

## **Appendix F**

### **Texas Department of Licensing and Regulation Workforce Plan**

Top employers recognize the contributions of their employees, acknowledging that time spent in actively developing, investing and optimizing a workforce of diverse and committed employees adds value to their business. Similarly, the Texas Department of Licensing and Regulation (TDLR) recognizes the contributions of its employees and acknowledges that they are its greatest asset. To that end, we have worked diligently to develop, organize and align our workforce to maximize productivity and effectiveness.

We align and allocate our human resources through a process called Workforce Planning. Workforce planning includes forecasting conditions and developing initiatives to meet identified workforce needs. It also provides a clear basis for linking recruitment, training, employee development and other programs to our short-term and long-term objectives. This ensures that we have the right employees at the right time, doing what is necessary to achieve our agency mission. Workforce planning is essential to the success of TDLR due to the exponential growth the agency has experienced over the past several fiscal years.

#### **Agency Overview**

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

In 1989, the 71<sup>st</sup> Legislature changed the agency's name to the Texas Department of Licensing and Regulation, charging it with oversight of certain businesses, industries, general trades and occupations. TDLR emerged with an umbrella structure as the state's occupational and professional licensing agency. The agency's remaining labor functions transferred to the Texas Employment Commission, now known as the Texas Workforce Commission. These changes represented another chapter in the agency's long and productive history in providing quality public service to Texans. Since the agency's successful completion of the Sunset Review in 2003, Sunset Advisory Board staff reference TDLR as the model for other licensing agencies. With the addition of two more programs in fiscal year 2008, the department currently administers the following twenty-six regulatory and licensing programs (showing the statutory citation and original year of enactment):

#### **Business and Occupations**

- Vehicle Towing (Chapter 2308, Occupations Code) (1927)
- Barbers (Chapters 1601 and 1603, Occupations Code) (1929)
- Combative Sports (Chapter 2052, Occupations Code) (1933)
- Cosmetologists (Chapters 1602 and 1603, Occupations Code) (1935)
- Personnel Employment Services (Chapter 2501, Occupations Code) (1949)
- Vehicle Storage Facilities (Chapter 2303, Occupations Code) (1985)

- Talent Agencies (Chapter 2105, Occupations Code) (1989)
- Temporary Common Worker Employers (Chapter 92, Labor Code) (1991)
- Staff Leasing Services (Chapter 91, Labor Code) (1993)
- Service Contract Providers (Chapter 1304, Occupations Code) (1999)
- Vehicle Protection Product Warrantors (Chapter 2306, Occupations Code) (2001)
- For-Profit Legal Services Contracts (Chapter 953, Occupations Code) (2003)
- Loss Damage Waivers (Chapter 35, Business and Commerce Code) (2003)
- Discount Health Care Cards (Chapter 76, Health and Safety Code) (2007)

#### Professional

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

#### Building and Mechanical

- Boilers (Chapter 755, Health and Safety Code) (1937)
- Architectural Barriers (Chapter 469, Government Code) (1969)
- Air Conditioning and Refrigeration (Chapter 1302, Occupations Code) (1983)
- Industrialized Housing and Buildings (Chapter 1202, Occupations Code) (1985)
- Elevators, Escalators and Related Equipment (Chapter 754, Health and Safety Code) (1993)
- Electricians (Chapter 1305, Occupations Code) (2003)

#### Natural Resources

- Water Well Drillers (Chapter 1901, Occupations Code) (1961)
- Weather Modification (Chapters 301 and 302, Agriculture Code) (1967)
- Water Well Pump Installers (Chapter 1902, Occupations Code) (1991)

Although these industries and occupations differ, TDLR uses standardized processes, that can be applied to all regulated industries, thereby improving the delivery of services. These common regulatory processes are to issue licenses, registrations, certificates, and permits to qualified applicants; conduct compliance inspections such as: water well driller and pump installers, vehicle storage facilities, barber and cosmetology shops and schools, buildings and equipment; monitor third-party inspectors; investigate and resolve complaints from consumers and industry; prosecute violators; and educate licensees and the public about the services and programs TDLR administers.

TDLR, like many other state agencies, continues to face program changes, increased responsibility, and expanding customer needs. In the past four years, four major programs and additional responsibilities in the Electricians, Air Conditioning, and Combative Sports programs have been added to our regulatory responsibilities and our workforce has more than doubled. As TDLR continues to grow, we will continue to assimilate programs into the agency.

## **A. AGENCY VISION, MISSION AND PHILOSOPHY**

Our vision is to be the model state agency, earning the public trust by setting the standard for customer service, innovation, cost effectiveness and efficiency.

The mission of the Texas Department of Licensing and Regulation is to honor the public trust, ensure the public's safety, and foster a fair and efficient regulatory environment.

As stewards of the public trust we regulate in a firm, fair and consistent manner. We provide the highest level of customer service. We serve the citizens of Texas fairly. We value the dignity and worth of all our employees. We grow capable and effective leaders. We initiate innovation and embrace change to ensure the wise and strategic use of public resources.

## **B. STRATEGIC GOALS AND OBJECTIVES**

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

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

Strategies:

- Minimize the cost to issue and renew a license.
- Issue and renew licenses in a timely manner, ensuring competency requirements are met.
- Ensure that examination content measures the appropriate licensee competency levels.
- Ensure the integrity of the examinations and licensure process.
- Administer examinations to individuals in accordance with the law.
- Monitor continuing education providers to ensure compliance with the rules.
- Develop and distribute information regarding regulated industries through e-mail, Internet, electronic notification list, publications, and newsletters.
- Provide comprehensive customer service for all programs administered.
- Provide exemplary informational services to the public and licensees through technology and enhancement of web site content.

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

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

Strategies:

- Minimize the cost for complaint resolution.
- Protect the public by conducting routine, complex, and special inspections.

- Investigate and prosecute unlicensed activity.
- Resolve complaints swiftly.
- Improve investigative techniques to increase efficiencies.
- Enforce compliance through timely case prosecutions and settlements, administrative penalties and sanctions.
- Award payments from the Auctioneer Recovery Fund for aggrieved parties.

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

TDLR's diverse responsibilities require technical expertise and experienced, highly trained employees. We provide training and educational opportunities to develop needed skills to ensure that these responsibilities are met.

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

Strategy:

- Use the internal focus groups, the Survey of Organizational Excellence, and other assessment tools to identify training needs.
- Provide timely training by function, division, and section through on-site training or select providers.
- Determine cost-effective methods of delivery for training needs, including partnering with other state agencies to share training resources.
- Use retention bonus programs to maintain critical staff with specialized skill sets such as programming and network personnel or bilingual employees.

Goal 4: ***Maintain a customer-focused agency culture.***

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

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

Strategy:

- Improve the quality of services delivered to external customers, making needed information more accessible and providing required forms online.
- Improve the quality of services provided to internal customers by increasing the timeliness and usefulness of information.
- Conduct external and internal focus groups to identify and develop needed improvements and services.
- Continue to improve the delivery, accuracy and dissemination of information via telephone, the Internet, e-mail and written correspondence.
- Continue to improve the quality and accuracy of information delivered from the customer service contact center.

Goal 5: ***Grow leaders to prepare for organizational and personnel changes, including***

*increased responsibility and anticipated retirements.*

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

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

Strategy:

- Evaluate the functions and duties of positions.
- Identify and cultivate the skills of potential successors.
- Use mentor relationships, job-shadowing, and cross-training to transfer knowledge and expertise amongst staff and between programs.
- Use internal and external training to develop leadership skills.
- Develop standard documented procedures to protect against loss of institutional knowledge.
- Impart knowledge by active employee participation in agency planning, analysis, and implementation.
- Identify and create developmental opportunities including training through the Governor's Center for Management Development, such as the Governor's Executive Development Program for senior management, Executive Leadership for Information Technology Excellence for leaders in information technology, and courses from the Excellence in Leadership Series for mid-level managers and team leaders.

## **C. REGULATORY FUNCTIONS**

TDLR is the only state agency that regulates such a diverse array of businesses, industries, trades and occupations. Despite the variety, the department has identified common functions shared by these programs and has organized its operations accordingly to maximize efficiency and effectiveness:

- Administrative – provides expertise in executive management, legal counsel, human resources, information technology, financial management, governmental relations, policy development, and Commission and Advisory Board support;
- Compliance – conducts inspections and plan reviews, provides industry and technical expertise and monitors third-party inspectors and plan reviewers;
- Customer Service – assists licensees and the public by responding to telephone, e-mail and in-person inquiries;
- Education and Examination – reviews and approves pre-licensing and continuing education courses and providers, and manages the development and administration of examinations;
- Enforcement – investigates complaints from consumers, industry, municipal officials, as well as other TDLR divisions, and prosecutes violators; and
- Licensing – processes applications and issues licenses, registrations, certificates and permits.

## **D. ANTICIPATED CHANGES TO MISSION, STRATEGIES AND GOALS**

Although TDLR's core mission remains constant, our continued growth will affect the strategies and decision-making processes. We have identified several external factors likely to affect TDLR.

### *Expanding Responsibilities*

**New Programs** – The 2007 Legislature entrusted TDLR with additional programs which included the regulation of Discount Health Care Cards, Tow Trucks, Vehicle Storage Facilities, Appliance Installers, and Air Conditioning Technicians. These new programs resulted in an additional 128.5 FTEs and dramatically increased the responsibilities of the Human Resources Management Office by doubling the agency's FTEs in three fiscal years. Every department, however, experienced an increase in responsibilities. This has not changed TDLR's goals and objectives, but has made the attainment of our goals challenging by affecting the prioritization of our strategies and procedures.

### *Technological Initiatives*

TDLR continues to expand and enhance our online services to increase customer use and reduce costs. We strive to provide our customers with the most up-to-date technology in an effort to increase quality, expand accessibility, and communicate concisely. Some of TDLR's recent technological initiatives include:

- online licensing system, providing faster, simpler processing of licenses;
- online license application and renewal, and project registration system;
- online complaint reporting system;
- online Student Hour and Enrollment Automated Reporting System (SHEARS);
- more interactive online forms;
- document imaging and management system, increasing access to elevator and boiler inspection records online;
- electronic notification about program changes;
- access to online license renewal via kiosk located in the E.O. Thompson building;
- enhanced Internet and Intranet sites, providing extensive information in an easily navigable environment; and
- electronic transfer of licensing information for the production, issuing and mailing of plastic license cards to licensees.

### *Demographic Outlook*

TDLR's employee make-up reflects the age and ethnic demographics of Texas. The following provides an overview of the various segments of our workforce.

**Aging Workforce** – According to the U.S. Department of Labor, Bureau of Labor Statistics, the median age will approach forty-three by 2010, reflecting the aging of baby boomers born between 1946 to 1964, who will begin turning sixty-four in the year 2010. TDLR has a succession plan in place to address upcoming retirements.

**Generation X** – The forty-six million people born between 1963 and 1977 make up Generation X. Preferring to keep their options open rather than committing to any single employer, Generation X workers are driven by performance based recognition and rewards. To retain these employees longer than the Generation X average of 3.5 years at any given job, TDLR focuses on merit-based salary increases, employee recognition, training opportunities, retention bonuses, and flexible work schedules.

**Generation Y** – Generation Y has as much effect on the workplace as retiring baby boomers. Members of “Gen Y,” those born between 1977 and 1997, continue entering the workforce and bringing with them different priorities. These workers begin their careers with the assumption that they will change jobs frequently, making retention of this age group challenging. To counter this trend, we continue to create retention strategies that focus more on immediate benefits, such as flexible work schedules, rather than delayed benefits.

**Increasing Diversity** – The rates at which ethnic and racial populations are growing also affect agency diversity. The U.S. Hispanic population grew by sixty percent during the 1990s. Asian workers, although fewer in number, constitute the fastest growing segment of the population. TDLR fosters a respect-based, open atmosphere that attracts an increasingly diverse workforce. We also consider the diversity of our external customers and provide services – such as web site content, customer service, and examinations – in several languages. Growing diversity could also place more demand on programs that serve non-English speaking populations, such as cosmetologists, electricians, air conditioning technicians, combative sports participants or licensed court interpreters.

**Women in the Workforce** – Since 1997, the rate of women participating in the labor force has only slightly increased even though the economy has continued to expand. This participation rate reflects the increasing number of women who choose to leave the workforce to care for their families. Those women who do stay in the workforce are experiencing difficulty in gaining leadership positions in state government. TDLR has developed opportunities such as flexible work schedules and involvement in new program implementation, strategic planning, and legislative and fiscal note teams. TDLR also encourages and allows female employees in leadership roles to attend the annual training offered by the Executive Women in Texas Government. Strategies and training to develop our female workforce in leadership and managerial skills are periodically re-evaluated and refined.

### Third-Party Vendors

In an effort to conduct state business more efficiently, TDLR has partnered with third-party vendors to assist with projects such as examination development and delivery, imaging and data entry of licensing applications, and the production, issuing, and mailing of plastic license cards. These vendors allow us to focus on our core competencies which helps the agency operate in a cost effective manner.

## **TDLR’s Current Workforce Profile**

## A. WORKFORCE DEMOGRAPHICS

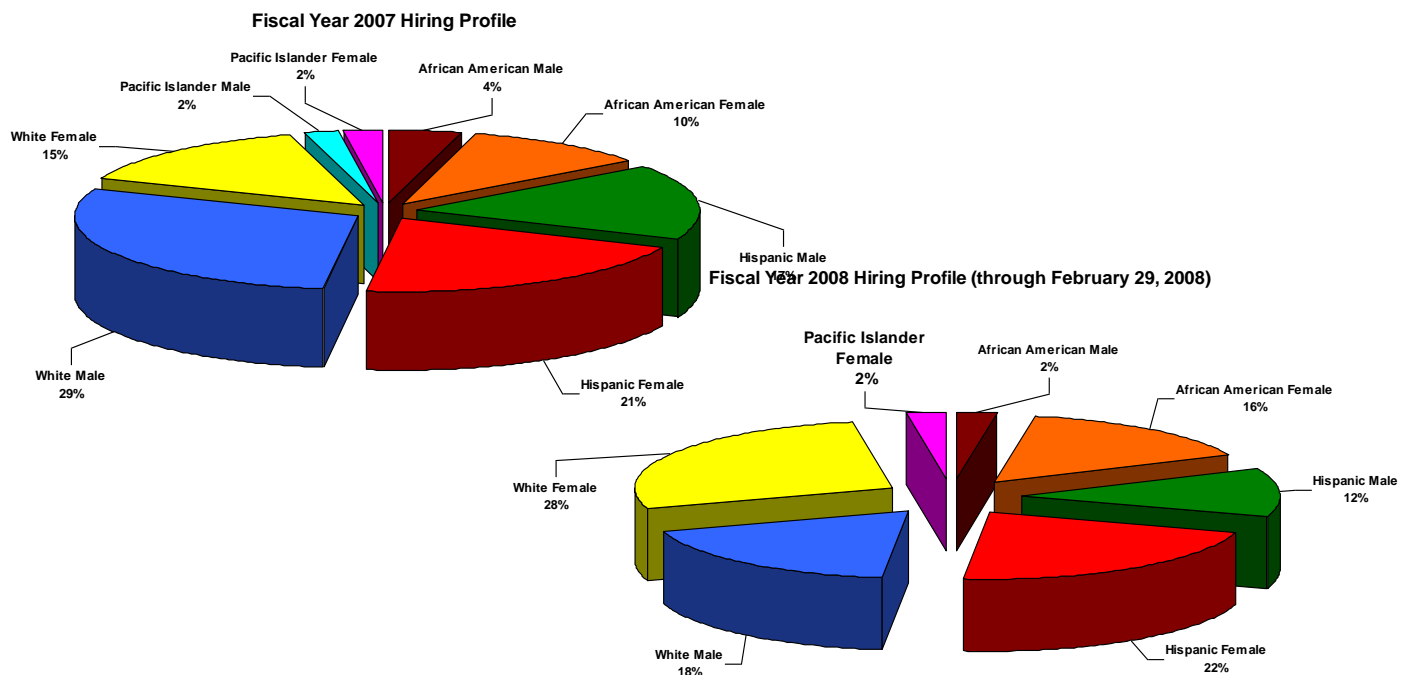
The organizational chart in Appendix B shows TDLR’s functional alignment, which accomplishes the licensing and regulation of our twenty-six diverse programs by supporting empowered employees to improve the delivery of services. Currently, TDLR has 379.5 appropriated full-time equivalent positions (FTEs), a fifty-one percent increase from the 251 FTEs during fiscal year 2007. While the majority of TDLR employees are located in Austin, there are seventy-one employees working in the field, allowing the agency to better meet the needs of consumers and the regulated industries.

TDLR’s current workforce is fifty-nine percent female and forty-one percent male. More than seventy-four percent of our employees are age forty and over, and the average age for TDLR’s workforce is forty-six. Thirty-three percent of employees have more than five years of agency service.

### Commitment to Employing a Qualified and Diverse Workforce

Consistent with TDLR’s core values of respect and integrity, the agency provides equal employment opportunities to all applicants and employees. We are committed to recruiting, selecting, and retaining a highly qualified workforce that is representative of the state's diverse labor force. TDLR’s business model effectively serves a variety of businesses and occupations. TDLR’s selection process focuses on hiring employees well suited to serve its licensee population. Through its employment of design professionals, master electricians, a meteorologist, a water well pump installer, a licensed court interpreter, cosmetologists, barbers, boiler inspectors, elevator inspector, and an air conditioning and refrigeration contractor, the agency is able to effectively and efficiently regulate these specialized programs.

The charts below show the agency’s demographic hiring profile for fiscal year 2007 (forty-eight new employees hired) and fiscal year 2008 (eighty-three new employees hired), through the second quarter.





Through the second quarter in fiscal year 2008, African-Americans and Hispanic-Americans made up fifty-two percent of the agency’s workforce. The following table further illustrates that diversity, comparing the percentage of African-American, Hispanic-American, and female TDLR employees, for September 1, 2007 through February 29, 2008, to the statewide civilian workforce.

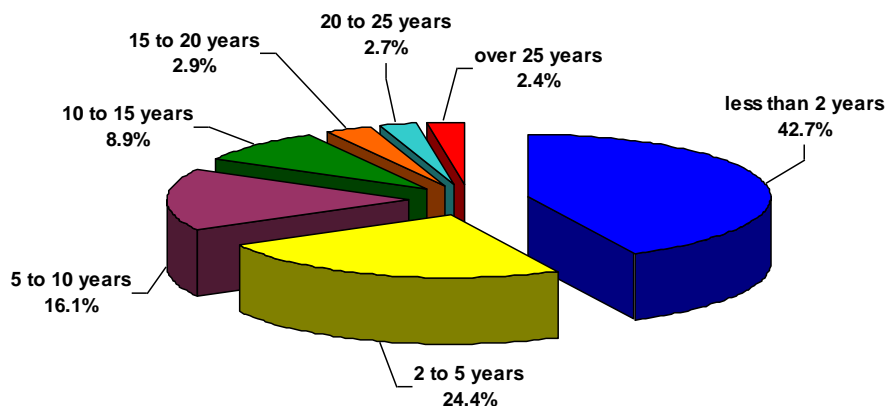
### Agency Workforce Composition

| Job Category             | African-American |         | Hispanic-American |         | Female |         |
|--------------------------|------------------|---------|-------------------|---------|--------|---------|
|                          | TDLR %           | State % | TDLR %            | State % | TDLR % | State % |
| Officials/Administrators | 23.5             | 9.8     | 5.9               | 13.3    | 52.9   | 42.9    |
| Professionals            | 11.9             | 15.4    | 20.9              | 20.9    | 40.3   | 53.7    |
| Paraprofessionals        | 22.2             | 29.5    | 35.2              | 28.9    | 85.2   | 77.7    |
| Technicians              | 9.2              | 12.3    | 28.6              | 23.9    | 36.7   | 44.7    |
| Administrative Support   | 33.3             | 18.6    | 29.0              | 29.7    | 85.5   | 88.3    |

### Experienced Workforce

TDLR values all of its employees – those who have long and rich experience with agency programs and those who bring fresh perspectives from outside the agency. Each employee contributes to TDLR’s well-earned reputation as a model state agency. As previously noted, the agency has experienced significant growth in the past three fiscal years. In 2005, TDLR had 184.5 FTEs. By 2008, that number has grown to 379.5 FTEs. As a result, more than sixty-seven percent of TDLR employees have worked at the agency for less than five years. Hiring employees with institutional knowledge in new or transferred programs has resulted in more than thirty percent of our staff having ten years or more of experience with programs we administer. The transfer of the programs administered by the Texas Cosmetology Commission and the Texas State Board of Barber Examiners resulted in the hiring of forty-seven employees on the first day of the 2006 fiscal year. Over eighty-two percent of those new hires had experience with the two programs transferred to TDLR on September 1, 2005. These valued employees provide institutional knowledge and innovation, contributing to the agency's customer service and our strategic planning process.

**Employee Length of Service with Agency Programs FY 2008**

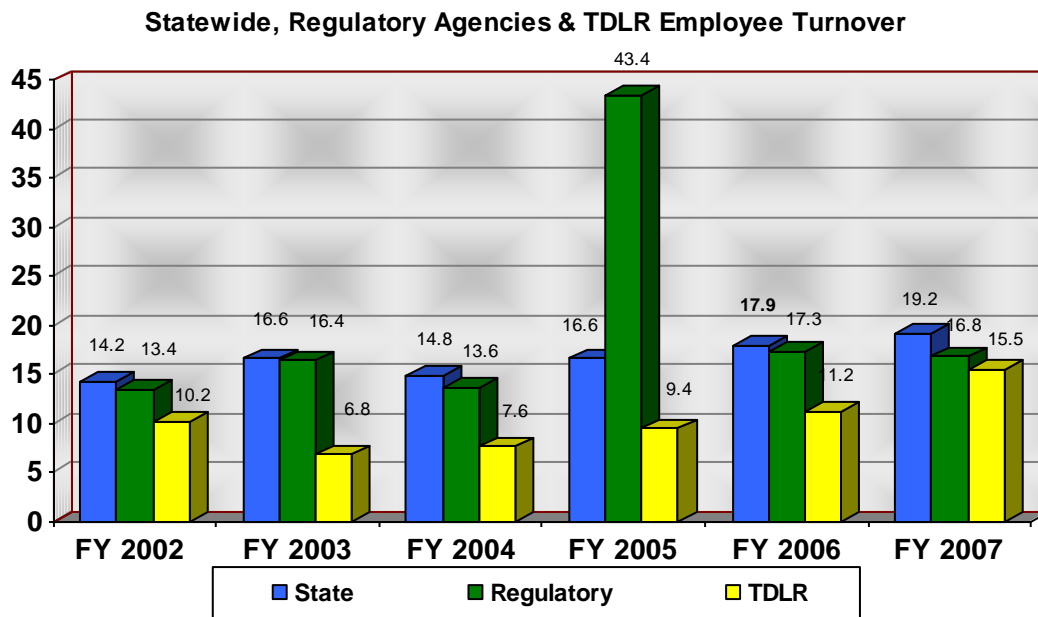


## B. EMPLOYEE TURNOVER

Meeting the demands of today's changing business environment requires building and retaining a dependable and motivated staff. Finding and keeping quality employees can pose a challenge since they are also in high demand by the private sector. To meet this challenge, TDLR provides stimulating work, opportunities for growth, and an employee-friendly environment. Our successes in hiring and in creating a satisfying work environment are evidenced in fiscal years 2006 and 2007 State of Texas Employee Exit Survey results, indicating that seventy-three percent of those responding would want to work for TDLR again in the future.

### Projected Turnover

TDLR's turnover rate remains significantly lower than statewide averages and other regulatory agencies. This trend is expected to continue as the economy continues to decline, affecting private sector jobs. TDLR projects a turnover rate of 7.4 percent for fiscal year 2008. This is a considerable decrease from fiscal years 2006 and 2007, when employees seeking other professional opportunities or better pay and benefits contributed to the higher turnover.



TDLR relies upon a comprehensive compensation package to attract, motivate, and retain highly skilled and talented employees. This includes full use of salary ranges, performance awards, and retention and recruitment bonuses. Even with use of these compensation tools, benefit reductions affect TDLR's ability to attract and retain employees, who equate state employment with good benefits. Further reductions in health and insurance benefits or eligibility requirements, such as those that occurred in 2003, which included a ninety day waiting period before new employees are eligible for health insurance and retirement benefits, will detract people from state employment.

### Turnover Rates by Selected Positions

TDLR analyzed its fiscal year 2007 turnover rate. This analysis revealed that four positions – inspectors, investigators, attorneys and program specialists – contributed to nearly fifty percent of the agency’s turnover rate.

| <b>FY 2007 TURNOVER BY POSITION</b> | <b>PERCENT OF TOTAL FTES</b> | <b>PERCENT OF AGENCY TURNOVER</b> |
|-------------------------------------|------------------------------|-----------------------------------|
| Inspectors                          | 4.8                          | 9.8                               |
| Investigators                       | 19.6                         | 14.6                              |
| Attorneys                           | 4.8                          | 9.8                               |
| Program Specialists                 | 16.0                         | 14.6                              |

To address the above average turnover rate for these positions the agency will develop strategies for better recruitment and greater retention of these highly skilled positions.

### Length of Service and Turnover

TDLR has made great strides in retaining employees who have two or more years of experience with the agency. Employees with less than two years experience, however, made up approximately thirty-eight percent of the workforce in fiscal year 2007 while accounting for two-thirds of the agency’s overall turnover. This high turnover rate indicates a need to refine our selection processes to ensure that we are hiring those individuals whose expectations are aligned with the agency, who will be the best fit for the position, are able to adapt and thrive in our culture, and embody our core values.

| <b>FY 2007 LENGTH OF SERVICE</b> | <b>PERCENT OF TOTAL FTES</b> | <b>PERCENT OF AGENCY TURNOVER</b> |
|----------------------------------|------------------------------|-----------------------------------|
| Less than 2 years                | 38.1                         | 63.4                              |
| 2-5 years                        | 19.9                         | 12.2                              |
| 5-10 years                       | 23.3                         | 19.5                              |
| 10-15 years                      | 9.6                          | 4.9                               |
| 15-20 years                      | 3.0                          | 0.0                               |
| 20-25 years                      | 4.5                          | 0.0                               |
| 25-30 years                      | 1.5                          | 0.0                               |

### Age and Turnover

Employees under the age of thirty made up approximately four percent of TDLR’s workforce in fiscal year 2007 but had a turnover rate of nearly fifteen percent.

| <b>FY 2007 AGE GROUPS</b> | <b>PERCENT OF TOTAL FTES</b> | <b>PERCENT OF AGENCY TURNOVER</b> |
|---------------------------|------------------------------|-----------------------------------|
| Under 30 years            | 4.6                          | 14.6                              |
| 30-39 years               | 21.8                         | 24.4                              |
| 40-49 years               | 36.0                         | 34.1                              |
| 50-59 years               | 27.4                         | 19.5                              |
| 60 years and over         | 10.2                         | 7.4                               |

## **C. INCREASED RETENTION**

TDLR's turnover rate steadily decreased from 12.2 percent in fiscal year 2001 to a low of 6.9 percent in fiscal year 2003. Turnover increased slightly through fiscal year 2007, at a time when TDLR was adjusting to dramatic growth as a result of new licensing programs. Despite this increase, TDLR's turnover rate has remained significantly lower than the statewide percentage during the past five fiscal years. The agency's low turnover rate is a direct result of management's commitment to developing and retaining a quality workforce. Our retention strategies include:

- flexible work hours and compressed work weeks;
- merit pay designed to reward star performers;
- full use of the salary ranges;
- retention bonuses for critical staff, including bilingual employees;
- bonuses for outstanding performance;
- "You Can Count on Me" program, facilitating co-worker recognition of teamwork, customer service and exceptional performance;
- length of service awards; and
- internal focus groups, wherein executive management responds to feedback received from employees.

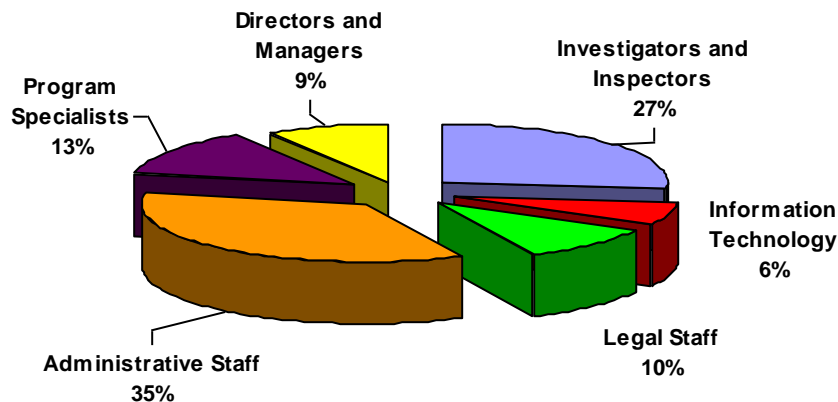
Organizational changes and our focus on leadership, communication, employee development, and work environment are important factors in our high retention rate. The results of an internal survey are being reviewed and analyzed so the data may be used for continuous organizational improvement. TDLR's success results from changes recommended and implied in previous survey data, which revealed increasing confidence in our agency culture. This confidence is key to increasing retention and improving efficiencies.

## **D. RETIREMENT ELIGIBILITY**

TDLR closely monitors and analyzes the reasons employees leave the agency. In fiscal year 2007, ten percent of the separations were due to retirement. Retirements have been decreasing since fiscal year 2003, when it accounted for more than forty-five percent of the separations. This decrease may be attributed in part to the end of the statewide retirement incentives that were available to employees in the 2004 – 2005 biennium.

Twenty-one percent of our workforce will be eligible for retirement within the next five years. Retirement eligibility is particularly high in the administrative and investigators/inspectors classifications. Program specialists make up thirteen percent of those eligible to retire within the next five years. They possess essential technical knowledge and expertise and are responsible for program planning and development. Replacing these individuals will be difficult. To mitigate the loss of institutional and technical knowledge, we identify and nurture staff whose skills can be developed to assume these responsibilities. The agency provides opportunities, which include professional development courses, cross-training, and participation on work teams

## Retirement Eligibility by Job Category (through calendar year 2011)



(i.e., new program implementation, strategic planning, and legislative and fiscal note teams). This exposure broadens the individuals' perspective, prepares them for assuming additional responsibilities, and improves on our general performance as an agency. Targeted recruitment also minimizes the gaps in experience and technical knowledge caused by retirements.

### E. CRITICAL WORKFORCE SKILLS

We recognize that each employee brings important skills and experience to the workplace. We rely on our highly qualified employees and their many skills which are critical to our ability to operate and successfully achieve our mission. As a team, our employees ensure the public's safety with respect to the programs we regulate using the following skills:

- time management;
- leadership and coaching;
- legal analysis;
- financial analysis;
- negotiation strategies and techniques;
- project management;
- technical writing;
- customer service;
- workflow analysis;
- ability to review regulatory processes;
- ability to explain complex technical information to customers;
- ability to analyze and solve problems;
- ability to anticipate trends and adjust accordingly;
- ability to inspire change;
- ability to interpret and apply statutes and policies;
- technical skills related to the Air Conditioning and Refrigeration, Architectural Barriers, Barber, Boiler, Cosmetology, Electricians, Elevator Safety, Industrialized Housing and Buildings, Vehicle Towing and Storage Facilities, and Water Well Driller and Pump Installer programs;
- investigative techniques;
- information technology and telecommunications qualifications;
- computer proficiency; and
- plain language skills – oral and written communication.

## **TDLR's Future Workforce Profile**

### **A. CRITICAL FUNCTIONS AND ANTICIPATED WORKFORCE SKILLS**

Although TDLR's vision to be the model state agency will remain unchanged, the number of programs administered by the agency will likely increase. The Legislature has demonstrated its confidence in our ability to expand our role as the state's umbrella licensing agency. As the chart shows below, TDLR's regulated programs, licensee population, and our full-time equivalent employees has increased over the past eight fiscal years. We anticipate TDLR will have increased responsibilities and will receive new programs during future Legislative Sessions. The personnel necessary to effectively administer any new programs will rise accordingly.

| <b>YEAR</b> | <b>PROGRAMS REGULATED</b> | <b>LICENSEE POPULATION</b> | <b>FTES</b> | <b>RATIO OF LICENSEES TO FTES</b> |
|-------------|---------------------------|----------------------------|-------------|-----------------------------------|
| 2001        | 16                        | 105,904                    | 144.5       | 733                               |
| 2002        | 19                        | 136,306                    | 149.0       | 915                               |
| 2003        | 19                        | 136,785                    | 149.0       | 915                               |
| 2004        | 21                        | 223,062                    | 183.5       | 1,216                             |
| 2005        | 21                        | 257,079                    | 184.5       | 1,393                             |
| 2006        | 23                        | 552,668                    | 237.0       | 2,332                             |
| 2007        | 23                        | 532,720                    | 251.0       | 2,122                             |
| 2008        | 25                        | 611,770                    | 379.5       | 1,612                             |

We anticipate growth in the following functional areas as new programs are added and existing programs are expanded:

**Administrative** – the need will exist to develop and implement information technology and telecommunication initiatives and to partner with third-party vendors increase efficiencies. The addition of new programs will result in a need for additional administrative staff in the Network Services, Financial Management and Human Resource areas.

**Compliance** – the need will exist to attract and retain highly trained staff and industry experts, such as program specialists, investigators and inspectors to assist in the administration of the programs.

**Customer Service** – the volume and complexity of inquiries (telephone, e-mail, and walk-ins) will increase, requiring additional staff with call center experience, and strong interpersonal, technological, and bilingual skills.

**Education and Examination** – an increase in education and examinations for licensure will increase the functions of this section. Additional staff will be required for the oversight of examinations, and the approval and monitoring of both pre-licensure and continuing education courses and providers.

Enforcement – the increase in the number of complaints received will result in the need for additional staff in the intake, investigation and prosecution sections. Investigative (field or courtroom) experience will be required, depending on the position. Report-writing skills will also be in demand.

Licensing – an increase in licensees will require additional staff to review applications and issue licenses, registrations, permits and certifications.

In anticipation of increased responsibilities and new programs, TDLR will need employees who excel in the areas of process analysis and redesign, creative thinking, and communication. These skills will be crucial in our dynamic environment resulting from consolidation and transformation. Future TDLR employees will also face the challenge of adapting to our performance-based culture, requiring us to train or hire leaders who have specific skills in project management and change leadership.

### Expected Workforce Changes

- **Expanding Responsibilities** – The addition of programs will require continued improvement in the efficiency of our inspection and investigation processes. An increase in licensees, inspections, and complaints will require our investigative and inspection staff to assume additional duties and learn new programs. Training of all employees across functional areas will continue to be important so that each employee understands how his or her responsibilities affect other areas and contribute to the attainment of the agency mission and goals.
- **Decreasing Pool of Employees in Technical Areas** – The pool of qualified applicants and employees with skills in technical areas (Architectural Barriers, Water Well Drillers, Water Well Pump Installers, Discount Health Care Card and Boiler) continues to shrink. We rely on our experienced program specialists and investigators to develop and cross-train current employees and create technical training programs for new employees.
- **Technological Advances** – TDLR will continue to be a leader in the use of new technology by monitoring industry changes and implementing necessary adjustments that benefit our employees and the public. As TDLR increases its reliance on information technology, our programmers will be critical in developing the software and systems necessary to respond to customers' needs, provide quality services, and conduct day-to-day business operations.

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

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

## **B. ANTICIPATED INCREASE IN NUMBER OF EMPLOYEES**

As a result of the 2007 Legislature, TDLR assumed additional programs and staff increased by over fifty percent. TDLR's ratio of employees to licensees is the lowest among all regulatory agencies. This ratio is indicative of operational efficiencies that allow the agency to administer its increasing responsibilities at a low cost to licensees. Because of the agency's past successes, it is anticipated that additional programs and agencies will be transferred to TDLR. The growth and resulting agency staffing needs will be determined by the statutory objectives of the programs or agencies transferred and the ease with which they can be incorporated into our business model.

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

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

### **Gap Analysis**

#### **A. ANTICIPATED SHORTAGE IN STAFFING LEVELS**

After analyzing the workforce information, we have identified the following gaps between the agency's current workforce supply and anticipated needs. Our focus is to attract and retain the right employees for the job.

- The pool of qualified applicants for our technical programs (Boilers, Water Well Drillers and Pump Installers, Discount Health Care Card and Architectural Barriers in particular) is rapidly shrinking – fewer and fewer applicants have the requisite experience. Many of these technical positions also experience high turnover, due in part to competition with the private sector, which offers higher pay and greater benefits.
- Twenty-one percent of our workforce is currently eligible or will become eligible for retirement within the next five years, including eight percent of our directors and managers. A large segment of these pending retirements is staff with highly specialized



skill, leadership ability, and knowledge. These are the employees who, for each of our varied programs, possess the technical knowledge and expertise, and are responsible for their planning and development. We are aware that replacing these individuals will be difficult and could affect our ability to effectively administer programs. Therefore, we have identified and analyzed these key positions, assessing possible candidates for succession and determining their current and needed skills.

- Although eighty-seven percent of new employees hired in fiscal year 2006 remained with the agency, twenty percent of the separations occurred during the first six months of employment. This indicates a need to continue to examine our hiring practices to ensure that we are effectively communicating our expectations, gleaned appropriate information through the interview process and hiring the person who will thrive within our agency culture.
- TDLR is experiencing the same challenges that other employers have in regard to retaining Generation Y workers. The rate at which younger, less tenured employees are leaving affects the agency's ability to position key staff members for promotion, career development and succession planning.

## **B. ANTICIPATED SHORTAGE OF SKILLS**

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

- As stated above, a large number of employees identified as eligible for retirement are either in management positions or positions requiring extensive technical knowledge of a program. To ensure that we can successfully administer our programs without interruption, these key positions have been and continue to be targeted for succession planning. Succession planning includes training, mentoring, and cross-training for technical program positions and leadership development.
- The roles we ask our managers to fill require skill in project management, process analysis, change management, critical thinking, and communication. Our managers must be able to compare and identify change initiatives to avoid failure, choose a suitable change approach, motivate employees to welcome change, define implementation strategies to support our goals and apply our performance-based culture to support new structures and processes.
- Cross training of employees within functional areas – Licensing, Compliance and Enforcement – will also be important should our regulatory umbrella expand. Each employee should embrace the agency's philosophy of excellent customer service and

understand how his or her responsibilities affect other areas and contribute to the agency vision, mission, and goals.

- TDLR serves a diverse range of customers including those that speak languages other than English. We can best meet the needs of all customers if we have a fully diversified and trained staff. Although we have increased the number of bilingual staff, we must continue to focus on the recruitment and retention of employees who speak multiple languages in positions that have customer contact. To this end, the department routinely uses retention bonuses to retain bilingual employees. Over thirteen percent of our staff received a bilingual retention bonus in 2007.
- Our increasing reliance on technology requires employees with programming and networking skills. Training current employees on new technologies has been key to the successes we've achieved, but must continue across functional lines. Work processes will continue to evolve and we will respond, training our employees on the more difficult competencies needed. To retain technology employees, retention bonuses are given to all technology staff who are eligible. One hundred percent of our technology staff received a retention bonus in 2007.

### Strategy Development

To address the gaps between the current staffing levels, skills, and future needs, TDLR has developed the following goals.

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

**Goal:** Grow leaders to prepare for the impending retirements of key staff, thereby maintaining continuity in leadership and service quality. Narrow the gaps in time and ability between the vacating of critical positions and finding replacements who develop proficiency in essential skills.

**Rationale:** Succession planning is an inherent part of TDLR's culture, and continued planning is critical to our ability to meet agency vision, mission and goals. The majority of impending retirements over the next five years are either managers or staff with technical skill and knowledge. These are the employees who, for each of our varied programs, possess experience, technical knowledge and expertise and who are responsible for their planning and development. They are a critical element of TDLR's functional model. We must continue to identify and analyze these key positions, prioritize critical competencies; assess possible candidates for succession; and determine their current and needed skills.

#### **Action Steps:**

- Continue to update internal data and provide quarterly reports to executive management on estimated retirement eligibility dates.
- Meet at least bi-annually with division directors to evaluate or update their staffing risks, develop customized strategic solutions, facilitate identification of potential successors and adjust/implement workforce action plans accordingly.

- Continue to work with executive management in identifying additional developmental opportunities for future leaders such as management training, cross-training and involvement on specific agency teams, such as new program implementation, strategic planning, and legislative teams.
- Continue leadership development through the Governor's Executive Development Program and the Executive Leadership for Information Technology Excellence program.
- Create an internal mentor program whereby employees with critical competencies can assist in the development of future leaders.
- Continue to develop written procedures for the purpose of capturing and transferring knowledge.
- Continued growth in responsibilities for TDLR provides advancement opportunities for employees to develop leadership skills, technical knowledge and expertise.

### **Attracting and retaining the right employees for the job.**

**Goal:** To attract quality employees who will contribute to TDLR's vision, mission and goals.

**Rationale:** Recruiting, selecting and retaining employees who can contribute to achieving TDLR's goals and objectives are crucial to our success. Rewarding exceptional performance, providing meaningful staff development and creating a culture that supports innovation, excellence and quality life is paramount to our retention efforts.

#### **Action Steps:**

##### **Recruitment**

- Target recruiting efforts based on program priorities and changing workforce needs, not specific job vacancies.
- Continue to broaden the scope of recruiting efforts to ensure a fully diversified workforce, using TDLR's e-mail notification system, web site and bulletin boards, as well as job banks, newspaper advertisements, job fairs and Internet recruiting sources.
- Continue to market TDLR's total compensation package, ensuring that applicants and candidates are informed about our state and agency benefits (i.e. merit pay, full use of salary ranges, performance awards, retention and recruitment bonuses, health insurance, life insurance and leave benefits).
- Continue to enhance the interview process to assess applicants' skills that are considered critical to success.

##### **Retention**

- Continue to research turnover data by position, age, tenure and diversity, focusing on reasons for attrition.
- Utilize pay incentives, where appropriate, to attract and retain staff.
- Continue to use the retention bonus program to include positions with high turnover or specialized skill sets (bilingual employees).

- Adjust salaries within assigned pay ranges for positions with high turnover or critical functions.
- Continue to create and implement quality of life flexibility initiatives such as compressed or flexible work schedules, Wellness Programs, and telecommuting opportunities.
- Continue to recognize and reward employees through the various programs given by the Employee Recognition Team.

**Current employees lack critical and future workforce skills.**

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

Rationale: Without a trained, capable and motivated workforce, even an efficient administration with the best strategic plan cannot accomplish its mission.

Action Steps:

- Continue to use internal focus groups, employee satisfaction surveys, the Survey of Organizational Excellence, and follow-up meetings with agency employees to identify training needs.
- Meet at least quarterly with each division director to assess and prioritize training needs by division.
- Continue to identify new skill sets required as a result of program changes and expand training opportunities accordingly, focusing on technical and communication skills.
- Continue to focus on TDLR's core values.
- Continue cross-training of employees in functional areas so that each employee understands how his or her responsibilities and performance affect other areas and contribute to TDLR's vision, mission, and goals.
- Develop an internal mentor and/or shadowing program.
- Develop mandatory management training program focused on change leadership and project management.
- Continue to use the Governor's Executive Development Program and the Executive Leadership for Information Technology Excellence program to enhance employee development, grow leaders, and improve organization communication.
- Develop mandatory training to teach managers recruitment, performance development, and retention strategies and skills.
- Explore cost-effective methods of delivering training.
- Continue to provide information to executive management and staff regarding opportunities to share training resources with other state agencies, specifically the Office of the Attorney General and through the Employee Assistance Program.
- Continue to train current employees on competencies needed for new technologies – TDLR's licensing and document imaging systems.