied house prohibitions that would allow for existing products to remain in the marketplace while encouraging a fairer competition. The provision could include parameters for what types of agreements a manufacturer and a retailer can enter into and could require the inclusion of a wholesaler as well to maintain the structure of three-tier system.</p> <p>Enforcing current law to eliminate the thousands of control label products in the state is neither feasible nor productive. It would result in loss of economic activity for manufacturers and retailers and reduce consumer choice. In addition, authorizing control label products in limited circumstances would free up agency resources that are currently spent conducting investigations and reviewing forms for product registration.</p>
<p><b>Describe the estimated cost savings or other benefit associated with recommended change.</b></p>	<p>With clarity added to this chapter, the agency can efficiently enforce the law equally amongst all alcoholic beverage types and save agency resources.</p>



<b>Service, statute, rule, or regulation</b>	<b>General Appropriations Act 86th Session, Article V. Bill Pattern Riders — UB Authority</b>
<b>Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.</b>	<p>Lack of UB (Unexpended Balance) Rider for TABC in GAA limits the agency by not being able to move funds to cover unexpected costs. Without the authority to move appropriated funds between fiscal years in the biennium, TABC is at a disadvantage when trying to complete large projects. Many agency projects have been put on hold due to the length of time or lack of funds.</p>
<b>Provide agency recommendation for modification or elimination.</b>	<p>Granting UB authority would allow TABC to better address unexpected and one-time expenses and allow better manageability of appropriated funds. A rider similar to what other agencies have already been granted would be beneficial: "Unexpended Balances Within the Biennium. Any unexpended balances as of August 31, 2021, in appropriations made to the TABC are appropriated for the same purposes for the fiscal year beginning September 1, 2022."</p>
<b>Describe the estimated cost savings or other benefit associated with recommended change.</b>	<p>This authority gives TABC the tools necessary to complete important projects that increase productivity, reliability, and the availability of services to the public, which in turn could increase revenue to the state.</p>





<p><b>Service, statute, rule, or regulation</b></p>	<p>General Appropriations Act 86th Session, Article V. Bill Pattern Riders — Appropriations Limited to Revenue Collections</p>
<p><b>Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.</b></p>	<p>TABC is required, by rider, to collect revenue to cover the cost of its operations. There are times when TABC may collect revenue in excess of its operational costs, however the agency often has challenges funding initiatives that provide the proper service levels to the alcoholic beverage industry and ensure the safety of the public. To allow for the efficient collection of revenue, TABC must continuously update technology for this function. New projects and initiatives, technology maintenance and/or upgrades are needed to maintain service levels to the alcoholic beverage industry. If these item costs exceed TABC’s appropriation, the agency is unable to provide these services.</p>
<p><b>Provide agency recommendation for modification or elimination.</b></p>	<p>A rider similar to what other agencies have, allowing unexpended balances to transfer within the biennium, would assist TABC in better managing cash flow for operational expenses within the biennium. Additionally, TABC would benefit from appropriations made to the agency to specifically fund technology maintenance, upgrades and license fees. These technology items could be funded from alcoholic beverage industry members utilizing TABC online systems and fees collected would only be appropriated for this purpose.</p>
<p><b>Describe the estimated cost savings or other benefit associated with recommended change.</b></p>	<p>These changes would allow TABC to promptly respond to ever changing, rapidly growing alcoholic beverage industry needs without limitations placed on the agency’s due to lack of funding.</p>



Service, statute, rule, or regulation	TABC authority to cancel or suspend a business
<p><b>Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.</b></p>	<p>Alcoholic Beverage Code Sections 11.61 (b) &amp; 11.64 relate to cancellation or suspension of a business. Currently, provisions require TABC to offer a payment of a fine instead of undergoing a suspension of its operations. This prevents TABC from assessing penalties to fit the type of violation and deter future violations because many businesses will simply pay the fine as a cost of doing business. Alternatively, some businesses will gladly suspend operations for a number of non-essential business days instead of paying a monetary fine.</p>
<p><b>Provide agency recommendation for modification or elimination.</b></p>	<p>New language in Sections 11.61(b) &amp; 11.64 would remove requirements and authorize TABC to promulgate rules requiring the agency to determine how to assess penalties. For instance, a business that sells an alcoholic beverage to an intoxicated person could be eligible to pay a fine for its first violation but would have a mandatory suspension upon a second violation.</p> <p>The commission or administrator may assess a more appropriate penalty based on criminal or regulatory violations. Requiring penalties to be assessed in both a number of suspension days and a monetary fine prevents TABC from being able to consider the unique circumstances of each case and issue penalties that deter repeated violations. These changes support one of TABC's main goals to adopt penalties that appropriately deter public safety violations and recidivism.</p>



<p><b>Describe the estimated cost savings or other benefit associated with recommended change.</b></p>	<p>This would benefit the regulated industry by providing TABC enhanced ability to fairly and appropriately penalize violators in a more consistent manner that correlates to the specific facts of a case in addition to the type of violation.</p>
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<p><b>Service, statute, rule, or regulation</b></p>	<p><b>Inconsistent qualifications to obtain a TABC license or permit</b></p>
<p><b>Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.</b></p>	<p>The Code sets forth unequal prerequisites to hold different retail licenses and permits even though the permit/license holders are otherwise similarly situated which has caused confusion for potential applicants, less ability for the agency to create more streamlined internal processes, unnecessary delays in processing applications due to unique additional requirements for the different permit types, and inequitable results for comparable businesses.</p> <p>For instance, an applicant for a Wine and Beer Retailer's Permit (i.e., a bar or restaurant that only serves beer and wine) must provide criminal history for his or her spouse, but an applicant for a Wine and Beer Retailer's Off-Premise Permit (i.e., a shop that sells beer and wine to-go) does not. Similarly, an applicant for a mixed beverage establishment is <i>not</i> required to provide spousal criminal information, despite being able to sell distilled spirits in addition to beer and wine.</p> <p>These discrepancies are hard to justify, and difficult for TABC to process. As a result, TABC requires that a mixed beverage applicant provide spousal criminal history even though the law does not require it and the spouse is not receiving the privilege of the permit or license. A blanket requirement of spousal criminal history adds processing time to an already cumbersome application process, while rarely producing a benefit to the process.</p>



<p><b>Provide agency recommendation for modification or elimination.</b></p>	<p>Amend the Code to create more uniform requirements to obtain a license or permit that holds all applicants and applicants' spouses to the same standards for criminal background checks.</p>
<p><b>Describe the estimated cost savings or other benefit associated with recommended change.</b></p>	<p>It would provide clear definition and direction and would eliminate confusion for both applicants and the agency.</p>

<p><b>Service, statute, rule, or regulation</b></p>	<p><b>Consumption Restricted to Premises; Exceptions. Sections 28.10 (a) &amp; (b); and Section 32.01(a)(2)</b></p>
<p><b>Describe why the service, statute, rule or regulation is resulting in inefficient or ineffective agency operations.</b></p>	<p>Restricts mixed beverage (MB/RM) permit holders and private clubs (N) to consumption only on the licensed premise. Non-invoiced alcohol from the outside cannot be brought into the location and no alcohol can leave the location unless the location is a hotel or the alcohol is a bottle of wine purchased with a meal.</p> <p>Licenses allowing the sale of beer and/or wine on the premises also allow the sale of alcohol for off-premises consumption; a business authorized to sell liquor cannot allow a patron to leave the premises.</p> <p>This is inequitable treatment of one segment of the industry from other industry members within the same tier. It restricts outside seating at restaurants and bars (unless they hold a food and beverage certificate and the outside area is a public sidewalk adjoining the premises), and is considered an antiquated restriction that often causes additional construction costs associated with restricted access into and out of a licensed location.</p>



<b>Provide agency recommendation for modification or elimination.</b>	Amend Code to eliminate the restriction and provide TABC with rulemaking authority to create consistent guidelines for all on-premise licenses/permits. These changes would make all on-premise licenses/permits subject to the same guidelines for control, access, and egress.
<b>Describe the estimated cost savings or other benefit associated with recommended change.</b>	A change would provide construction savings to industry and modernize an antiquated restriction to provide greater flexibility for both the industry and the consumer.



# Supplemental Schedules



# Budget Structure

## Goals, Objectives and Outcome Measures, Strategies and Output, Efficiency and Explanatory Measures

### 1. 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 fair and effective.

#### OBJECTIVE—01 Detect/Prevent Law Violations

Detect and prevent violations of the Alcoholic Beverage Code and other state laws that can occur on licensed premises, including those pertaining to human trafficking, drug trafficking, and other organized criminal activity.

#### Outcome Measures

- 01 Percentage of Licensed Establishments Inspected Annually
- 02 Percentage of Administrative Cases Resulting in Administrative Sanctions
- 03** Percentage of Priority Licensed Locations Inspected by Enforcement
- 04 Retailer and Direct Sale Manufacturer Public Safety Compliance Rate
- 05 Priority Licensed Location Public Safety Compliance Rate
- 06 Recidivism Rate – Licensed Retailers
- 07 Percentage of Priority Locations Relative to Total Number of Licensed Locations

#### STRATEGY—01 Enforcement

Deter and detect violations of the Alcoholic Beverage Code by inspecting licensed establishments and investigating complaints.

#### Output Measures

- 01** Number of Inspections Conducted by Enforcement Agents
- 02** Number of Inspections of Priority Licensed Locations Conducted by Enforcement Agents
- 03** Number of Organized Criminal Activity/Trafficking Investigations Closed





- 04 Number of Multi-Agency/Joint Operations Targeting Organized Crime and Trafficking in Counties Along the US/Mexican Border or Adjacent to the Gulf Intercoastal Waterway
- 05 Number of Undercover Operations Conducted

### **Efficiency Measures**

- 01 Average Cost Per Enforcement Inspection
- 02 Average Cost of Multi-Agency/Joint Operations Targeting Organized Crime and Trafficking Statewide

### **Explanatory Measures**

- 01 Average Number of Days to Close a Complaint Investigation
- 02 Number of Licensed Locations Subject to Inspection
- 03 Number of Criminal Cases Filed
- 04 Number of Administrative Cases Initiated by Enforcement Agents
- 05 Number of Priority Licensed Locations
- 06 Number of Complaint Investigations Closed by Enforcement Agents
- 07 Number of Multi-Agency/Joint Operations Targeting Organized Crime and Trafficking Statewide



## **2. GOAL 02: LICENSING**

To process and issue license and permit applications in compliance with the Alcoholic Beverage Code.

### **OBJECTIVE—01 Timely Process of Applications**

Process applications for permits and licenses in an efficient and timely manner.

#### **Outcome Measure**

- 01 Average Number of Days to Approve an Original Primary License/Permit

### **STRATEGY—01 Licensing**

Issue licenses and permits while ensuring compliance with laws regarding ownership, performance, and other regulatory requirements.

#### **Output Measures**

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

#### **Efficiency Measure**

- 01 Average Cost Per License/Permit Processed



### **3. 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.

#### **OBJECTIVE—01 Ensure Compliance with Alcoholic Beverage Code**

Monitor all tiers of the alcoholic beverage industry and conduct inspections, audits, analyses, investigations, and other activities to encourage maximum voluntary compliance with the Alcoholic Beverage Code.

#### **Outcome Measures**

- 01 Compliance Rate — Audits
- 02 Percent of Wholesale and Manufacturing Report Analyses Resulting in Correction Notices
- 03 Compliance Rate — Auditor Inspections of Licensed Businesses
- 04 Compliance Rate — Auditor Investigations

#### **STRATEGY—01 Compliance Monitoring**

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.

#### **Output Measures**

- 01 Number of Persons Instructed by Auditors
- 02 Number of Wholesale and Manufacturing Reports Analyzed
- 03 Number of Audits Conducted
- 04 Number of Inspections Conducted by Auditors
- 05 Number of Complaint Investigations Closed by Audit

#### **Efficiency Measures**

- 01 Average Cost Per Audit
- 02 Average Cost Per Auditor Inspection
- 03 Average Cost Per Person Attending Educational Programs Taught by Auditors
- 04 Average Cost Per Wholesale and Manufacturing Report Analyzed



## Explanatory Measures

- 01 Number of Administrative Actions Initiated by Auditors and Other Audit Personnel
- 02 Number of Correction Notices from Analyses of Wholesale and Manufacturing Reports
- 03 Number of Trainees Obtaining Seller/Server Certification
- 04 Average Cost Per Seller/Server Trainee Certification

## OBJECTIVE—02 Ensure Maximum Compliance at Ports

Ensure maximum compliance with laws regulating importation of alcoholic beverages and cigarettes at ports of entry.

## Outcome Measure

- 01 Revenue as a Percent of Expenses

## STRATEGY—01 Ports of Entry

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.

## Output Measures

- 01 Number of Alcoholic Beverage Containers Stamped
- 02 Number of Cigarette Packages Stamped

## Efficiency Measure

- 01 Average Cost Per Alcoholic Beverage Container/Cigarette Package Imported or Disallowed

## Explanatory Measures

- 01 Number of Alcoholic Beverage Containers Disallowed
- 02 Number of Cigarette Packages Disallowed



# Performance Measure Definitions

**Goal 01** Promote the Health, Safety, and Welfare of the Public

**Objective 01-01** Detect/Prevent Law Violations

**Strategy 01-01-01** Enforcement

**Outcome Measure** Percentage of Licensed Establishments Inspected Annually  
**01-01-01-01**

**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 for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws.

**Purpose:** 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.

**Data Source:** 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 automated agency reports.



**Methodology:** The measure is calculated by dividing the number of individual establishments actually inspected during a particular period by the number of licensed establishments subject to inspection during the same period. The number of individual establishments inspected is derived by first finding all inspection records for the inspections conducted during a specified period of time and then by sorting out inspection records with duplicate CLP's (alpha/numeric license identifiers unique to each establishment), leaving one record for each CLP and then counting the remainder. The number of establishments subject to inspections is determined by (1) searching the automated licensing files to identify all licenses that were active during the period in question; (2) then sorting out the records of all secondary licenses, leaving just one, the primary license record, for each establishment and finally (3) counting the remaining records.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Higher.

**Outcome Measure  
01-01-01-02**

**Percentage of Administrative Cases Resulting in Administrative Sanctions**

**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:** 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.

**Data Source:** Enforcement administrative violation records. These automated records are created using administrative notices as source documents and are updated throughout the case settlement process. The numbers required for the calculations associated with this measure are taken from automated agency reports.

**Methodology:** All administrative violation records that pertain 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:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Higher.

**Outcome Measure**      **Percentage of Priority Licensed Locations Inspected by Enforcement**  
**01-01-01-03 (Key)**

**Definition:** The number of priority licensed locations actually inspected by enforcement agents during a specified time period divided by the total number of licensed locations meeting the criteria for priority status during the same time period. An inspection is a visit to a 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 licensed location if (1) there is a recent (past six months) history of





public safety violations occurring on its premises; (2) there is an open complaint investigation involving the location and allegations of public safety violations; or (3) the business has been licensed for less than two years, has not yet been the target of either a minor sting or undercover operation, and is either licensed to sell alcoholic beverages for off-premises consumption or is the holder of a late hours permit and is licensed to sell alcoholic beverages for on-premises consumption.

**Purpose:** This outcome measure sets a minimum coverage goal for licensed locations that are considered to be especially at risk for public safety violations due to the establishment's past history or inexperience. It is intended to direct and require agent attention to those licensed locations where public safety violations are most likely to occur.

**Data Source:** Automated agency complaint, 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 agency automated reports.

**Methodology:** Priority licensed locations are identified by comparing pre-set risk criteria against automated complaint, violation, inspection, and licensing 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 licensed 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 licensed locations inspected. The required percentage is derived by dividing the number of priority licensed locations inspected during the period in question by the total number of priority licensed locations subject to inspection during the same period.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.



**New Measure:** No.

**Target Attainment:** Higher.

**Outcome Measure**     **Retailer and Direct Sale Manufacturer Public Safety Compliance Rate**  
**01-01-01-04**

**Definition:** The number of inspections of licensed businesses that sell or serve alcoholic beverages directly to the public 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 such businesses conducted by agents during the same time period. For the purposes of this measure, an inspection is a visit to a licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws.

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

**Data Source:** 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 data entry of employee daily activity reports and field notes. The automated violation records are created by data entry of hardcopy criminal citations and administrative notices. The values needed for the calculation of this measure are taken from agency automated reports.

**Methodology:** The automated records pertaining to inspections conducted at retail locations or on the premises of manufacturers (breweries, distilleries, or wineries) that are authorized to sell or serve limited quantities of alcoholic beverages directly to the public 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 or qualifying manufacturing tier locations during the period of interest to derive the desired percentage.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Higher.

**Outcome Measure**  
**01-01-01-05**

**Priority Licensed Location Public Safety Compliance Rate**

**Definition:** The number of inspections of priority licensed locations conducted by enforcement agents during a specified time period that did not result in the filing of charges for criminal or administrative public safety violations divided by the total number of inspections of priority licensed locations conducted by agents during the same time period. A licensed location may be deemed a priority licensed location if (1) there is a recent (last six months) history of public safety violations occurring on its premises; (2) there is an open complaint investigation involving the location and allegations of public safety violations; or (3) the business has been licensed for less than two years, has not yet been the target of either a minor sting or undercover operation, and is either licensed to sell alcoholic beverages for off-premises consumption or is the holder of a late hours permit and is licensed to sell alcoholic beverages for on-premises consumption.

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



**Data Source:** Automated agency complaint, inspection, licensing, and 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. Automated complaint records are created and assigned for investigation when allegations concerning possible violations of the Alcoholic Beverage Code and other state laws are received from the public, elected officials, and other agencies. The values needed for the calculation of this measure are taken from automated agency reports.

**Methodology:** Priority licensed locations are identified by comparing pre-set risk criteria with automated violation, inspection, licensing, and complaint records to determine which licensed entities meet the risk criteria during the period in question. The primary license numbers of the entities determined to be at risk are then compared with the license numbers of the establishments inspected during the period in question. The inspection records pertaining to priority licensed locations are further examined to determine which inspections did not result in criminal or administrative cases involving public safety violations. The number of inspections involving priority licensed locations that did not result in public safety-related criminal or administrative cases is then divided by the total number of inspections involving priority licensed locations to derive the desired percentage.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Higher.



**Outcome Measure**    **Recidivism Rate - Licensed Retailers**  
**01-01-01-06**

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

**Purpose:** This outcome measures retailer recidivism with respect to public safety violations and provides a method of gauging the Enforcement Division's effectiveness in preventing subsequent public safety offenses by the same retailer.

**Data Source:** 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 an automated agency report.

**Methodology:** First, all administrative case records originated for offenses that occurred during a specified period of time are sorted to identify and count all licensed retailers that were charged with public safety offenses during that time period. 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. In the final step, the number of public safety offenders with prior offenses is divided by the total number of public safety offenders.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Lower.



**Outcome Measure  
01-01-01-07 (New)**

**Percentage of Priority Locations Relative to Total Number of Licensed Locations.**

**Definition:** The percentage of priority or high-risk licensed establishments during a specified time, expressed as a ratio of the total number of individual licensed locations during the same time.

**Purpose:** This outcome is intended to measure the proportion of high-risk locations relative to all licensed locations under TABC preview. As TABC moves to a risk-based enforcement model, agency resources are directed at high risk priority locations.

**Data Source:** Priority licensed locations are identified by comparing pre-set risk criteria against automated complaint, violation, inspection, and licensing records stored in the agency's database to determine which licensed entities met the risk criteria during a specified time period. Total number of licensed locations is determined by 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 an automated agency report.

**Methodology:** The measure is calculated by dividing the number of priority or high risk licensed locations by the total number of licensed locations during the same period, expressed as a percent.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** Yes.

**Target Attainment:** Lower.





**Output Measure**  
**01-01-01-01 (Key)**

**Number of Inspections Conducted by Enforcement Agents**

**Definition:** Number of inspections of licensed premises conducted by agency enforcement agents 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. Undercover compliance checks also fall within this definition.

**Purpose:** 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.

**Data Source:** 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 an automated agency report.

**Methodology:** 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:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Target Attainment:** Higher.





**Output Measure**  
**01-01-01-02 (Key)**

**Number of Inspections of Priority Licensed Locations Conducted by Enforcement Agents**

**Definition:** Number of inspections of priority licensed locations (i.e. licensed locations previously determined to be “at risk” for future public safety violations) conducted by enforcement agents during a specified time period. An inspection is a visit to a 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 licensed location if (1) there is a recent (last six months) history of public safety violations occurring on its premises; (2) if there is an open complaint investigation involving the location and allegations of public safety violations; or (3) the business has been licensed for less than two years, has not yet been the target of either a minor sting or undercover operation, and is either licensed to sell alcoholic beverages for off-premises consumption or is the holder of a late hours permit and is licensed to sell alcoholic beverages for on-premises consumption.

**Purpose:** This output measure provides a count of the number of times enforcement agents inspected licensed locations that had been previously determined to be especially “at risk” for public safety violations.

**Data Source:** Data sources include Enforcement records created by data entry from Agents' automated daily activity reports; automated enforcement criminal case, administrative case, and complaint investigation records created by data entering citations, administrative notices, and complaint cards; and licensing records created and updated by data entry from original, renewal, and change applications. The values reported for this measure are taken from an automated agency report.

**Methodology:** The priority licensed locations that were in business and subject to inspection during the period of interest are identified by first checking licensing records to determine which licensed businesses were in business and then by cross comparing each with the pre-set criteria



for priority status to identify the licensed businesses meeting the criteria during the period in question. The license numbers of the licensed businesses that were determined to have met the criteria for priority status and that were subject to inspection are compared with those found in the enforcement inspection records for the period. The inspection records involving locations that were in priority status at the time of the inspection are then counted and that total becomes the value reported for this measure.

**Data Limitations:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Target Attainment:** Higher

**Output Measure**  
**01-01-01-03 (Key)**

**Number of Organized Criminal Activity/Trafficking Investigations Closed**

**Definition:** The number of investigations completed by agency investigators during a specified time period that involved allegations with a suspected nexus to human trafficking, drug trafficking, money laundering, or any other organized criminal activity related to a licensed entity.

**Purpose:** Provides a count of the number of complaint investigations completed by agency investigators within a specified time period that involved allegations with a suspected nexus to human trafficking, drug trafficking, money laundering, or other organized criminal activity related to a licensed entity.

**Data Source:** The primary data sources are agency automated complaint investigation records, which are created when the initial allegation is received and updated throughout the course of the investigation. The value reported is taken from an automated agency report.



**Methodology:** All complaint investigation records with closed dates falling within the specified date range with an investigation/activity class of “OCA/Trafficking Investigation” are identified and counted. The total of that count is the value reported for this measure.

**Data Limitations:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Target Attainment:** Higher.

**Output Measure  
01-01-01-04 (Key)**

**Number of Multi-Agency/Joint Operations Targeting Organized Crime and Trafficking in Counties Along the US/Mexican Border or Adjacent to the Gulf Intercoastal Waterway.**

**Definition:** The number of joint operations that target organized criminal activities (OCA) or trafficking conducted within a specified time period in the TABC’s Border Region and involving the TABC and at least one other agency. Joint operations are TABC inspections conducted by TABC agents or investigators with the material support of personnel from at least one other agency. For purposes of this measure, operations are counted in counties along the US/Mexico border or adjacent to the Gulf Intracoastal Waterway.

**Purpose:** The volume of multi-agency joint operations demonstrates the degree to which the TABC is cooperating and sharing resources with other agencies in the Border Region that are also involved in the fight against organized crime, human trafficking, money laundering, and drug trafficking.

**Data Source:** The information required to derive the reported value comes from inspection records in the agency’s agent activity reporting system. Each individual inspection made by an agent or auditor investigator is noted in that individual’s daily activity report or field notes. When these reports or notes are data entered, an automated record summarizing each inspection is created. An automated report is used to



search the agency's inspection database and to find and count the records of interest. The values reported for this measure are taken from that automated report.

**Methodology:** An agency automated report searches the agency's inspection database and finds all inspection records with the following characteristics: a designated activity class of "OCA/Trafficking Investigation" or "Support Task Force Operations"; a joint operation flag with the value "Y"; a location address that includes the name of a Texas county located within the boundaries of the TABC's Border Region; and an inspection date that falls within the specified date range. The report then counts the records found and the total from that count becomes the value reported for the measure.

**Data Limitations:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Target Attainment:** Higher.

**Output Measure**  
**01-01-01-05 (Key)**

**Number of Undercover Operations Conducted**

**Definition:** The number of undercover operations conducted by agency enforcement agents during a specified period of time. For the purpose of this measure, an undercover operation is an inspection conducted in a covert method for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws. Underage Compliance Operations and Operation Fake Outs would also fall within this definition.

**Purpose:** Undercover operations are the agency's most effective method in confirming compliance with state laws. Counting undercover operations provides an accurate representation of the number of inspections of this nature are being performed by enforcement agents in order to check compliance.



**Data Source:** The information required to derive the count comes from inspection records conducted in the form of a covert method in the agency's agent activity reporting system. Each individual covert 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 covert inspection is created. The values reported for this measure are taken from an automated agency report.

**Methodology:** The measure is calculated by counting the number of automated inspections records of records conducted by means of a covert method that were originated for activity occurring during a specified period of time.

**Data Limitations:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Target Attainment:** Higher.

**Efficiency Measure** Average Cost Per Enforcement Inspection  
**01-01-01-01 (Key)**

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

**Data Source:** Enforcement automated inspection records are the primary source documents used in the calculation of the measure. An agency automated report draws data from the individual activity records



and compiles statewide totals for the reporting period for agent educational work hours, all agent work hours, and the inspections conducted. Agency expenditures are tracked in the state's automated accounting system (currently CAPPs), and the cost data is extracted quarterly through an agency automated report that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the TABC automated report.

**Methodology:** The total expenditures for all enforcement activities is divided by the total number of inspections conducted by enforcement agents during the same period to derive a per inspection unit cost.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Lower.

**Efficiency Measure** *Average Cost of Multi-Agency/Joint Operations Targeting Organized Crime and Trafficking Statewide*  
**01-01-01-02 (Key)**

**Definition:** The unit cost to TABC of joint operations that target Organized Criminal Activities (OCA) or trafficking conducted within a specified time period that involve TABC and at least one other agency. Joint operations are TABC inspections conducted by TABC agents or investigators with the material support of personnel from at least one other agency.

**Purpose:** This efficiency measure provides a unit cost figure for the agency's joint operations that target organized criminal activity.

**Data Source:** The information required to derive the reported value comes from inspection records in the agency's activity reporting system. Each individual inspection made by an agent or investigator is noted in that individual's daily activity report or field notes. When these reports or





notes are data entered, an automated record summarizing each inspection is created. An automated report is used to search the agency's inspection database and to find and count the records of interest. The values reported for this measure are taken from that automated report. Agency expenditures are tracked in the state's automated accounting system (currently CAPPs), and the cost data is extracted quarterly through an agency automated report that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from TABC's automated report.

**Methodology:** A report is generated for a specified date range to count all inspections for the agency's Special Investigation Unit (SIU) and Financial Crimes Unit (FCU) that meet characteristics of a joint operation for OCA. A second report for the same date range counts all SIU/FCU inspections (including joint operations). The first value (OCA joint operations) is divided by the second value (all operations) to produce a cost distribution ration which is the percentage of effort associated with joint operations. The total agency cost of OCA joint operations is calculated by adding SIU/FCU expenditure totals found in the BSD "Expenditure Report" for the period. This total is multiplied by the cost distribution ration calculated previously, resulting in the total cost of joint operations for SIU/FCU in the time period. The average cost per joint operation targeting OCA is determined by dividing the total cost of joint operations by the number of joint operations generated in the first report.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No

**Target Attainment:** Lower.





**Explanatory Measure**

**01-01-01-01**

**Average Number of Days to Close a Complaint Investigation**

**Definition:** The sum of the days complaint investigations closed by Enforcement personnel during a specified time period were in "open" status divided by the number of complaint investigations closed.

**Purpose:** This outcome measures the Enforcement Division's ability to investigate and close complaints within a reasonable amount of time.

**Data Source:** 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 immediately following the receipt of a complaint from the public, another agency, or other party, updated periodically over the course of the investigation, and then closed with any outcomes noted at its conclusion.

**Methodology:** An automated agency report identifies all complaint investigation records for investigations closed during the period of interest, subtracts the received date found in each from the record's complaint closed status date, totals the resulting values, and then divides that sum by the number of complaint investigations closed.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Lower.

**Explanatory Measure**

**01-01-01-02**

**Number of Licensed Locations Subject to Inspection**

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



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

**Data Source:** 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 an automated agency report.

**Methodology:** Licensing records are cross referenced and counted to identify the physical locations that are occupied by business entities that were licensed by the agency during the period in question.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Higher.

## Explanatory Measure

01-01-01-03

## Number of Criminal Cases Filed

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

**Purpose:** 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 a person committing a criminal offense.

**Data Source:** Enforcement criminal case records which are data entered into agency records management system are counted to obtain reported total. The values reported are taken from an agency automated report.

**Methodology:** All criminal case records in the agency's database with violation dates within the date range of interest are found and counted.



The total is the number of criminal cases initiated by agents during the period in question.

**Data Limitations:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Target Attainment:** Lower.

**Explanatory Measure**

**01-01-01-04**

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

**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:** 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 a license or permit holder committing a serious regulatory or public safety offense.

**Data Source:** The data used in the calculation comes from enforcement administrative case records which are data entered using administrative notices or field notes as source documents. The values reported are taken from an agency automated report.

**Methodology:** All administrative case records in the enforcement database with issue dates falling within the specified date range are found and counted.

**Data Limitations:** None.



**Calculation Method:** Cumulative.

**New Measure:** No.

**Target Attainment:** Lower.

**Explanatory Measure**

**01-01-01-05**

**Number of Priority Licensed Locations**

**Definition:** The number of licensed locations whose licenses or permits were active during the period in question and that were determined by the agency to be especially "at risk" for future public safety violations. A licensed location may be deemed a priority licensed location if (1) there is a recent (last six months) history of public safety violations occurring on its premises; (2) there is an open complaint investigation involving the location and allegations of public safety violations; or (3) the business has been licensed for less than two years, has not yet been the target of either a minor sting or undercover operation, and is either licensed to sell alcoholic beverages for off-premises consumption or is the holder of a late hours permit and is licensed to sell alcoholic beverages for on-premises consumption.

**Purpose:** 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 Licensed Locations Inspected by Enforcement Agents" outcome measure.

**Data Source:** Licensing records, which are entered and updated using original, renewal, or change applications, are the primary source documents. Also agency complaint, inspection, and violation records, which are entered into agency data systems using agent field notes, administrative notices, criminal citations, and other standard forms as the initial source documents. The values actually reported are taken from an agency automated report.



**Methodology:** Licensing records are reviewed to determine which licensed locations 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 violations. These priority licensed locations are then counted and the total is the value reported.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Lower.

**Explanatory Measure**

**01-01-01-06**

**Number of Complaint Investigations Closed by Enforcement Agents**

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

**Purpose:** 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 either 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 "Average Number of Days to Close a Complaint Investigation" explanatory measure.

**Data Source:** Enforcement complaint investigation records, which are data entered into an agency records management system, are counted



to obtain reported total. The totals reported are taken from an automated agency report.

**Methodology:** 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:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Target Attainment:** Higher.

**Explanatory Measure**

**01-01-01-07**

**Number of Multi-Agency/Joint Operations Targeting Organized Crime Statewide**

**Definition:** The number of joint operations that target organized criminal activities (OCA) or trafficking conducted within a specified time period and involving TABC and at least one other agency. Joint operations are TABC inspections conducted by TABC agents or investigators with the material support of personnel from at least one other agency.

**Purpose:** The volume of multi-agency joint operations demonstrates the degree to which the TABC is cooperating and sharing resources with other agencies that are also involved in the fight against organized crime, human trafficking, money laundering, and drug trafficking.

**Data Source:** The information required to derive the reported value comes from inspection records in the agency's activity reporting system. Each individual inspection made by an agent or investigator is noted in that individual's daily activity report or field notes. When these reports or notes are data entered, an automated record summarizing each inspection is created. An automated report is used to search the agency's inspection database, find the records of interest, and then



count them. The values reported for this measure are taken from that automated report.

**Methodology:** An agency automated report searches the agency's inspection database and finds all inspection records with the following characteristics: a designated activity class of "OCA/Trafficking Investigation" or "Support Task Force Operations", a joint operation flag with the value "Y", and an inspection date that falls within the specified date range. The report then counts the records found. The total from that count becomes the value reported for the measure.

**Data Limitations:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Target Attainment:** Higher.





- Goal 02** Process Applications and Issue Alcoholic Beverage Licenses & Permits
- Objective 02-01** Process and Approve Applications in a Timely Manner
- Strategy 02-01-01** Licensing
- Outcome Measure 02-01-01-01 (Key)** Average Number of Days to Approve an Original Primary License/Permit

**Definition:** Average number of days to process an original primary application for an in-state licensed business from the date the application is initially filed with TABC to the date the original primary license or permit is actually issued.

**Purpose:** Provides management with information concerning the average number of days required to process an original primary application for an in-state licensed business from beginning of the process to the actual issuance of the primary license or permit. Fluctuation in this information alerts management to problems in the application process. The license application classes selected for monitoring are those most often sought by persons and entities attempting to start a new licensed business in Texas.

**Data Source:** 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, W, X, BB, BC, D, G, B, and BA. These records contain the date each application was originally received and the date on which each application was approved and the related license or permit was printed. An ad hoc report ran against agency automated data extracts the totals necessary to calculate the reported values.

**Methodology:** An automated agency report locates and counts all records pertaining to original applications for the classes of primary licenses (MB, RM, N, NE, NB, BG, BQ, BE, BF, P, Q, W, X, BB, BC, D, G, B, and BA) with application approved dates within the specified date range. For each record, the system subtracts the received date found in that record from its application approved date to determine the number of processing days required for the application. After next adding 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. The result of this calculation is the value reported for the measure.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Lower.

**Output Measure**  
**02-01-01-01**

**Number of Applications Processed**

**Definition:** This is intended to reflect the total number of license/permit applications (originals, renewals, temporaries and changes) processed by the Licensing Division. For the purposes of this measure, an application is any requested change affecting the content of an existing primary or subordinate license/permit automated record, any request for a new primary or subordinate license/permit, any request to renew a primary or subordinate license/permit, or a request for a temporary license/permit. Also for the purposes of this measure, an application is considered fully "processed" on the date on which it is either approved, denied, or withdrawn.

**Purpose:** 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.

**Data Source:** The data required to calculate this measure is obtained from automated license/permit application records created by data entry from license/permit applications as those applications are received by the division and updated as the application progresses through the approval process. The values used in the calculation of this measure are taken from a series of automated reports that sort through the automated application records and tabulate the needed counts.



**Methodology:** The application records that were closed during the specified time period with a final status of approved, disapproved, or withdrawn are identified and counted. The total is the value reported for this measure. Transactions involving primaries and subordinates are counted separately, as are all transactions involving requested changes to the content of existing primary or subordinate license/permit automated records.

**Data Limitations:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Target Attainment:** Higher.

**Output Measure**  
**02-01-01-02 (Key)**

**Number of Licenses/Permits Issued**

**Definition:** This measure provides the number of licenses and permits issued by the agency in a specific period. The count includes all original primary and subordinate licenses and permits issued to new businesses during the time period, all primary and subordinate licenses/permits issued to existing businesses renewing their licenses or permits during the same time period, and all temporary licenses and permits issued during that time period to licensed businesses and qualified organizations for short-term special events. Also included are all original and renewal licenses/permits issued to separately licensed agents of licensees or permittees.

**Purpose:** The number of licenses and permits issued determines the revenue generated by the Licensing Division from license/permit fees.

**Data Source:** The data required to calculate this measure is obtained from automated license/permit application records which are created as applications are received by the division and then updated as applications pass through the approval process. An automated agency report identifies and counts relevant records and provides the values reported for this measure.



**Methodology:** An agency report finds all temporary, original, and renewal applications approved within a specified date range and counts all licenses and permits issued as originals or renewals and all temporaries issued as a result of those approvals. (Note: A license or permit is issued on the date on which it is approved.)

**Data Limitations:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Target Attainment:** Higher.

**Efficiency Measure**    **Average Cost Per License/Permit Processed**  
**02-01-01-01 (Key)**

**Definition:** This measure is intended to represent the average cost to process a license or permit. For the purposes of this measure, an application is any requested change affecting the content of an agency automated license/permit record, any request for a new primary or subordinate license/permit, any request to renew a primary or subordinate license/permit, or a request for a temporary license/permit. Also for the purposes of this measure, an application is considered fully "processed" on the date on which it is either approved, denied, or withdrawn.

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

**Data Source:** The values used for the applications processed in the calculation of this measure are taken from a series of automated reports that An automated report sorts through the agency's closed automated application records and tabulates the needed counts are tracked in the state's automated accounting system (currently USAS), and the cost data is extracted quarterly by the agency's Business Services Division (BSD) to an Excel spreadsheet and used to create a quarterly "Expenditure Report" that allocates agency operating costs to its various



strategies. The strategy cost allocation used in the calculation of this measure is taken from the BSD's "Expenditure Report."

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

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Lower.

**Goal 03**

**Ensure Compliance with Fees & Taxes**

**Objective 03-01**

**Ensure Compliance with the Alcoholic Beverage Code**

**Strategy 03-01-01**

**Conduct Inspections and Monitor Compliance**

**Outcome Measure  
03-01-01-01 (Key)**

**Compliance Rate — Audits**

**Definition:** The percentage of audits conducted by field auditors during which licensees and permittees were found to be in full compliance with the requirements of the Alcoholic Beverage Code and TABC Rules. For the purposes of this measure, an audit is defined as a systematic, in-depth review of the records and/or operations of a licensed business for the purpose of determining that business' compliance with specific requirements of the Alcoholic Beverage Code, TABC Rules, and other state laws.

**Purpose:** This measure shows the degree to which agency compliance efforts have been successful and regulated businesses conform to the requirements of state law and applicable state regulations.

**Data Source:** The numbers used to calculate the value of this measure come from agency automated reports, which in turn draw information from automated audit and violation records.



**Methodology:** The number of audits of licensed businesses conducted by auditors during a specified time period is counted. Also counted is a subset of this group which consists of those audits that did not result in administrative citations or tax/fee delinquency collections. The number of audits of licensed businesses during which no violations or delinquencies were found is then divided by the total number of audits of licensed businesses conducted by auditors to determine the value to be reported for this ratio.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Higher.

**Outcome Measure**  
**03-01-01-02**

**Percent of Wholesale and Manufacturing Report Analyses Resulting in Correction Notices**

**Definition:** The percentage of wholesale and manufacturing reports analyzed during a specified time period in which reporting errors were found that resulted in the issuance of a notice requiring corrective action. These communications are, for all practical purposes, formal written warnings that describe the errors found and outline the corrective actions required.

**Purpose:** 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 reporting errors.

**Data Source:** Tax Division employees create automated records pertaining to each report analyzed and each correction notice issued. Agency automated reports identify and count these records,. A staff member then transfers the totals to a manually prepared "Excise Tax Activity Report" which is retained as an Excel spreadsheet. The totals





used for the calculation of this measure are taken from the period's "Excise Tax Activity Report."

**Methodology:** The number of correction notices issued during a specified time period is divided by the total number of reports analyzed during the same time period.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Lower.

**Outcome Measure**  
**03-01-01-03 (Key)**

**Compliance Rate — Auditor Inspections of Licensed Business**

**Definition:** The percentage of inspections conducted by auditors during which licensees and permittees were found to be in full compliance with the requirements of the Alcoholic Beverage Code and TABC Rules. For the purposes of this measure, an inspection is a visit to a licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws.

**Purpose:** This measure shows the degree to which agency compliance efforts have been successful and regulated businesses conform to the requirements of state law and applicable state regulations.

**Data Source:** The numbers used to calculate the value of this measure come from agency automated reports, which in turn draw information from automated auditor inspection and violation records.

**Methodology:** The number of inspections of licensed businesses conducted by auditors during a specified time period is counted. Also counted is a subset of this group consisting of those inspections that did not result in the issuance of an administrative citation for violations observed or documented during the inspection. The number of





inspections of licensed businesses during which no violations were found is then divided by the total number of inspections of licensed businesses conducted by auditors to determine the value to be reported for this ratio.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Higher.

**Outcome Measure**    **Compliance Rate — Auditor Investigations**  
**03-01-01-04 (New)**

**Definition:** The percentage of Auditor led complaint investigations that were closed during a specified period of time where the investigated party was found to be in full compliance with the Alcoholic Beverage Code and TABC Rule and no administrative action or tax or fee delinquency collection was required.

**Purpose:** Provides this particular measure shows the degree to which investigated parties were shown to be in full compliance with the Alcoholic Beverage Code and TABC Rules.

**Data Source:** Auditor complaint investigation records and related violation and audit records which are data entered into an agency records management system, The reported value is taken from an automated agency report.

**Methodology:** All automated complaint investigation records with an auditor as the "lead investigator," a "closed" status, and status date falling within the specified date range are identified and counted. A subset of these, those without related violation records or audit records indicating tax/fee delinquency collections, are also counted, and the second value is divided by the first to obtain the value reported for this measure.



**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** Yes.

**Target Attainment:** Higher.

**Output Measure**  
**03-01-01-01**

**Number of Persons Instructed by Auditors**

**Definition:** The number of people attending educational presentations made by auditors.

**Purpose:** Auditors perform four primary tasks: audits and analyses, inspections, complaint-based investigations, and public education. Their contribution to the agency's public education efforts is represented by this measure.

**Data Source:** The data for this measure comes from educational program session records created by auditors and stored in the agency's daily activity report. Auditors record information about each program session they teach in their daily activity reports. Automated educational program session records are created when the auditor'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 agency automated reports that draw information from those records.

**Methodology:** The measure is calculated by identifying all automated educational program session records created for sessions taught by auditors during a specified time period and then summing the attendee counts found in those records.

**Data Limitations:** None.

**Calculation Method:** Cumulative.



**New Measure:** Yes.

**Target Attainment:** Higher.

**Output Measure**  
**03-01-01-02**

**Number of Wholesale and Manufacturing Reports Analyzed**

**Definition:** The number of periodic reports received and analyzed by Tax Division employees that come from the manufacturing and wholesale tiers of the alcoholic beverage industry and that pertain to the sale and shipment of alcoholic beverages into or within the State of Texas, alcoholic beverage products manufactured within the state, or the use of beverage quality alcohol in the manufacturing process for non-beverage products. Included in the reported total for this measure are all excise tax reports received and reviewed by TABC Tax Division employees.

**Purpose:** The measure shows the workload and output of Tax Division employees involved in processing the periodic reports the agency receives from the manufacturing and wholesale tiers of the alcoholic beverage industry.

**Data Source:** Tax Division employees create automated records for each report analyzed. An agency automated report identifies and counts the records created for the report analyses conducted within a specified date range. A division staff member then manually transfer the totals to a spreadsheet which is used to generate a summary "Excise Tax Activity Report" for the period in question. The total reported for this measure is taken from the "Excise Tax Activity Report."

**Methodology:** The records pertaining to the report analyses conducted within the specified period of time are identified and counted. The resulting total is the value reported for this measure.

**Data Limitations:** None.

**Calculation Method:** Cumulative.



**New Measure:** No.

**Target Attainment:** Higher.

**Output Measure**  
**03-01-01-03 (Key)**

**Number of Audits Conducted**

**Definition:** The number of audits conducted by auditors during a specified period of time. For the purposes of this measure, an audit is defined as a systematic, in-depth review of the records and/or operations of a licensed business for the purpose of determining that business' compliance with specific requirements of the Alcoholic Beverage Code and related state rules and regulations. Included in this broad definition are excise tax audits; records, fees, & operations audits targeting private clubs, local distributors, FB (food & beverage) certificate holders, direct shippers, financial analysis of permits cancelled for Human Trafficking and Other Organized Criminal Activity to identify illicit proceeds generated by the Criminal Organization, and seller training schools; and audits of three-tier relationships, marketing and trade practices, contracts and agreements, and ownership of specific licensed businesses, as well as any other audit or investigative audit required to ensure compliance with the Alcoholic Beverage Code and TABC Rules.

**Purpose:** For all of their usefulness, inspections constitute a rather cursory check for compliance. Audits 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.

**Data Source:** The data required for the calculation of this measure comes from automated audit records created by auditors while data entering their daily activity reports. An agency automated report tabulates the records for a specified date range and provides the count reported as the value for this measure.

**Methodology:** An agency automated report identifies all automated records pertaining to audits conducted by auditors during a specified



date range, counts them, and provides the total reported for this measure.

**Data Limitations:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Target Attainment:** Higher.

**Output Measure**  
**03-01-01-04 (Key)**

**Number of Inspections Conducted by Auditors**

**Definition:** The sum total of the number of inspections conducted by auditors during a specified period of time. For the purpose of this measure, an inspection is a visit to and/or any review of records of a licensed location, a proposed licensed location, or any other physical location. Such review may be accomplished through physical visits or through electronic submission and remote review of records.

**Purpose:** 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 review of records for the purpose of confirming or enforcing compliance with state laws.

**Data Source:** The information required to derive the count 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 an agency automated report.

**Methodology:** 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:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Target Attainment:** Higher.

**Output Measure**  
**03-01-01-05 (Key)**

**Number of Complaint Investigations Closed by Audit**

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

**Purpose:** Complaints are investigated by conducting interviews, auditing documents and records, conducting physical inspections and engaging in other investigative activity. These investigations are closed when either the allegations have been disproved, or when sufficient evidence to sustain the allegations has been found, or when auditors 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 measure provides a count of the number of investigations that were closed during a specified time period.

**Data Source:** The information required to derive the count comes from complaint records in the agency's activity reporting system. Each individual complaint investigation 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 an agency automated report.

**Methodology:** All automated complaint investigation records with an auditor 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:** None.



**Calculation Method:** Cumulative.

**New Measure:** Yes.

**Target Attainment:** Higher.

**Efficiency Measure** Average Cost Per Audit  
**03-01-01-01 (Key)**

**Definition:** The cost of the audits conducted during a specified period of time divided by the total number of audits conducted by auditors the same time period. For the purposes of this measure, an audit is defined as a systematic, in-depth review of the records and/or operations of a licensed business for the purpose of determining that business' compliance with specific requirements of the Alcoholic Beverage Code, TABC Rules, and other state laws.

**Purpose:** This efficiency measure provides a unit cost figure for a core compliance auditor activity.

**Data Source:** Agency automated audit records and automated auditor activity records are the primary source documents used in the calculation of the measure. An agency automated report sorts through these records, identifies those that are of interest, and extracts period totals needed for the number of audits conducted, all auditor work hours, and auditor audit work hours. Agency expenditures are tracked in the state's automated accounting system (currently CAPPs), and the cost data is extracted quarterly through an automated report that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the TABC automated report.

**Methodology:** The work hours reported for all auditor activity during the period in question are extracted from automated activity records and totaled by the automated report described in the Source/Collection of data section. Also extracted from the same database by the same report, as a subtotal of the first total, is the total for the auditor work hours that were devoted to audits. The latter divides by the former and





the resulting ratio is then multiplied by the Auditing spending total attributed to all auditor-related activities pulled from CAPPs for the period in question to derive the amount of total expenditures attributable to audits. As a final step, the report divides that amount by the total number of audits conducted by auditors during the same period to derive a "per audit" unit average cost.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Lower.

**Efficiency Measure**    **Average Cost Per Auditor Inspection**  
**03-01-01-02**

**Definition:** The cost of all auditor inspection activity during a specified period of time divided by the total number of inspections conducted by auditors 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:** This efficiency measure provides a unit cost figure for a core compliance auditor activity.

**Data Source:** Agency automated auditor activity records are the primary source documents used in the calculation of the measure. An agency automated report sorts through these records, identifies those that are of interest, and extracts period totals needed for the number of inspections conducted, all auditor work hours, auditor audit work hours, and auditor public education/information work hours. Agency expenditures are tracked in the state's automated accounting system (currently USAS), and the cost data is extracted quarterly by the agency's Business Services Division (BSD) to an Excel spreadsheet and used to create a quarterly "Expenditure Report" that allocates agency



operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the BSD's "Expenditure Report".

**Methodology:** The work hours reported for all auditor activity during the period in question are extracted from automated auditor activity records and totaled. Also extracted from the same database, as subtotals of the first total, are the totals for the work hours that were devoted to public education/information activities and to audits. The latter two are added together and then subtracted from the former to derive a total for the number of auditor work hours related to inspection activities. The total spending attributable to all auditor-related activities for the period is then multiplied by a ratio created by dividing inspection activity work hours by total auditor work hours to identify the amount of total auditor-related spending attributable to auditor inspections. That amount is then divided by the total number of inspections conducted by auditors during the same period to derive a "per inspection" unit cost.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Lower.

**Efficiency Measure**    **Average Cost Per Person Attending Education Programs Taught by Auditors**  
**03-01-01-03**

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

**Purpose:** This efficiency measure provides a unit cost figure for auditor educational initiatives.



**Data Source:** Agency automated auditor activity records are the primary source documents used in the calculation of the measure. An agency automated report sorts through these records, identifies those that are of interest, and extracts period totals needed for the number of persons instructed by auditors, all auditor work hours, and auditor public education/information work hours. Agency expenditures are tracked in the state's automated accounting system (currently USAS), and the cost data is extracted quarterly by the agency's Business Services Division (BSD) to an Excel spreadsheet and used to create a quarterly "Expenditure Report" that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the BSD's "Expenditure Report."

**Methodology:** The work hours reported for all auditor activity during the period in question are extracted from automated activity records and totaled. Also extracted from the same database, as a subtotal of the first total, is the total for the auditor 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 spending total for all auditor-related activities during the period in question to derive the amount of total expenditures attributable to educational activities. That amount is then divided by the total number of persons instructed by auditors during the same period to derive a "per person instructed" unit cost.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Lower.

**Efficiency Measure** Average Cost Per Wholesale and Manufacturing Report Analyzed  
**03-01-01-04**

**Definition:** The total cost attributable to the Tax Division operations during a specified period of time divided by the number of Wholesalers



and Manufacturers reports received and analyzed by Tax Division employees during the same time period.

**Purpose:** The measure provides an average unit cost for the handling of wholesale and manufacturing tier reports.

**Data Source:** Tax Division personnel create an automated record for each report analyzed and an automated agency report identifies and counts the records pertaining to reports that were reviewed during a specified time period. Division personnel then manually transfer the totals to a spreadsheet which is used to produce an "Excise Tax Activity Report" for the period in question. The "reports analyzed" total that's used in the calculation is taken from the "Excise Tax Activity Report." Agency expenditures are tracked in the state's automated accounting system (currently USAS), and the cost data is extracted quarterly by the agency's Business Services Division (BSD) to an Excel spreadsheet and used to create a quarterly "Expenditure Report" that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the BSD's "Expenditure Report."

**Methodology:** The spending total attributed to the Tax Division operations in the "BSD Expenditures Report" is divided and by reports analyzed total taken from the "Excise Tax Activity Report" during the same period to derive the reported value.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Target Attainment:** Lower.



**Explanatory Measure**

**03-01-01-01**

**Number of Administrative Actions Initiated by Auditors and Other Audit Personnel**

**Definition:** The sum total of the administrative cases, administrative warnings, summary suspensions, ad valorem, protests, cash law/credit law warning letters, and credit law default first publications initiated by auditors or their support personnel during a specified period of time.

**Purpose:** The measure represents the number of times auditors or their support personnel found violations and took corrective action during the course of their duties.

**Data Source:** The data used in this measure is taken from an agency automated report that draws upon automated agency violation records and automated delinquency records.

**Methodology:** The administrative warnings, administrative cases, cash law and credit law warning letters, application protests, credit law default first publications, and summary suspensions initiated by auditors and their support personnel during a specified time period are counted and totaled to derive the reported total.

**Data Limitations:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Target Attainment:** Lower.

**Explanatory Measure**

**03-01-01-02**

**Number of Correction Notices Resulting from Analyses of Wholesale and Manufacturing Reports**

**Definition:** Number of correction notices issued for reporting errors and tax underpayments discovered by Tax Division personnel while analyzing wholesale and manufacturing tier reports.



**Purpose:** The measure provides a count of the number of times that manufacturers and wholesalers failed to meet agency tax payment and reporting requirements.

**Data Source:** Tax Division employees create an automated record for each correction notice issued. An automated agency report identifies and counts the records created for the notices issued during a specified time period, and division personnel manually transfer those totals to the "Excise Tax Activity Report" for the period in question. The totals used for the calculation of this measure are taken from the period's "Excise Tax Activity Report."

**Methodology:** The records pertaining to the correction notices issued by Tax Division employees during the specified time period are identified and counted and that total is then reported as the value for this measure.

**Data Limitations:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Target Attainment:** Lower.

### Explanatory Measure

03-01-01-03

### Number of Trainees Obtaining Seller/Server Certification

**Definition:** The number of persons successfully completing a TABC approved seller/server certification course during a specified time period.

**Purpose:** To measure outputs related to the operation of the agency's Training Division.

**Data Source:** The trainee count used in the calculation comes from automated training records which are created by direct entry into the agency's computer systems by course providers or staff following each class taught by authorized course providers.



**Methodology:** C444

**Data Limitations:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Target Attainment:** Higher.

**Explanatory Measure**

**03-01-01-04**

**Average Cost Per Seller/Server Trainee Certification**

**Definition:** The operating costs of the Training Division during a specified time period divided by the number of seller/server trainees receiving certification during the same period.

**Purpose:** The measure provides an average unit cost for seller/server certification.

**Data Source:** The trainee count used in the calculation comes from automated training records which are created by direct entry into the agency's computer systems by course providers or staff following each class taught by authorized course providers. Agency expenditures are tracked in the state's automated accounting system, and the cost data is extracted quarterly by the agency's Business Services Division (BSD) to an Excel spreadsheet and used to create a quarterly "Expenditure Report" that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the BSD's "Expenditure Report."

**Methodology:** The spending total attributed to Training for the period in question is taken from the BSD Expenditure Report for that period and divided by the number of trainees reported as having successfully completed an approved seller/server certification course in training records with class dates during the same period. The result is the value reported.





**Data Limitations:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Target Attainment:** Lower.

**Goal 03**

**Ensure Compliance with Fees & Taxes**

**Objective 03-02**

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

**Strategy 03-02-01**

**Ports of Entry**

**Outcome Measure**

**Revenue as a Percent of Expense**

**03-02-01-01**

**Definition:** The revenue derived by the TABC Ports of Entry (POE) Division 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:** This measure compares the tax revenue generated by the agency's Ports of Entry Division with the total cost of operating that division.

**Data Source:** Tax stamp sales and revenue data are collected via hand-held devices and uploaded to the agency database. An automated report tabulates this data and provides totals for the division as a whole. The same automated report also extracts data concerning agency expenditures related to POE operations from the state's accounting system (CAPPS) and provides expenditure totals for the specified time period.

**Methodology:** The automated report described in the Source/Collection of Data section of this definition divides total POE revenues (fees and taxes collected from the personal importation of alcoholic beverages and



cigarettes) for a specified period by the expenditure total for POE operations for the same period and expresses result as a percentage.

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Desired Performance:** Higher.

**Output Measure**  
**03-02-01-01 (Key)**

**Number of Alcoholic Beverage Containers Stamped**

**Definition:** The total number of containers of alcoholic beverages personally imported into Texas by persons paying the required taxes and fees.

**Purpose:** This measure provides a count of the containers of alcoholic beverages that are taxed at agency ports of entry facilities.

**Data Source:** Tax stamp “sales” and revenue data are collected via hand-held devices and uploaded to the agency database. Automated reports tabulate this data and provide totals for individual tax collectors and for each POE organizational unit, as well as for the division as a whole.

**Methodology:** Using data originally captured at the ports using hand-held computing devices, an automated report tabulates a division-wide total for the number of alcoholic beverage containers stamped. The resulting total is the value reported for this measure.

**Data Limitations:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.



**Desired Performance:** Higher.

**Output Measure**  
**03-02-01-02 (Key)**

**Number of Packages of Cigarettes Stamped**

**Definition:** The total number of cigarette packages personally imported into Texas by persons paying the required taxes and fees.

**Purpose:** This measure provides a count of the individual cigarette packages taxed at agency ports of entry facilities.

**Data Source:** Tax stamp “sales” and revenue data are collected via hand-held devices and uploaded to the agency database. Automated reports tabulate this data and provide totals for individual tax collectors and for each POE organizational unit, as well as for the division as a whole.

**Methodology:** Using data originally captured at the ports using hand-held computing devices, an automated report tabulates a division-wide total for the number of cigarette packages stamped. The resulting total is the value reported for this measure.

**Data Limitations:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Desired Performance:** Higher.

**Efficiency Measure**  
**03-02-01-01**

**Average Cost Per Alcoholic Beverage Container/Cigarette Package Imported or Disallowed**

**Definition:** Total cost of the Ports of Entry Division attributable to stamping alcoholic beverage containers/cigarette packages or handling disallowed alcoholic beverage/cigarette importations divided by the total



number of alcoholic beverage containers/cigarette packages imported or disallowed. A container or package is “disallowed” when its importation would be illegal under Texas law and is, therefore, blocked by a TABC tax compliance officer.

**Purpose:** This measure is intended to show the average cost incurred by the agency for each alcoholic beverage container/cigarette package imported or disallowed.

**Data Source:** The information concerning containers and packages stamped or disallowed is initially collected via hand-held devices and uploaded to the agency database. Automated reports tabulate this data and provide totals for individual tax collectors and for each POE organizational unit, as well as for the division as a whole. The expenditures are tracked in CAPPs and the cost data is extracted quarterly through an agency automated report that allocates agency operating costs to its various strategies.

**Methodology:** Total cost of Ports of Entry operations is divided by the total number of alcoholic beverage containers and cigarette packages stamped or disallowed. (Note: The unit cost of handling alcoholic beverage containers and packages of cigarettes is the same.)

**Data Limitations:** None.

**Calculation Method:** Noncumulative.

**New Measure:** No.

**Desired Performance:** Lower.

**Explanatory Measure**

**03-02-01-01**

**Number of Alcoholic Beverage Containers Disallowed**

**Definition:** The number of alcoholic beverage containers whose entry into the State of Texas was disallowed by Ports of Entry Tax Compliance



Officers (TCOs) during a specified period of time. TABC TCOs assess each attempted personal importation. When a particular importation is deemed unlawful, the TCO will disallow the importation. A container is considered to be illegally imported if it is in excess of the legal importation quota; the container itself is illegal; it is imported by minors or intoxicated persons; or it is not declared or the importer refuses to pay the required tax. When individuals are advised that an importation is illegal under Texas law, most choose to voluntarily surrender the products rather than return the products to their point of origin. The surrendered products are taken into TABC custody and destroyed shortly thereafter.

**Purpose:** This output is intended to measure the total number of alcoholic beverage containers whose importation has been disallowed during a specified time period.

**Data Source:** Information concerning disallowed importations is initially collected via hand-held devices and uploaded to the agency database. Automated reports tabulate this data and provide totals for individual tax collectors and for each POE organizational unit, as well as for the division as a whole.

**Methodology:** The reported total is taken from an automated report after the agency's automated system sums the number of alcoholic beverage containers in all records pertaining to disallowed importations that had been created by POE personnel for the period in question.

**Data Limitations:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Desired Performance:** Higher.

Explanatory Measure **Number of Cigarette Packages Disallowed**

03-02-01-02



**Definition:** The number of cigarette packages whose entry into the State of Texas was disallowed by Ports of Entry Tax Compliance Officers (TCOs) during a specified period of time. TABC TCOs assess each attempted personal importation. When a particular importation is deemed unlawful, the TCO will disallow the importation. A package of cigarettes is considered to be illegally imported if it is imported by persons under 18 years of age; it is not declared; or the importer refuses to pay the required tax. When individuals are advised that an importation is illegal under Texas law, most choose to voluntarily surrender the products rather than return the products to their point of origin. The surrendered products are taken into TABC custody and destroyed shortly thereafter.

**Purpose:** This output is intended to measure the total number of cigarette packages whose importation is disallowed during a specified time period.

**Data Source:** Information concerning disallowed importations is initially collected via hand-held devices and uploaded to the agency database. Automated reports tabulate this data and provide totals for individual tax collectors and for each POE organizational unit, as well as for the division as a whole.

**Methodology:** The reported total is taken from an automated report after the agency's automated system sums the number of cigarette packages referenced in all records pertaining to disallowed importations that had been created by POE personnel for the period in question.

**Data Limitations:** None.

**Calculation Method:** Cumulative.

**New Measure:** No.

**Desired Performance:** Higher.



# Historically Underutilized Business Plan

It is the policy of TABC to comply with the rules for the Historically Underutilized Business (HUB) Program adopted by the Comptroller of Public Accounts (CPA) and Chapter 2161 of the Texas Government Code in order to encourage the use of historically underutilized businesses. The goal of this program is to promote full and equal business opportunities for all businesses in the agency's contracting.

This policy incorporates the adoption of CPA's HUB rules to implement a meaningful HUB program based on the State of Texas Disparity Study. TABC will work diligently to work with HUBs in contracts for commodities, services, professional and consulting services, and construction by contracting directly, or indirectly through subcontracting opportunities. Additionally, TABC will make a good faith effort to assist HUBs in receiving a portion of the total contract value of all contracts the agency expects to award in a fiscal year in accordance with the following percentages:

- ★ 24% for professional services contracts
- ★ 26% for all other services contracts
- ★ 21% for commodities contracts

The agency will ensure it makes a good faith effort to work with HUBs and meet the agency goals by implementing:

- ★ Advanced planning of large purchases to ensure adequate time and preparation.
- ★ When possible, divide proposed requisitions into reasonable lots in keeping with industry standards and competitive bid requirements.
- ★ When applicable, assess bond and insurance requirements to avoid unreasonable bidding restrictions and permit more than one business to perform the work.





- ★ Specify reasonable, realistic delivery schedules consistent with the agency's actual requirements.
- ★ Ensure that specifications, terms and conditions reflect TABC's actual requirements, are clearly stated, and do not impose unreasonable or unnecessary contract requirements.
- ★ When contracts exceed \$100,000, require contractors to make a good faith effort to award necessary subcontracts to HUBs by providing contractors with HUB subcontracting good faith guidelines, HUB goals and a reference list of available certified HUBs.
- ★ Evaluate which agencywide goals are conducive to engaging with HUBs while continuing practices that have promoted previous use of HUBs.

TABC will maintain and compile monthly records about each agency operating division's use of HUBs, including information regarding subcontractors. Additionally, TABC will require contractors on awarded contracts exceeding \$100,000 to report to the agency on a quarterly basis the identity of and 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.

TABC has also designated an agency HUB coordinator. The HUB coordinator and the Business Services Division will assist each division in locating, certifying, and making a good faith effort to use HUBs in accordance with the agency's policies, goals, and procedures. Agency employees within each division that are engaged in recommending, requesting, or approving a 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 will actively participate in HUB forums, trade shows, and training. They will also partner with other state agencies to implement a cooperative mentor-protégé program that will promote HUB subcontracting.



# Agency Workforce Plan

## Section I: Overview

The mission of TABC is to serve the people of Texas, and protect the public health and safety, through consistent, fair, and timely administration of the Alcoholic Beverage Code (Code).

The 86<sup>th</sup> session of the Texas Legislature passed significant updates to the Code after a sunset review. These changes include directing TABC to focus on combating human trafficking and modernizing its approach to permitting and licensure. TABC has begun taking steps to ensure that its workforce has the diversity and skillset necessary to effectively carry out its mission under the Code in its present form.

TABC regulates all phases of the alcoholic beverage industry in Texas, including sales, taxation, importation, manufacturing, transportation, and advertising of alcoholic beverages. Employees review shipments of alcoholic beverages into Texas, as well as the transfer of merchandise between wholesalers. TABC also investigates the background of applicants after receiving an application for a permit or license to operate for some parts of the industry. TABC employees also work to ensure the applicant has no disqualifying properties, such as prohibited ownership interest in another level of the industry, criminal history, or current indebtedness to the state for taxes.

In addition, TABC is now charged with preventing and combating human trafficking associated with the alcoholic beverage industry. Some licensed businesses can hide human trafficking operations, shelter illicit profits, or have other ties to criminal activity.

TABC's operations typically result in the collection of approximately \$300 million annually in taxes and fees, which aids in financing the state's public schools, local governments, and human services.



The Code directs TABC to:

1. Combat human trafficking associated with the alcoholic beverage industry.
2. Grant, refuse, suspend, or cancel permits and licenses in all phases of the alcoholic beverage industry.
3. Supervise, inspect and regulate the manufacturing, importation, exportation, transportation, sale, storage, distribution and possession of alcoholic beverages.
4. Assess and collect fees and taxes.
5. Investigate potential violations of the Code and assist in the prosecution of violators.
6. Seize illicit beverages.
7. Adopt standards of quality and approve labels and the size of containers for all alcoholic beverages sold in Texas.
8. Pass rules to assist TABC in all the aforementioned actions.

## **Organizational Structure**

The policymaking body of TABC is a five-member governing board appointed by the Governor with the advice and consent of the Senate. Commissioners hold office for staggered terms of six years, with the term of one or two members 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. Commissioners serve without salary.

The commission consists of Chairman Kevin J. Lilly of Houston, the Honorable Jason Boatright of Dallas, Commissioner Deborah Gray Marino of San Antonio, Commissioner Jason S. Adkins of El Paso, and Commissioner Hasan K. Mack of Austin.

An Executive Director, appointed by the five-member governing board, directs the daily operations of TABC in a line item exempt position. The board appointed A. Bentley Nettles as Executive Director on Aug. 2, 2017. The board also appointed Clark Smith to serve as General Counsel. The Executive Director 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.

Changes in fiscal year 2018 to the organizational structure stemmed from the new leadership team. At the end of fiscal year 2019, TABC reorganized to improve efficiency and ensure the capacity to implement changes directed by the Legislature and the Sunset Advisory Commission. A new Strategic Initiatives and Performance Improvement (SIPI) Division was established to improve internal and external communication and to facilitate and monitor changes to the Code, business operations, and performance metrics. The former Education and Prevention division was consolidated with the Training Division, which moved under the direction of the Inspector General.

The executive management team consists of the:

- ★ Deputy Executive Director and Chief of Staff.
- ★ Deputy Executive Director of Enforcement.
- ★ Deputy Executive Director of Business and Revenue Operations.
- ★ Inspector General.
- ★ General Counsel and Chief Deputy General Counsel.
- ★ Co-directors of Strategic Initiatives and Performance Improvement.
- ★ Director of Communications and External Relations.

An independent audit firm performs internal audit functions for TABC, reporting directly to the Board.

TABC's organizational structure is illustrated in Figure 1.

# Figure 1. Organizational Chart



**Organizational Chart**  
Executive Division





The executive management team helps ensure employees have the equipment, resources, and leadership support required to function effectively. TABC's remaining workforce is distributed between the three Deputy Executive Directors, empowering them to engage and manage the agency's 600-plus employees effectively. These three components of TABC's core business functions ensure its goals and strategies are accomplished:

- ★ Business and revenue operations
- ★ Enforcement
- ★ Support services

To effectively lead the employees spread across the state, TABC has divided its offices into five geographic regions. A Regional Leadership Team has been entrusted with the responsibilities and accountability for the staff in offices under their leadership.

## **Core Business Functions**

### **1. BUSINESS AND REVENUE OPERATIONS**

The divisions that compose the Business and Revenue Operations component typically assess and collect approximately \$300 million annually for the State of Texas. These divisions make up 30% of the TABC workforce and include Licensing, Excise Tax and Marketing Practices, and Ports of Entry. Employees in these divisions interface directly with tens of thousands of Texans who are currently or prospectively doing business within the alcoholic beverage industry.

#### **LICENSING DIVISION**

The Licensing Division investigates and processes applications for all phases of the industry including the manufacture, sale, purchase, transportation, storage, and distribution of alcoholic beverages. This is one of the larger divisions within TABC, making up 11% of the TABC workforce with employees in each region across Texas. Customer service is a priority for this division, as they are often the first contact a member of the public has with TABC. Licensing staff must ensure that each applicant qualifies to hold such license or permit and adheres to all applicable regulatory requirements. Licenses and permits are issued for a period of two years. On average, 78,000 licenses and permits are issued each year by the Licensing Division.





## **EXCISE TAX AND MARKETING PRACTICES DIVISION**

The Excise Tax and Marketing Practices Division is charged with carrying out the taxing authority of the agency. This division is relatively small, with only 12 positions located at TABC's headquarters. Division personnel receive, process, and audit monthly excise tax reports to ensure appropriate taxes have been paid and that other reporting requirements are met in accordance with the Code. The division is also responsible for monitoring the advertising of alcoholic beverage products as well as the testing and labeling of those products in Texas.

## **PORTS OF ENTRY DIVISION**

The Ports of Entry Division is the largest division within Business and Revenue Operations, making up 18% of the TABC workforce. The division oversees more than 100 regulatory compliance officers who are responsible for enforcing personal importation laws and collecting taxes and fees on alcoholic beverages and cigarettes brought into Texas from other countries. Cigarette taxes are collected on behalf of the Texas Comptroller of Public Accounts. In addition to tax collection, regulatory compliance officers play a vital role in protecting public health and safety by stopping illicit products, which may be harmful for consumption, from entering the Texas market. The officers are stationed at all major bridges along the Texas-Mexico border and at the Galveston seaport. TABC began manning the Galveston seaport cruise lines in 2014, while the agency has had a presence at the land ports since 1936. Currently, Texas is the only state that collects import tax on cruise lines

## **2. ENFORCEMENT**

TABC's Enforcement component is charged with executing the agency's law enforcement and investigations missions in support of public safety. Enforcement is TABC's largest group, totaling 43% of the workforce. Importantly, Enforcement is the tip of the spear in the agencywide effort to disrupt and dismantle human trafficking in Texas. This component gained 29 full-time equivalent (FTE) positions last legislative session specifically to help TABC lead the fight against human trafficking. As a result, Enforcement has adapted to growth and changes through reprioritizing, restructuring and reorganizing, and adding the additional analytics capabilities in fiscal year 2021. Enforcement employs the majority of TABC's commissioned peace officers (CPOs), including those serving in the Law Enforcement Division, the Special Investigations Unit





and the Financial Crimes Unit. A distinction between open operations and undercover operations separates the division and unit efforts within Enforcement.

### **LAW ENFORCEMENT DIVISION**

Staff perform both enforcement and compliance functions, which involve criminal and administrative enforcement of the state's alcoholic beverage laws. CPOs inspect premises licensed by TABC and investigate alleged violations of the Code. Enforcement agents also provide training to permit holders and their employees by request and as a remedial measure in response to violations by permit holders. In addition, CPOs collaborate with and give presentations to other law enforcement agencies to promote a better understanding of the law and the roles and responsibilities of TABC.

### **INVESTIGATION UNITS**

The Special Investigations Unit (SIU), through undercover operations, identifies and investigates habitual patterns of at-risk behavior of people and entities with TABC-issued licenses or permits. The SIU exercises administrative and criminal powers to suppress and dismantle organized criminal activity on licensed premises. This unit continues to see increased demands with its particularly useful skillset for combating human trafficking.

The Financial Crimes Unit (FCU) focuses on the detection, investigation, and prevention of finance-related crimes by people and entities with a TABC-issued license or permit. FCU investigations include money laundering, prohibited tier relationships, tax fraud, business and corporate fraud, and other organized financial crimes. FCU is also a crucial tool for identifying human trafficking operations and related crimes.

### **3. SUPPORT SERVICES**

TABC's indirect administration and support division staff amount to less than a quarter of the workforce. Divisions overseen by the Chief of Staff, who also serves as a Deputy Executive Director, include Business Services, Human Resources, Innovation and Technology, and Audit and Investigations. Other support divisions include Training, overseen by the Inspector General, and Legal Services and Communications, overseen directly by the Executive Director. Employees in these divisions provide the critical foundational support services necessary for operations to ensure the right people and



resources are in place to accomplish TABC's mission and ensure that licensed businesses adhere to the regulatory requirements of the Code.

### **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, research and planning, as well as preparation and oversight of TABC's legislative appropriations request, annual financial report, and performance reports. The division's general services section is responsible for purchasing, records retention, real and personal property management, facilities leasing, fleet management, mail center operations, and warehousing.

### **HUMAN RESOURCES**

The Human Resources Division manages employment-related policies and programs, including recruitment, selection, benefits and compensation, classification, employee relations, and risk management. Human Resources also manages the ethics and equal employment opportunity programs.

### **INNOVATION AND TECHNOLOGY**

The Innovation and Technology Division (ITD) is responsible for developing and maintaining the core technology applications for the agency. ITD establishes and supports the technology infrastructure that facilitates agency operations and is charged with researching and analyzing new technologies to solve business problems and increase efficiencies across the agency.

### **AUDIT AND INVESTIGATIONS**

The Audit and Investigations Division is the largest support division, making up 10% of the TABC workforce. Most employees in this division are classified as auditors who conduct investigations, financial reviews, and inspections during the initial phases of the licensing process. This team also assists Enforcement with its investigations and assists in monitoring seller training schools to ensure compliance with TABC standards and the Code.

Auditors also provide training to permit holders and their employees by request and in response to violations by the permit holder. In addition, auditors promote education and prevention of underage drinking to students through presentations at middle schools,



high schools, and universities. Presentations are also given to civic organizations to promote a better understanding of the law and TABC's roles and responsibilities.

## **TRAINING**

The Training Division is charged with staff development for all TABC employees. The division provides required training in compliance with Texas Commission on Law Enforcement (TCOLE) standards for commissioned peace officers, state-mandated training for all employees, and additional training to develop and enhance the skills of TABC employees. The division hosts an Agent Academy each spring to onboard certified peace officers as Probationary Agents and plans to introduce a new SIU Academy in the current biennium for employees in the investigative units.

The Training Division also educates the public, retailers, and their employees about Texas laws associated with selling and consuming alcoholic beverages. The division leads the agency's efforts to prevent underage drinking and making alcohol available to minors, as well as driving while intoxicated. Staff works with multiple statewide and local agencies, community coalitions, and other groups to share information and participate in various programs to prevent underage drinking.

## **LEGAL SERVICES**

The Legal Services Division provides legal counsel and leads prosecution efforts for violations of the Code. Legal staff represent TABC in administrative hearings, draft rules, and advise agency leadership on rule and policy making. The division manages all open records and litigation for the agency.

## **COMMUNICATIONS AND EXTERNAL RELATIONS**

TABC established its Communications and External Relations division at the beginning of fiscal year 2020 to provide robust, engaging and informative internal and external communications to TABC's wide-ranging audience — including industry members, agency staff, legislators, news media and the general public. The agency's public information officer, External Affairs director and Government Relations director have been transitioned to the division, while a new Communications Services unit added staff specializing in editorial services, video production, graphic design, web development and social media.

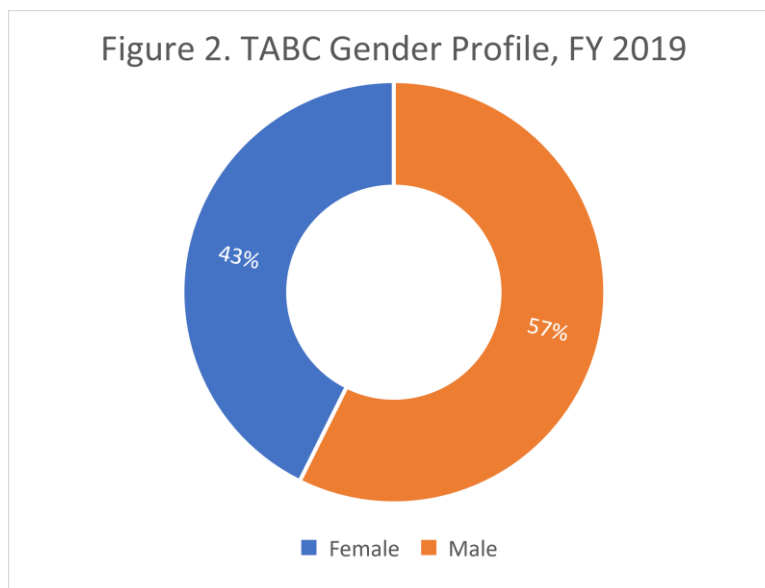


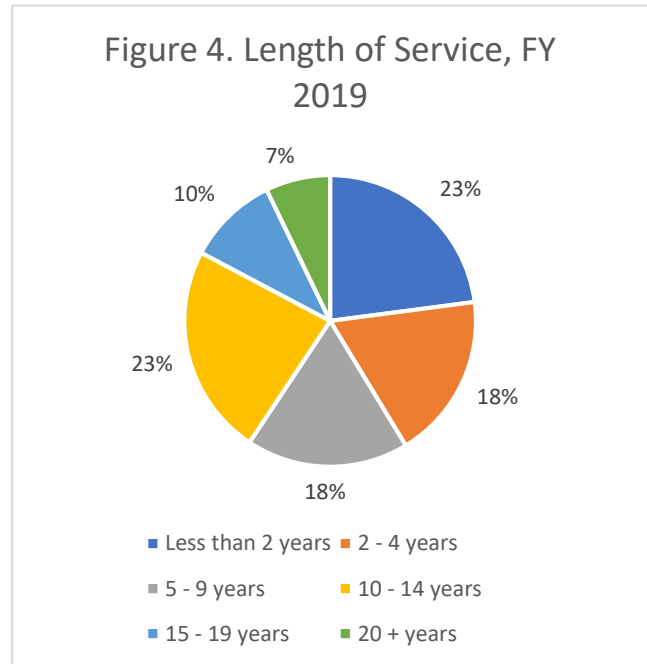
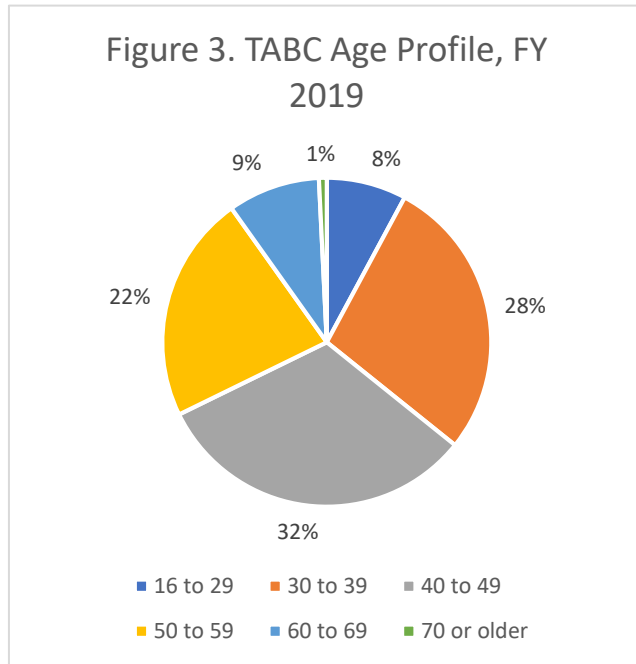
## Section II: Current Workforce Profile

### EMPLOYEE DEMOGRAPHICS FISCAL YEAR (FY) 2019

TABC has 671 authorized FTE positions for the FY 2020-21 biennium. Due to turnover, the agency's actual FTEs fluctuate. To illustrate, TABC's workforce as of Feb. 28, 2020, had a total headcount of 612. This included five commissioners, 10 part-time employees, and 597 full-time employees equaling 605.40 FTEs.

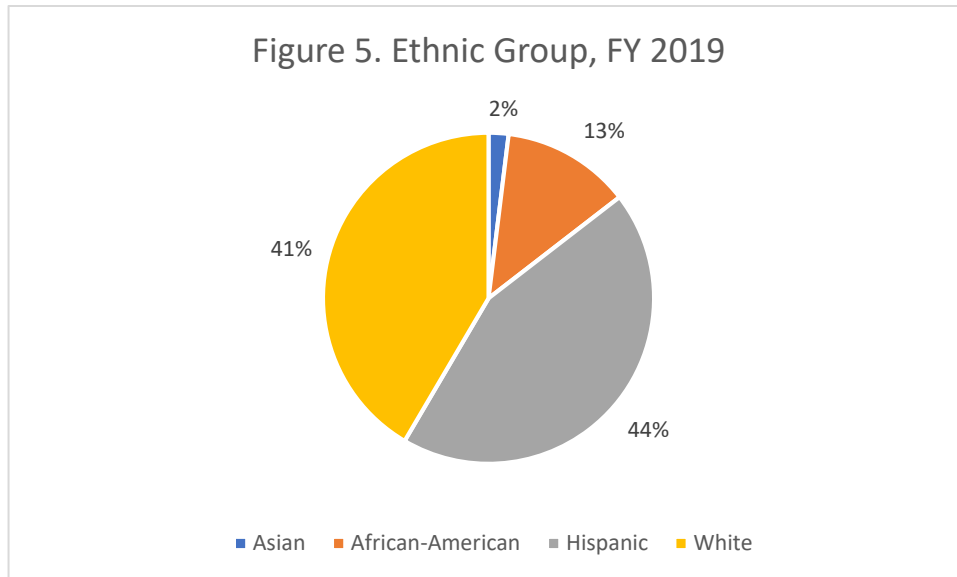
**Gender and Age:** As seen in Figure 2, the TABC workforce comprises 57% males and 43% females. Figure 3 shows the ages of TABC employees grouped in categories; 82% of the workforce is between the ages of 30 and 59. Age and gender statistics have remained stable with only a few percentages of variance since 2017.



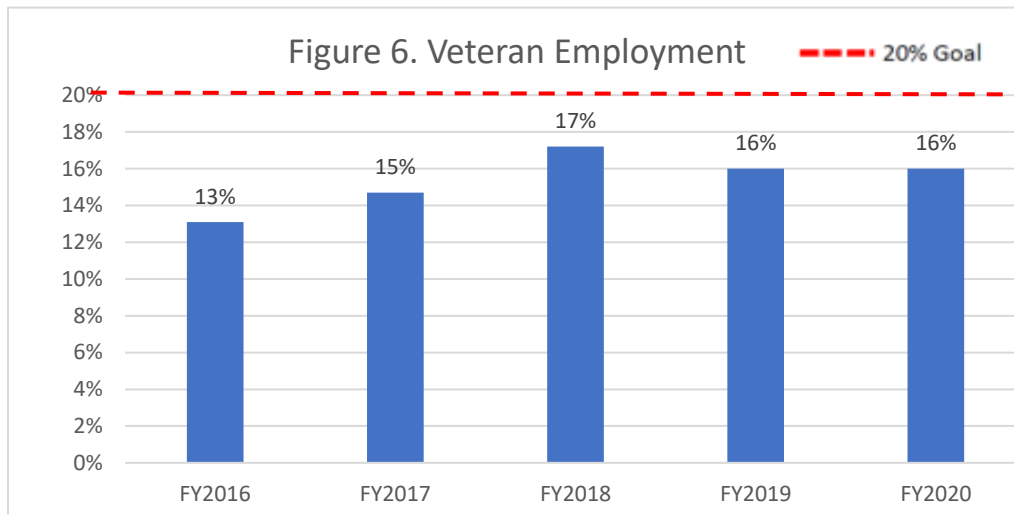


**Length of Service:** Figure 4 represents the workforce by length of service with TABC. Forty percent of employees have 10 or more years of agency service. The group of employees with five to nine years of service has seen the biggest change since FY 2017, dropping 6%, while the next group of employees with 10 to 14 years of service remained 23% of the workforce.

**Ethnicity:** Figure 5 represents the workforce categorized by ethnicity. In FY 2019, African Americans accounted for 13% of the TABC workforce, while Asian and other minority categories accounted for 2%. There has been no change in either of these categories from FY 2016. More than 44% of the agency’s workforce is Hispanic, an increase of 2% since FY 2017.



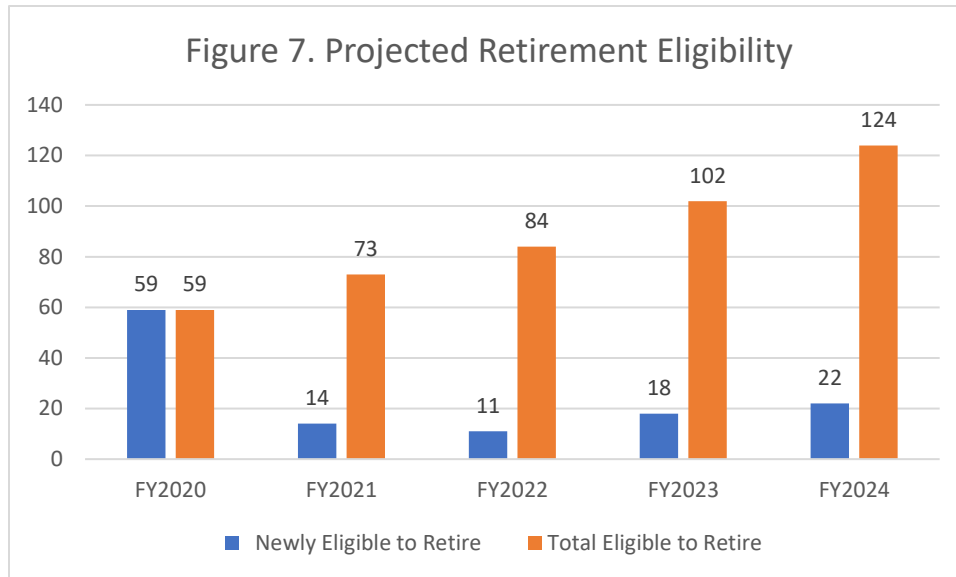
**Veteran Representation:** Effective FY 2016, Section 657.004 of the Texas Government Code sets for state agencies a goal of employing veterans in full-time positions equal to at least 20% of the total workforce. As of the end of the second quarter of FY 2020, TABC’s employs 102 veterans, equaling 16% of the workforce. The average statewide veteran percentage has remained 7% since FY 2016. As illustrated in Figure 6 below, TABC’s number of veterans is more than double the statewide average, although the agency still falls below the 20% goal set by the Legislature. To assist in the recruiting and hiring of veterans, TABC has a designated veterans liaison in Human Resources who partners with the Texas Veterans Commission’s employment liaison to identify and participate in veteran hiring initiatives



**Retirees:** The Employees Retirement System of Texas estimates that by fiscal year 2024, about 20% of TABC’s workforce will be eligible to retire. In addition to that, the agency currently employs 23 return-to-work retirees who offer exceptional state and organizational knowledge and have subsequently resumed state service.

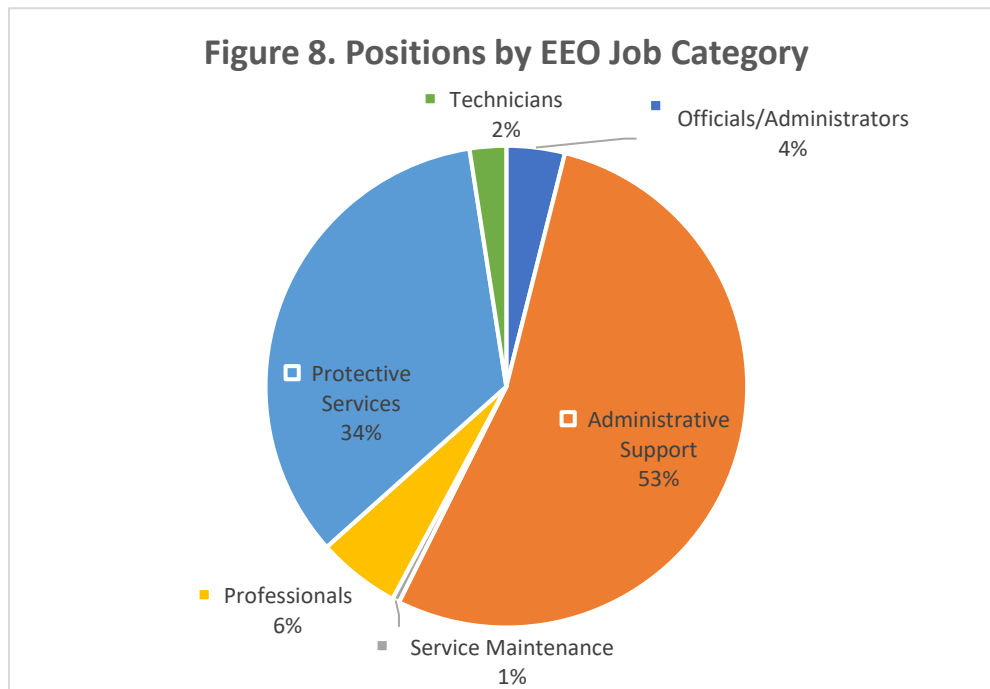
The Legal Services, Licensing and Law Enforcement divisions are projected to have the greatest loss of employees due to retirements. A concerning number of senior leaders could retire in the next five years. Figure 7 shows the forecast for the number of current TABC employees who are projected to be eligible for retirement over the next five years. Historically, TABC employees have continued to work well beyond their immediate retirement eligibility year. The agency is preparing for these retirements by identifying critical positions and preparing high performers and potential leaders for growth opportunities as they arise. Leaders recognize the need to ensure that critical knowledge and procedures are documented to avoid significant loss of historical and organizational knowledge.





## POSITIONS BY EQUAL EMPLOYMENT OPPORTUNITY (EEO) JOB CATEGORY

Figure 8 illustrates positions within TABC by EEO job category as of February 2020. The percentages may greatly differ from previous TABC statistics due to an internal audit of EEO job categories conducted in FY 2018 during configuration for a new payroll system.





Officials/administrators make up 4% of the workforce, including the Executive Director, Deputy Executive Directors, General Counsel positions and all other positions in the Director classification.

Approximately one-third of TABC's workforce is categorized as Protective Services, including the majority of the certified peace officers classified as entry-level Probationary Agent to Agent VI, Investigator, Sergeant and Lieutenant.

The Professionals category is made up of enforcement majors, attorneys, criminal intelligence and compliance analysts, purchasers, and the chemist position. Information technology positions make up the entire Technician category. The Service Maintenance category is limited to three positions in the Business Services Division, specifically the mail clerk positions and the inventory and store specialist.

Over half of the positions at TABC are currently classified as Administrative Support, including most of the positions in support services divisions. Examples of classifications of these positions include accountant, human resources specialist, manager, management analyst, information specialist, auditor, licensing and permit specialist, program specialist, training specialist, administrative and executive assistant, and taxpayer compliance officer.

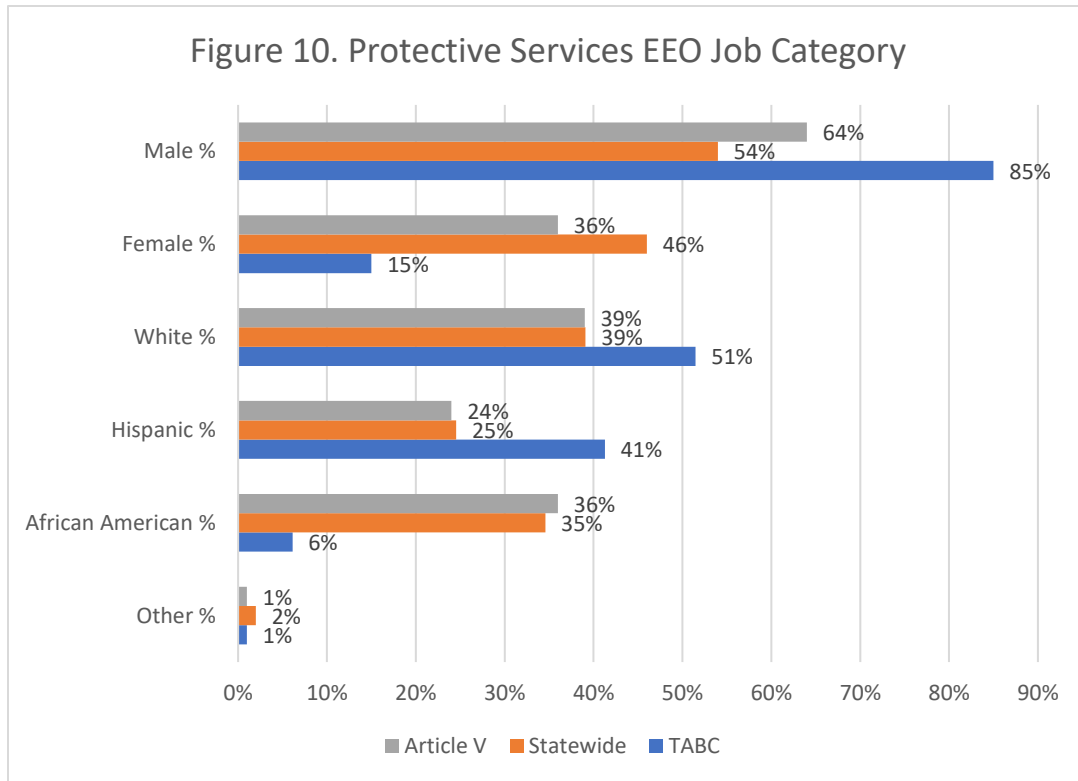
Human Resources conducted a workforce analysis to update TABC's Recruitment Plan in FY 2020. Analysis indicated that TABC has underrepresentation of females and minorities in positions in the Professionals, Technical, and Protective Services EEO job categories. Figure 9 below shows TABC's workforce according to ethnicity and gender by EEO category compared to all state agencies.



Figure 9. EEO Category by Ethnicity and Gender, FY 2019 Texas Alcoholic Beverage Commission						
EEO Category	African American	Hispanic	White	Other	Female	Male
Officials/Administrators	4%	28%	67%	0%	36%	64%
Professionals	13%	18%	66%	3%	44%	56%
Technician	23%	0%	47%	30%	19%	81%
Service/Maintenance	50%	50%	0%	0%	0%	100%
Administrative Support	17%	50%	31%	2%	62%	38%
Skilled Craft Workers	0%	0%	100%	0%	0%	100%
Protective Services	6%	41%	51%	1%	15%	85%
All State Agencies						
EEO Category	African American	Hispanic	White	Other	Female	Male
Officials/Administrators	12%	20%	65%	3%	51%	49%
Professionals	13%	18%	65%	4%	49%	51%
Technician	22%	35%	40%	4%	61%	39%
Service/Maintenance	25%	31%	41%	3%	47%	53%
Administrative Support	20%	33%	44%	3%	85%	15%
Skilled Craft Workers	7%	26%	66%	1%	4%	96%
Protective Services	35%	25%	39%	2%	46%	54%

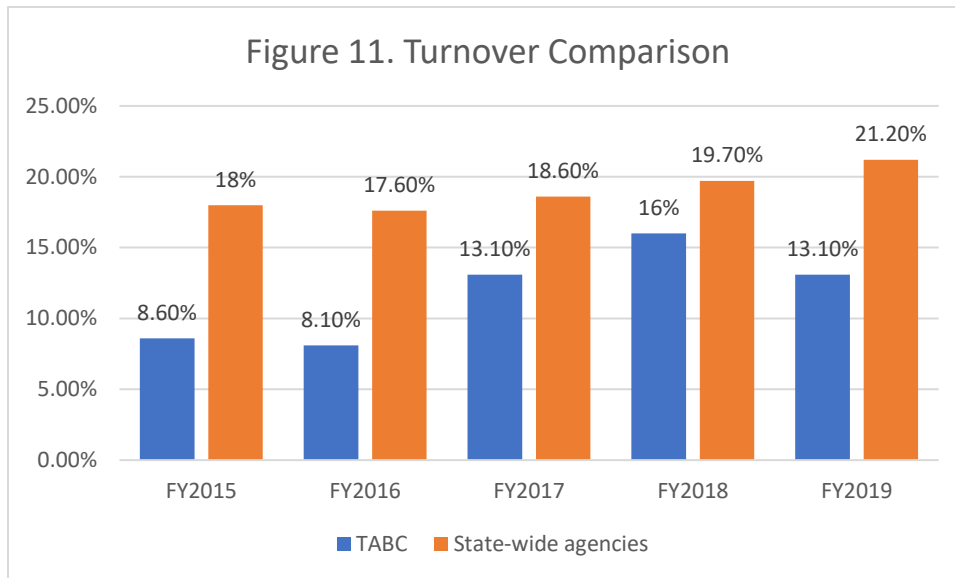
Professionals and Technician positions require specialized education and skills, and combined only make up 7% of TABC’s workforce. Considering that one-third of TABC’s workforce falls in the Protective Services EEO category, this group is at the highest risk of potential underutilization for females and minorities. Ensuring TABC has diversity in Enforcement is essential to maintaining effective undercover operations and carrying out TABC’s mission and priorities. With the growing number of minority-owned businesses in the alcoholic beverage industry, TABC must continue to improve its recruiting efforts to mirror its workforce with the population it serves.

Figure 10 shows TABC’s workforce by ethnicity and gender specific to the Protective Services EEO job category compared to all Public Safety and Criminal Justice (Article V) agencies and all agencies combined statewide. TABC employs almost double the percentage of Hispanic employees in Protective Services, while the amount of African American employees constitutes a significantly lower percentage of that category. Concerningly, TABC employs over 50% fewer females in Protective Services compared to Article V agencies and even lower than the statewide percentage.



### TURNOVER

In FY 2019 the agency had a total of 81 employee separations for a turnover rate of 13.1%. TABC experienced its highest turnover rate of 16% in the last five years in FY 2018 after a senior leadership transition. As illustrated in Figure 11, TABC’s turnover rates remain significantly lower than statewide turnover rates. The top three reasons employees have reported leaving TABC include better pay and benefits, poor working conditions or management, and retirement.



### VACANCIES

The alcoholic beverage industry grows at a rapid pace, and TABC will need to continue to grow to keep up with industry demands. The agency’s current appropriations cap of FTEs increased from 635 to 671 for the 2020-21 biennium. The agency dedicated 29 of these new FTEs to combating human trafficking within the Enforcement Division. As TABC’s employee base number increases, recruiting strategies and hiring managers must focus on sourcing quality candidates.

In February 2020, TABC’s overall workforce vacancy percentage was just above 11%. Divisions with the highest percent of vacancies as of February 2020 are Enforcement with 17.93% and ITD with 27.58%. ITD can effectively operate with a high vacancy percentage by using contractors to augment staff and projects while seeking qualified candidates. With the Agent Academy beginning in April 2020, TABC onboarded and commissioned 25 new certified peace officers as Probationary Agents, reducing the number of vacancies within Enforcement by half.



## **Section III: Future Workforce Profile**

### **LEGISLATIVE CHANGES**

TABC is focusing on building its future workforce to better meet its mission, which was revised during following the last legislative session. The agency may face the loss of significant institutional knowledge as more employees reach retirement eligibility over the next five years. Further, the alcohol industry has demonstrated remarkable growth and diversification in recent years. TABC intends to meet the regulatory and enforcement needs of Texas to help ensure this growth continues in a responsible way and without undue hinderance. TABC expects to be better able to meet these challenges with a workforce that is both more diverse and more adept with contemporary information technology.

Enforcement will be better be equipped to combat human trafficking with a more diverse team to infiltrate criminal activity through undercover operations. If human traffickers are able to identify agents as law enforcement officers, TABC is likely to be less effective in gathering evidence and reaching human trafficking victims. Thus, the agency seeks to recruit certified peace officers whose presence is less likely to alert human traffickers.

### **TECHNOLOGY CHANGES**

In accordance with the statutory direction given to TABC, and to meet the needs of a growing alcoholic beverage industry, the agency must deploy new technology to efficiently process the increasing number of applications and manage compliance reporting. TABC is developing and incorporating more information technology applications into its toolkit and working with the private sector as it also uses IT to expand business operations. New agency systems will improve automation so that TABC's workforce skillsets will shift from heavy data entry to more emphasis on data and investigative analysis. Although TABC has improved the knowledgebase of its workforce to better adapt to these new technologies, leaders anticipate the need for further training and additions of employees who are proficient and leverage IT.

This technology transformation initiative will change procedures and the focus of the work for many positions agencywide. While TABC maintains a skilled workforce, the critical skillsets are evolving to keep up with improvements in technology. Recognizing



that employees will need training to operate the new systems, TABC is developing training programs for the current workforce as technology is acquired and deployed while also strengthening recruitment efforts to attract candidates who demonstrate technical and analytical competencies.

## **GEOGRAPHIC CHANGES**

TABC leases most of its facilities, partnering with other local, state, and federal governmental entities for shared office space. Always mindful of being good stewards of taxpayer money, TABC seizes opportunities to consolidate offices and conserve resources. Small outpost offices continue to merge with larger regional offices. Most notably, the Austin Regional Office was consolidated with headquarters at the end of FY 2019. Currently, Legal Division staff are decentralized in three major cities: Austin, Houston, and Arlington. To further improve internal processes and save agency resources, the legal services division is moving to centralize all positions at headquarters as attrition occurs.

A major cruise-line company is pursuing building a new terminal in Galveston, which is anticipated to be complete by November 2021. If a third terminal is opened in Galveston, it would require TABC to either expand contracting services or increase the FTEs required to maintain operations at the seaport.

## **CRITICAL FUNCTIONS**

The following critical functions have been identified in determining the agency's workforce needs:

1. Conducting enforcement and compliance activities such as investigations, inspections, monitoring of human trafficking, and public education programs.
2. Processing and reviewing applications for all phases of the alcoholic beverage industry including determining each applicant's qualifications to be issued permits, certificates, and approvals through stronger collaboration across the workforce.
3. Maintaining complete and accurate information on all permit holders and providing this information in a timely manner to agency personnel, members of the industry, other law enforcement and state agencies, and to the general public.





4. Maintaining current tax security and performance bonds to avoid the potential loss of revenue due to nonpayment of taxes.
5. Processing all financial transactions in an efficient and timely manner and preparing necessary reports for management and as statutorily required.
6. Managing agency appropriations and budgeting, and administering grant programs effectively.
7. Attracting and retaining qualified and diverse applicants and employees.
8. Developing and cross-training current employees for internal growth and leadership opportunities.
9. Continuing to explore and implement cost-effective changes using the most current technology platforms.

## **GAP ANALYSIS**

An examination of the challenges in recruitment and retention of skilled employees revealed growing competition from the private sector and other state and local governmental agencies that offer more competitive salaries. With larger technology and other global companies moving into Texas job markets, TABC is facing direct competition for highly qualified candidates who may find better financial incentives working in the private sector, particularly for information technology positions. Many private sector employers can offer higher salaries and unique benefits. This, combined with a perceived lack of job advancement opportunities in the public sector, discourages many qualified and educated employees from making long-term commitments to the agency. Due to funding restraints, it can be difficult to offer the competitive pay needed to keep high quality staff. TABC continues to seek additional legislative appropriations for salaries and wages to mitigate some of these concerns while also being creative in recruitment by highlighting non-fiscal benefits such as the fulfillment of public service, industry stability, flexible schedules, and teleworking arrangements.

The recent sunset review and legislative updates to the code mandated major changes to licenses and permits to simplify the licensing process. Leaders have explored new automation technology and reporting capabilities. They seek to improve processes and customer service and make better, data driven decisions. To comply with updates to the



Code and keep up with the growing alcoholic beverage industry, TABC is in the beginning stages of a major system upgrade that will transform the way the agency does business and interacts with customers. The agency is preparing to implement these changes over the next biennium, and ITD is leading a formal change management program and involving employees in the business process analysis, configuration, testing, and implementation of various new and upgraded systems.

Implementing all the technology transformation initiatives will cause significant changes to the way many employees perform their jobs. These system and process changes will allow TABC to shift to more automation and elevate the complexity of the analysis and investigation skills required of employees in the Licensing Division. Other divisions, such as Excise Tax and Marketing Practices and Audit and Investigations, will require process changes resulting in more data analysis versus data entry skills of employees.

The Training Division and leadership teams are preparing to help employees develop skills for the transition in technology. However, Human Resources anticipates a skills gap in technical and analytical competencies with the new systems. Even though TABC has made progress in hiring candidates with strong information technology skills in key positions, supply has yet to catch up to demand and growth in the division. Over the first two quarters of FY 2020, ITD had an average of 30% vacancies, and management continues to have difficulty attracting and retaining skilled employees in the division. The worldwide coronavirus pandemic has forced many employees to become more technologically savvy and adept in the capabilities of video conferencing and online document collaboration, in turn enabling employees to be more technically proficient, but increasing the demand for information technology support by the entire workforce.

A general lack of knowledge of the Code has always been a concern for new hires in many areas of the agency. Therefore, it's essential to develop an onboarding program and enhance in-service training for employees, especially those in the Audit and Investigations, Enforcement, and Licensing divisions.

TABC is seeing the desired skillset of Enforcement employees evolve to focus more on public safety, undercover operations, and criminal analysis to effectively combat human trafficking. Maintaining employee diversity remains a priority to ensure successful undercover operations. In addition to diversity, Enforcement needs to recruit and hire more experienced certified peace officers. TABC has successfully leveraged the



Investigator classification series on Schedule B to attract and hire more experienced certified peace officers in the Special Investigations Unit. Another consideration to fill this need is to allow for external lateral transfers into the Agent classification on Schedule C. The current State Classification Plan structure for TABC agents requires external hires to be hired at entry level pay, regardless of the amount of law enforcement experience the candidate brings with them. TABC-specific years of experience and time and grade as a TABC agent determine employee eligibility for step-pay increases on Schedule C for the Agent classification. To change this requires legislative action and updates to the State Classification Plan. Human Resources will work with the State Auditor's Office and senior leadership to propose changes to the State Classification Plan, with the goal of reducing barriers to recruitment and competitive pay. Remaining competitive and attracting qualified candidates is vital to accomplishing the agency's human trafficking and broader public safety missions.

TABC seeks to enhance the fundamental competencies as well as interpersonal and leadership skills of all employees. Exceptional customer service is leadership priority and critical soft skill that every employee must demonstrate, particularly in the Licensing, Training, and Human Resources divisions. Employees and leaders need the flexibility to successfully adapt to an ever-changing work environment while making sound business decisions. TABC will continue to ensure leadership training is available to management teams and employees who have demonstrated leadership potential.

## **Section IV: Strategic Development**

### **EMPLOYEE TRAINING AND EDUCATION**

The Training Division provides employees with fundamental training and growth opportunities and resources required to perform their essential job functions and prepare them for advancement opportunities. TABC leaders will continue to identify, provide, and encourage employee participation in training opportunities and continuing education courses required to maintain job-related licenses and certifications. Employees are encouraged to network with others in their profession and engage in professional organizations to stay informed of best practices and changing legal requirements.



TABC continues to provide annual in-service training programs for the Audit and Investigations, Licensing, Ports of Entry, and Enforcement divisions. The in-service training curriculum is designed to address unique division needs by reinforcing core competencies and processes while emphasizing interpersonal skills (for example, the integration of the 7 Life Languages curriculum). Training staff members maintain a Learning Management System that serves as a library for on-demand, computer-based training and houses both mandatory and elective training content for all employees. The agency's Employee Assistance Program vendor also offers extensive personal and professional development resources to employees and managers.

TABC values higher education and offers financial support to employees who want to further their education through the Tuition Reimbursement Program.

TABC also ensures certified peace officers that hold a TABC commission meet their training requirements to maintain their commission based on TCOLE standards. Certified peace officers are provided salary supplements through stipends for holding varying degrees of higher education or TCOLE certificate levels and dual-language skill abilities.

In order to continue meeting the needs of a complex and growing alcoholic beverage industry, TABC will continue to build the capacity of the Training Division and broaden the scope of resources available to develop and retain a highly skilled workforce. Training efforts will focus on improving communication and collaboration among employees at all levels throughout the organization, while leveraging technology to increase reach and maximize the return on investment. The agency is also evaluating its employee recognition programs to award top performers and teams.

## **LEADERSHIP DEVELOPMENT**

In 2019, TABC implemented a new leadership development program in partnership with the Texas A&M Engineering Extension Service (TEEX). TABC staff had an opportunity to provide feedback on which leadership characteristics they value most and which leadership aspects the agency should improve, as well as specific suggestions for how to improve. Staff input formed the basis of the new TABC LEADS training program, targeted at current leaders and those with leadership potential. The program emphasizes building a culture of leadership based on communication, recognition,



empowerment, and work-life balance. For the 2019 employee performance evaluation period, TABC updated the agency performance evaluation form to reflect evaluation of these leadership characteristics in supervisors. TABC is taking steps to continue partnering with TEEX to acquire a world-class training facility and further elevate the agency's training capacity and standards.

TABC supports employee participation in the Governor's Management Development Program, the Governor's Executive Development Program, and other local in-person and online training programs. Management will continue to identify high performers with leadership potential and adequately train and prepare them to take on key organizational roles.

## **SUCCESSION PLANNING**

TABC is fortunate to have many long-term employees with a great deal of institutional knowledge, much of which will be lost without effective succession planning, proper documentation, and improved employee developmental programs. TABC leaders recognize the need for succession planning and retaining organizational knowledge in preparation for retirements, considering that at least 20% of the workforce will be eligible to retire in the next five years.

Leaders also recognize the importance of knowledge transfer; institutional knowledge and lessons learned can be lost as employees retire or leave the agency. Documenting current and past practices, including the basis for decisions regarding policy and procedural changes, and cross training will continue to be a high priority.

Leaders are expected to identify opportunities that allow employees seeking new challenges and advancement to cross-train and work on stretch or developmental assignments. Employees are encouraged to network and seek mentors and advice from leaders to help identify career goals and career development plans.

Human Resources will continue to work with senior leaders to identify critical positions and the knowledge, skills, and abilities required for each. Leaders will identify high performers with leadership potential and technical expertise in the current workforce and make efforts to mentor and develop these employees, so they are prepared to fill critical vacancies when opportunities arise. The Human Resources and Training divisions will provide training and developmental support for current employees and



management. When skills gaps are identified that cannot be reasonably met internally, TABC will shift focus to implement recruitment strategies to source external candidates with the desired skillset.

## **RECRUITMENT**

TABC is enhancing overall communication and branding efforts using the public website and social media outlets that support recruitment plan goals. A public website redesign in FY 2020 will include modernizing the job opportunities webpage to enhance the job applicant experience. Specific recruitment efforts will vary by job vacancy and TABC's current needs and resources. Human Resources will work closely with division management prior to posting job vacancies to ensure the best recruiting strategies are executed. TABC will continue to explore ways to improve recruitment and retention of minorities and females, particularly for positions in Enforcement. High turnover in this area threatens the agency's ability to timely and effectively perform critical operations. Currently, there is a limited opportunity to onboard new agents because the TABC Agent Academy is only held once per calendar year, typically in the spring. In FY 2020, TABC will test the effectiveness of hosting a separate academy for the Special Investigations Unit.

TABC leverages the mutual benefit of interns to supplement staffing needs and accomplish special assignments while allowing students to gain a better understanding and appreciation for public service. Some employees currently serving in leadership and critical roles throughout TABC were first introduced to the organization through internship opportunities, demonstrating the potential return on investment an effective internship program can have.

## **NEW EMPLOYEE ONBOARDING**

TABC leaders recognize the need to improve the onboarding process and experience for new employees and supervisors. TABC will strive to develop an onboarding program that emphasizes integrating new employees into the culture to improve employee engagement and retention. The agency will continue to emphasize leadership development and equip new supervisors with the skills and resources to be effective leaders.





## **CULTURE**

Significant changes in senior leaders and agency priorities have sparked a shift in the organizational culture at TABC over the last two years. The leadership team is fostering an environment supportive of creative communication and rebranding initiatives, industry-friendly compliance approaches, and heightened public safety enforcement efforts. These compounded efforts are causing an incremental shift in perspective among the internal workforce, industry stakeholders, and the general public. TABC seeks to continue strengthening its partnership with industry stakeholders and has taken extraordinary steps to better serve the veteran community. In November 2019, the agency launched the Veteran's Empowerment Initiative, working with outside state agencies and industry members to pair proteges with mentors willing to assist veterans in their quest to be successful entrepreneurs in the state's alcoholic beverage industry.

### **Survey of Employee Engagement (SEE), 2020 Summary**

The summary survey results begin on the following page.



A blue banner with a geometric pattern of overlapping triangles in various shades of blue. On the left side, there is a white triangle pointing to the right, containing the text 'SEE'.

SEE

# SURVEY OF EMPLOYEE ENGAGEMENT

Texas Alcoholic Beverage Commission

Executive Summary

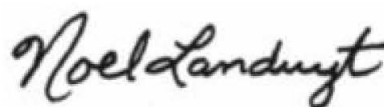
**2020**

## Introduction

**THANK YOU** for your participation in the Survey of Employee Engagement (SEE). We trust that you will find this information helpful in your leadership planning and organizational development efforts. The SEE is specifically focused on the key drivers relative to the ability to engage employees towards successfully fulfilling the vision and mission of the organization.

Inside this report, you will find many tools to assist you in understanding the engagement of your employees. Your first indication of engagement will be the response rate of your employees. From there, we share with you the overall score for your organization, averaging all survey items. You will also find a breakdown of the levels of engagement found among your employees. We have provided demographic information about the employees surveyed as well as what percent are leaving or retiring in the near future. Then, this report contains a breakdown of the scoring for each construct we surveyed, highlighting areas of strength and areas of concern. Finally, we have provided Focus Forward action items throughout the report and a timeline suggesting how to move forward with what you have learned from the survey results.

Your report represents aggregate data, but some organizations will want further information. For example, the SEE makes it possible to see results broken down by demographic groupings. We would enjoy hearing how you've used the data, and what you liked and disliked about the SEE experience. We are here to help you engage your employees in achieving your vision and mission.



Noel Landuyt  
Associate Director  
Institute for Organizational Excellence

## Organization Profile



### Texas Alcoholic Beverage Commission

**Organizational Leadership:**  
Bentley Nettles, Executive Director

**Benchmark Categories:**  
Size 4: Organizations with 301 to 1000 employees  
Mission 5 : Public Safety/Criminal Justice

### Survey Administration

Collection Period:  
03/18/2020 through 04/17/2020

Survey Liaison:  
Sylvia Banda  
Program Specialist  
5806 Mesa Dr.  
Austin, TX 78731

(512) 206-3249  
Sylvia.Banda@tabc.texas.gov

## The Survey

**48**  
Primary  
Items

### Primary Items

The Survey of Employee Engagement (SEE) consists of a series of 48 primary items used to assess essential and fundamental aspects of how the organization functions. The items are on a 5-point scale from Strongly Disagree (1) to Strongly Agree (5).

### Demographic Items

Also included on the SEE instrument are a series of items to ascertain the demography of the respondents.

### Constructs

Similar items are grouped together, and their scores are averaged to produce twelve construct measures. These constructs capture the concepts most utilized by leadership and drive organizational performance and engagement.

**12**  
Constructs



Workgroup



Strategic



Supervision



Workplace



Community



Information  
Systems



Internal  
Communication



Pay



Benefits



Employee  
Development



Job  
Satisfaction



Employee  
Engagement

**2**

Key  
Scores

### Overall Score

The Overall Score is an average of all survey items and represents the overall score for the organization. It is a broad indicator for comparison purposes with other entities.

### Levels of Employee Engagement

Twelve items crossing several survey constructs have been selected to assess the level of engagement (high, moderate, or low) among individual employees.

**13** Breakout  
Categories

Organizations can use breakout categories to get a cross-sectional look at specific functional or geographic areas. Your organization had a total of 13 breakout categories.

**19** Additional  
Items

Organizations can customize their survey with up to 20 additional items. These items can target issues specific to the organization. Your organization added 19 additional items.





## Employee Engagement

# 82.5%

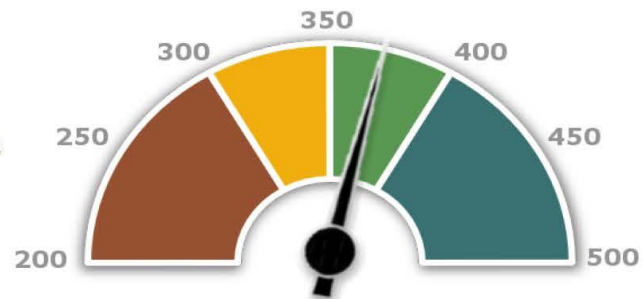
Up 3.4%

### Response Rate

The response rate to the survey is your first indication of the level of employee engagement in your organization. Of the 607 employees invited to take the survey, 501 responded for a response rate of 82.5%. As a general rule, rates higher than 50% suggest soundness, while rates lower than 30% may indicate problems. At 82.5%, your response rate is considered high. High rates mean that employees have an investment in the organization and are willing to contribute towards making improvements within the workplace. With this level of engagement, employees have high expectations from leadership to act upon the survey results.

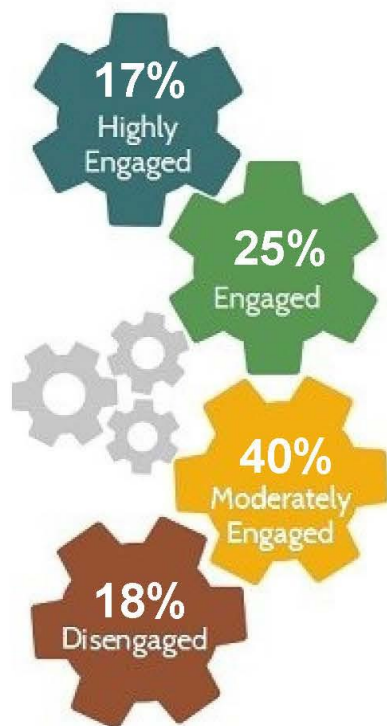
### Overall Score

The overall score is a broad indicator for comparison purposes with other entities. Scores above 350 are desirable, and when scores dip below 300, there should be cause for concern. Scores above 400 are the product of a highly engaged workforce. **Your Overall Score from last time was 351.**



Overall Score: 368

### Levels of Employee Engagement



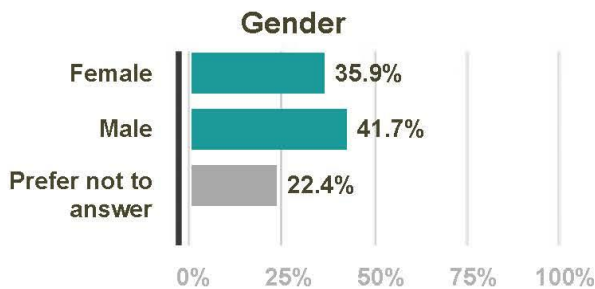
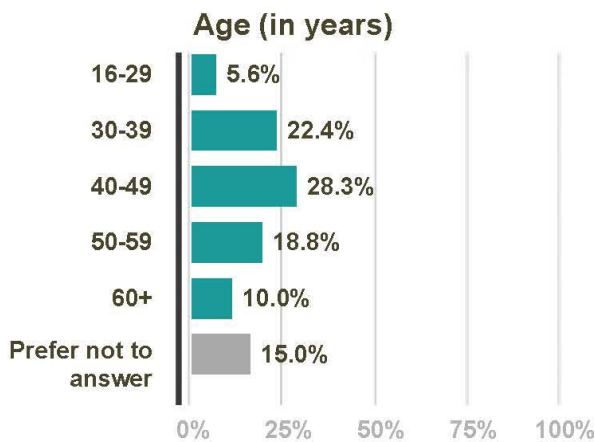
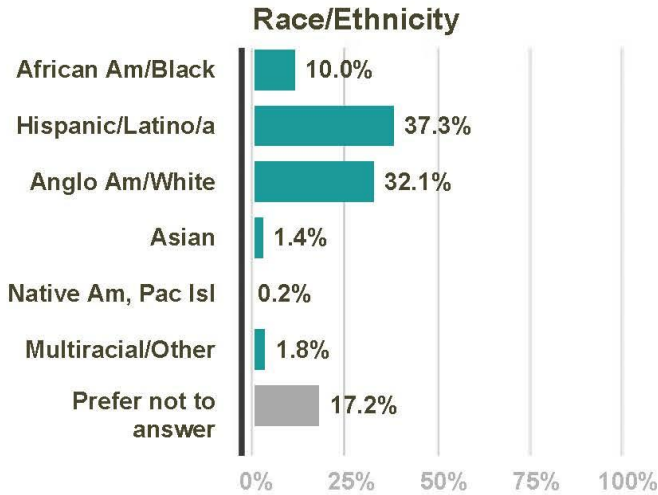
Twelve items crossing several survey constructs have been selected to assess the level of engagement among individual employees. For this organization, 17% of employees are Highly Engaged, 25% are Engaged, 40% are Moderately Engaged, and 18% are Disengaged.

Highly Engaged employees are willing to go above and beyond in their employment. Engaged employees are more present in the workplace and show an effort to help out. Moderately Engaged employees are physically present, but put minimal effort towards accomplishing the job. Disengaged employees are disinterested in their jobs and may be actively working against their coworkers.

For comparison purposes, according to nationwide polling data, about 30% of employees are Highly Engaged or Engaged, 50% are Moderately Engaged, and 20% are Disengaged. While these numbers may seem intimidating, they offer a starting point for discussions on how to further engage employees. Focus on building trust, encouraging the expression of ideas, and providing employees with the resources, guidance, and training they need to do their best work.

# People

Examining demographic data is an important aspect of determining the level of consensus and shared viewpoints across the organization. A diverse workforce helps ensure that different ideas are understood, and that those served see the organization as representative of the community. Gender, race/ethnicity, and age are just a few ways to measure diversity. While percentages can vary among different organizations, extreme imbalances should be a cause for concern.



## FOCUS FORWARD >>>

**5% INTEND TO LEAVE**

Understand why people are leaving your organization by examining retention factors such as working conditions, market competitiveness, or upcoming retirement.

**13% CAN RETIRE**

This percentage of respondents indicated that they are or will be eligible for retirement within two years.



## Constructs

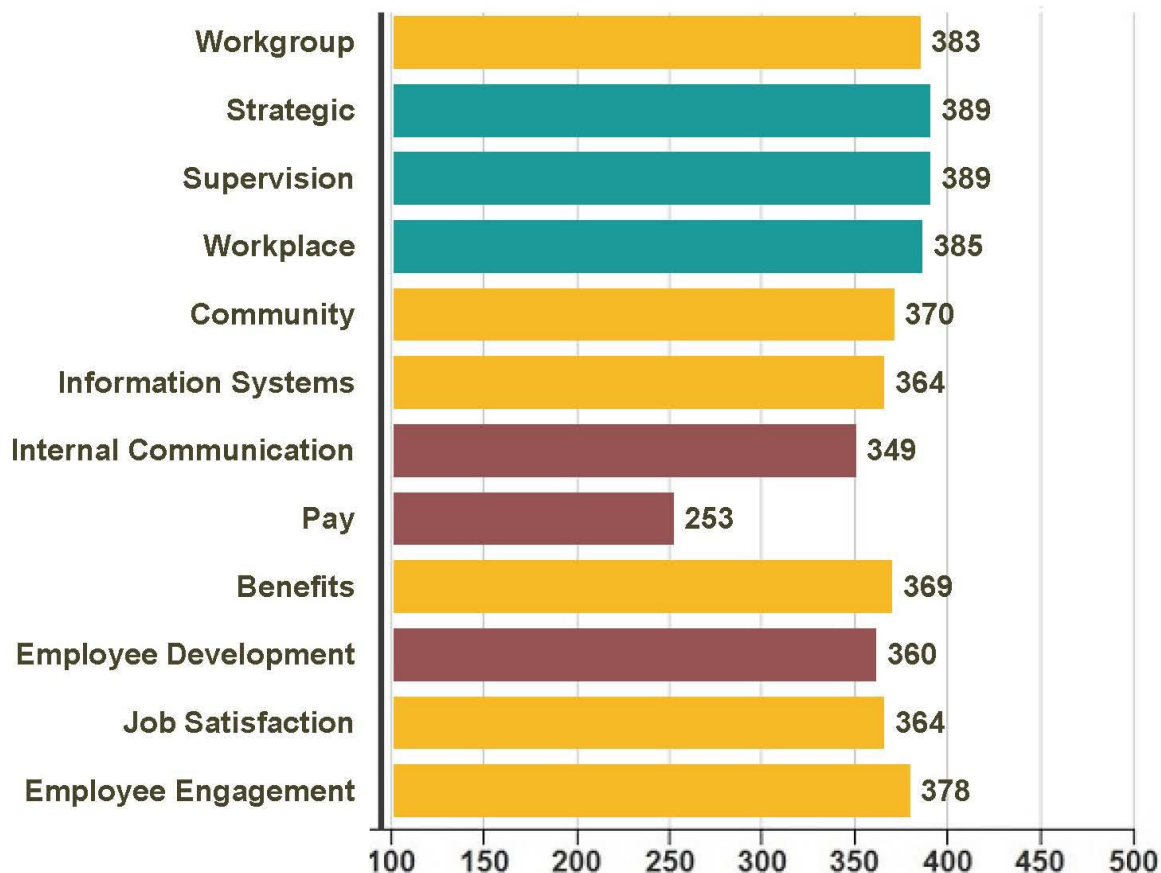
Similar items are grouped together and their scores are averaged and multiplied by 100 to produce 12 construct measures. These constructs capture the concepts most utilized by leadership and drive organizational performance and engagement.

Each construct is displayed below with its corresponding score. Constructs have been coded below to highlight the organization's areas of strength and concern. The three highest are green, the three lowest are red, and all others are yellow. Scores typically range from 300 to 400, and 350 is a tipping point between positive and negative perceptions. The lowest score for a construct is 100, while the highest is 500.

### FOCUS FORWARD >>>

Every organization faces different challenges depending on working conditions, resources, and job characteristics. On the next page, we highlight the constructs that are relative strengths and concerns for your organization. While it is important to examine areas of concern, this is also an opportunity to recognize and celebrate areas that employees have judged to be strengths. All organizations start in a different place, and there is always room for improvement within each area.

### Construct Scores



## Constructs Over Time

One of the benefits of continuing to participate in the survey is that over time data shows how employees' views have changed as a result of implementing efforts suggested by previous survey results.

Positive changes indicate that employees perceive the issue as having improved since the previous survey.

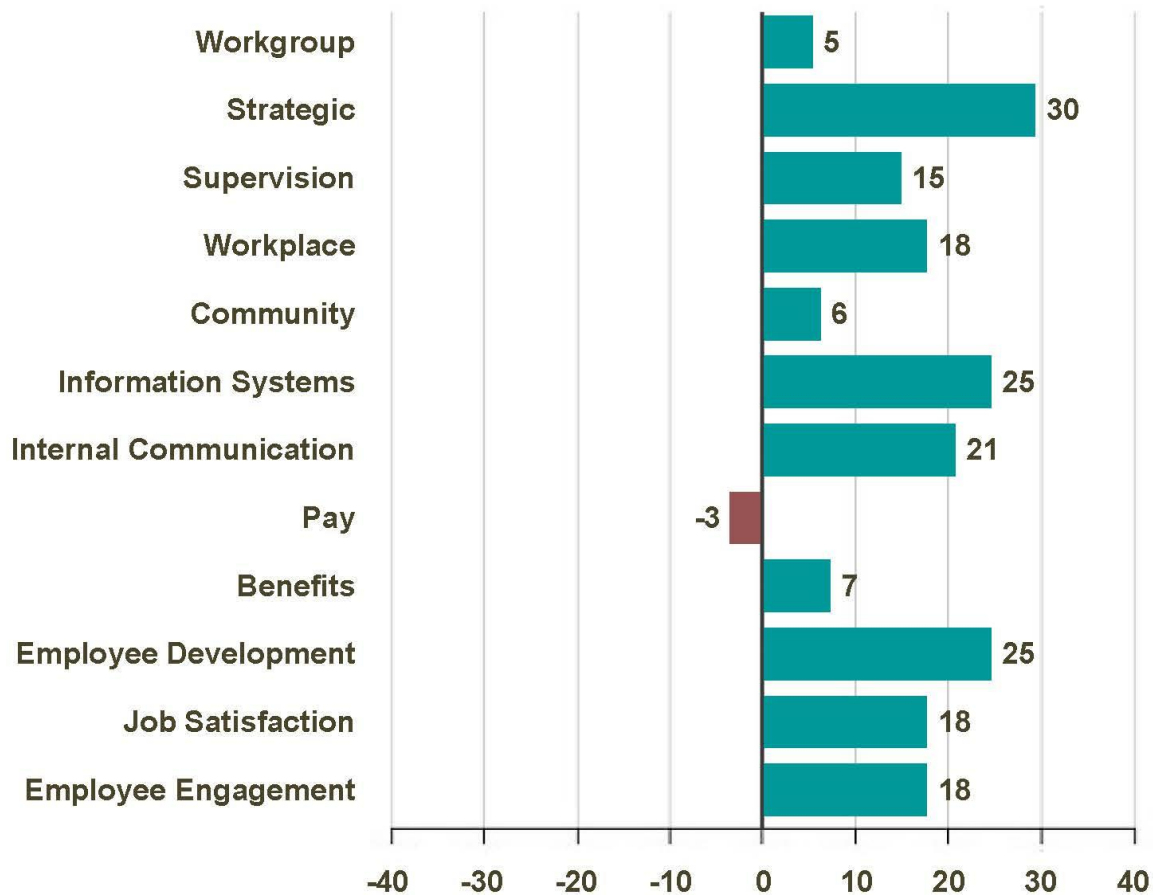
Negative changes indicate that the employees perceive that the issue has worsened since the previous survey. Negative changes of greater than 40 points and having 8 or more negative construct changes should be a source of concern for the organization and should be discussed with employees and organizational leadership.

## Has Change Occurred?

Variation in scores from year to year is normal, even when nothing has changed. Analyzing trend data requires a bringing patterns into focus, digging deeper into data, and asking questions about issues surrounding the workplace.

Pay close attention to changes of more than 15 points in either direction. Were there any new policies or organizational changes that might have affected the scores? Were these areas a point of focus for your change initiatives?

### Constructs Scores Over Time





## Areas of Strength and Concern

### Areas of Strength



#### Strategic

**Score: 389**

The strategic construct captures employees' perceptions of their role in the organization and the organization's mission, vision, and strategic plan. Higher scores suggest that employees understand their role in the organization and consider the organization's reputation to be positive.



#### Supervision

**Score: 389**

The supervision construct captures employees' perceptions of the nature of supervisory relationships within the organization. Higher scores suggest that employees view their supervisors as fair, helpful and critical to the flow of work.



#### Workplace

**Score: 385**

The workplace construct captures employees' perceptions of the total work atmosphere, the degree to which they consider it safe, and the overall feel. Higher scores suggest that employees see the setting as satisfactory, safe and that adequate tools and resources are available.

### Areas of Concern



#### Pay

**Score: 253**

The pay construct captures employees' perceptions about how well the compensation package offered by the organization holds up when compared to similar jobs in other organizations. Lower scores suggest that pay is a central concern or reason for discontent and is not comparable to similar organizations.



#### Internal Communication

**Score: 349**

The internal communication construct captures employees' perceptions of whether communication in the organization is reasonable, candid and helpful. Lower scores suggest that employees feel information does not arrive in a timely fashion and is difficult to find.






#### Employee Development

**Score: 360**

The employee development construct captures employees' perceptions about the priority given to their personal and job growth needs. Lower scores suggest that employees feel stymied in their education and growth in job competence.

# Climate

The climate in which employees work does, to a large extent, determine the efficiency and effectiveness of an organization. The appropriate climate is a combination of a safe, non-harassing environment with ethical abiding employees who treat each other with fairness and respect. Moreover, it is an organization with proactive management that communicates and has the capability to make thoughtful decisions. Below are the percentages of employees who marked disagree or strongly disagree for each of the 6 climate items.

<p><b>21.9%</b></p> <p>feel there aren't enough opportunities to give supervisor feedback.</p> <p>Leadership skills should be evaluated and sharpened on a regular basis. Consider implementing 360 Degree Leadership Evaluations so supervisors can get feedback from their boss, peers, and direct reports.</p>	<p><b>20.6%</b></p> <p>believe the information from this survey will go unused.</p> <p>Conducting the survey creates momentum and interest in organizational improvement, so it's critical that leadership acts upon the data and keeps employees informed of changes as they occur.</p>	<p>Highest Level of Disagreement</p> 
<p><b>19.4%</b></p> <p>feel that upper management should communicate better.</p> <p>Upper management should make efforts to be visible and accessible, as well as utilize intranet/internet sites, email, and social media as appropriate to keep employees informed.</p>	<p><b>9.0%</b></p> <p>feel they are not treated fairly in the workplace.</p> <p>Favoritism can negatively affect morale and cause resentment among employees. When possible, ensure responsibilities and opportunities are being shared evenly and appropriately.</p>	
<p><b>5.6%</b></p> <p>feel workplace harassment is not adequately addressed.</p> <p>While no amount of harassment is desirable within an organization, percentages above 5% would benefit from a serious look at workplace culture and the policies for dealing with harassment.</p>	<p><b>4.8%</b></p> <p>feel there are issues with ethics in the workplace.</p> <p>An ethical climate is the foundation of building trust within an organization. Reinforce the importance of ethical behavior to employees, and ensure there are appropriate channels to handle ethical violations.</p>	 <p>Lowest Level of Disagreement</p>



## FOCUS FORWARD >>>

After the survey data has been compiled, the results are returned approximately one to two months after data collection stops. Survey results are provided in several formats to provide maximum flexibility in interpreting the data and sharing the data with the entire organization. The quick turnaround in reporting allows for immediate action upon the results while they are still current.

### Survey Results Received

Executive Summaries, Data Reports, and Excel data are provided for the organization as a whole and for breakout categories. Any of these formats can be used alone or in combination to create rich information on which employees can base their ideas for change.



MAY  
2020

JUN  
2020



### Review Survey Data

Review the data and summaries with the executive staff, and develop a plan for circulating the data to all employees. Several types of benchmark scores provide relevant external comparisons, and breakdown categories can be used to make internal comparisons.

### Share with All Employees

Share results by creating reports, newsletters, or PowerPoint presentations providing data along with illustrations pertinent to the organization. Have employees participate in small work unit groups to review reports as they are distributed.



JUL  
2020

AUG  
2020



### Engage Employees in Change

Designate the Change Team composed of a diagonal slice across the organization that will guide the effort. Review the organization's strengths and brainstorm on how to best address weaknesses. Provide employees with comment cards to express their ideas.

### Move Forward with Change

Have the Change Team compile the priority change topics and action points, and present them to the executive staff. Discuss the administrative protocols for implementing the changes. Determine the plan of action, set a reasonable timeline, and keep employees informed of changes.



OCT  
2020

DEC  
2020



### Sharpen Your Focus

Further data breakdowns and custom reports are available. We also offer leadership assessments, employee pulse and exit surveys, and customer satisfaction surveys. Consultation time for presentations and focus groups is available as well. Please contact us at any time: [www.survey.utexas.edu](http://www.survey.utexas.edu)

### Resurvey

Administer the Survey of Employee Engagement again to document the effectiveness of your change efforts.



FEB  
2022



# Report on Customer Service

Pursuant to the requirements of Texas Government Code, Section 2114.002, TABC submits this report on customer service. This report is based on feedback collected from customers of TABC's numerous public-facing divisions — including Enforcement, Compliance, and Licensing — and from users of TABC's website.

Created by the Texas Legislature in 1935, TABC regulates all aspects of the alcoholic beverage industry, including (but not limited to) the manufacture, distribution, and retail sales of alcoholic products. Working under the laws set by the Texas Alcoholic Beverage Code (Code), the agency's mission includes both regulatory and law enforcement elements. With more than 50,000 active alcohol licenses in Texas, TABC employees are in near-constant contact with customers across the state every day.

TABC remains committed to continuously improving customer service. Throughout its 80-year history, the agency has worked to set high standards of customer service. Through feedback collected via surveys and face-to-face discussions, TABC employees work to identify customer concerns and set action plans toward ensuring the highest levels of service.

## **The services TABC provides its customers include:**

- ✧ Issuing more than 60 types of alcoholic beverage licenses and permits (collectively referred to as "licenses") to businesses in Texas and around the world, allowing them to produce, transport, distribute, import, sell, and serve alcoholic beverages in Texas.
- ✧ Inspecting more than 55,000 TABC-licensed premises to ensure compliance with the Alcoholic Beverage Code and TABC Rules.
- ✧ Conducting source investigations following alcohol-related incidents involving serious injury or death.
- ✧ Conducting investigations into organized criminal activities tied to a TABC-licensed location, including those involving prostitution, gambling, narcotics, weapons, and human trafficking.
- ✧ Collecting excise taxes from manufacturing and distributing tiers when alcoholic beverages are sold to retailers or consumers.



- ★ Providing instruction to license holders and their employees, local law enforcement, and members of civic groups to promote a better understanding of and voluntary compliance with the Code.
- ★ Overseeing the labeling, bottling, and promotion of alcoholic beverage products.
- ★ Conducting audits to ensure adherence to the Code and ensure proper taxes are reported and paid.
- ★ Ensuring compliance with and collecting taxes and fees on personal importations of alcoholic beverages and cigarettes at international borders.
- ★ Reviewing and prosecuting violations of the Alcoholic Beverage Code.

### **INVENTORY OF EXTERNAL CUSTOMERS BY STRATEGY**

TABC has compiled a list of external customers by budget strategy and has identified three distinct groups as its primary customers: the general public, the alcoholic beverage industry, and local agencies and officials.

**An inventory of external customers served by each strategy is as follows:**

#### **ENFORCEMENT**

The Enforcement Division is responsible for the criminal and administrative enforcement of the Alcoholic Beverage Code. As public safety is a statewide concern affecting all Texas citizens, every person in the state is considered a primary customer.

TABC agents, who are commissioned peace officers, both inspect TABC-licensed premises and investigate any alleged violation of the Code and other state laws. While many investigations involve relatively simple violations of state alcoholic beverage laws, some involve much more complex situations such as human trafficking, organized crime, or narcotics. TABC agents work with local, state, and federal law enforcement officials on these investigations, making those agencies secondary customers.

#### **LICENSING**

The Licensing Division issues all TABC licenses, permits, and certificates thereby ensuring certain criteria are met including local government certification, tax security, and other regulations. A license is required for all segments of the alcoholic beverage industry, making its members the primary customers of TABC's Licensing Division.



Additionally, by ensuring each license holder meets the qualifications required by law, the division's secondary customers include the general public and local agencies.

## AUDIT AND INVESTIGATIONS

TABC's Audit and Investigations Division is charged with ensuring compliance with the Code and TABC Rules. Auditors:

- ★ Conduct tax, financial, and investigative audits.
- ★ Conduct open compliance inspections of licensed locations and new location inspections during the licensing application process.
- ★ Assist with various types of investigations.
- ★ Monitor and regulate cash/credit law.
- ★ Deal with marketing practices issues.

The division also initiates administrative action when a Code violation occurs.

As with Enforcement, the general public is considered a primary customer when it comes to ensuring compliance with the Code. Secondary customers include the license holders who receive training and education designed to promote voluntary compliance with the Code.

## PORTS OF ENTRY

The Ports of Entry Division ensures the proper taxation of alcoholic beverages brought into the state by individuals for personal consumption via land ports on the Texas/Mexico border or seaports for international cruise ships. The division is charged with identifying high-traffic loads and positioning personnel to collect tax payments as required by law. Primary customers are the individuals paying these taxes and fees.

Through an arrangement with the Texas Comptroller of Public Accounts, TABC Ports of Entry employees also collect taxes on cigarettes brought into the state. As such, the Comptroller is considered a secondary customer of the division.

Ports of Entry personnel are also charged with ensuring any illicit beverages, or beverages deemed dangerous for public consumption, are not brought into the state.





This function serves to uphold the health of the Texas public, making all citizens and visitors primary customers of the division.

**CUSTOMER SATISFACTION SURVEYS**

To monitor the level of customer satisfaction, TABC has used surveys tied to specific agency programs: Law Enforcement and Licensing. Data collected from the surveys is used to monitor each division’s performance against accepted customer service standards, improve overall quality of service, and provide information on overall customer satisfaction.

**LAW ENFORCEMENT**

The Law Enforcement Division uses an online survey solution to send surveys to a randomly selected 5% sample of license holders inspected the previous month. In fiscal year 2018 (the year the online response system was established), 411 surveys were returned with an overall satisfaction rate of 97.3%. In fiscal year 2019, 1,437 survey responses were recorded. The overall customer satisfaction rate for fiscal year 2019 was determined to be 93.6%. (Satisfaction rates are based on the percentage of respondents who responded positively to the six survey questions.)

**Responses to specific questions for fiscal years 2018 and 2019:**

<b>FY 2018</b>	<b>Yes</b>	<b>No</b>	<b>Total</b>	<b>% Yes</b>
Was the disruption of your business minimal?	382	29	411	92.94%
Did the Agent(s) treat you and your employees with courtesy and respect?	403	8	411	98.05%
Did the Agent(s) treat your customers with courtesy and respect?	403	8	411	98.05%
Were the actions of the Agent(s) fair and reasonable?	404	7	411	98.30%
Did the Agent(s) seem as interested in educating you about the law as they were about finding violations?	399	12	411	97.08%
Overall, did the experience leave you with a favorable impression of the TABC and its Enforcement Agents?	400	11	411	97.32%



<b>FY 2019</b>	<b>Yes</b>	<b>No</b>	<b>Total</b>	<b>% Yes</b>
Was the disruption of your business minimal?	1,261	176	1,437	87.75%
Did the Agent(s) treat you and your employees with courtesy and respect?	1,382	55	1,437	96.17%
Did the Agent(s) treat your customers with courtesy and respect?	1,397	40	1,437	97.22%
Were the actions of the Agent(s) fair and reasonable?	1,362	75	1,437	94.78%
Did the Agent(s) seem as interested in educating you about the law as they were about finding violations?	1,294	143	1,437	90.05%

### LICENSING

The Licensing Division provides surveys to retailers, distributors, and manufacturers who have applied for an original license or permit. The survey was last revised in 2019 to allow for a new online-only process. This survey is intended to make it easier for license or permit holders to provide feedback to TABC regarding the licensing process. The survey process is voluntary, with users being provided a survey link alongside their final permit paperwork.

During fiscal year 2019, a total of 24 surveys were returned with respondents indicating a 95% satisfaction rate. A further 13 surveys have been returned so far in fiscal year 2020. These surveys indicate a 100% satisfaction rate with TABC’s licensing service.

#### Results for fiscal years 2019 and 2020:

<b>FY 2019</b>	<b>Yes</b>	<b>No</b>	<b>Total</b>	<b>% Yes</b>
During your application process, was the TABC employee knowledgeable?	23	1	24	95.83%
During your application process was the TABC employee courteous and professional?	23	1	24	95.83%
Did you leave with a favorable impression of TABC and its employees?	23	1	24	95.83%
	<b>Satisfied</b>	<b>Dissatisfied</b>	<b>Total</b>	<b>% Satisfied</b>
Overall, were you satisfied or dissatisfied with your experience with TABC?	21	3	24	87.50%
Overall, how would you rate the quality of your customer service experience?	23	1	24	95.83%



FY 2020	Yes	No	Total	% Yes
During your application process, was the TABC employee knowledgeable?	13	0	13	100.00%
During your application process was the TABC employee courteous and professional?	13	0	13	100.00%
Did you leave with a favorable impression of TABC and its employees?	13	0	13	100.00%
	<b>Satisfied</b>	<b>Dissatisfied</b>	<b>Total</b>	<b>% Satisfied</b>
Overall, were you satisfied or dissatisfied with your experience with TABC?	13	0	13	100.00%
Overall, how would you rate the quality of your customer service experience?	13	0	13	100.00%

Overall, the level of customer satisfaction for Licensing has remained steady in the 97-99% range.

**CONCLUSION**

Based on the evaluations by agency customers, it is clear there is evidence of good customer service by the agency and substantial improvement over time. The agency’s enforcement, licensing, and Audit and Investigations staff all received positive survey results. These employees were considered to be courteous, knowledgeable, and responsive to customer needs, in addition to providing clear explanations about the agency’s services when answering customer questions.

Additionally, the agency is evaluating the possibility of adding a customer satisfaction survey for the Ports of Entry Division. TABC staff is working to determine which survey method would best suit the fast-paced environment of an international border crossing, while inviting consistent response rates and accurate results.



**CUSTOMER-RELATED PERFORMANCE MEASURES**

Outcome Measures	FY 2019	FY 2020 (Expected)
1. Percentage of Survey Customer Respondents Expressing Overall Satisfaction with Services Received <sup>1</sup>	N/A	77%
<b>Output Measures</b>		
3. Total Customers Surveyed	N/A	27,075
4. Response Rate	N/A	1.4%
5. Total Customers Served <sup>2</sup>	2,961,953	2,444,438
5. Average Number of Days to Approve an Original Application <sup>3</sup>	51	45
<b>Efficiency Measure</b>		
6. Cost per Customer Surveyed	N/A	<\$.01
<b>Explanatory Measures</b>		
7. Total Customers Identified <sup>4, 5</sup>	28,995,881	29,677,772
8. Number of Customer Groups Inventoried	3	3

<sup>1</sup> Although TABC collected separate audit, licensing and enforcement surveys, the agency’s overall survey on its website did not receive usable responses (nearly 100% of respondents were determined to be bots). TABC distributed a new survey via email in 2020. These results are reflected in the projected FY 2020 figures. Data for previous fiscal years was also based on limited information and is not comparable to the new methodology. As TABC redesigns its website and updates processes, the agency will better track responses.

<sup>2</sup> Represents the number of licensed businesses inspected or audited, complaints, persons attending TABC-led educational programs, seller/server training certificates issued, license/permit applications processed, and transactions at a port of entry.

<sup>3</sup> Represents performance measure from TABC.

<sup>4</sup> State Population. Source: U.S. Census data for population as of June 1, 2020 and [Texas Demographic Center](#) data for current 2020 projections.

<sup>5</sup> Not based on a fiscal year.



## **TABC Compact with Texans**

Originally created in 1935, 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.

At TABC, we realize the great responsibility the state of Texas has placed on our agency and we are committed to providing the best possible service to the people of Texas. We pledge to:

- ★ Apply the Alcoholic Beverage Code in a fair, consistent and timely manner.
- ★ Exemplify courteous, ethical and professional behavior.
- ★ Be fiscally responsible and accountable.
- ★ Be accessible, transparent, efficient and effective.

### **Mission**

TABC's mission is to serve the people of Texas and protect public health and safety through consistent, fair and timely administration of the Alcoholic Beverage Code.

### **Vision**

A safe and healthy Texas served by an innovative Alcoholic Beverage Commission regulating a responsible and compliant alcoholic beverage industry.

### **Guiding Principles**

- ★ We empower our employees to respond effectively to challenges.
- ★ We recruit, develop, retain and value a highly competent and diverse workforce that will successfully execute our mission.
- ★ We strive to be a competitive employer.
- ★ We expect ethical and professional behavior of ourselves.
- ★ We exercise discretion in our authority when making decisions based on ethical and legal principles.
- ★ We do the right thing, and not just what we have the right to do.
- ★ We work together to achieve goals and solve problems.



- ★ We put responsible people into business and promote good business practices through open communication.
- ★ We foster voluntary compliance through education.
- ★ We provide the highest level of public safety by assessing and analyzing at-risk behavior and taking action against unlawful conduct.

### **Customer Service Standards**

We recognize that quality service is essential in meeting our mission, goals and responsibilities. We pledge to:

- ★ Treat you with professional courtesy and respect at all times.
- ★ Provide you with accurate, timely and complete information.
- ★ Respond to all inquiries as soon as possible within five working days of receipt.
- ★ Process new (unprotested) applications within 60 calendar days.
- ★ Acknowledge receipt of complaints within three working days.
- ★ Resolve complaints within 60 working days and notify the complainant if any situations arise that may require additional time for complaint resolution.
- ★ Provide helpful and up-to-date information on our website.
- ★ Ensure our facilities are easily accessible and clean.
- ★ Provide you with our Compact with Texans Customer Satisfaction Survey results and continually strive to improve our services.

### **Public Information Officer**

TABC's public information officer (PIO) is responsible for responding to any concerns regarding the agency. You can contact the PIO at:

Texas Alcoholic Beverage Commission  
P.O. Box 13127  
Austin, Texas 78711  
[questions@tabc.texas.gov](mailto:questions@tabc.texas.gov)  
512-206-3462





## Complaint-Handling Process

### Report Violations of the Alcoholic Beverage Code

You can file a complaint about violations of the Alcoholic Beverage Code, including establishments and people who sell or give alcoholic beverages to minors.

- ★ For all complaints, you will need to provide the name and location of the establishment, if applicable, and a description of the violations observed.
- ★ When we receive your complaint, we will acknowledge it within three working days.
- ★ We will make every effort to resolve your complaint within 60 working days.
- ★ We will notify you of any situations that would require additional time for complaint resolution.
- ★ The easiest way to file a complaint is through the [TABC:Mobile app](#) for iPhones and Android phones.

If you have any questions or would like to file a complaint using a different method, contact TABC at:

Texas Alcoholic Beverage Commission  
P.O. Box 13127  
Austin, TX 78711  
[complaints@tabc.texas.gov](mailto:complaints@tabc.texas.gov)  
888-843-8222 (888-THE-TABC)

### Complaints Against TABC Personnel

In order to file a complaint against the agency or a TABC employee, contact our Office of Professional Responsibility at:

Office of Professional Responsibility  
Texas Alcoholic Beverage Commission  
P.O. Box 13127  
Austin, TX 78711  
[opr@tabc.texas.gov](mailto:opr@tabc.texas.gov)  
512-206-3405  
Fax: 512-206-3207



## Complaints Against the Provision of TABC Services

TABC is an equal opportunity employer and does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or when providing services. You can file complaints alleging discrimination by the agency or a TABC employee on the provision of services by contacting:

Texas Alcoholic Beverage Commission  
P.O. Box 13127  
Austin, TX 78711  
[opr@tabc.texas.gov](mailto:opr@tabc.texas.gov)  
888-843-8222 (888-THE-TABC)

## License and Permit Process

Your best resource when applying for a new license or permit is your [local TABC office](#). They can walk you through the licensing process and answer any questions you might have. You can download the appropriate application packets with forms and instructions from our [Licensing Forms](#) page. The packets contain:

- ★ Information on the license or permit type you're applying for.
- ★ Blank application forms and personal history sheets.
- ★ Conduct surety, tax bond forms or other bond/security forms, if applicable.

Please allow up to 60 calendar days for processing a new application. We may be able to complete the process quicker depending on the complexity of the application. For certain on-premise locations, the posting of a sign is required for 60 days before your license or permit is issued. **Please contact your [local TABC office](#) as soon as possible to obtain a 60-day sign or download it here so you can print, cut and assemble it yourself.**

If a completed renewal application and all required fees have been submitted online through the agency website before the expiration date of the permit or license, the license/permit holder may operate under the expired license or permit until the renewal application is denied or issued. Paper renewal applications may be submitted but are not encouraged.



If you have any questions or comments about our license and permit application process, contact:

Licensing Division  
Texas Alcoholic Beverage Commission  
P.O. Box 13127  
Austin, TX 78711  
[licensing@tabc.texas.gov](mailto:licensing@tabc.texas.gov)  
512-206-3490  
Fax: 512-206-3399

### **Questions, Comments, Suggestions and Requests for Information**

TABC values your comments and will use them to measure our performance and improve our service. Communication of information and ideas provides an understanding and shared commitment toward achieving common goals. We will make every effort to respond to your inquiries within five working days of receiving them.

### **Your Satisfaction Is Important to Us!**

Please take a few minutes to complete our [Customer Satisfaction Survey](#). It will help us evaluate the services we provide and determine how they can be improved. We want to make this agency more responsive to the needs of the public, but we need your help to make it happen.