

APPENDIX F

Texas Department of Licensing and Regulation Workforce Plan

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 71st 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 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.

During the 81st Legislative Session the agency's growth trend continued with three transferred programs, expanded duties for two existing programs, and two newly created programs for TDLR to administer. The Board of Tax Professional Examiners and the Polygraph Examiners Board were abolished and their respective functions were transferred to TDLR; regulation of used automotive parts recyclers was transferred to TDLR from The Texas Department of Transportation; and the towing program was expanded by the creation of a dual license for towing and vehicle storage facilities as well as a training license for towing operators. The Legislature also added the regulation of vehicle booting by private entities in parking facilities to the towing law. Identity recovery, a new program, was given to TDLR and the scope of work allowed under the existing residential appliance installer license was expanded to include the electrical maintenance work on residential pools and spas.

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, tow truck companies, 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 six years, additional responsibilities in the electricians, air conditioning and refrigeration, property tax professionals, polygraph examiners, combative sports, barbers, cosmetologists, tow truck, vehicle storage facilities, and vehicle booting programs have been added to our regulatory responsibilities and our workforce has nearly tripled.

A. AGENCY VISION, MISSION AND PHILOSOPHY

Our vision is to be the nation's premier state agency.

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 and 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: LICENSING

Objective: To effectively serve the public by licensing, certifying, and registering qualified individuals and businesses, and provide information concerning the regulated industries.

Strategies:

- Minimize costs of issuing and renewing licenses.
- Issue and renew licenses in a timely manner, ensuring licensees are competent and qualified.
- Share information about regulated industries.

Goal: ENFORCEMENT

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

Strategies:

- Conduct inspections.
- Investigate and prosecute unlawful activity.
- Minimize costs of complaint resolution.

Goal: CUSTOMER SERVICE

Objective: Maintain a customer-focused agency culture by improving the quality of services we provide.

Strategies:

- Increase the timeliness and usefulness of information.
- Improve the delivery, accuracy, and dissemination of information.
- Continuously improve the quality, efficiency, and accessibility of services and information with the help of third-party vendors as appropriate.

Goal: SKILLS

Objective: Attract, develop, and retain a skilled workforce committed to outstanding performance.

Strategies:

- Identify training needs and determine cost-effective methods of delivery.
- Provide essential training by function, division, and section.

- Use retention bonuses, merit pay increases, and flexible working hours to reward staff.

Goal: LEADERS

Objective: Grow leaders to prepare for organizational and personnel changes, including increased responsibility and anticipated retirements.

Strategies:

- Evaluate the functions and duties of positions.
- Identify and create developmental opportunities such as cross-training and mentoring.
- Identify and cultivate the skills of potential organizational leaders.

C. REGULATORY FUNCTIONS

The scope of TDLR's regulatory work is unmatched in state government, covering a wide variety of businesses, industries, trades, and occupations – from boxing and electricians to manicure salons and tow trucks. The department oversees 29 diverse statutes with 142 license types and a licensee population of more than 620,000. TDLR has organized its operations into six functional areas to maximize efficiency and effectiveness:

- Administrative – provides expertise in executive management, legal counsel, human resources, information technology, financial services, government relations, and Commission and advisory board support;
- Compliance – performs inspections and plan reviews, provides industry and technical expertise, and monitors third-party inspectors and plan reviewers;
- Customer Service – helps licensees and the public by answering questions received on the telephone, by email, and from face to face contacts;
- Education and Examination – reviews and approves education courses and providers, and manages examination functions;
- Enforcement – opens and investigates complaints and criminal convictions, and prosecutes violators; and
- Licensing – processes applications and issues licenses to qualified individuals, equipment, and businesses.

D. ANTICIPATED CHANGES TO MISSION, STRATEGIES AND GOALS

TDLR's core mission, strategies, and goals remain the same. However, we anticipate the following considerations for our workforce:

- As TDLR relies more and more on technology to deliver our services, we will need to provide our staff with additional cost-effective training and make sure employees improve their knowledge and skills in using these tools.

The agency's continued level of excellence will result in additional responsibilities, FTEs, and adjustments in our processes to maintain and increase productivity.

TDLR's Current Workforce Profile

A. WORKFORCE DEMOGRAPHICS

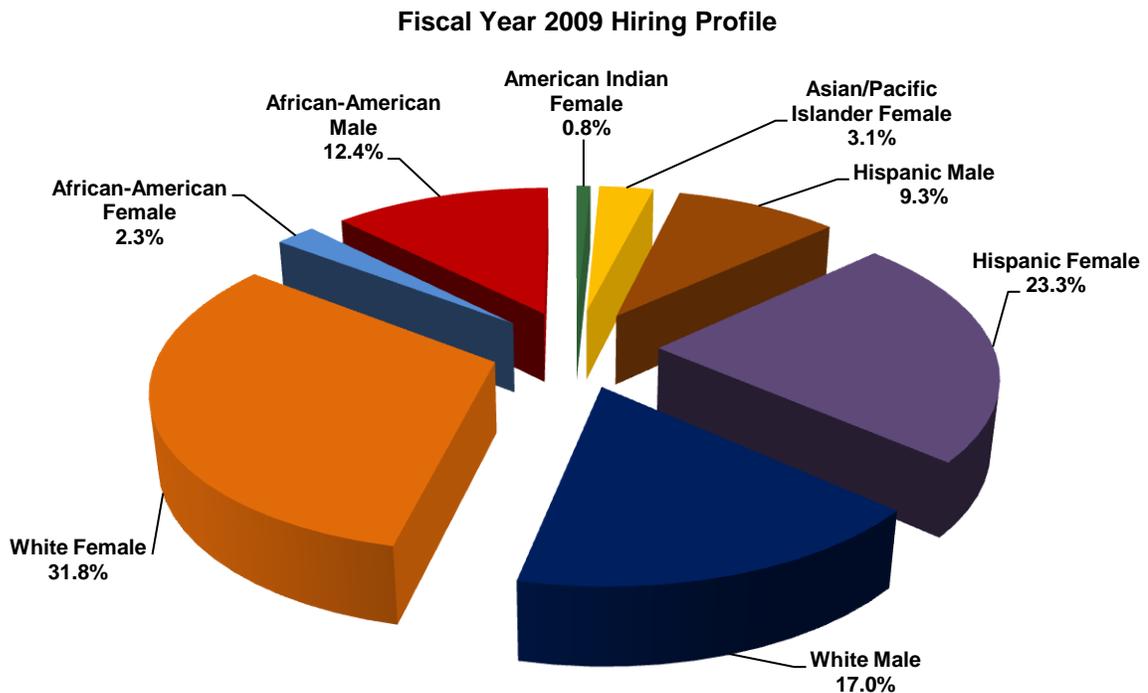
TDLR's dedicated and knowledgeable staff administer 25 diverse programs. For the 2010 – 2011 biennium the agency has an authorized workforce of 401.7 full-time equivalent positions (FTEs), a 5.8 percent increase over the last biennium. The new FTEs have come as a result of

new responsibilities assigned to TDLR by the 81st Legislature, including the regulation of Property Tax Professionals, Polygraph Examiners, Vehicle Booting, and Used Automotive Parts Recyclers. Of the 401.7 FTEs, 327.7 are located in the Austin headquarters and 74 work in field locations around the state.

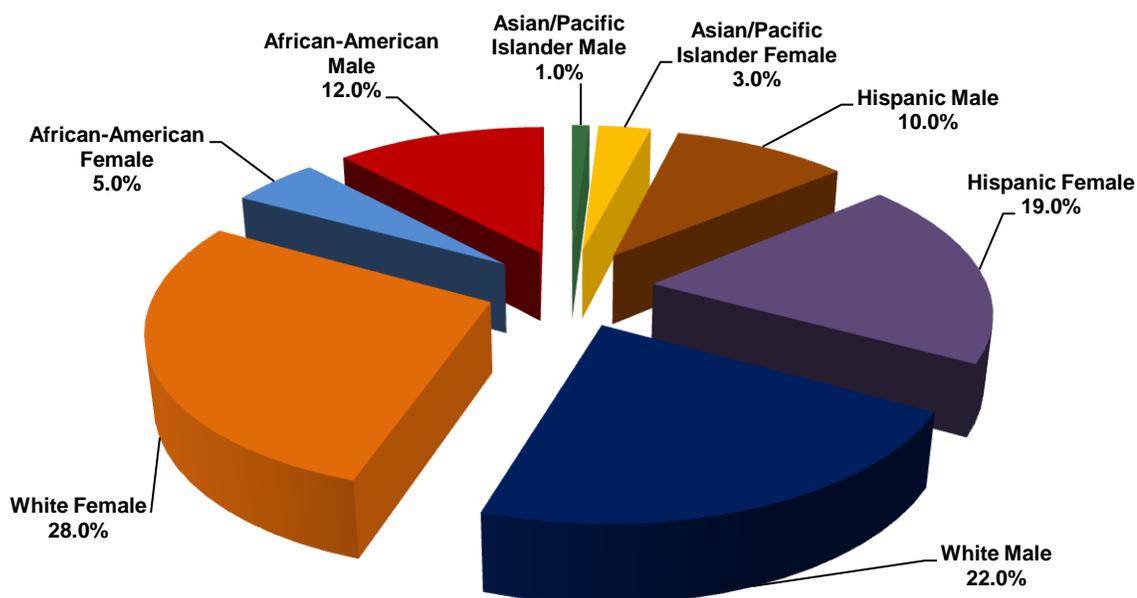
Commitment to Employing a Qualified and Diverse Workforce

Consistent with TDLR’s core values of respect and integrity, we meet our commitment to provide equal employment opportunities to all employees and applicants. We retain and recruit a highly qualified workforce that reflects the diversity of Texas. The charts below show the demographic distribution of the 57 new employees hired in fiscal year 2009 and the 23 hired in fiscal year 2010 through the second quarter.

The charts below show the agency’s demographic hiring profile for fiscal year 2009 (57 new employees hired) and the agency’s demographic organizational profile for fiscal year 2010 through the 2nd quarter (384 FTEs).



**Fiscal Year 2010 Organization Profile
(through 2nd Quarter)**



TDLR’s workforce was 29 percent Hispanic-American, 17 percent African-American, and 4 percent Asian-American in the second quarter of fiscal year 2010. More than half of the workforce was female. The following table further illustrates that diversity, comparing the percentage of African-American, Hispanic-American, Asian-American, and female TDLR employees to the statewide civilian workforce, thru that same time period.

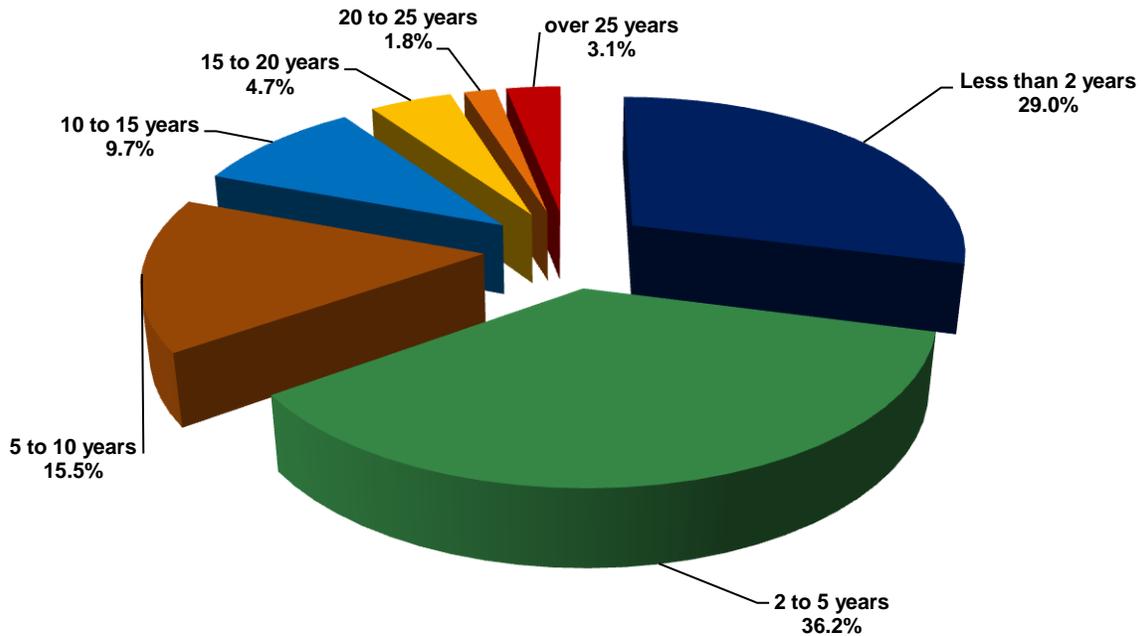
Agency Workforce Composition

JOB CATEGORY	AFRICAN-AMERICAN		HISPANIC-AMERICAN		FEMALE	
	TDLR %	STATE %	TDLR %	STATE %	TDLR %	STATE %
Officials/Administrators	16.7	10.3	5.6	14.6	29.0	45.9
Professionals	16.25	16.0	22.5	20.7	53.0	54.1
Paraprofessionals	9.4	19.8	34.0	30.2	80.0	77.0
Technicians	9.4	12.9	26.4	25.5	37.3	47.7
Administrative Support	24.4	18.8	37.0	31.4	85.6	88.0

Experienced Workforce

In 2005, TDLR had 184.5 FTEs; by 2010, that number grew to 401.7. TDLR values all of its employees – those who have long and valuable experience with agency programs, as well as new additions to the team who bring innovative ideas from outside sources. Nearly 35 percent of our employees have five or more years of experience with agency programs. These employees provide knowledge and industry expertise and contribute to the agency’s positive customer relationships and strategic planning process. Newer employees contribute new ideas that improve our planning, processes, and services. Both are essential to the continued growth and success of the agency. The following chart shows a breakdown of our employees’ length of service with agency programs.

Employee Length of Service With Agency Programs FY 2009



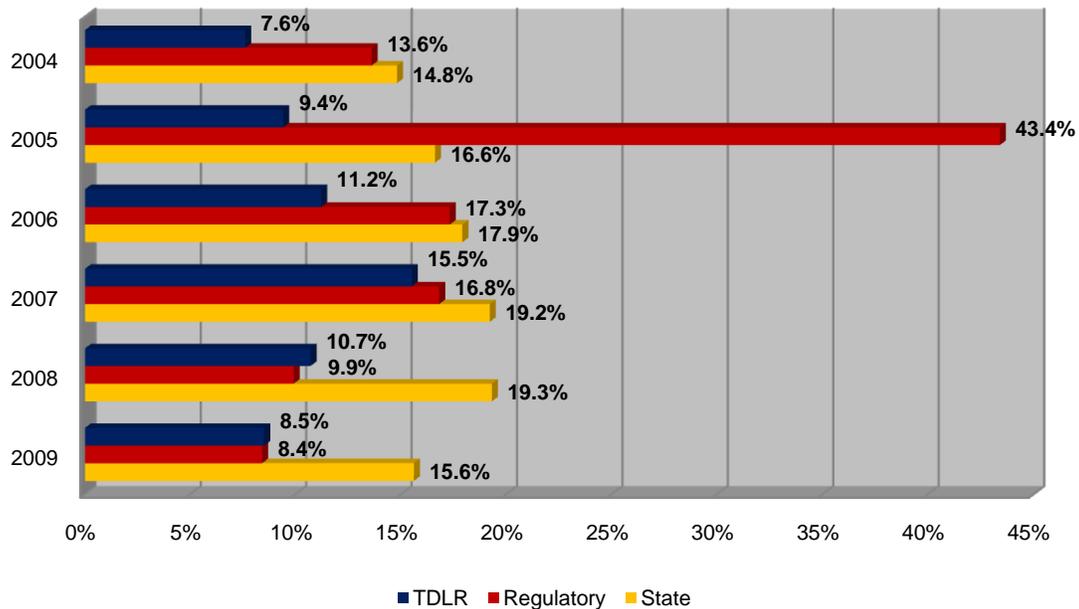
B. EMPLOYEE TURNOVER

To attract and retain a qualified and motivated staff, TDLR provides challenging work with an opportunity for growth in an employee-friendly environment. TDLR has fostered a satisfying work environment as shown by the fact that 84 percent of the people responding to the 2008 and 2009 State of Texas Employee Exit Survey indicated they would want to work for TDLR in the future.

Projected Turnover

TDLR's turnover rate remains significantly lower than the statewide turnover rate. This trend is expected to continue as the economy remains in decline, limiting availability of private and public sector jobs. TDLR projects a turnover rate of 7.5 percent for fiscal year 2010. This is a considerable decrease from fiscal years 2006 and 2007, when employees seeking other professional opportunities or better pay and benefits contributed to higher turnover.

Statewide, Regulatory Agencies and TDLR Employees



TDLR offers a comprehensive compensation package to attract, motivate, and retain highly skilled and knowledgeable employees. This includes full use of salary ranges, performance awards, and retention and recruitment bonuses. The reduction of these benefits limits TDLR’s ability to attract and retain employees. Further reductions in health insurance will discourage people from state employment.

Turnover Rates by Selected Positions

In fiscal year 2009, investigators and customer service representatives contributed to nearly 50 percent of the agency’s turnover rate.

FY 2009 TURNOVER BY CLASSIFICATION	PERCENT OF TOTAL FTES	PERCENT OF AGENCY TURNOVER
Customer Service Representatives	10.0	16.1
Investigators	20.0	32.3

While our turnover rate has remained lower than the state average for nearly a decade, we still look for ways to improve the work experience by monitoring the reasons employees leave. When they resign or retire we ask them to complete a survey sharing their reasons for leaving. We analyze their responses to develop and make changes that will further improve the environment for employees at TDLR.

Length of Service and Turnover

TDLR has improved the retention of employees who embody our core values, who are the best fit for the position, and who are able to adapt and thrive in our culture. The higher turnover rate of employees with less than two years of service indicates a need to refine our selection process.

FY 2009 LENGTH OF SERVICE	PERCENT OF TOTAL FTES	PERCENT OF AGENCY TURNOVER
Less than 2 years	42.1	64.5
2-5 years	28.8	6.5
5-10 years	14.3	9.7
10-15 years	6.6	3.1
15-20 years	4.1	6.5
20-25 years	1.8	0.0
25-30 years	2.3	9.7

Age and Turnover

The number of employees under the age of 30 has increased, while the turnover rate decreased from 15 percent in fiscal year 2007 to 0 percent in fiscal year 2009 indicating the agency is succeeding in recruiting and retaining younger workers. However, the chart below demonstrates a higher turnover in comparison to the agency population for those employees over the age of 60 with 86 percent of those employees separating due to retirement.

FY 2009 AGE GROUPS	PERCENT OF TOTAL FTES	PERCENT OF AGENCY TURNOVER
Under 30 years	5.0	0.0
30-39 years	23.0	29.0
40-49 years	34.2	22.6
50-59 years	26.3	25.8
60-69 years	10.9	19.4
70 years and over	.6	3.2

C. INCREASED RETENTION

TDLR’s turnover rate has remained significantly lower than the statewide rate for the past five fiscal years. The agency’s low turnover rate is a direct result of management’s commitment to develop and retain a qualified workforce. Our retention strategies include:

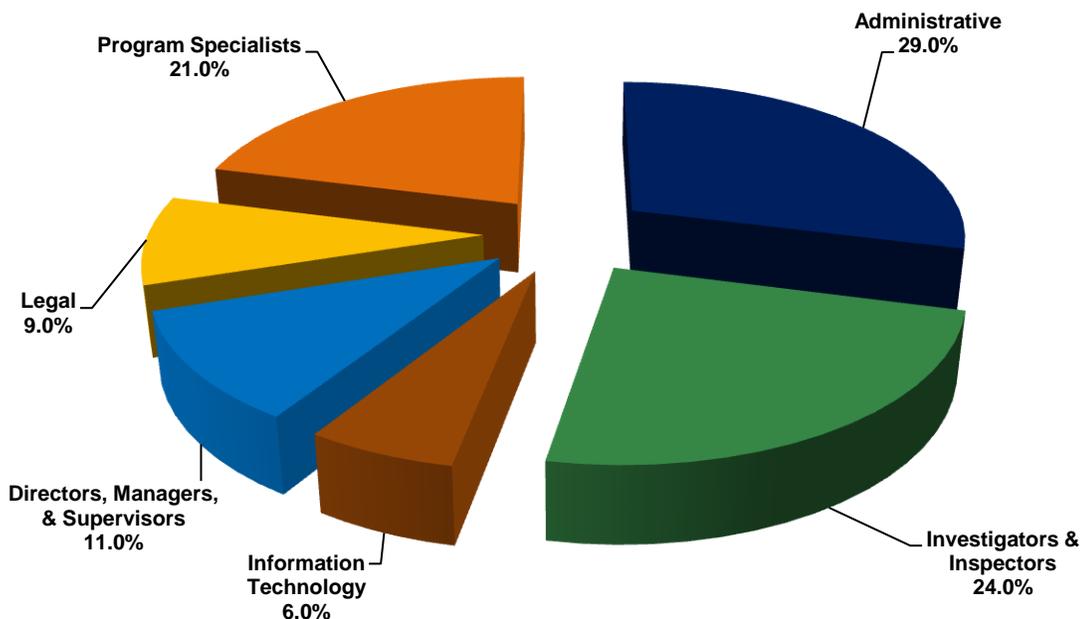
- flexible work hours and compressed work weeks;
- merit pay designed to reward star performers;
- full use of the salary ranges;
- retention bonuses for critical staff, including bilingual employees;
- “You Can Count on Me” program, facilitating co-worker recognition of teamwork, customer service, and exceptional performance;
- Wellness Program – onsite nutritional, stress-relief, and fitness programs including participation in the Governor’s Challenge;
- length of service awards; and
- internal brainstorming sessions, surveys, and a suggestion box where the executive management responds to feedback received from employees.

Organizational improvements and our focus on stronger leadership, improved communication, aggressive employee development, and a satisfying work environment are important factors in our high retention rate. TDLR's success is a result of recommended changes through employee feedback, garnered through such tools as the Survey of Organizational Excellence.

D. RETIREMENT ELIGIBILITY

TDLR monitors and analyzes the reasons employees leave the agency. In fiscal year 2009, 26 percent of the separations were due to retirement. This is likely to increase as more than a quarter of our workforce will be eligible to retire within the next five years. Retirement eligibility is particularly high in the administrative, investigator, and inspector classifications. Program specialists make up 19 percent of those eligible to retire. To address this impending retirement the agency is growing leaders and targeting its recruitment for anticipated needs in highly technical areas. The following chart reflects the percentage of employees eligible for retirement by job category.

Retirement Eligibility by Job Category (through calendar year 2015)



E. CRITICAL WORKFORCE SKILLS

TDLR relies on each of its employees to achieve the agency's mission and goals. Their critical workforce skills include:

- leadership and coaching;
- legal analysis;
- financial analysis;
- project management;
- customer service;
- ability to analyze and solve problems;
- ability to anticipate trends and adjust accordingly;
- ability to interpret and apply statutes and policies;
- technical knowledge for the programs we regulate;
- information technology and telecommunications expertise; and

- plain language skills – oral and written communication.

TDLR’s Future Workforce Profile

A. CRITICAL FUNCTIONS AND ANTICIPATED WORKFORCE SKILLS

TDLR’s vision is to be the nation’s premier state agency, and our proven track record establishes our qualifications. In an economy where consolidation of government is expected, our successful implementation of new and transferred programs demonstrates to the Texas Legislature that it can continue to assign and transfer programs to us with confidence.

As the chart shows below, TDLR’s regulated programs, licensee population, and our full-time equivalent employees have increased over the past eight fiscal years. The personnel necessary to effectively administer any new or transferred programs will have to rise accordingly.

YEAR	PROGRAMS REGULATED	LICENSEE POPULATION	FTES	RATIO OF LICENSEES TO FTES
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
2009	25	604,616	379.5	1,593
2010	25	626,000	401.7	1,558

Although the number of support staff may nominally increase, we anticipate growth to occur primarily in the following functional areas:

Compliance – to help ensure compliance with regulatory requirements, we will continue to attract and retain highly qualified technical staff and industry experts, such as program specialists and inspectors who are well trained in monitoring, educating, and cross-training others, and bringing their unique technical skills and knowledge to the administration of programs.

Customer Service – the volume and complexity of inquiries (telephone, email, and walk-ins) will increase, requiring additional staff with contact center experience, and strong interpersonal, technological, and bilingual skills. Additionally, as the department expands its outreach efforts to include outlets such as facebook, myspace, and twitter the agency will need to train and attract employees with social media skills.

Enforcement – an increase in the number of complaints received will result in the need for more 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 the number of license types and the knowledge required to review those applications to make sure that licenses are issued to qualified applicants will require the agency to hire more people with analytical and problem solving skills. Bilingual employees will also be needed.

TDLR is poised to accept any additional responsibilities, but doing so will require employees who excel in the areas of process analysis, creative thinking, and communication. Future TDLR employees will need to adapt to our performance-based culture, requiring us to train leaders with specific skills in project management and change leadership.

Expected Workforce Changes

- Expanding Responsibilities – An increase in licensees, inspections, and complaints will require our investigative and inspection staff to assume additional duties, learn new programs, and streamline our inspection and investigation processes. Training of all employees across functional areas and program types will continue to be important so that employees understand how their responsibilities affect other areas and contribute to achieving the agency’s mission and goals.
- Decreasing Pool of Employees in Technical Areas – The pool of experienced applicants continues to shrink. We rely on employees with skills in technical areas such as architectural barriers, water well drillers, water well pump installers, and boilers. Our experienced program specialists and inspectors develop and cross-train current and new employees.
- Technological Advances – As TDLR increases its reliance on information technology, the development of software and systems maintenance necessary to respond to customer needs, provide quality services, and conduct day-to-day business operations will be critical. Our increasing reliance on technology requires employees who are proficient in such technologies.
- Aging Workforce and Pending Retirements – Our aging workforce and increased number of retiring employees demands constant refining of the agency’s succession planning efforts.

B. ANTICIPATED INCREASE IN NUMBER OF EMPLOYEES

In the last four Legislative sessions, TDLR received additional regulatory programs, along with additional staff to administer those programs. Nonetheless, the agency's ratio of employees to licensees remains the lowest among all regulatory agencies. This ratio demonstrates our ability to deliver premier services in a cost-effective and prudent manner within our limited resources.

Our past success suggests more programs will be transferred to TDLR. Future staffing needs will be determined by the statutory objectives of the programs transferred and how easily the programs can be incorporated into our business model.

Should future Legislatures assign additional programs to TDLR, we are poised to accept and successfully carry out any new responsibilities. A corresponding increase in FTEs is necessary to achieve effective administration. Although the number of support staff may nominally increase, most of the increase would occur in our compliance, customer service, enforcement, and licensing divisions.

Gap Analysis

A. ANTICIPATED SHORTAGE IN STAFFING LEVELS

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

- The pool of qualified applicants for our technical programs such as architectural barriers, boilers, field inspectors, water well drillers and pump installers has declined significantly as fewer applicants possess the necessary experience. Additionally, the pay and benefits of the private sector compounds the challenge in hiring and retaining technically skilled employees.
- Currently 25 percent of our workforce is or will become eligible for retirement within the next five years, including the executive director and eight percent of our directors and managers. Included in these potential retirements are staff with highly specialized skills, leadership ability, and technical knowledge.
- Although 81 percent of new employees hired in fiscal year 2008 continue working here, 48 percent of the separations occurred within the first six months of their employment. This indicates a need to improve and strengthen our hiring practices to ensure that we effectively communicate our expectations.

B. ANTICIPATED SHORTAGE OF SKILLS

TDLR realizes its employees continue to need training in critical and future workforce skills. We work to ensure that our workforce has the appropriate skills, knowledge, and motivation to achieve the agency's vision, mission, and goals.

- A large number of employees identified as eligible for retirement are either in management positions or positions requiring critical technical knowledge. We continue to focus on these key positions in our succession planning to ensure that we successfully administer our programs without interruption. Succession planning includes training, mentoring, cross-training for technical program positions, and leadership development.
- TDLR's history of receiving new responsibilities has continued bringing our managers to the reality that change is a constant. To choose suitable approaches to implement change, motivate employees to welcome change, and develop strategies to support our goals. We

- then apply our performance-based culture to support new structures and processes through coaching, communication, critical thinking, leadership, and project management.
- As our regulatory responsibilities grow, cross-training of employees within functional areas is important. Our employees embrace the agency's philosophy of excellent customer service and understand how their performance affects other areas and helps achieve the agency's vision, mission, and goals.
 - A diversified, well-trained staff allow TDLR to serve more customers who speak languages other than English. Although we increased our number of bilingual staff, we continue to focus on the recruitment and retention of bilingual employees in positions requiring customer contact. The department uses retention bonuses to retain bilingual employees. In fiscal year 2009, 15 percent of our staff received a bilingual retention bonus.
 - Our increasing dependence on technology requires employees with programming and networking skills. To retain these vital skills, retention bonuses are provided to all eligible technology staff.

Strategy Development

TDLR developed the following goals to address the anticipated workforce gaps. These goals will allow us to maintain quality employees and retain a capable and committed workforce.

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

Goal: Grow leaders to replace retiring key staff thereby maintaining continuity in leadership and service quality.

Rationale: The majority of retirements over the next five years will be executive level, managers, and staff who possess critical technical skills and knowledge. We will continue to identify and analyze these key positions and prioritize core competencies.

Action Steps:

- Work with executive management to identify opportunities for management level training, cross-training, and involvement on specific agency teams, such as new program implementation, strategic planning, and legislative teams.
- Increase the use of mentorship programs to minimize potential skill shortages.
- Maintain written procedures to capture and transfer knowledge.

Attracting and retaining the best employees for each job.

Goal: Attract qualified employees with skills to help the agency perform with excellence.

Rationale: Recruiting and retaining employees who can contribute to achieving TDLR's goals and objectives are crucial to our continued success.

Action Steps:

Recruitment

- Target recruiting efforts based on agency priorities and changing workforce needs, not specific job vacancies.
- Continue to broaden the scope of recruiting to attract a diversified workforce, using TDLR's email notification system, website, and bulletin boards, as well as job banks, newspaper advertisements, and Internet recruiting sources.

Retention

- Use pay incentives to attract and retain skilled staff.
- Continue to recognize and reward employees through the Employee Recognition Team.
- Expand the use of alternative work schedules, telecommuting opportunities, and the Wellness Program.

Improving critical and future workforce skills.

Goal: Enhancing the skills of our quality workforce.

Rationale: A trained, capable, and motivated workforce is critical for the agency to accomplish its mission.

Action Steps:

- Develop training to teach managers recruitment techniques, performance development, and retention strategies.
- Continue to train employees on skills needed to maximize the use of new technologies.
- Cross-train employees in functional areas so they understand how their responsibilities and performance affect the agency as a whole.
- Use brainstorming sessions, surveys, and follow-up meetings with agency employees to identify training needs.