

APPENDIX F – STAFFING STRATEGIC PLAN

WORKFORCE PLAN

Agency Overview

The agency was established in 1909 as the Bureau of Labor Statistics to enforce labor laws, inspect factories and encourage the growth of Texas industry. During the 1930's, authority began shifting from labor issues to include industry regulation. The agency's name was changed to the Texas Department of Labor and Standards in 1973, to better reflect its dual responsibilities.

In 1989, the agency was reorganized as the Texas Department of Licensing and Regulation (TDLR) with responsibility for regulating individuals, businesses and equipment in a broad spectrum of industries. TDLR uses functional alignment to apply uniform processes to issue licenses, conduct inspections, monitor third-party inspectors, investigate complaints, prosecute violators and educate licensees and the public about programs the agency administers.

Recognizing the efficiencies of our functional business model, the legislature has entrusted TDLR with additional regulatory responsibilities in every legislative session since 1999. TDLR was also recognized as the "Model Regulatory Agency" for Texas in its last Sunset Commission review and ranked one of "Austin's Top 25 Mid-sized Employers" by the Austin American-Statesman in three of the last four years. Additionally, the Texas Quality Foundation recognized TDLR with the Foundation's Progress Level Award for outstanding organizational management and performance in 2011.

A. AGENCY VISION, MISSION AND PHILOSOPHY

TDLR's vision, mission and philosophy define the direction of the agency.

Vision

To be the leader in public service by creating innovative, low cost licensing and regulatory best practices, and cultivating employees who provide exceptional customer service.

Mission

To honor the trust of all Texans, ensure public safety and customer protection, and provide a fair and efficient licensing and regulatory environment at the lowest possible cost.

TDLR's Philosophy

To achieve smaller smarter government, we:

- Honor the public by regulating in a fair, open, and consistent manner;
- Provide more opportunities and avenues for our customers and employees to be heard (Your Voice Matters);
- Deliver simple, clear, and courteous service to our customers;
- Maintain a culture of change and innovation by always challenging and re-evaluating the status quo;
- Build efficient and cost-effective public-private partnerships;
- Mentor leaders to exemplify TDLR's Core Values;
- Eliminate waste and maximize our resources to lower the cost for the customers we serve;
- Reward high-performing employees through promotion, raises, and recognition;
- Serve the citizens of Texas responsibly through transparency and efficiency; and
- Value the dignity and worth of our customers and employees.

TDLR's Core Values

Accountability

We are personally responsible to the citizens of Texas. We take pride in our successes and responsibility for our failures – celebrating achievements and using setbacks as opportunities for growth.

Customer Service

We deliver courteous, timely and easily accessible service, getting the job done right the first time. Each person we serve deserves our best.

Innovation

We foster a culture of creativity to generate out of the box thinking and ideas in order to bring about value added change and improvement in the services we deliver.

Integrity

We are trustworthy, responsible and ethical in all we do.

Open and Free Communication

We listen to everybody, honoring the right to be heard and respecting all opinions. We invite participation from all of our customers and employees.

Respect

We value our customers and each other by treating everyone with courtesy and dignity.

Teamwork

Our success is a result of our collective wisdom, dedication and energy, working together towards our shared vision and mission.

B. STRATEGIC GOALS AND OBJECTIVES

Goal: LICENSING

Objective: To effectively license businesses, equipment and individuals.

We will streamline the process of issuing licenses while ensuring licensees are competent and qualified.

Goal: REGULATION

Objective: To protect the public by enforcing laws administered by the agency.

We will employ knowledgeable staff and provide them with the training and technology needed to ensure licensees comply with the required regulations.

Goal: CUSTOMER SERVICE

Objective: To promptly respond to and address customer inquiries.

We will increase our knowledge of TDLR programs and respond accurately, courteously and timely to inquiries received by phone, fax, email, social media, and in person.

Goal: SKILLS

Objective: To attract and retain employees who are committed to outstanding service and performance.

We will provide essential training to staff and use retention bonuses, merit pay, and soft-dollar incentives to acknowledge employees that exemplify TDLR's Core Values.

Goal: LEADERS

Objective: To develop staff to meet current and future leadership needs.

We will evaluate competencies, provide developmental opportunities, offer cross-training and mentoring, and foster leadership skills.

C. CORE BUSINESS FUNCTIONS

TDLR's regulatory responsibilities cover a wide variety of businesses, equipment, and individuals. The agency is functionally aligned into seven areas to maximize effectiveness overseeing 25 diverse programs, including 126 license types and a licensee population that exceeds 650,000.

Administration

Leads TDLR through expertise in executive management, legal counsel, human resources, information technology, financial services, project management, process improvement, analytics, government affairs, communication, public relations, and support for the Commission and Advisory Boards.

Compliance

Provides program management, research, technical expertise, industry outreach, inspections; and monitors third-party reviewers and inspectors.

Customer Service

Assists the public and licensees through phone, email, social media, and personal contact.

Education and Examination

Reviews and approves pre-licensure and continuing education providers and courses; manages licensing examination development and delivery through a public-private partner.

Enforcement

Evaluates, investigates and resolves complaints; prosecutes violations.

Field Operations

Interacts with regulated industries throughout the state by performing inspections and providing industry outreach to ensure public safety and consumer protection.

Licensing

Processes applications; reviews qualifications and issues licenses or certificates of operation to qualified businesses, buildings, equipment, and individuals.

D. ANTICIPATED CHANGES TO MISSION, STRATEGIES AND GOALS

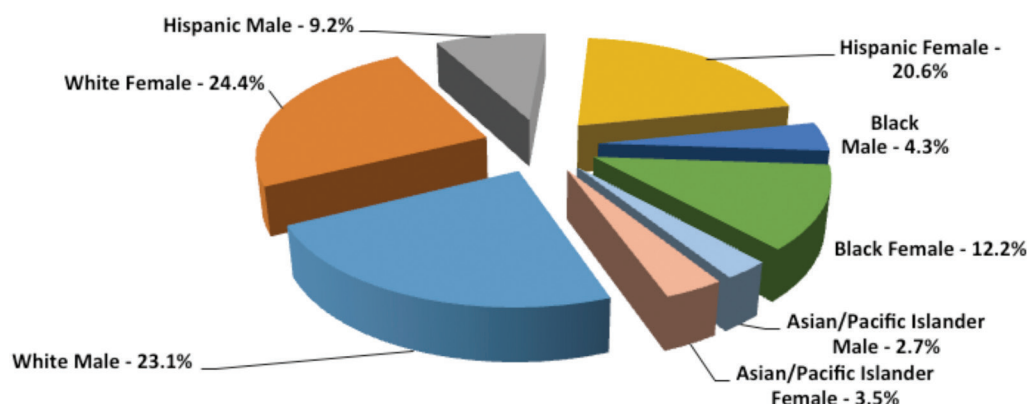
TDLR's mission statement, strategies and goals have been refined to more accurately reflect who we serve, what we do and how we do it.

TDLR's Current Workforce Profile

A. WORKFORCE DEMOGRAPHICS

The agency has an authorized workforce of 382.2 full-time equivalent positions for the 2014-2015 biennium, a 2.5 percent reduction from the previous biennium. Of these positions, 321.7 are located in Austin and 60.5 are in other locations around the state.

Fiscal Year 2014 Organization Profile (1st Quarter)



Commitment to Employing a Qualified and Diverse Workforce

TDLR employs a highly qualified workforce that reflects the diversity of Texas and provides equal opportunities to all employees and applicants.

In the first quarter of Fiscal Year 2014, over 60 percent of TDLR employees were female. The agency's workforce consisted of 29.8 percent Hispanic-Americans, compared to 23.8 of the State's workforce; 16.5 percent Black, and 6.2 percent Asian/Pacific Islander-Americans during this same period.

While the overall composition of the agency's workforce is diverse, TDLR continues to strive for diversity in all job categories.

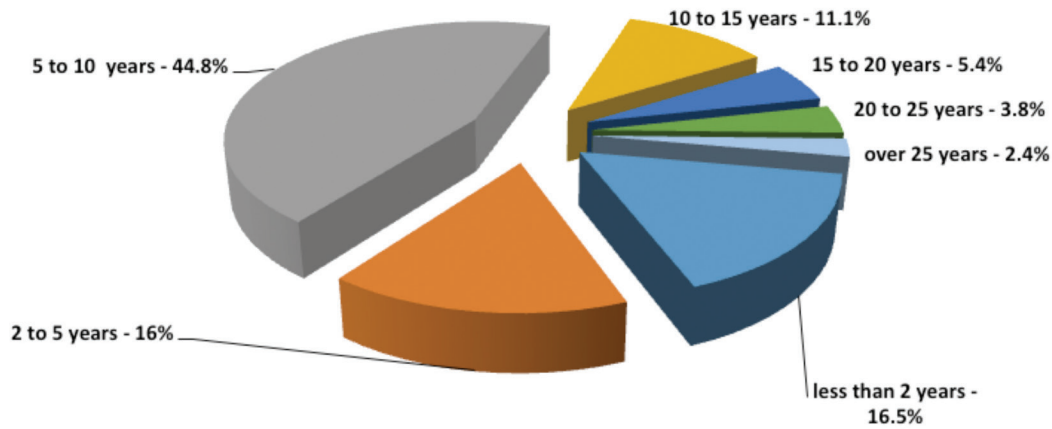
Fiscal Year 2014 Agency Workforce Composition (1st quarter)

JOB CATEGORY	BLACK		HISPANIC-AMERICAN		FEMALE	
	TDLR %	STATE %	TDLR %	STATE %	TDLR %	STATE %
Officials/Administrators	12.5	10.7	6.25	16.7	18.8	47.1
Professionals	19.6	14.4	25.0	19.3	58.7	50.4
Paraprofessionals	8.3	32.7	41.7	28.5	87.5	71.3
Technicians	9.7	21.0	28.0	31.6	28.0	59.1
Administrative Support	23.3	19.7	33.3	32.5	82.5	86.7

Experienced Workforce

Approximately 68 percent of our employees have five or more years of experience with agency programs and provide critical industry knowledge. Newer employees contribute new perspectives and challenge the status quo, improving our planning, processes, and services. This important mix of experienced and newer staff provides the formula from which TDLR is able to create innovative services to meet the needs of our customers, now and in the future.

Fiscal Year 2014 Employee Length of Service with Agency Programs (1st Quarter)



B. EMPLOYEE TURNOVER

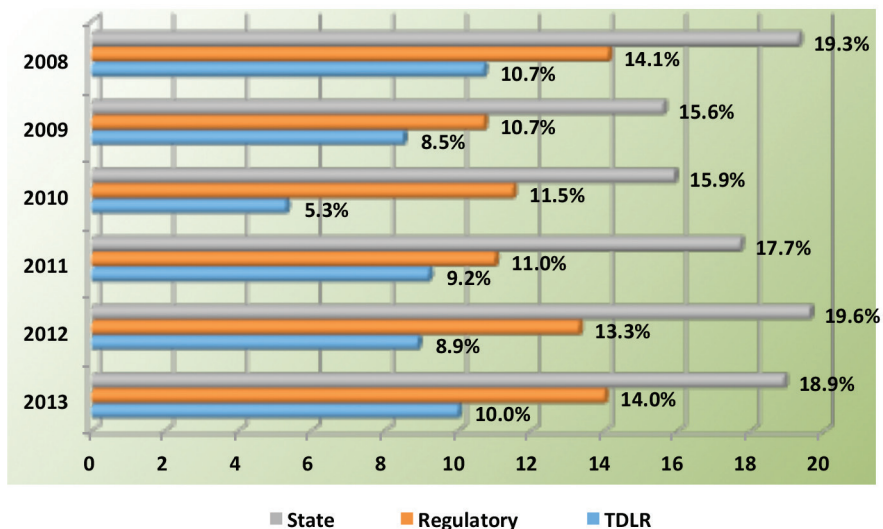
TDLR strives to maintain a diverse, skilled workforce by offering a positive work environment, opportunities for growth and a culture of respect. However, employee turnover challenges the agency's ability to address its current critical business and regulatory oversight needs. TDLR uses employee feedback from workplace surveys to further our practice of empowering our people and to identify ways to retain employees.

TDLR experienced approximately 10% employee turnover in 2013. Despite TDLR's efforts to promote a positive, empowering workplace, we found that 41% of departing employees left the agency for better pay and benefits. Most notably, 45% of those employees left for increases in annual salary of \$10,000 or more. Employees leaving for better pay will likely increase as the average salaries for 55 of the 66 job classifications used by TDLR are below the state average salaries for those same classifications. Retirement was the number two reason for separations, accounting for 27% of the turnover.

Projected Turnover

While TDLR's projected turnover rate for 2014 will continue to be below the state average, turnover is in danger of increasing if the agency is unable to offer competitive salaries.

TDLR, Regulatory Agencies and State Turnover Rates



Turnover Rates by Selected Positions

In Fiscal Year 2013, legal assistants, inspectors and attorneys comprised 18.6% of TDLR's employees yet accounted for 43 percent of the agency's turnover. Much of this turnover is due to TDLR's inability to pay competitive salaries.

Turnover by Classification Fiscal Year 2013

FY 2013 TURNOVER BY CLASSIFICATION	PERCENT OF TOTAL FTES	PERCENT OF AGENCY TURNOVER
Legal Assistants	7.3	18.9
Inspectors	7.6	13.5
Attorneys	3.7	10.8

Length of Service and Turnover

FTEs with 10 or fewer years of experience comprised 82% of employees. This group accounted for 78.4% of turnover. FTEs with more than 10 years of experience make up 18% of employees and this group accounted for 22% of turnover.

Length of Service with Turnover Rate

FY2013 LENGTH OF SERVICE	PERCENT OF TOTAL FTES	PERCENT OF AGENCY TURNOVER
Less than 2 years	15.9	16.2
2-5 years	22.6	24.3
5-10 years	43.4	37.9
10-15 years	8.5	13.5
15-20 years	5.3	8.1
20-25 years	2.1	0.0
Over 25 years	2.2	0.0

Age and Turnover

As a result of our aging workforce, we will inevitably see increases in the number of employees retiring. Over 15 percent of the agency's employees over the age of 60 retired from the agency in Fiscal Year 2013.

Age Distribution with Turnover

FY2013 AGE GROUPS	TOTAL FTES	PERCENT OF TOTAL FTES	TOTAL SEPARATIONS	PERCENT OF AGENCY TURNOVER
Under 30 years	6.25	1.7	0	0.0
30-39 years	69	18.7	8	21.6
40-49 years	131.25	35.5	6	16.2
50-59 years	108.25	29.3	9	24.3
60-69 years	49.25	13.3	12	32.4
70 years and over	5.50	1.5	2	5.4

C. INCREASED RETENTION

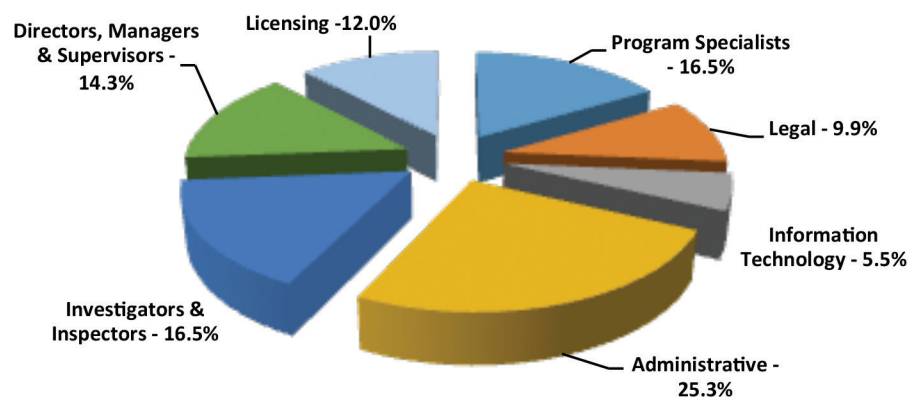
TDLR's turnover rate has remained significantly lower than the statewide rate for the past nine years as a direct result of leadership's commitment to maintaining a positive work environment. TDLR's recognition as one of "Austin's Top 25 Mid-sized Employers" by the Austin American Statesman in 2010, 2011 and 2013, demonstrates our level of success in providing a satisfying work environment. Our retention strategies include:

- career paths that ensure professional growth and advancement within the agency;
- on-the-job and cross-training to develop job-related skills and enrich professional and personal growth;
- flexible work hours, compressed work weeks and telecommuting opportunities;
- **open communication** between all staff, including opportunities for staff to give feedback through surveys regarding vital issues, offer suggestions, voice concerns, pose questions to the executive team, and recognize fellow employees through the agency's online forum "ThinkTDLR", employee brainstorming sessions, and staff meetings;
- empowerment of staff by supervisors to perform their duties efficiently;
- transparency by executive team who keeps employees informed regularly about issues affecting the agency through town hall meetings, and via internal "In the Loop" and "Under the Umbrella" emails;
- opportunities for employees to participate in activities instrumental to the agency's growth, such as program and bill implementation teams, bill and cost analysis teams, and strategic planning teams;
- the "You Can Count On Me" program to allow employees to recognize and reward their coworker's contributions to the agency's success by recommending four hours of administrative leave;
- length-of state service awards, including experience with TDLR and other state agencies;
- an on-site wellness program, to address nutrition, stress-relief, and fitness;
- a dynamic employee recognition team that regularly schedules activities to honor and recognize TDLR employees;
- special programs throughout the year to celebrate cultural diversity;
- retention bonuses for key staff, including technical and bilingual employees; and
- merit pay, one-time bonuses and equity adjustments.

D. RETIREMENT ELIGIBILITY

In 2013, 27 percent of the employees left the agency due to retirement. This rate is likely to increase as a quarter of TDLR's workforce will be eligible to retire within the next five years.

Retirement Eligibility by Job Category (through Fiscal Year 2019)



E. CRITICAL WORKFORCE SKILLS

Each employee's knowledge and skills contribute to TDLR achieving its vision, mission and goals. Our employees possess the following critical skills:

- creative leadership and change management;
- mentoring, coaching and project management;
- legislative analysis and stakeholder outreach;
- complex analytics, innovative problem-solving, and trend analysis;
- knowledge of and ability to implement statutes, rules and policies;
- technical knowledge of regulated industries;
- crisis management and media relations;
- providing quality customer service;
- expert inspection and investigation techniques;
- effective communication, including bilingual and plain language skills;
- sound legal and financial analysis;
- strategic recruiting and hiring of dedicated employees;
- astute fiscal and accounting services;
- expertise in information technology, telecommunications and social media; and
- forging professional partnerships with private sector vendors, municipalities and other state agencies

TDLR's Future Workforce Profile

TDLR's vision is to be the leader in public service by creating innovative, low cost licensing and regulatory best practices, and cultivating employees who provide exceptional customer service. We have a proven track record of success in streamlining processes, consolidating transferred agencies and implementing new programs. Our successes demonstrate to the Legislature that they, with confidence, can continue to assign and transfer licensing programs to TDLR, coupled with the necessary employees, appropriations and resources.

TDLR's regulatory responsibilities and licensee population have dramatically increased over the past ten years. The 2.5% reduction of FTEs made during the last legislative session needs to be restored, along with the corresponding legislative appropriations, for TDLR to effectively ensure the quality of service that the citizens of Texas deserve. TDLR needs additional appropriations to properly compensate current staff, attract qualified prospects and maintain current services.

A. FUTURE WORKFORCE NEEDS

Compliance

Technical experts whose unique skills and industry knowledge are critical to ensure understanding of and compliance with state regulatory requirements, specifically for the Air Conditioning and Refrigeration Contractors; Boilers; Cosmetology; Electricians; Elevators, Escalators and Related Equipment; Industrialized Housing and Buildings; and Towing and Vehicle Storage programs.

Customer Service

Trained and knowledgeable staff with strong written and oral communication, technological, bilingual and multi-tasking skills to meet the ongoing increase in volume and complexity of inquiries, including social media outreach.

Enforcement

Investigators, prosecutors, and legal assistants to resolve the increasing number of complaints in a timely and efficient manner.

Field Operations

Knowledgeable inspectors with strong written and oral communication, technological, bilingual and multi-tasking skills to meet the increased volume and complexity of performing inspections in multiple industries, and ability to educate licensees.

Licensing

Employees with the knowledge and analytical skills to process and review license applications for a growing number of businesses, facilities, equipment, and individuals.

Information Technology

Software developers, network specialists and cyber security personnel to develop, implement, support, maintain, and protect systems and innovative technologies.

B. EXPECTED WORKFORCE CHANGES

Expanding Responsibilities

With continued economic growth, the agency expects the number of licensees, inspections, and complaints to increase, resulting in a greater demand on our Compliance, Customer Service, Enforcement, Field Operations, and Licensing divisions and the Office of General Counsel. Identifying efficiencies and training personnel across functional areas and programs will continue to be of primary importance in order to handle the increased activity.

TDLR's workload will increase with the assignment of new or transferred programs to the agency as the legislature seeks efficiencies and cost-savings through consolidation of programs and licensing activities.

Information Technology

Each year our agency relies more and more on technology to increase operational efficiencies and to improve customer service. It is crucial to have employees proficient in developing and maintaining network and information systems as well as individuals able to adapt to and utilize new technology and associated changes to work processes.

Pending Retirements

The number of retiring employees who possess essential program knowledge demands improvements to the agency's salary resources and constant refinement of the agency's succession planning to attract qualified employees.

C. INCREASE IN NUMBER OF EMPLOYEES NEEDED

Staffing needs are determined by the complexity, size and number of programs regulated by TDLR. Our employee-to-licensee ratio remains the lowest among all Texas regulatory agencies. However, TDLR needs additional employees to continue delivering premier service in a cost-effective and prudent manner. Future efficiencies will depend upon receiving the necessary appropriations and staff.

A. ANTICIPATED SHORTAGE IN KEY STAFF

The agency has identified the following gaps between anticipated needs and current workforce:

- The number of applicants qualified and interested in administering technical programs continues to decline due to the higher salaries offered in the private sector. Currently, TDLR is unable to attract technical experts that possess the required skills for the Air Conditioning and Refrigeration Contractors; Architectural Barriers; Boilers; Elevators, Escalators and Related Equipment; and Industrialized Housing and Buildings programs.
- Within the next five years, 25% of our entire workforce will be eligible for retirement. Forty-six percent of TDLR's executive leadership team, who possess highly specialized skills, leadership ability, and technical knowledge, will be eligible for retirement in the next five years.
- Budget constraints have limited TDLR's ability to offer and maintain competitive salaries for staff; these constraints have adversely impacted TDLR's ability to recruit and retain qualified employees.

B. ANTICIPATED SHORTAGE OF SKILLS

TDLR aggressively recruits, employs and trains a diversely skilled staff, but we project a shortage of skills in the following areas:

Key Positions

A significant number of employees identified as eligible for retirement are in leadership and other key positions requiring critical program knowledge. We continue to focus on these key positions in our succession planning to assure successful administration of programs without interruption, including hiring and developing additional employees for "bench strength", training and mentoring critical staff, and providing leadership development opportunities.

Training

As the agency's responsibilities have grown, so has the need for training. Competent, cross-trained and technology-proficient employees are vital for the continuity of services and successful program implementation. Additionally, the agency's continued investment and participation in the Governor's Executive Development Program (GEDP) is essential to developing innovative solutions for smaller smarter state government.

Communication Skills

TDLR foresees difficulties maintaining its diversely skilled staff in positions requiring customer interaction including those with bilingual, plain language and social media skills. Retention bonuses are a tool TDLR uses to retain skilled bilingual staff, but the number awarded is limited by budget.

Information Technology

TDLR continues to increase its reliance on information technology and improve our efforts to increase information systems security, leading to additional staffing needs in this area. However, it is difficult to attract and retain qualified personnel to fill these positions due to higher salaries offered in the private sector.

Strategy Development

The following goals outline how TDLR will address our anticipated workforce gaps:

Issue: Retirements create a significant loss of valuable experience and technical knowledge.

Goal: Continue developing leaders to maintain successful administration of programs.

Rationale: Directors, managers, and staff who possess vital technical knowledge are eligible for retirement.

Action: Agency leaders continue to provide opportunities for leadership training, including book clubs, conversations in leadership, as well as formal leadership programs (such as GEDP). Additionally, special assignments such as legislative analysis, program implementation, and strategic planning provide opportunities for employees to develop core leadership competencies.

Issue: Budget constraints limit our ability to attract and retain the best employees for each job.

Goal: Attract and retain highly qualified employees.

Rationale: TDLR is hindered in its ability to hire and retain qualified employees who contribute to our continued success, especially those with technical or specialized expertise.

Action: Agency leaders will seek appropriations to fund competitive salaries, merit increases, training, license reimbursements, and retention bonus contracts. In the meantime, we will continue to enhance TDLR's work environment by offering flexible work schedules, telecommuting opportunities, employee recognition, and promoting the tuition reimbursement and wellness programs to hire and retain qualified employees.

Issue: Improve critical and future workforce skills.

Goal: Enhance the skills of our workforce.

Rationale: A capable, competent, and qualified workforce is critical to the agency achieving its mission.

Action: Agency leaders will provide coaching, mentoring, cross-training and learning opportunities on new technologies, industry practices, and agency laws and rules. TDLR will also offer online training resources and educational tools as appropriate.