

TEXAS ALCOHOLIC BEVERAGE COMMISSION STRATEGIC PLAN

Fiscal Years 2015-2019



TABC

P.O. Box 13127 • Austin, Texas 78711-3127
Phone 512-206-3333 • www.tabc.texas.gov

Service • Courtesy • Integrity • Accountability

AGENCY STRATEGIC PLAN

For The Fiscal Years 2015-2019 Period



BOARD MEMBERS	DATES OF TERMS	HOMETOWNS
José Cuevas, Jr., Chair	October 14, 2004 – November 15, 2015	Midland
Steven M. Weinberg, MD, JD	February 27, 2008 – November 15, 2017	Colleyville
Melinda S. Fredricks	November 4, 2008 – November 15, 2013	Conroe

June 1, 2014

SIGNED:

A handwritten signature in black ink that reads "Sherry K. Cook".

Sherry Cook, Executive Director

APPROVED:

A handwritten signature in black ink that reads "Jose Cuevas".

José Cuevas, Jr., Chair

This version of the Strategic Plan was updated in September 2014 to reflect performance measures approved by the Legislative Budget Board.

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EXECUTIVE SUMMARY

The Texas Alcoholic Beverage Commission (TABC) is the state agency that regulates all phases of the alcoholic beverage industry in Texas. The duties of the commission include regulating sales, taxation, importation, manufacturing, transporting and advertising of alcoholic beverages.

The TABC collects in excess of \$200 million annually in taxes and fees, which aids in the financing of the state's public schools, local governments, research, human services and other areas in which state government provides services to all Texans.

The Alcoholic Beverage Code authorizes the Texas Alcoholic Beverage Commission to:

- Grant, refuse, suspend, or cancel permits and licenses in all phases of the alcoholic beverage industry;
- Supervise, inspect and regulate the manufacturing, importation, exportation, transportation, sale, storage, distribution and possession of alcoholic beverages;
- Assess and collect fees and taxes;
- Investigate for violations of the Alcoholic Beverage Code and assist in the prosecution of violators;
- Coordinate with federal, state and local law enforcement agencies in the investigation of organized criminal activity that has a nexus with the sale of alcoholic beverages;
- Seize illicit beverages;
- Approve labels for malt beverage, wine and distilled spirits products sold in Texas;
- Pass rules to assist the agency in all of the above.

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

The TABC has a wide and varied group of customers throughout the state. Not only does the agency focus on its most immediate group -- the alcoholic beverage industry -- it must also give adequate attention and concern to the issues of the general public, law enforcement groups, educators, various coalitions and public interest groups concerning the regulation of alcoholic beverage sales. The agency sought input during the strategic planning phases from all areas, including its own employees.

Beginning in January 2014, the agency conducted strategic planning sessions involving headquarters and field staff, management and line staff, as well as external stakeholders. Facilitators conducted staff meetings, presenting the results of the Survey of Employee Engagement and providing employees with the opportunity to brainstorm concerns and recommendations on how to improve their workplace experience.

Service Population Demographics

External factors that limit the agency's efficiency and effectiveness include:

- Steady growth in the state's population, averaging two percent per year between fiscal years 2015 and 2019, will affect demand for agency resources.
- Young adults between the ages of 18 and 24 are expected to grow eight percent between 2015 and 2019. This particular age group has greater impact on TABC operations than any other segment of the general population. Its growth relative to the agency's resource base will most definitely stress those resources.
- The growth rate of other ethnic groups will greatly outpace that of the Anglo population in coming years. The most crucial challenge confronting the agency will be the need to ensure that agency personnel can communicate clearly and effectively with foreign-born citizens and licensees who may have limited knowledge of the English language.
- From 2008 to 2014, the number of wholesale and manufacturing businesses in Texas grew by an impressive 50 percent (from 587 to 879 businesses), with almost all of the growth attributable to increases in the number of licensed in-state wineries, breweries and distilleries. Continued growth in the industry without a concurrent increase in agency resources could become a challenge for the commission.

Information Resources

The most significant impact of technology on current operations is the need to provide convenient mechanisms for citizens and regulated entities to interact with TABC (citizen focus), while simultaneously maintaining the agency's legacy applications used by TABC employees (customer focus). Investing in technology is necessary to provide the level of service expected by citizens. While the return on technology investment is rarely monetary, the gain in terms of improved customer service and efficiency is invaluable.

The public expects more interaction with TABC through online transactions, social media, and mobile applications. Therefore, TABC has developed a model where TABC can continue to serve internal customers but also develop new capabilities for citizens (see Figure 20 TABC IT Maturity Model diagram). TABC continues to follow the model: some legacy systems must still be simplified and standardized, but each technology project is evaluated for its contribution to TABC's IT maturity level.

The Internet continues to be an integral tool for communicating with regulated entities and the general public, as well as the mechanism for processing business transactions. For example, the agency continues to improve its online searchable database Public Inquiry to provide current, comprehensive and transparent agency information in a highly accessible and usable fashion. The agency has also continued to launch additional license and permit types eligible to renew online.

Technology refresh is critical to ensure the infrastructure and software is dynamic and able to support the growth and changes required to meet business needs. Modernization of hardware and software—through replacement or extending compatibility with new systems—can be expensive and complex. However, failure to modernize technology may cause an organization to become trapped in obsolete technology that costs more to operate with fewer benefits.

TABC has developed a comprehensive technology roadmap that links TABC's business needs with industry trends. Beyond the roadmap, TABC has also developed a comprehensive project portfolio, which prioritizes technology initiatives over a horizon of five years. Over 100 distinct technology initiatives needed throughout the agency are documented and prioritized on the agency Project Portfolio. Of these projects, over 40 of them are active, with the remaining projects awaiting internal resources or funding to become available.

Highlights of the roadmap and portfolio are described in TABC Enterprise Technology Strategy and Technology Initiative Alignment sections of this strategic plan.

Education and Prevention Efforts

Underage alcohol consumption has been a primary focus of the agency for many years and will continue to garner great attention and effort by the TABC. The number of higher education facilities and students in the state will require additional attention by the agency to address the problem of binge drinking involving young people who are under and over 21.

Research findings related to driving while intoxicated, as well as the continued fatalities experienced on Texas roads, are of grave concern to the TABC. The agency has a duty to regulate and police all businesses that sell alcoholic beverages, with the purpose of protecting the public from harm. At the same time, however, it must use fair and reasonable methods as it tries to fulfill this duty and not cause undue disruption of the businesses it regulates.

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

Legal Issues

Recent litigation against the agency and similar cases being pursued around the country demonstrate that in coming years, the commission will be increasingly called on to defend fundamental aspects of the statutory and regulatory structure in litigation. Such litigation will call into question the validity of statutes, regulations and regulatory decisions by agency staff. The uncertainty generated will place some impediment on the ability of the agency to inspect, supervise and regulate every aspect of the industry with consistency and predictability.

Management Goals for 2015-2019

In April 2014, division directors and key staff used employee feedback related to the Survey of Employee Engagement to develop operational goals and strategies hoping to improve the work experience of employees around the state:

1. Continue to explore ways to ensure employees are compensated fairly.
 - Explore equity adjustments for comparable positions within the agency.
 - Review the Career Ladder and consider adjustments.
 - Explore non-financial incentives.
 - Explore creating a reward system for meeting performance measures.
2. Continue to identify ways to improve the overall safety of Ports of Entry (POE) facilities.
 - Hire an outside consultant to conduct a safety assessment and make necessary recommendations.
 - Install security and surveillance cameras at all port facilities, including a panic button that will set off a siren and flashing light and will time stamp the video.
 - Install speed bumps and “slow” traffic speed limit signage at high traffic lanes (upon GSA approval).
 - Replace the current ballistic resistant vests with a higher projectile resistant vest.
 - Continue to implement policy and procedures to ensure employee safety.
 - Utilize the training division to provide safety-related training to POE staff.
3. Leverage technology to improve employee work experience and environment. Support technology initiatives identified in the Agency Strategic Plan.
4. Continue to improve internal communication.
 - Provide training on how to fully utilize the intranet (SharePoint) and the Internet.
 - Continue to expand the use of SharePoint.
 - Continue to expand the use of webinar or video conferencing.
 - POE management will provide follow-up feedback to employees that have brought forward issues and suggestions so that there is a full circle in the communication.
5. Develop a comprehensive approach to employee training and provide appropriate resources.
 - Provide recurring training on the Alcoholic Beverage Code for Agents, Auditors, Ports of Entry staff.
 - Provide a shorter Alcoholic Beverage Code 101 class for headquarters support staff.
 - Re-establish in-service training.
 - Develop liquor law refresher training in round table format to create more consistency in how laws are interpreted and enforced.
 - Create a two-year training program for License and Permit Specialists.
 - Expand the use of the Learning Management System.
 - Continue to identify ways to train and develop the Ports of Entry staff to improve safety, and begin to use an eight-hour training model for new POE employees.
6. Streamline the agency's management of information.
 - Consider minimizing the number of reports and train employees in how to use the remaining reports.
 - Streamline agency reports to contain the most important and useful information.

- Re-engineer Field Operations processes following the model for the Licensing Project Evolution in 2008.
- Document and refine the flow of data, especially key data points produced by Field Operations to evaluate productivity.
- Educate employees on how to analyze data relevant to their job duties.

In March 2014, division directors and key staff met with industry and community stakeholders to develop operational goals and strategies related to how the agency serves those customers. The following goals were based on issues raised in those conversations with our stakeholders in the community and alcoholic beverage industry.

1. Continue to improve communication with industry to facilitate education and voluntary compliance.
 - Conduct meetings with upper-tier members upon request and as needed, e.g. following Code or Rule changes.
 - Continue stakeholder meetings.
 - Conduct training for retailers following violations.
 - Conduct meetings for interested retailers and associations before special events and upon request.
 - Continue tours of stakeholder facilities as a part of Agent Academies and for other new employees.
2. Continue to automate and streamline the licensing process.
 - Continue the implementation of on-line renewals.
 - Continue to increase communication and provide education to local officials in urban and rural areas.
 - Streamline the application process for temporary and caterer's permits.
 - Allow attachments to be submitted with on-line renewal.
 - Allow bonds to be submitted electronically.
 - Implement on-line original applications.
 - Implement the use of V box – Electronic PO Box.
3. Continue to automate / streamline agency interaction with the industry and public.
 - Allow license and permit holders to opt-in to use email as the primary means of communication. (May require rule change.)
 - Implement technology that allows TABC personnel to be more mobile and accessible to license/permit holders.
 - Redesign the ID stamp system for better tracking and accountability, including bar coding.
 - Implement on-line label approval.
 - Implement on-line payment of excise taxes.
 - Implement on-line payment of civil penalties.
 - Modernize Public Inquiry.
 - Develop additional mobile applications.
 - Redesign / modernize the agency website.

These goals will further the agency's mission in regulating alcoholic beverages within the state as well as contributing to the health, safety and welfare of our citizens.

STATEWIDE MISSION, VISION AND PHILOSOPHY

From *Strengthening our Prosperity: The Statewide Strategic Planning Elements for Texas State Government*, Governor Rick Perry, March 2014

STATE VISION

Ensuring the economic competitiveness of our state by adhering to principles of fiscal discipline, setting clear budget priorities, living within our means and limiting the growth of government;

Investing in critical water, energy and transportation infrastructure needs to meet the demands of our rapidly growing state;

Ensuring excellence and accountability in public schools and institutions of higher education as we invest in the future of this state and ensure Texans are prepared to compete in the global marketplace;

Defending Texans by safeguarding our neighborhoods and protecting our international border; and

Increasing transparency and efficiency at all levels of government to guard against waste, fraud and abuse, ensuring that Texas taxpayers keep more of their hard-earned money to keep our economy and our families strong.



STATE MISSION

Texas state government must be limited, efficient and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just and responsible manner. To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.

Aim high . . . we are not here to achieve inconsequential things!

STATE PHILOSOPHY

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise we will promote the following core principles:

- First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics, or individual recognition.

- Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.
- Decisions affecting individual Texans, in most instances, are best made by those individuals, their families and the local government closest to their communities.
- Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. Just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future and the future of those they love.
- Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.
- State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse and providing efficient and honest government.
- Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.

RELEVANT STATEWIDE GOALS AND BENCHMARKS

The Texas Alcoholic Beverage Commission strategies directly support the following statewide priority goals and benchmarks:

PUBLIC SAFETY AND CRIMINAL JUSTICE

Priority Goal: To protect Texans by:

- Preventing and reducing terrorism and crime;
- Securing the Texas/Mexico border from all threats;
- Achieving an optimum level of state wide preparedness capable of responding and recovering from all hazards; and
- Confining, supervising and rehabilitating offenders.

Relevant Benchmarks:

- Juvenile violent crime rate per 100,000 population
- Adult violent crime rate per 100,000 population
- Number of traffic deaths per 100,000 population involving alcohol
- Number of federal, state, and local agencies participating in the Texas Department of Public Safety Intelligence (Fusion) Center
- Number of new law enforcement entities providing data to the Texas Data Exchange and number of active users
- Number of multi-agency, multi-jurisdictional investigations that contribute to the dismantling of major transnational and state based gangs

ECONOMIC DEVELOPMENT

Priority Goal: To provide an attractive economic climate for current and emerging industries and market Texas as a premier business expansion and tourist destination that fosters economic opportunity, job creation, capital investment by:

- Promoting a favorable business climate and fair system to fund necessary state services;
- Addressing transportation needs;
- Maintaining economic competitiveness as a key priority in setting State policy; and
- Developing a well-trained, educated and productive workforce.

Relevant Benchmarks:

- Number of new small businesses created
- Number of new non-government, non-farm jobs created
- Per capita gross state product
- Texas unemployment rate

GENERAL GOVERNMENT

Priority Goal: To provide citizens with greater access to government services while reducing service delivery costs and protecting the fiscal resources for current and future taxpayers by:

- Supporting effective, efficient and accountable state government operations;
- Ensuring the state's bonds attain the highest possible bond rating; and
- Conservatively managing the state's debt.

Relevant Benchmarks:

- Total state spending per capita
- Number of state employees per 10,000 population
- Number of state services accessible by Internet
- Total savings realized in state spending by making reports/documents/processes available on the Internet and accepting information in electronic format

REGULATORY

Priority Goal: To ensure Texans are effectively and efficiently served by high-quality professionals and businesses by:

- Implementing clear standards;
- Ensuring compliance;
- Establishing market-based solutions; and
- Reducing the regulatory burden on people and business.

Relevant Benchmarks:

- Number of new business permits issued online.

AGENCY VISION, MISSION AND PHILOSOPHY

TABC VISION

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

TABC MISSION

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

TABC PHILOSOPHY

The Texas Alcoholic Beverage Commission will:

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



Commissioner Steven Weinberg and Chairman José Cuevas, Jr. present Chief of Field Operations Robert Saenz with a plaque in appreciation for 20 years of service.

EXTERNAL/INTERNAL ASSESSMENT

OVERVIEW OF AGENCY SCOPE AND FUNCTIONS

MAIN FUNCTIONS AND STATUTORY BASIS

The Texas Alcoholic Beverage Commission (TABC) is the state agency that regulates all phases of the alcoholic beverage industry in Texas. The duties of the commission include regulating sales, taxation, importation, manufacturing, transporting and advertising of alcoholic beverages.

The TABC is required by the General Appropriations Act to collect enough in fines, fees and surcharges to cover the agency's direct and indirect operating costs. As a result, the agency's operating costs are all paid for by the industry that it regulates. Additionally, the agency collects in excess of \$200 million annually in taxes, which aids in the financing of the state's public schools, local governments, research, human services and other areas in which state government provides services to all Texans.

The Alcoholic Beverage Code authorizes the Texas Alcoholic Beverage Commission to:

- Grant, refuse, suspend, or cancel permits and licenses in all phases of the alcoholic beverage industry;
- Supervise, inspect and regulate the manufacturing, importation, exportation, transportation, sale, storage, distribution and possession of alcoholic beverages;
- Assess and collect fees and taxes;
- Investigate for violations of the Alcoholic Beverage Code and assist in the prosecution of violators;
- Coordinate with federal, state and local law enforcement agencies in the investigation of organized criminal activity that has a nexus with the sale of alcoholic beverages;
- Seize illicit beverages;
- Approve labels for malt beverage, wine and distilled spirits products sold in Texas;
- Pass rules to assist the agency in all of the above.

HISTORICAL PERSPECTIVE

When the 21st Amendment to the U.S. Constitution repealed national prohibition (imposed by the 18th Amendment) in 1933, it delegated responsibility for regulation of the alcoholic beverage industry to the individual states.

U.S. Constitution - AMENDMENT XXI

Section 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

Section 2. The transportation or importation into any state, territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

Creation of the Agency

Shortly after the adoption of the 21st Amendment, the Texas Legislature, meeting in special session, enacted the Texas Liquor Control Act that created the Texas Liquor Control Board. The LCB, as it came to be commonly known, began its existence on November 16, 1935, charged with the administration of the new act. The name of the agency was changed January 1, 1970, to the Texas Alcoholic Beverage Commission and, on September 1, 1977, the recodified Texas Liquor Control Act took effect as the Texas Alcoholic Beverage Code.

Liquor by the Drink

After several attempts, the Texas Legislature responded in 1971 to a public referendum by creating a mixed beverage permit that allowed sales of liquor by the drink in those areas specifically authorized by local option election. With the new permit came the mixed beverage gross receipts tax:

...a tax at the rate of 10 percent ... imposed on the gross receipts of a permittee from the sale, preparation, or service of mixed beverages or from the sale, preparation, or service of ice or nonalcoholic beverages that are sold, prepared, or served for the purpose of being mixed with alcoholic beverages and consumed on the premises of the permittee.

The new permit met with immediate acceptance, and the new tax quickly became a major revenue generator for the state. In 1985, the tax rate was increased to 12 percent and increased again in 1989 to 14 percent. For fiscal year 1993, gross receipts tax and penalty collections amounted to \$244.7 million, more than half of the total revenue collected by the agency.

Sunset Review

House Bill 1445 of the 73rd Legislature, 1993, enacted recommendations from the Sunset Review of the commission. The legislature's action demonstrated its belief in the need for a separate alcoholic beverage regulatory agency. Emerging from the process, the Texas Alcoholic Beverage Commission was continued for 12 years with two significant functional changes:

- Effective January 1, 1994, responsibility for the collection and verification of the mixed beverage gross receipts tax was transferred to the Office of the Comptroller of Public Accounts.
- Effective April 1, 1994, responsibility for the enforcement of the Bingo Enabling Act was transferred to the Texas Lottery Commission. The Texas Alcoholic Beverage Commission had assumed short-term responsibility for the regulation of bingo from the Office of the Comptroller of Public Accounts in January 1990.

The Sunset Commission again reviewed the agency in 2004; however, the bill containing their recommendations did not pass during the 79th Legislative Session. Instead, TABC was continued for another two years.

Although the Sunset bill did not pass, the Sunset Report recommended that the agency focus on public safety issues. As a result, in 2005, the agency requested, and was granted, over 100 additional FTEs to increase enforcement efforts focused on reducing

DWI arrests, accidents and fatalities in Texas. Of that amount, 59 enforcement agents were hired, and a new education and prevention division was created. An additional 27 compliance auditors were hired, which allowed the compliance division to assume administrative tasks previously conducted by enforcement agents. Additionally, enforcement efforts became more focused on at-risk locations, increasing the efficiency and effectiveness of operations.

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

1. Update TABC's mission to better reflect the agency's role in protecting public safety and regulating the modern alcoholic beverage industry.
2. Ensure TABC's enforcement efforts are fair, consistent and focused on public safety.
3. Reduce TABC's regulation of certain business practices that duplicate federal requirements, impose unnecessary costs and delays on the industry and create excessive burdens for the agency.
4. Require TABC to develop a formal process for making and communicating policy decisions regarding marketing practices regulations.
5. Require the agency to create a more formal and consistent approach to investigating and resolving complaints against its employees.
6. Ensure licensees have access to online license application, renewal and fee payment.
7. Require establishments that serve alcohol to post signs warning the public of the risks of drinking alcohol during pregnancy.
8. Expand TABC's authority to take enforcement action against establishments that sell or serve alcohol during prohibited hours.

Local Option Elections

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

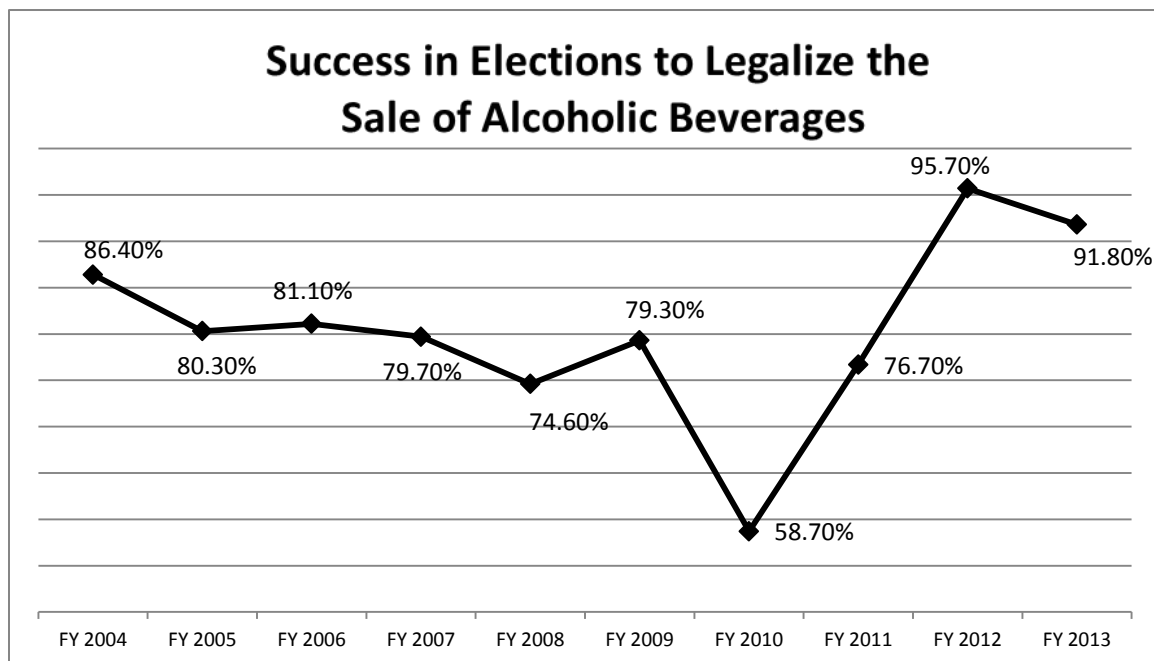
Following the demise of Prohibition, local communities maintained the right to choose whether to legalize the sale of alcoholic beverages. Many communities decided to remain "dry" or "partly dry," which meant that alcohol sales were banned or restricted. Many communities conducted elections and voted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

Entire counties, individual cities, or single justice precincts in Texas can hold an election and decide to legalize or prohibit the sale of alcoholic beverages, and if so, what kinds of alcoholic beverages (beer, ale/wine or distilled spirits). Registered voters can

determine whether it will be legal to sell alcoholic beverages in convenience or grocery stores, in liquor stores, in bars and/or in restaurants.

New laws passed in 2003 and 2005 relaxed the requirements for holding elections to vote on the wet/dry status of a community, resulting in a surge of statewide local option elections. During fiscal years 2004 through 2013, there were 665 elections attempting to legalize some form of the sale of alcoholic beverages with an overall 80 percent success rate. In November 2007, two communities (Burke and Lumberton) voted to prohibit the sale of alcoholic beverages. Burke was reversing the impact of a recent countywide election to legalize alcohol. These are the only communities to prohibit the sale of alcoholic beverages since 1999. (Five years later, Lumberton voted to legalize the sale of beer and wine, and mixed beverages in restaurants, in November 2012.)

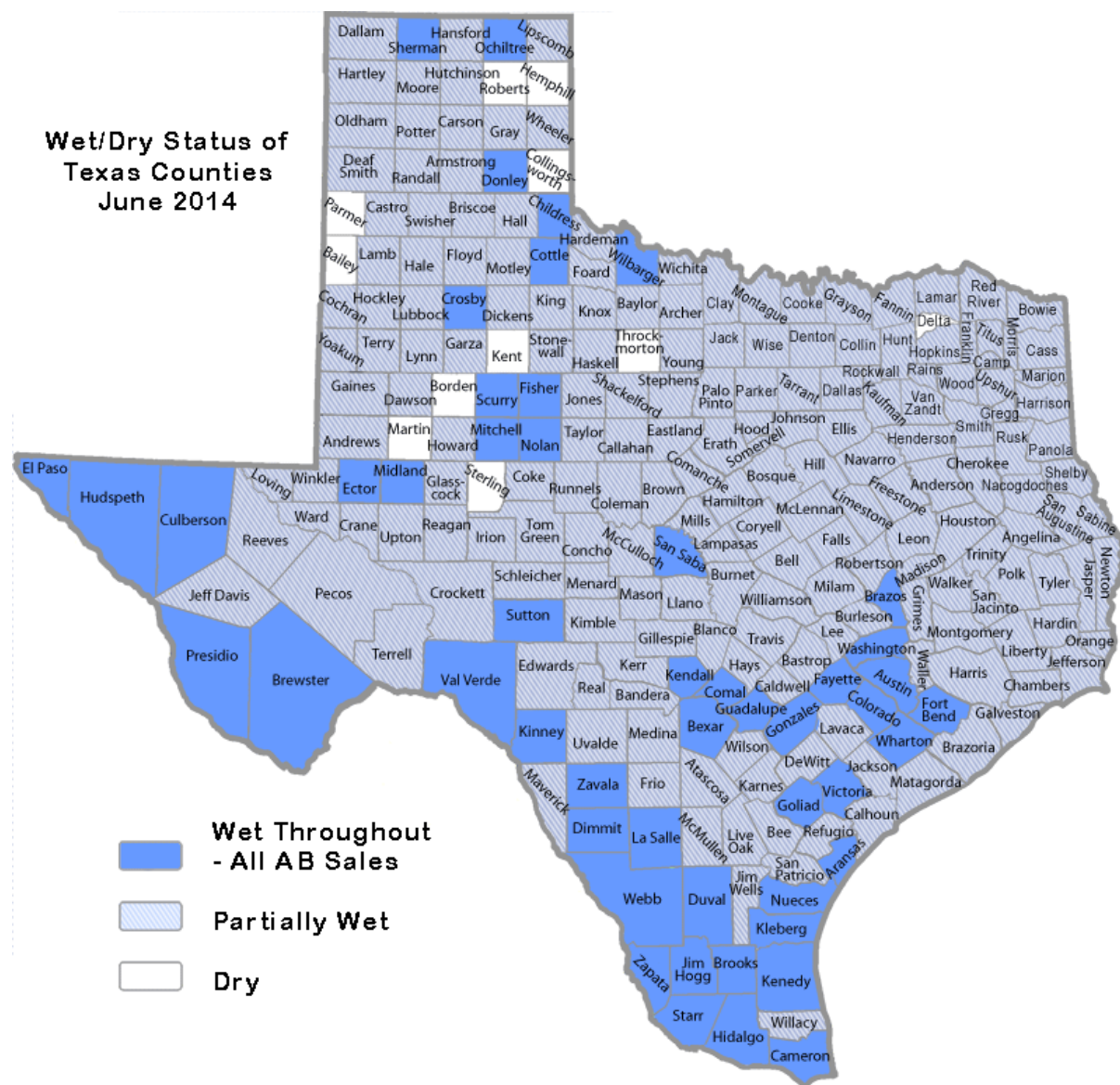
FIGURE 1: Percentage of Elections Successful in Legalizing the Sale of Alcoholic Beverages from FY 2004 to FY 2013



Since the legislative changes in 2003, the number of completely dry counties in Texas has decreased from 51 to 11 as of June 2014. The number of completely wet counties has grown from 35 to 49. The remaining 194 counties are partially wet, meaning that the sale of some type of alcoholic beverage is legal in some part of the county.

Following the rapid “wetting-up” of Texas since 2003, only a small fraction of the state’s population lives in a completely dry area. For an overview of the current wet/dry status of Texas counties, refer to the following map.

FIGURE 2: Wet/Dry Status of Counties in Texas, November 30, 2013



*Partially wet does not necessarily mean the entire county is partially wet. A city or justice precinct may be the only wet portion, and the remaining area is totally dry.

KEY SERVICE POPULATIONS

The TABC has a wide and varied group of customers throughout the state. Not only does the agency focus on its most immediate group -- the alcoholic beverage industry -- it must also give adequate attention and concern to the issues of the general public, law enforcement groups, parents, educators, various coalitions and public interest groups concerning the regulation of alcoholic beverage sales. The agency sought input during the strategic planning phases from all areas, including its own employees.

ORGANIZATIONAL ASPECTS

WORKFORCE SIZE AND COMPOSITION

Management of human resources is critical to the overall effectiveness of any organization. As employees are responsible for maintaining a functioning organization, management recognizes that the focus must be on recruitment, selection, training and retention of a highly qualified workforce.

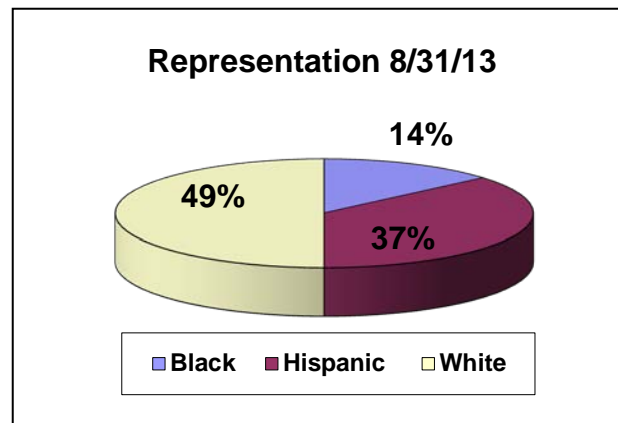
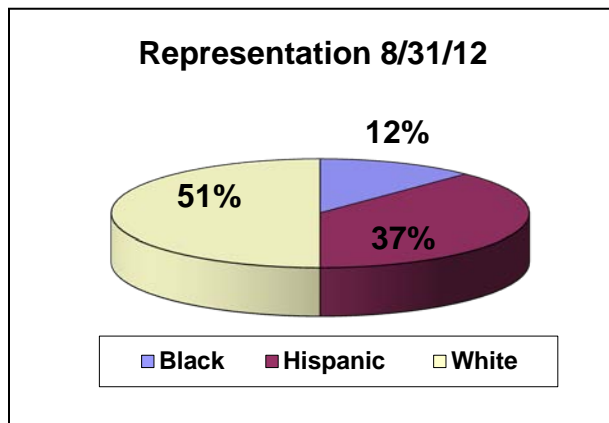
Recruitment Activities

The commission is committed to a diversified workforce and to focus on attaining ethnic, racial and gender balance with emphasis on under-representation through its recruitment policy. Elements of the policy include participation in career fairs sponsored by colleges and universities as well as professional organizations and groups across the state. A wide distribution of brochures providing general information about the agency are also included in recruitment efforts. Additionally, job postings are distributed to an extensive network of colleges, universities, state agencies, regional training academies and other organizations representing ethnic minorities and women. A large number of applicants obtain information from the agency Internet career website and from direct e-mail inquiries. These efforts have been successful in addressing the under-representation issues as well as emphasizing the agency's mission, philosophy, goals and objectives.

Diverse Workforce

At the end of fiscal year 2013, TABC's had a total of 565 filled positions. Overall, minorities constitute approximately 51 percent of the commission's workforce, a slight increase from the 49 percent in 2012.

FIGURE 3: Minority Representation 2012 **FIGURE 4: Minority Representation 2013**



ORGANIZATIONAL STRUCTURE

The policy-making body of the agency is a three-member governing board appointed by the Governor with the advice and consent of the Senate. Members of the commission hold office for staggered terms of six years, with the term of one member expiring every two years. Each member must be a Texas resident and must have resided in the state for at least five years preceding the appointment. Commission members serve without salary.

The commission is currently comprised of Chairman José Cuevas, Jr., of Midland; Steven M. Weinberg, MD, JD, of Colleyville; and Melinda S. Fredricks of Conroe.

An executive director, appointed by the three-member governing board, directs the daily operations of the Texas Alcoholic Beverage Commission. The board appointed current Executive Director Sherry Cook on July 1, 2012. The executive director is responsible for employing staff to ensure that the policies established by the commission and the laws enacted by the legislature are implemented in an efficient and cost-effective manner.

Sharing in that responsibility is the deputy executive director, general counsel, director of the office of professional responsibility (internal affairs) and the director of communications and governmental relations. See Appendix B for a detailed organization chart or Appendix E Workforce Plan for a description of each division.

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

GEOGRAPHIC LOCATION OF THE AGENCY

Texas is the second-largest state in the nation comprised of a population exceeding 27.2 million people. The commission is continually challenged to provide adequate services equitably and effectively to each area of the state with a field workforce that is limited to one FTE per 42,031 residents. The staff provides not only law enforcement services but regulatory and compliance oversight, including all phases of the licensing process. In addition, the Ports of Entry program staff on the Texas-Mexico border collects excise tax on imported products and serves as a barrier to individuals who attempt to import products exceeding importation limits or fail to meet minimum age requirements.

Meeting the needs of the state's citizens remains critical and requires great emphasis on the strategic locations of personnel. As required by statute, the agency maintains its headquarters offices in Austin. Other office sites are chosen based on three criteria: (1) proximity to concentrations of licensed premises, (2) centrality of the location to the area being served, and (3) ease of access to and from all points of the service area. Enforcement, compliance, and field licensing personnel are assigned based on the number of licensed premises in the service area. Ports of Entry staff are allocated based on traffic counts at international border crossings.

Enforcement Division.

The Enforcement Division has divided the state into five districts, each supervised by a captain or a major, with the actual rank of the district supervisor dependent upon the number of employees supervised. The district supervisors report to the Assistant Chief of Field Operations for Enforcement. In each district, the enforcement agents, supervisors and support staff are responsible for agency law enforcement operations.

District 1- Lubbock. District 1 includes most of West Texas. The Captain and the district office are located in Lubbock. District personnel are also stationed in Abilene, Amarillo, Odessa, and San Angelo.

District 2- Arlington. District 2 includes North Central and Northeast Texas. The Major and district office are located in Arlington. District personnel are also stationed in Belton, Cleburne, Denton, Greenville, Longview, McKinney, Mount Pleasant, Waco, and Wichita Falls.

District 3- Houston. District 3 includes the Houston metropolitan area, along the upper Gulf Coast and in parts of East Texas. The Major and district office are located in Houston. District personnel are also stationed in Beaumont, Brazoria, Bryan, Conroe, Dickinson, Huntsville, Lufkin, Richmond, and Wharton.

District 4- Austin. District 4 includes the Austin metropolitan area and adjoining counties. The Captain and district office are located in Austin. District personnel are also stationed in Georgetown, Llano, and San Marcos.

District 5 – San Antonio. District 5 includes South Texas and along the entire expanse of Rio Grande Valley, from Brownsville to El Paso. The major and district office are located in San Antonio. District personnel are also stationed in Corpus Christi, El Paso, Fort Davis, Hondo, Laredo, McAllen, New Braunfels, San Benito, Uvalde, and Victoria.

Auditing and Investigations Division

The Auditing and Investigations Division is divided into three units: Auditing, Financial Crimes Unit (FCU), and the Special Investigations Unit (SIU). FCU and SIU are focused on dismantling organized criminal activity related to TABC licensed entities.

There are five Auditing districts which share major offices and common names with the agency's Law Enforcement districts, but their boundaries are somewhat different due to the geographic distribution of auditable accounts and certain types of other licensed businesses. Financial and regulatory compliance operations in each district are overseen by a Supervising Auditor who reports to the agency's Director of Auditing, who in turn reports to the Assistant Chief of Field Operations for Auditing and Investigations.

District 1 – Lubbock. Auditing District 1 includes West Texas, Northeast Texas, and most of North Central Texas, except for the Dallas – Fort Worth metropolitan area. District personnel are stationed in Abilene, Amarillo, Longview, Lubbock, Odessa, and Waco.

District 2 – Arlington. Auditing District 2 includes the Dallas-Fort Worth metropolitan area. All district personnel are stationed in the Arlington District Office.

District 3 – Houston. Auditing District 3 includes the Houston metropolitan area, along the upper Gulf Coast and in parts of East Texas. District personnel are stationed in Beaumont, Bryan, Conroe, Houston, Lufkin, and Richmond.

District 4 – Austin. Auditing District 4 includes a swath of territory running across the middle of the state from Victoria and Corpus Christi in the east to El Paso in the west. District personnel are stationed in Austin, Corpus Christi, El Paso, San Marcos, and Victoria.

District 5 – San Antonio. Auditing District 5 includes the San Antonio metropolitan area and in most of South Texas, including the Lower Rio Grande Valley. District personnel are stationed in Laredo, McAllen, and San Antonio.

Ports of Entry Division

The agency operates port of entry facilities at the international bridges located along the state's border with Mexico and at the Galveston Seaport's cruise ship terminals. Tax Compliance Officers (TCOs) stationed at these facilities enforce the state laws that regulate importations of alcoholic beverages and cigarettes for personal consumption and collect the excise taxes and fees that the state levies on these importations.

The Ports of Entry Division (POE) has organized its facilities into two region groups with a total of seven districts as subunits of the regions. Each district has a supervisor who reports to a regional manager. The regional managers, in turn, report to the Ports of Entry Director.

Southwest Region. The Southwest Region consists of the El Paso, Eagle Pass, and Laredo Districts. The TCOs assigned to these districts staff ten international bridges on a regular basis and spot check traffic at five others periodically. The bridges associated with these districts are Paso Del Norte, Stanton Street, Bridge of the Americas, Ysleta, Fabens, Fort Hancock, Presidio, Amistad Dam, Del Rio, Eagle Pass I, Eagle Pass II, Columbia, World Trade, Gateway I, and Lincoln/Juarez II.

Rio Grande Region. The Rio Grande Region consists of the Hidalgo, Progreso, Brownsville, and Seaport Districts. The TCOs assigned to these districts staff ten international bridges and two cruise ship terminals on a regular basis and spot check three bridges periodically. The facilities associated with these districts are Falcon Dam, Roma, Rio Grande City, Los Ebanos, Hidalgo, Pharr, Anzalduas, Progreso, Donna, Los Indios, Brownsville Gateway, Brownsville B&M Rail Road, Brownsville Veterans, Galveston Seaport Terminal 1, and Galveston Seaport Terminal 2.

Licensing Division

The Licensing Division uses the same organizational structure as Enforcement for its field operations, although it calls its geographical units "regions" rather than "districts." Its five "regions" have the same boundaries as Enforcement's "districts," and like both Enforcement and Auditing, Licensing has a supervisor who oversees operations in each

geographical unit and who reports to division management at headquarters. The key difference is that Licensing staffs fewer field offices and will often bypass district/regional boundaries and use technology to transfer responsibility for specific applications across to state in order to equalize workloads.

In general terms, each Licensing region is responsible for the intake of original applications for new business that would be located within its boundaries, for the initial imaging of those applications, and for the initial creation of automated records pertaining to those records. Applications are usually processed in the office in which they are received but, as previously mentioned, can be transferred from one office to another or from one region to another to equalize workloads. Field offices may also receive and assist in the processing of renewal and supplemental applications, but most of that work is generally done at headquarters.

Licensing's regions and field offices are as follows:

Region 1 – Lubbock. The regional supervisor and a license/permit specialist is stationed at the agency's Lubbock office. Additional licensing personnel are assigned to agency offices in Amarillo, Abilene, and Odessa.

Region 2 – Arlington. The regional supervisor, a number of license/permit specialists, and support personnel are stationed in the agency's Arlington office. Additional licensing personnel are assigned to agency offices in Belton, Longview, Waco, and Wichita Falls.

Region 3 – Houston. The regional supervisor, a number of license/permit specialists, and support personnel are stationed in the agency's Houston office. Additional licensing personnel are assigned to agency offices in Beaumont, Bryan, Conroe, Dickinson, and Richmond.

Region 4 – Austin. The regional supervisor and two license/permit specialists are stationed in the agency's Austin field office. An additional license/permit specialist is assigned to the agency's San Marcos office.

Region 5 – San Antonio. The regional supervisor, a license/permit specialist, and an administrative support person are stationed at the agency's San Antonio office. Additional licensing personnel are assigned to agency offices in Corpus Christi, El Paso, McAllen, Uvalde, and Victoria.

SERVICE POPULATION

The TABC allocates resources to its field offices based, for the most part, on the number of licensed businesses served. While those served by the agency are found in every part of the state, they are concentrated in the state's 25 metropolitan statistical areas (MSAs). As a consequence, most of the TABC's service delivery resources are also concentrated in the state's MSAs.

The state's four most populous metropolitan statistical areas -- Houston, Dallas/Fort Worth/Arlington, San Antonio, and Austin -- are home to the TABC's four largest field offices. Of the remaining 21 Texas MSAs, the agency has offices of varying size in all

but two: Texarkana and Midland. Those cities are served from nearby offices. The state's rural areas are served by agents working from the 23 MSAs in which the agency has offices and from nine smaller communities located outside of the existing MSAs.

To provide services across a state as large and diverse as Texas is not an easy task. While various parts of the state share common challenges, each also has needs that are uniquely its own.

West Texas

West Texas is a huge area with little rainfall and widely dispersed, mostly small, population centers. Beyond the boundaries of its largest towns -- Lubbock, Amarillo, Midland, Odessa, Abilene, and San Angelo, the area is sparsely populated.

Providing services to licensed businesses and citizens located in the region's rural areas and smaller towns poses special challenges. The agency attempts to meet these challenges by adequately staffing and strategically placing its offices. Even so, because distances and travel are involved, providing services to these areas often comes at the cost of lower productivity for those who are assigned to work them.

Alcohol regulation and enforcement within the West Texas area are also complicated by the fact that the region contains many of the state's "dry" areas (jurisdictions where, by local option, no alcohol sales are permitted), as well as hundreds, if not thousands, of jurisdictions where only certain types of alcohol sale are permitted. As a consequence, an exceptionally high degree of local knowledge is required of agency employees assigned to the region, as is specialized knowledge concerning bootleggers and private clubs.

The explosion of the oil and gas industry in the Midland/Odessa area is affecting TABC employees with higher prices for housing, food, and other expenses. Fortunately, the agency has only a handful of employees stationed in that area, and most are long-time residents. However, those who have been recently transferred are having difficulty finding affordable housing. The lease for the TABC office in Odessa ends in 2015, and it will likely be difficult to renegotiate at current prices. Additionally, out-of-town supervisors and undercover agents assisting Odessa staff have difficulty, as overnight lodging is unavailable. It appears that Abilene and Del Rio will be in a similar situation in the near future.

North/Northeast Texas

The North/Northeast Texas area encompasses a large and diverse region that stretches across the state's North-Central plains, to the piney woods of East Texas. It includes the state's largest metropolitan area (Dallas/Fort Worth), numerous small towns, and a significant amount of rural acreage.

While home to a less dispersed and significantly larger population, North/Northeast Texas presents the agency with some of the same service delivery issues as West Texas. It contains many "dry" and partially "dry" jurisdictions, most of the state's private clubs, and a significant portion of the state's remaining bootleggers and moonshiners, all of which requires specialized knowledge on the part of agency employees to work

effectively. Its small towns, while closer together than in West Texas, are still dispersed across a sufficiently large rural landscape to require the strategic placement of personnel and in some cases, a sacrifice of productivity for coverage.

The area also poses some challenges that are seen less often in West Texas. For example, the Dallas/Fort Worth Metroplex is home to many sports and racing venues and hosts numerous events at these venues that draw huge crowds. The manner in which alcohol sales are conducted at those venues often give rise to a host of marketing practices, licensing, and public safety concerns. The technical issues involving marketing practices and licensing regulations require that the agency's local workforce have an extremely high level of regulatory expertise. The public safety concerns require the TABC to devote considerable human and material resources to event pre-planning, inter-agency coordination and cooperation, and "boots on the ground" event policing.

In addition, the area as a whole has become increasingly "wet" in recent years thanks to a continuous wave of successful local option elections fueled by population growth within the greater DFW Metroplex and by efforts of local government officials and business interests to enhance local economies and tax revenues. Each successful election has increased the number of original applications and renewals that must be processed by agency licensing personnel and the number of licensed businesses that must be regulated and policed by the enforcement agents and auditors.

This has strained the agency resources allocated to the region. While the agency has been able to make some adjustments overtime and move additional resources to the region, its resources are subject to budgetary constraints and are relatively fixed. Should the current volume of local option elections continue into the future, as it likely will, the agency's field staff in North/Northeast Texas will be faced with ever increasing workloads.

Upper Gulf Coast/Brazos River Valley

This area of the state is smaller in geographic size than the North/Northeast Texas region, but contains almost as many licensed businesses. The area is centered on the Houston metropolitan area and extends roughly from Huntsville and Lufkin in the north to Galveston in the south and from the Bryan-College Station area east to the Louisiana border.

The Houston metropolitan area, like the DFW Metroplex, has a high concentration of licensees and a number of professional sports venues. Marketing practices issues arising from those sports venue and from a highly competitive market require a high degree of professional expertise on the part of the employees assigned to the agency's Houston Office, as do the large-scale special events that are common to the area. Lack of zoning and the density of the population add to the regulatory and law enforcement challenges, and the exceptionally high degree of ethnic diversity found among local retailers creates its own special issues. Also, Houston, perhaps due to the size and diversity of its population, appears to have a greater problem than other cities with illegal "after-hours" sales and consumption of alcoholic beverages.

In addition, Houston and all other communities within the region that are on or in close proximity to the coast face the threat of devastating damage from seasonal hurricanes. Agency employees living and working in these areas not only have to be concerned with preventing or dealing with losses by their own families during such times, they also have to be prepared to shift gears and to participate in agency relief, rescue, recovery, and cleanup operations that serve the broader community.

The parts of the region outside of Greater Houston area and the region's other major metropolitan areas such as Beaumont and Bryan-College Station, are, in many ways similar to the easternmost portions of North/Northeast Texas-- rural farmland dotted by numerous small towns. As was the case in North/Northeast Texas, agency services are provided to these areas largely from offices located within nearby MSAs but distances, dispersion, and necessary travel time can reduce the overall productivity of the employees assigned to perform those services.

Austin Metropolitan Area

As Texas Governor Rick Perry recently noted during a televised interview conducted live at Austin's South by Southwest Festival (SXSW), "Austin is just different." While not a separate geographic region state, Austin is sufficiently different from the rest of the state to require separate consideration.

The Austin MSA is home to the state capitol, a booming high tech industry, the nation's only active Formula 1 racetrack, and two of the state's largest universities. Relative to the rest of the state, it has a disproportionately-large population of highly educated, relatively affluent, young adults (ages 18 – 35). Thanks to that population, it supports a relatively large number of music and entertainment venues, two festivals of international renown (the SXSW Music, Technology, and Film Festival and the Austin City Limits Music Festival), a host of smaller festivals, and numerous college-level sporting events.

As was the case in the DFW metro area, the number and size of the special events in Austin require a good deal of event pre-planning, inter-agency coordination and cooperation, and "boots on the ground" event policing on the part of the TABC field personnel who are assigned to the city and its adjoining counties. Because of the universities and the relatively young population, enforcement issues related to underage drinking, over-service, drug use and drug trafficking in bars and other entertainment venues are also significant concerns in the Austin area. These concerns require a substantial commitment of resources on the part of the TABC. Marketing practices issues involving the area's special events and entertainment venues also frequently pop up and require a high level of technical and legal expertise on the part of agency employees in order to be resolved in a timely and effective manner.

South Texas & the Texas-Mexican Border Area

As its name suggests, this region encompasses South Texas and the entire expanse of Texas' international border with Mexico. In addition to the City of San Antonio, this large and diverse region also includes the cities of Victoria, Corpus Christi, Brownsville, McAllen, Laredo, and El Paso; a large portion of the state's southeastern coastline and coastal plains; and the Upper and Lower Rio Grande Valley areas.

Outside of the limited number of larger metropolitan areas identified above, the South Texas and the border area largely consist of widely dispersed small towns separated by large tracts of farm and ranch land. As in other portions of the state, economic necessity requires that the TABC serve these small towns and rural areas from offices in larger metropolitan areas and from a handful of strategically located satellite offices. Necessity also dictates that the agency must also accept some loss in worker productivity due to distances that must be traveled to serve small, widely dispersed populations.

Similar to the Upper Gulf Coast area, South Texas contains hundreds of miles of coastline. Coastal areas are subject to hurricanes. As was previously discussed, hurricanes can disrupt the lives of agency service providers, as well as the lives of the people they serve. Because of the risk to residents and the property damage they bring, hurricanes can also delay or prevent regular service delivery, and impose additional duties on agency personnel.

However, coastal areas also enjoy tourism, especially important for South Texas as it contains the state's most popular coastal destinations (Port Aransas, Mustang Island, North and South Padre Island). While positive from an economic perspective, tourism brings with it a host of issues for regulatory and law enforcement authorities, especially when tied to special events that draw large crowds.

Spring Break, which draws large crowds of college-age people to South Texas beaches, provides a good case in point. Spring Break takes place during the month of March, with the peak crowds present during the second and third weeks of the month. The size of the crowds overwhelm the resources of local police agencies, and those authorities rely on assistance from state law enforcement agencies (TABC, DPS, and to a lesser extent Parks & Wildlife) to help fill the gap.

Issues addressed by agency personnel during Spring Break include underage drinking, illegal sales to minors and intoxicated persons, public intoxication, disorderly conduct, and illegal marketing schemes by licensed establishments. Enforcement agents routinely police area bars and stores to prevent illegal sales and also help local police control the crowds and maintain public order. The auditors distribute informational materials and investigate any marketing practices issues that might arise.

Outside of Spring Break, coastal tourism tends to be seasonal, with the regular season running roughly from mid-May to mid-September. There may be some issues with over-consumption by individual patrons during this period, but because the regular season normally involves visits to the coast by families, even that problem is not particularly great. There might be a slight uptick in agency inspections of licensed businesses in and around coastal tourist areas during the regular tourist season, and field personnel might have a few more complaints to investigate, but the incremental pressure on agency resources caused by regular coastal tourism is usually minimal.

Employee safety is a concern throughout the agency, and no employee is completely safe while on the job, no matter where they might work. For most employees, however, the safety risk is not particularly great, but for those living and working in the areas immediately adjacent to the Mexican border, the threat to personal safety is very real.

Ports of Entry tax collectors, for example, have been the target of terrorist threats, and tax compliance officers (TCOs) at POE facilities up and down the border have had to take cover when gun battles erupted at or near border crossings on the Mexican side of the border. Enforcement agents in the McAllen District were the target of a hand grenade attack (thankfully the grenade failed to explode). The violence has slowed to some degree, but for now, there are concerns of it picking up again and even spilling over to the American side.

Agency and regional management have taken steps to lessen the risk, updating safety procedures and training employees. Offices and POE booths have been made more secure, and body armor has been issued to agents and TCOs alike. POE communications systems have also been upgraded, as has the weaponry available to enforcement agents. Even so, the threat to personal safety remains, and agency management will continually revisit to ensure they are taking all reasonable steps available to ensure employees' safety.

Summary

In summary, different areas of the state share commonalities, but each has unique characteristics and challenges. Agency ability to meet its goals and to effectively serve its constituents is dependent upon the degree to which its local workgroups succeed in meeting the challenges that confront them.

MANAGEMENT ISSUES

Effective management of employees begins at the recruitment stage and continues throughout the employee's tenure. Career development and training maximizes employee effectiveness and productivity after being hired. The commission continues to monitor its human resources management control systems such as performance appraisals, hiring processes, staff development and compliance with applicable laws to maintain an environment of continuous quality improvement. The agency's emphasis on professionalism, common courtesy, ethics and values and commitment to the agency's customers has generated an organizational culture where employees strive for efficiency and effectiveness in the performance of their jobs and to meet agency measures, goals and objectives.

Employee Satisfaction

The agency has maintained initiatives such as risk management, customer satisfaction surveys, professional development, internal training and health and safety issues. Further, there is an ongoing evaluation of tasks and responsibilities by agency divisions to determine whether other services can be provided for the customers of the agency. TABC will continue to place an emphasis on implementing new practices and on finding innovative ways of performing the same and/or additional tasks both internally and externally.

Future Staffing Needs

Initiatives in the areas of public safety, compliance, education, public awareness and community involvement have created a greater demand on the staff. TABC realigned reporting structures to increase the efficiency of field operations. More recently, field operations implemented the Financial Crimes Unit and the Special Investigations Unit to

more effectively utilize commissioned peace officers and auditors in investigating organized criminal activities in licensed premises. However, to continue to make a substantial impact on public safety issues such as human trafficking, alcohol poisoning fatalities, underage drinking, providing alcohol to minors and the over-service of alcohol by retailers, additional staffing in the field operations, education / prevention and tax divisions is needed.

The future outcome of pending litigation as well as the increase of wet areas in the state could impact the licensing process and number of permits issued, potentially requiring additional staffing in the licensing division.

There continues to be a growing need for the agency to hire bilingual or multi-lingual employees. The state's population is increasingly diverse, and the percentage of business owners that do not speak English as their first language is increasing. These language differences create a challenge for the agency to provide the best possible customer service to all applicants and permit holders.

Over the past few years, the agency has implemented several technology initiatives such as an automated licensing process, a licensing online renewal system, a workflow management system, an online collection system and an automated payment system for ports of entry. The agency utilizes the Internet to provide information to the public and to its employees. While the intent of these changes is to increase efficiency, they have subsequently increased the need for a workforce with a higher level of computer skills.

As the agency continues to redefine its processes, computer skills will become a necessary component of most classifications. Enhancing the quality and efficiency of the agency's technology workforce will be realized through recruitment, staff development and retention programs.

When consideration is given to new initiatives, demand for additional services, the number of licensed establishments and the increased population statewide, it is clear that our current staffing pattern in these areas is indeed limited.

In 2013, the agency's turnover rate was 13.9 percent which was lower than the state average. Despite the low turnover today, the maturity of TABC's workforce and the likelihood of retirements in the near future will impact TABC's overall workforce. When retirements result in turnover, salaries are too low to consistently hire and retain quality entry level staff. In those positions that can be compared, the agency lags 14% behind other state agencies. Despite the lower pay, the complexity of the alcoholic beverage regulatory system could make the qualifications at TABC higher than comparable positions at other state agencies. The agency hires entry-level employees who need to be trained on basic phone and customer service skills before being able to train them on their specific job duties.

The low turnover rate combined with lower salaries decrease the opportunity to initially hire staff with the needed available skills, making training a high priority. The maturity of TABC's workforce also places a high priority on training as employees retire and leave

the workforce. The agency must continue to develop internal training initiatives that can quickly train employees on the Alcoholic Beverage Code and other skills using both a classroom setting and structured on-the-job training. Identifying external training resources is necessary to allow current employees to gain skills that they lack but that are necessary to perform their current duties such as technical skills or use of specific software. TABC's low turnover in specific areas prevents TABC from have opportunities to hire employees that already have those skills. Employees should be given the opportunity to develop and/or enhance skills that are necessary for their current positions as well as for future promotional opportunities.

Additionally, the agency must work to ensure that once employees are trained, they can be retained. Proactive retention solutions include implementing career ladders in key positions, rewarding employees through merit increases and promotions when possible and developing programs that allow agency employees to balance work/life needs. A constant key factor in all employee-related issues is a budgetary limitation, both in terms of monies and resources. This ultimately impacts the agency in terms of its ability to meet mandates and customer demands and successfully recruit, train and retain qualified employees.

CAPITAL ASSETS

Wide Area Network-Tex-AN Next Generation

The agency continues to upgrade and expand its wide area network (WAN) to improve overall performance. TABC has used current and emerging technologies to enhance network connectivity for remote field offices and ports of entry stations. The upgrade has enabled us to enhance connectivity over a broader area while providing faster and less expensive service to our most remote locations. Wireless technologies are being leveraged for better performance, scalability, and mobility. Our telecom infrastructure has been expanded and upgraded to enhance office interoperability, streamlining workflow processes, communications, and reporting. Greater bandwidth allows for faster response to important data that is essential for carrying out day-to-day job duties. Continued enhancement of the network will ensure redundancy that will support operations and daily processing in the event of failures, disruptions or disasters. Many of the agency's phone systems have now been upgraded to be IP capable, and the agency is able to remotely administer these systems without the additional cost of time and travel. In addition TABC field offices now have the ability to utilize Unified Communications. Unified Communications empowers better collaboration by offering one solution for voice, email to voicemail which integrates with core business applications. As newer technology is implemented, older components of the WAN and telecommunications must be upgraded to keep up with the enhanced network. Currently the Tex-AN Next Generation network (MPLS) is being implemented by TABC. TABC will continue to look for services such as Business DSL, *VPN for Remote Worker Access* and cable modem solutions. These services will enables voice and data services to work over a single network connection and device.

Personal Computers

Personal computing technologies such as desktops and notebooks continue to be upgraded throughout the agency on a three- or four-year cycle. This cycle enables the workstations to keep up with changing technology and advancements in agency

programs. The agency has deployed ruggedized laptops and mobile handheld devices to various parts of the state in support of the evolving agency focus. This has enabled our employees to become more flexible, efficient, and mobile.

Fleet Assessment

As a result of reduced funding since FY2010, the agency currently replaces vehicles at 125,000 miles up from a replacement cycle of seven years or 100,000 miles. This has resulted in an aging fleet. Beginning next biennium, the agency would like to return to the replacement of vehicles at 100,000 miles for safety and efficiency purposes when funding becomes available in the future. Data has shown that agency vehicles with over 80,000 miles tend to get lower gas mileage and have increased repair costs.

Radios

During the 83rd Legislative Session, the agency was fortunate to receive \$904,000 for the replacement of outdated radio equipment. This funding was an excellent starting point; however, the majority of radio equipment used for law enforcement purposes is no longer supported by the manufacturer. As a result, the agency needs additional funding to maintain sufficient communication with statewide law enforcement. In FY 2012, the agency received additional grant funding that would have been used to purchase both portable and mobile radios for law enforcement purposes. However, due to capital expenditure limitations, TABC had to return the funding to the awarding agency.

The agency will continue to take an active role as a participating member of the State Radio Task Force that was created by the 76th Legislature. The task force was created in an effort to organize and plan the short- and long-range goals of the state as they relate to wireless communication needs of state agencies.

CONSULTING AND PROFESSIONAL SERVICES

To meet the agency's objectives related to training, education, construction, programming, professional printing and internal auditing, the agency has contracted with professional entities skilled in these areas.

The agency periodically uses staff augmentation for highly technical work that is definable and repeatable (e.g., software development) or for work that requires highly specialized skills on a one-time or infrequent basis (e.g., system network administration). Technical staff are contracted through approved state-supported contracts.

The agency contracts for internal auditing services. In FY 2013, this contract totaled \$50,000. TABC continues to be one of 29 agencies included in the Data Center Consolidation Project. The agency spent \$440,391 for that project in FY 2013. During FY 2013 the agency used DIR-approved contracts for software development totaling \$295,863.

The agency will continue to use consulting and professional services in the future for architectural/engineering services associated with ports of entry tax booth construction, education and prevention efforts, media and public relations services associated with

public information projects, internal audit services, employee assistance program, software development, specialized employee training and routine internal assessments.

The agency will budget about \$60,000 per year for consulting fees related to internal audit and the employee's assistance program. Additional consulting services are obtained if they are justified and if funding is available.

HISTORICALLY UNDERUTILIZED BUSINESSES

State Policy

Historically Underutilized Business (HUB) means an entity with its principal place of business in this state that is:

- (a) a corporation formed for the purpose of making a profit in which at least 51 percent or more of all classes of the shares of stock or other equitable securities are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the corporation's control, operation, and management;
- (b) a sole proprietorship created for the purpose of making a profit that is completely owned, operated and controlled by an economically disadvantaged person;
- (c) a partnership formed for the purpose of making a profit in which 51 percent or more of the assets and interest in the partnership are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the partnership's control, operation, and management;
- (d) a joint venture in which each entity in the venture is a HUB, as determined under another paragraph of this subdivision; or
- (e) a supplier contract between a HUB as determined under another paragraph of this subdivision and a prime contractor under which the HUB is directly involved in the manufacture or distribution of the goods or otherwise warehouses and ships the good.

In accordance with the Texas Government Code, Section 2161.181 and Texas Administrative Code, Title 34, Part 1, Chapter 20, Subchapter B, state agencies shall make a good faith effort to increase the contract awards for the purchase of goods or services that the agency expects to make during a fiscal year to the HUB's based on rules adopted by the commission to implement 2009 State of Texas Disparity Study. It is the policy of the agency to encourage the use of HUB's to assist agencies in the implementation of this policy through race, ethnic, and gender-neutral means. The purpose of the HUB program is to promote full and equal business opportunities for all businesses in an effort to remedy disparity in state procurement and contracting in accordance with the HUB goals specified in the State of Texas Disparity Study.

Goals established through the disparity study are:

- 11.2% for heavy construction other than building contracts;
- 21.1% for all building construction, including general contractors and operative builders contracts;
- 32.7% for all special trade construction contracts;
- 23.6% for professional services contracts;
- 24.6% for all other services contracts; and
- 21.0% for commodities contracts.

Utilization

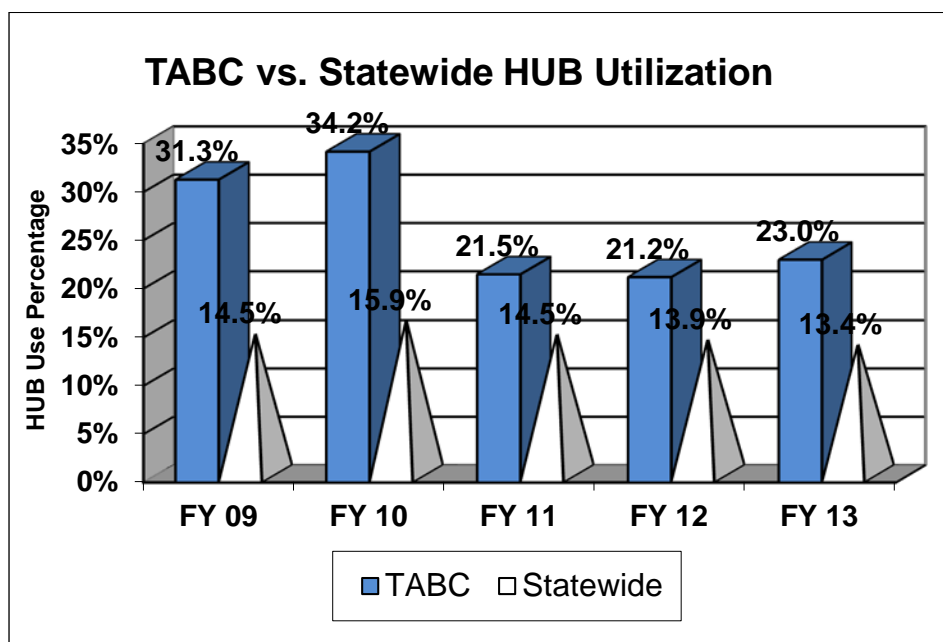
The agency's successful utilization of HUBs is an ongoing effort attributable to a policy that encourages contributions from all employees involved in the procurement process, establishes goals and requires division level reporting and accountability.

The policy incorporates the Office of the Comptroller of Public Account's guidelines, designates HUB utilization goals, confirms the agency's good faith effort to procure goods and services from the HUB community, and has resulted in an average agency HUB utilization rate above the state average over the past several fiscal years. The TABC shall continue to demonstrate good faith efforts, with the utilization of the agency HUB coordinator and sufficient resources from our current operating budget.

The commission's HUB coordinator shall assist in the development of the agency's procurement specifications, HUB subcontracting plans, evaluation of contracts for compliance, contract administration, marketing and outreach efforts for HUB participation.

The commission has made significant changes in existing policies related to standard procurement and credit card purchases to encourage the use of minority-owned businesses. In addition, TABC is a supporting member of the HUB Discussion Workgroup Outreach Committee. The commission sponsors and attends several HUB forums, HUB meetings, conferences and outreach programs for HUB economic opportunities across the State of Texas. These outreach programs provide a comprehensive view of the state government procurement process by including information on certain industries as well as other certifying entities within the state. These sponsored forums encourage HUB vendors to network with agency procurement officials as well as market goods and services that are provided to all state agencies, colleges, political subdivisions and universities.

FIGURE 6: TABC vs. Statewide HUB Utilization



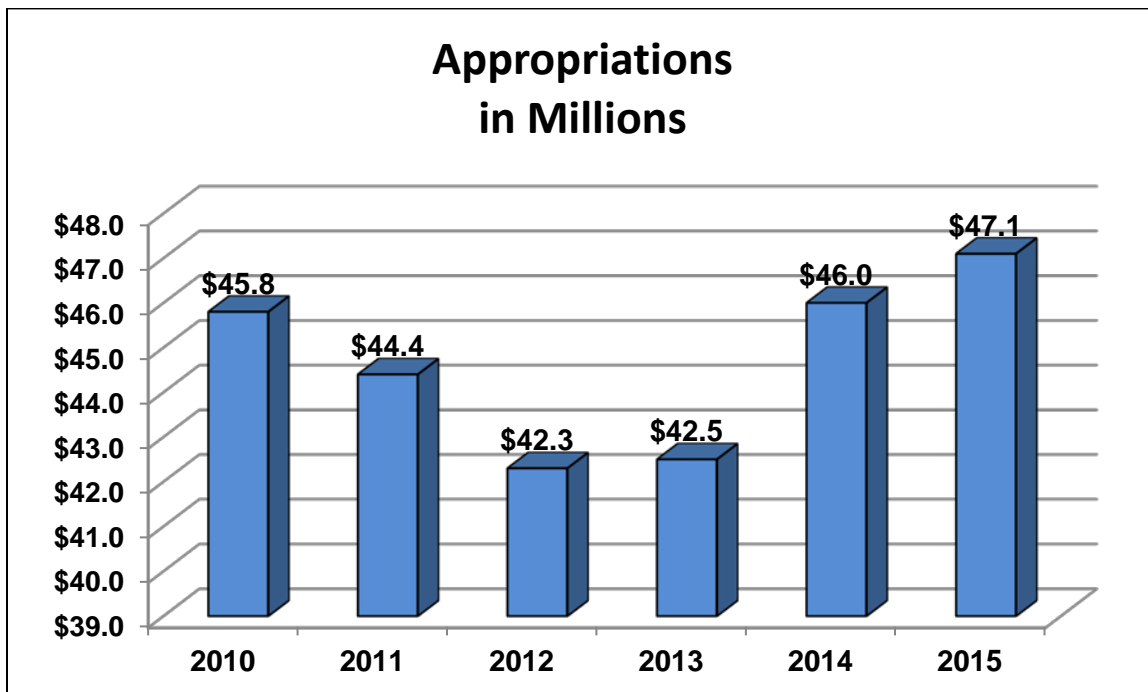
FISCAL ASPECTS

BUDGET

For the FY 2014-2015 biennium, the agency was appropriated \$88.3 million. During the FY 2010-2011 biennium, the agency was directed to reduce appropriations by 5% due to the state economic downturn. This reduction accounts for the changes in the FY 2012-2013 biennium. For the FY 2014-2015 biennium, the agency received additional funding appropriated for priority items that included the Statewide Data Center Consolidation project; software increases for Versa, the agency's licensing system; fuel; public safety equipment – police vehicles and radios; as well as funding and FTEs to open a new Port of Entry at the Galveston Sea Port. The agency also received contingency appropriations to fund salary increases approved by the 83rd Legislature. The appropriation for Schedule C – Commissioned Employees totals \$3.8 million, and the appropriations for Schedule A & B Civilian Employees totals approximately \$1 million. These additional appropriations bring the total appropriations for TABC to \$93.1 million for the FY 2014-2015 biennium.

The agency's biennial budget of \$93.1 million is 99.9 percent general revenue funded with the remaining 0.1 percent funded through appropriated receipts. The agency does not have any federal or state grant funds in our method of financing.

FIGURE 7: Appropriations



BUDGETARY LIMITATIONS

The agency may not transfer funds from Strategy C.2.1. Ports of Entry into another agency strategy, as it is designated as a non-transferable strategy. All funds appropriated to Ports of Entry must be expended or lapsed based on divisional responsibilities. Should it become necessary, additional funding may be transferred into the strategy as authorized by the legislature in the General Appropriations Act. The General Appropriations Act now sets the limitation of transfers between strategies at 20 percent.

GRANTS

The United States Department of Justice awarded the agency a \$59,639 block grant in 2014 to support underage drinking prevention and enforcement efforts throughout the state. The grant will be used to create a prevention video to deter adults from providing alcohol to minors.

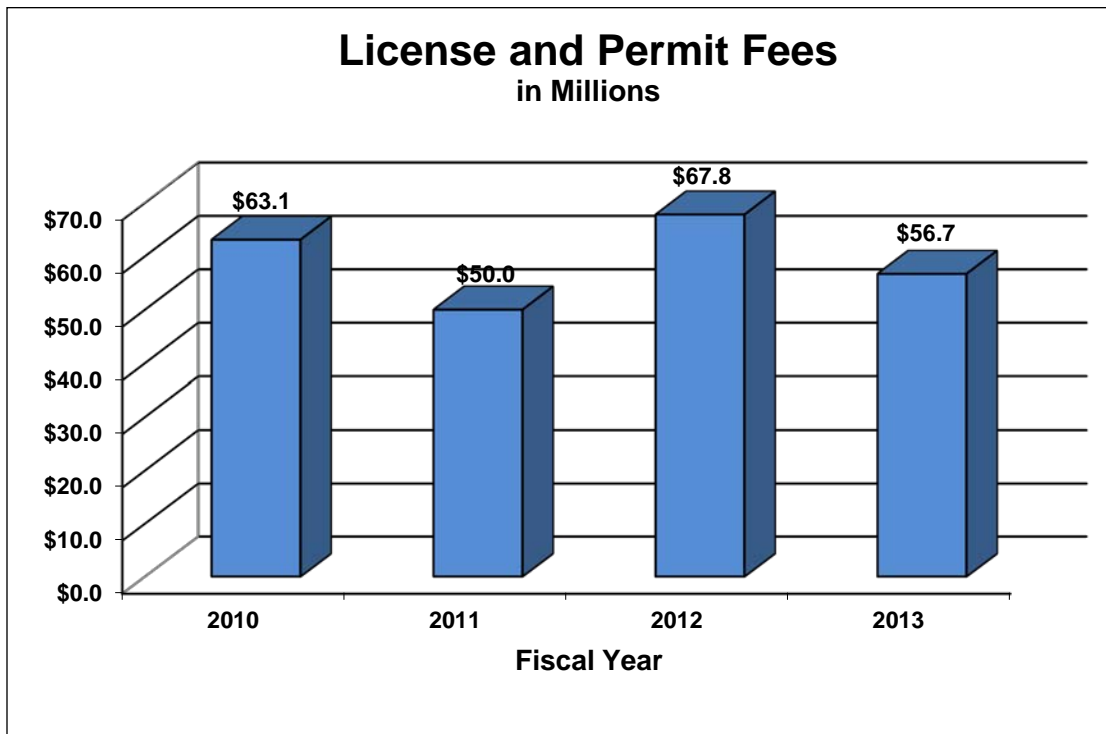
During FY 2014, the Texas Department of Transportation (TxDOT) awarded the agency two grants to support TABC's efforts to prevent violations at the retailer level to reduce DWIs throughout the state. The Inspection Overtime Grant provides TABC with \$287,800 to increase the number of inspections conducted by TABC Enforcement Agents. The grant also allows for additional educational materials and toolkits to be created for retailers. TxDOT awarded TABC a \$110,825 grant to support educational efforts during special events. This grant allows TABC auditors and agents to provide educational materials throughout the community to prevent over-service and providing alcohol to minors. This grant also allows TABC to conduct special training for local law enforcement agencies related to Drug Facilitated Sexual Assaults in conjunction with the Texas Association Against Sexual Assaults.

REVENUE COLLECTIONS

Licensing Revenue

The Legislature has directed the agency to collect revenue to cover its appropriation plus other direct and indirect costs through fees, surcharges, fines and miscellaneous revenue. The agency has the flexibility to set surcharges in amounts sufficient to cover increases in annual operating costs caused by inflation, new technology requirements, legislative pay increases and additional capital equipment needs. The passage of SB 1217 in the 80th Legislature allowed the agency to begin issuing two-year permits.

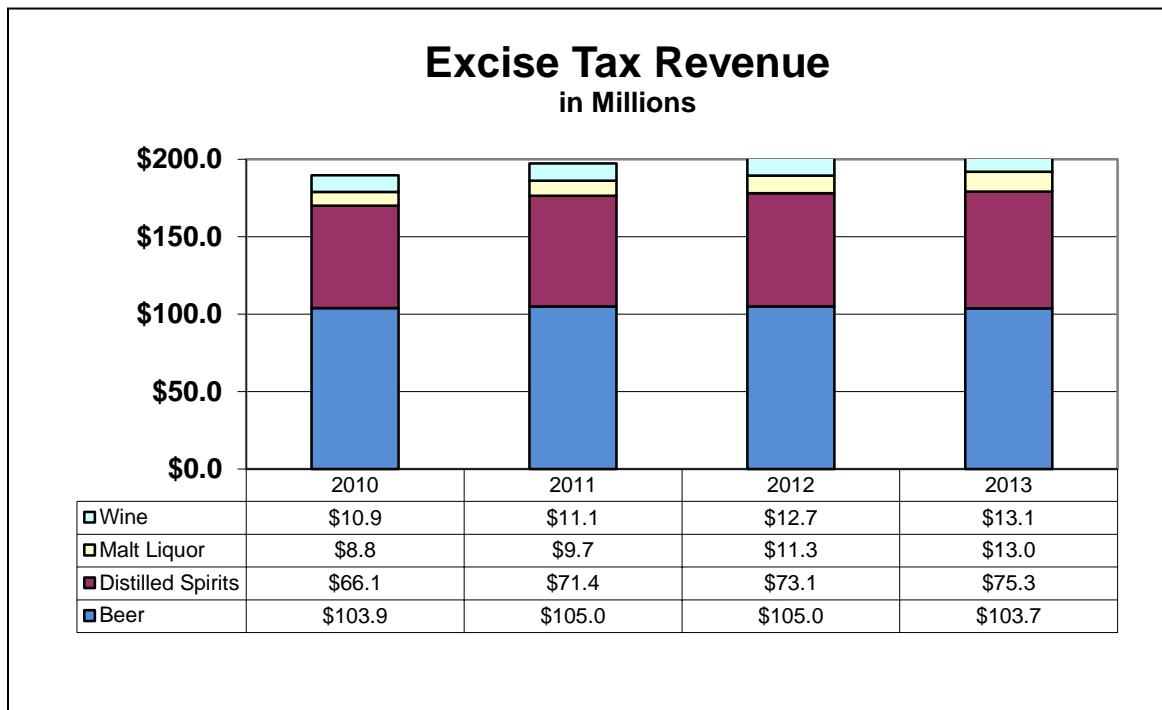
FIGURE 8: License and Permit Fees



Excise Taxes

Excise tax collections increased approximately eight percent between fiscal years 2010 and 2013. These taxes are deposited into the state's general revenue fund of which 100 percent is directed toward other state expenditures.

FIGURE 9: Excise Tax Revenue

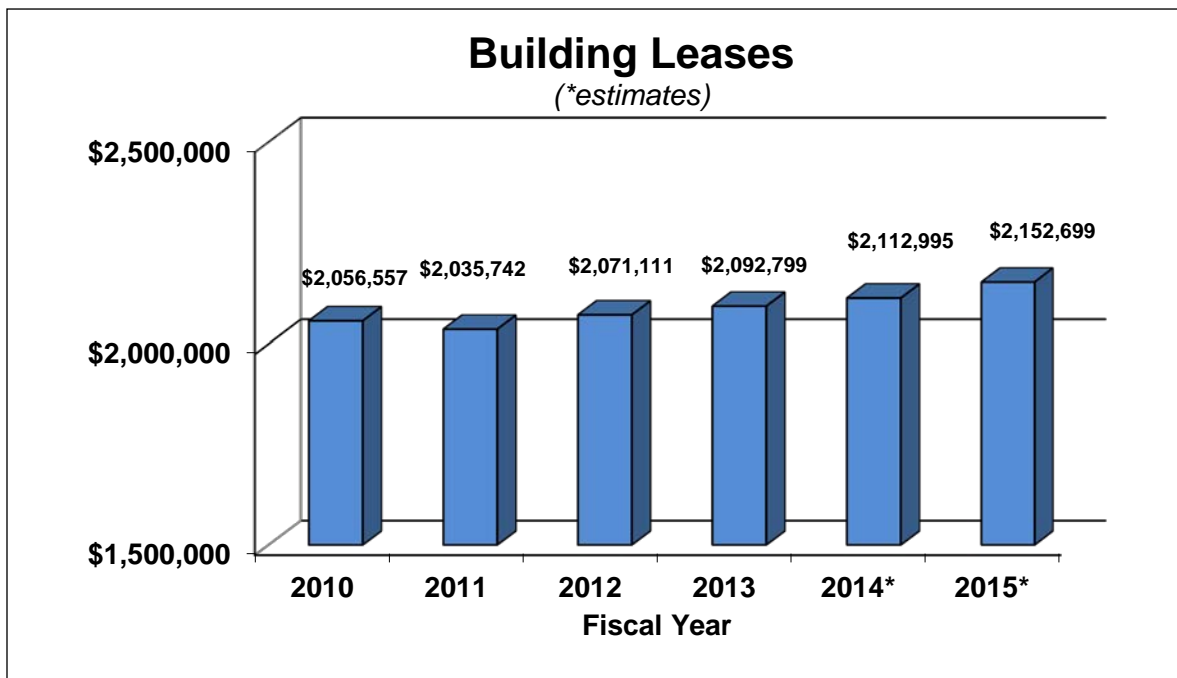


LEASING COSTS

Office Space

The agency should continue to see approximately a two percent increase in statewide lease expense between fiscal year 2014 and fiscal year 2017. Most new leases have been written to include fixed amount increases of two percent versus being tied to the Consumer Price Index (CPI). This limits increases and helps the agency to better predict its budget needs.

FIGURE 10: Building Leases



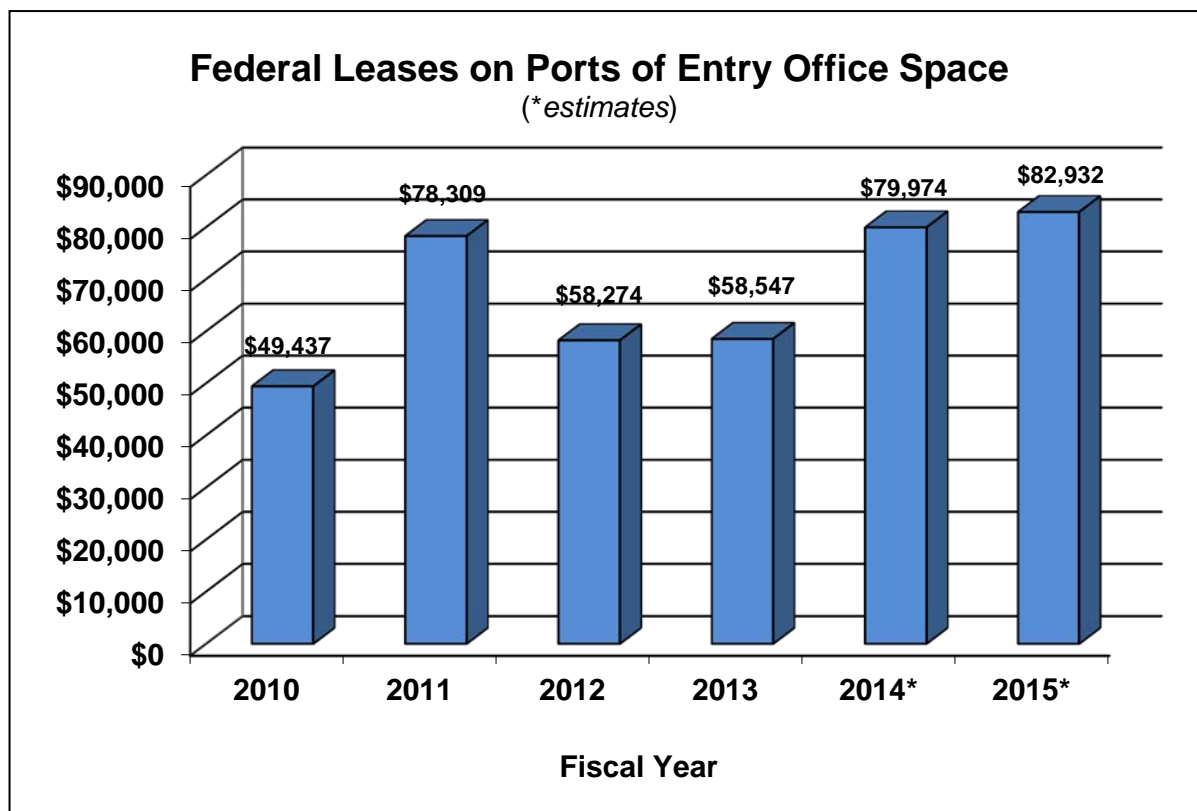
Border Areas

The agency's mandated presence at bridge sites along the Texas/Mexico border not only requires personnel, but increasing lease and construction costs associated with providing tax collection facilities at these border crossings. The General Services Administration (GSA) continues to open new bridge locations and remodel existing locations. As this occurs, the agency's lease fees with GSA will increase due to amortized construction costs and utility increases being factored into the rental rates.

Since fiscal year 2000, the annual lease rates with GSA have remained relatively steady; however, leases at the Gateway, Railroad and Veteran's Bridges in Brownsville and the Eagle Pass Bridges increased due to major renovation of the bridges.



POE Assistant Supervisor Leo Morales at the Progreso vehicular booth.

FIGURE 11: Federal Leases on Ports of Entry Office Space

The GSA is currently building a new bridge at Tornillo–Guadalupe Ports of Entry to replace the Fabens-Casita POE in El Paso County. The Tornillo bridge will be one of the largest land ports of entry in the U.S. serving commercial and non-commercial traffic on the Texas/Mexico border. The first phase of the bridge is scheduled to open in August 2014 for non-commercial traffic.

In addition to GSA-controlled bridges, several bridge locations are privately-owned or owned by municipalities. The costs of these leases are determined by the owner, and negotiations for cost-effective leases can be difficult. One privately-owned bridge increased their lease payment by over 150%. Most rental increases are a result of continued upgrades due to increased security and heightened awareness.



POE employees at Eagle Pass collected food for flood victims during the summer of 2013. L to R: Hector Leura, Jr., Sandra Castillo, Fabiana Saucedo, Juan Perales

SERVICE POPULATION DEMOGRAPHICS

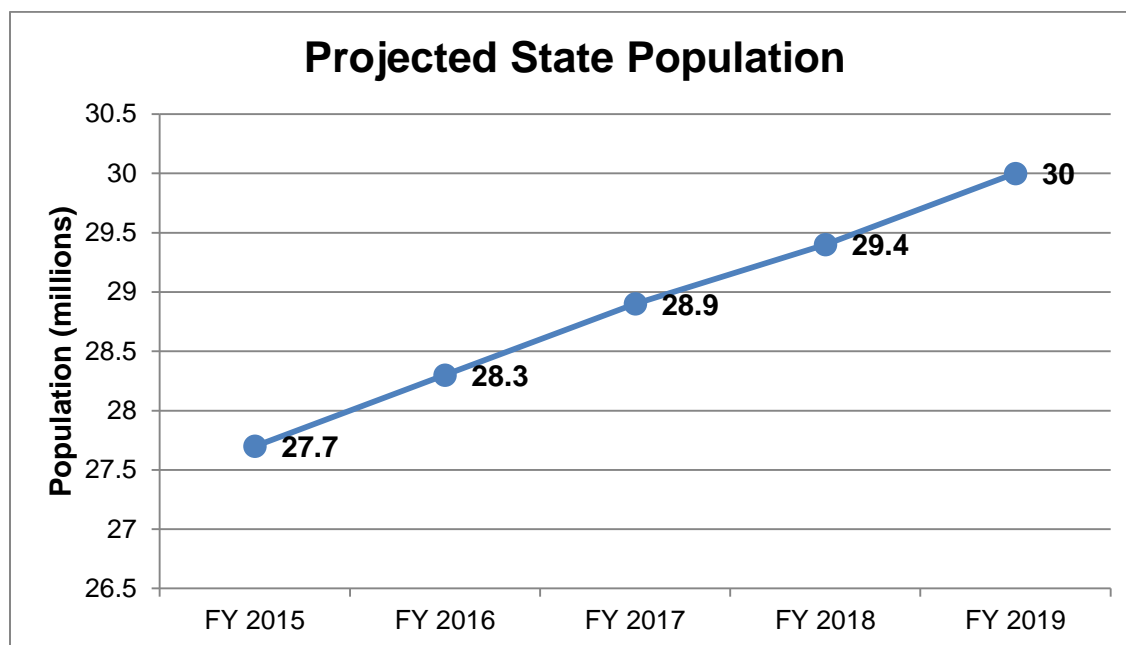
Specific groups served by or receiving special attention from the agency, besides the population in general, include young people, especially those in the 18-24 age group, and the businesses that make up the alcoholic beverage industry (retailers, wholesalers and manufacturers).

GENERAL POPULATION

The general population is of interest, not only because it benefits from the regulation of alcoholic beverages, but also because population growth drives the demand for alcoholic beverage products and vendors. Changes in aggregate demand for alcoholic beverages, as well as changes in the number of alcoholic beverage retailers, are directly and positively related to changes in the size of the general population.

The Comptroller of Public Accounts Economic Forecast predicts a slow but steady growth in population, averaging 2.0 percent per year between fiscal year 2015 and fiscal year 2019.

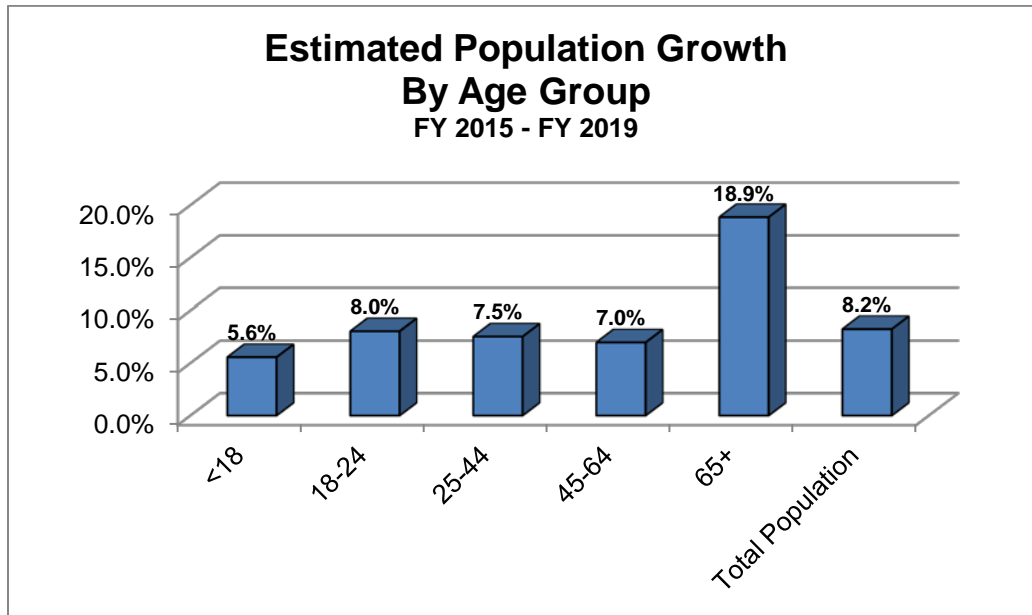
FIGURE 12: Projected State Population



Changes by Age Group. The state's population is expected to age between 2015 and 2019, with the growth rate for Texans age 45 and up being roughly half again as much as that for Texans under 25 years of age. The growth rate for those 65 and up is expected to be two or three times greater than the growth rate of other age groups.

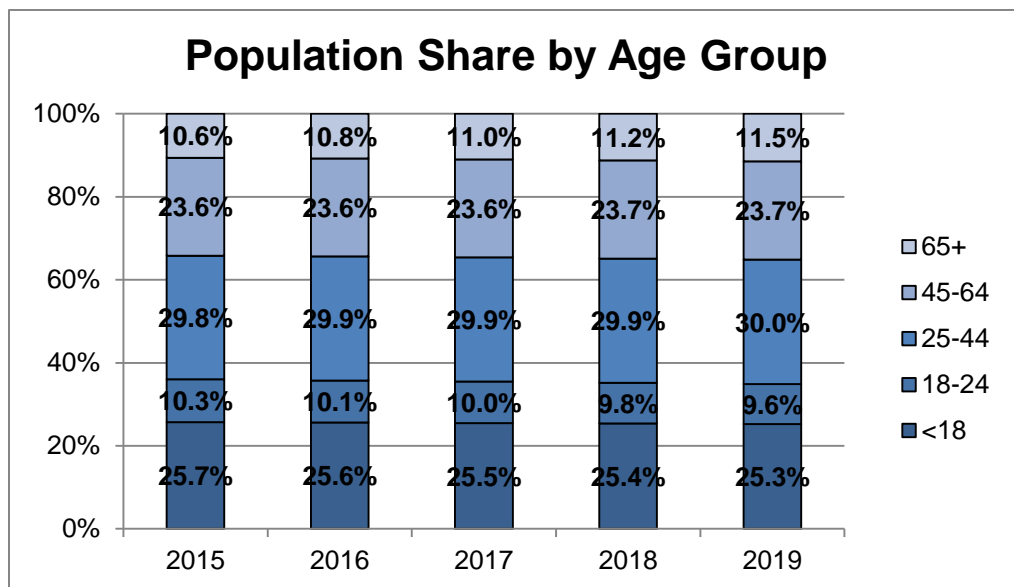
The expected growth for all age groups is depicted in Figure 13.

FIGURE 13: Estimated Population Growth Rates by Age Group



This “graying” of the state’s population is primarily the result of the aging of the population’s largest age segment, the post-WWII baby boomers. Declining birth rates among some segments of the population and continued increases in the average life span, made possible by medical advances and healthier lifestyles, have also contributed to the observed increase in average age. Even so, as seen in Figure 14 below, the change in average age will be gradual and very incremental.

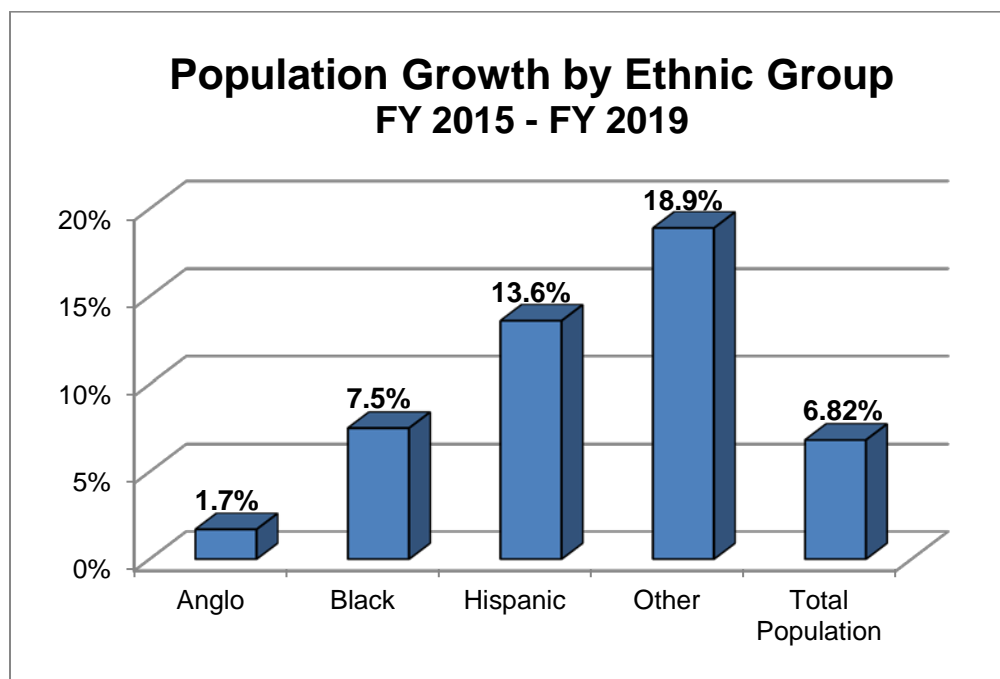
FIGURE 14: Population Share by Age Group



Changes by Ethnicity. The ethnic makeup of the population will also change from FY 2015 to FY 2019, largely due to expected differences in the growth rates for the state's primary ethnic groups.

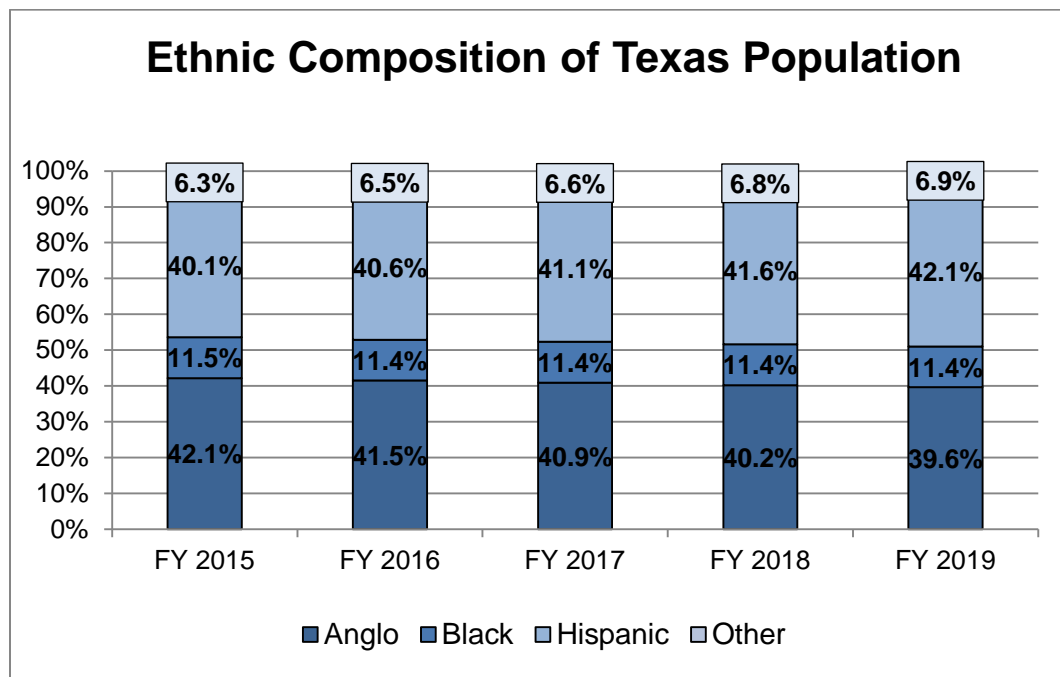
As seen in Figure 15, the state's Hispanic population is expected to grow by 13-14 percent during this period, while the Anglo population will grow by only 1.7 percent. The expected growth rate for the "Other" category is expected to approach 19 percent. This category is largely Asian and Pacific Islanders, various Southwest Asian/Middle Eastern ethnic groups, and people of mixed ethnicity who do not self-select any of the other options. Because of the relative size of the existing populations, it is the Hispanic growth rate, coupled with the small growth rate for Anglos, which will have the greatest impact on the ethnic make-up of the state as a whole. The observed differences are due to lower birth rates for Anglos and Blacks, and higher inward migration rates for Hispanics and the various Asian/Southwest Asian groups.

FIGURE 15: Population Growth by Ethnic Group



OLDER PEOPLE

Personal consumption of alcoholic beverages and the incidence of alcohol-related problems have historically declined with age. For that reason, the passage of an age segment the size of the Baby Boomers through middle-age and into their "golden years" should exert a moderating influence upon the consumption patterns and alcohol-related behaviors of the population as a whole. The decline in per capita consumption of alcoholic beverages observed in recent years suggests that the Boomers are following the normal trend. The commission expects individual consumption to decline as the population continues to age and believes that further declines in individual consumption will largely offset the pressures that population growth at the expected rate of increase would normally exert on the agency's resources.

FIGURE 16: Ethnic Composition of Texas Population**YOUNG PEOPLE**

Young people in the 18 - 24 age group are an important target audience for the agency's public information and education programs. Those who are under 21 cannot legally acquire or consume alcoholic beverages, but frequently try to do so, all too often with tragic consequences. Those who are over 21, but still in their early 20s, are frequently the source of the alcoholic beverages consumed by their underage friends and relatives. As a group, these young adults are often over-represented in arrests for alcohol-related crimes. As a consequence, 18 - 24 year-olds are also a factor in a substantial portion, if not the majority, of the commission's criminal law enforcement activities.

It is no exaggeration to state that this particular age group has greater impact on TABC operations than any other segment of the general population. Its growth relative to the agency's resource base will most definitely stress those resources.

The Texas State Data Center expects the number of people between the ages of 18 and 24 to grow at a slower rate than the general population from 2015 to 2019 (8.0 percent for young people compared with 8.2 percent for the population as a whole) and to decline slightly as a percentage of the state population. Even so, the actual number of young people will grow relative to the agency's available resources, and the agency will need to find new and better methods of operation in order to maintain current service standards.

INCREASED ETHNIC DIVERSITY

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

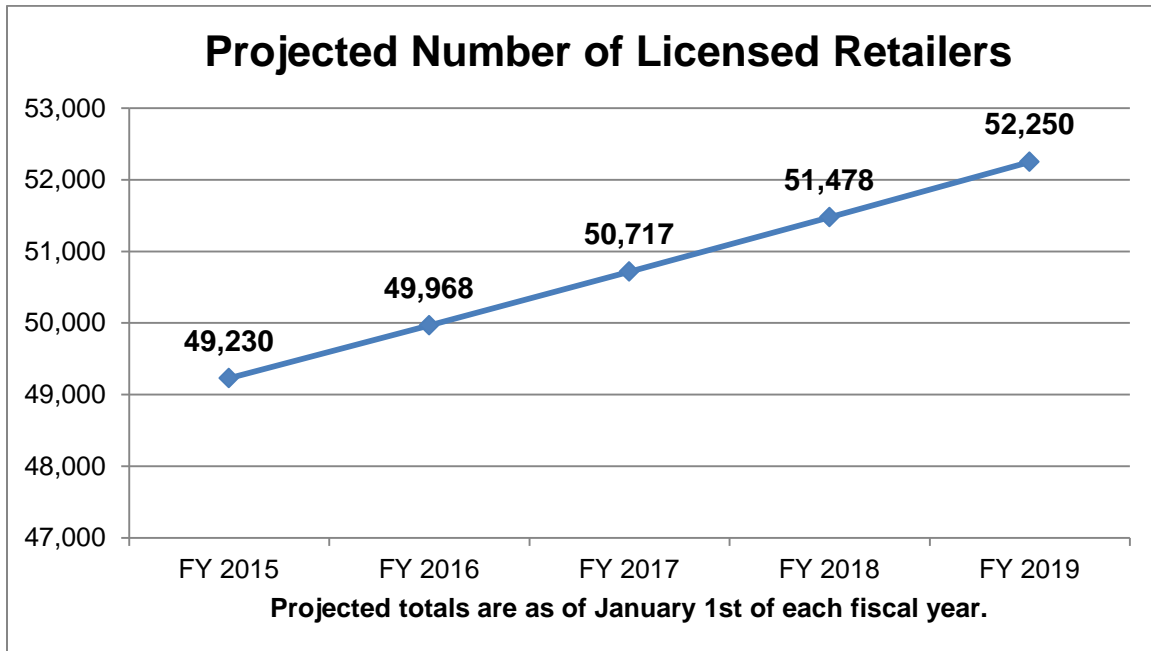
ALCOHOLIC BEVERAGE RETAILERS

Alcoholic beverage retailers constitute the largest single class of businesses regulated by the commission. The greatest part of the agency's regulatory and criminal law enforcement activities take place on retail premises, and retailers are a key target of the commission's public information and education initiatives. The size and economic health of this service population has a significant impact on the agency's resource needs.

Despite a decline since the start of the current fiscal year (FY 2014), the number of alcoholic beverage retailers has grown since 2003, thanks to both population growth and to a wave of local option elections sparked by legislative changes in 2003 and 2005 that lowered petition requirements for key local option issues.

Growth for the most recent five-year period totaled 15 percent, or an average of 3 percent annually. As of March 1, 2014, the number of licensed retail establishments doing business in the state of Texas totaled 46,467. Agency planners expect the number of licensed retailers to continue to grow over the next five years, but at a lower rate of growth than the state's population or that experienced by retailers from FY 2009 to FY 2013. Application of a weighted average approach, which gives added emphasis to current year (FY 2014) results and to the results from the latter years of the FY 2009 – FY 2013 period suggests that the retail cadre will grow by an average of 1.4 – 1.6 percent per year.

As for the impact of this growth on the agency, any increase in the size of key service populations will increase the demand for agency services and impose additional stresses upon the agency's resource base. Continued growth in the retailer segment of the industry without a concurrent increase in agency resources could be a challenge for the commission in future years, especially if the actual retailer growth rate in future years is greater than that currently projected.

FIGURE 17: Projected Number of Licensed Retailers

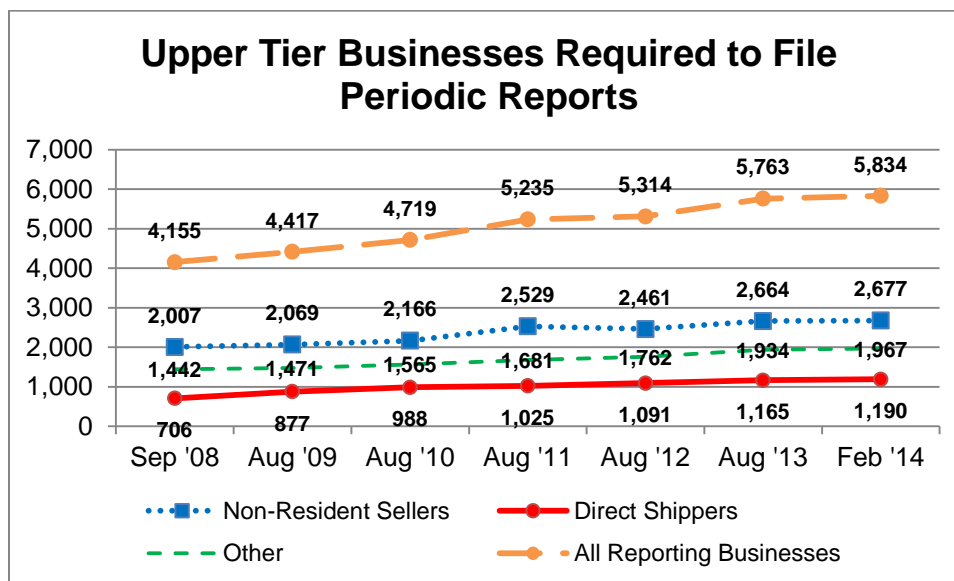
WHOLESALE AND MANUFACTURERS

The number of licensed businesses required to file wholesale and manufacturing tier reports with the commission grew from 4,155 in September 2008 to 5,834 in February 2014, or by 40 percent, with most of the growth coming from holders of out-of-state winery direct shipper and non-resident seller permits. The vast majority of these businesses are located out of state.

Within Texas, the number of wholesale and manufacturing business locations that were subject to inspection by TABC employees grew by an even more impressive 50 percent (from 587 to 879 businesses), with almost all of the growth attributable to increases in the number of licensed in-state wineries, breweries and distilleries.

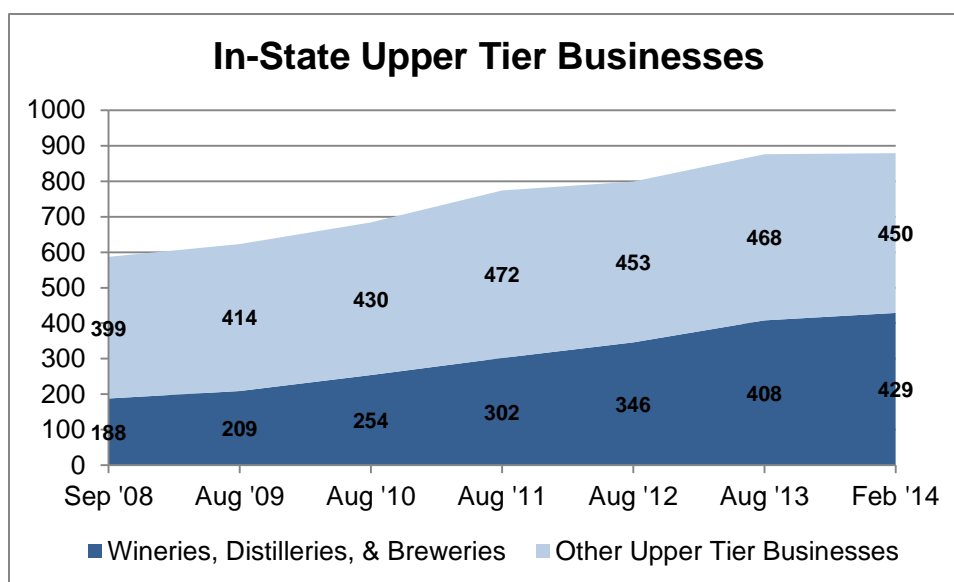
The Texas market continues to evolve and grow. The sheer size of the market should draw more wholesale and manufacturing tier businesses as time goes on. While upper tier growth is likely to be more modest in the future than it has been in recent years, the number of licensees and permittees belonging to the industry's manufacturing and/or wholesale tiers is still expected to increase.

FIGURE 18: Upper Tier Businesses Required to File Periodic Reports



Growth in the number of reporting manufacturing and wholesale businesses will increase the workload of the tax accounts examiners who must review and process the reports submitted. Auditor and enforcement agent inspection workloads will likewise increase as the size of the in-state manufacturing and wholesale tiers grow. As long as that growth is relatively modest, the agency should be able to handle the additional workload with current personnel and present work processes. However, if actual growth approaches the levels experienced during the past five years, the agency will need additional resources (more staff or new and improved automated systems) to ensure that the additional work is timely completed.

FIGURE 19: In-State Upper Tier Businesses



SUMMARY

Several key service populations will increase in size between FY 2015 and FY 2019, adding to the agency's workload. Significant growth in the number of licensed businesses and in the "under 24" age group could strain the agency's existing resource base beyond the breaking point. While more moderate growth is expected, events from the recent past suggest that the resulting increase in service demand could be less "modest" than hoped.



Coastal Bend Region Compliance Auditors Robert (Bob) Spagnola and Letitia Moore attend an event called "Prom Promise" at Brazosport ISD, helping students understand the dangers of underage drinking and driving while impaired.



TECHNOLOGICAL DEVELOPMENTS

A. IMPACT OF TECHNOLOGY ON CURRENT AGENCY OPERATIONS

The most significant impact of technology on current operations is the need to provide convenient mechanisms for regulated entities to interact with TABC (citizen focus), while simultaneously maintaining the agency's legacy applications used by TABC employees (customer focus). Investing in technology is necessary to provide the level of service expected by citizens. While the return on technology investment is rarely monetary, the gain in terms of improved customer service and efficiency is invaluable.

Technology refresh is critical to ensure the infrastructure and software is dynamic and able to support the growth and changes required to meet business needs. Modernization of hardware and software—through replacement or extending compatibility with new systems—can be expensive and complex. However, failure to modernize technology may cause an organization to become trapped in obsolete technology that costs more to operate with fewer benefits.

The Internet continues to be an integral tool for communicating with regulated entities and the general public, as well as the mechanism for processing business transactions. For example, the agency continues to improve Public Inquiry to provide current, comprehensive and transparent agency information in a highly accessible and usable fashion. The agency has also continued to launch additional license and permit types eligible to renew online.

TABC has developed several initiatives to respond to agency Internal and External Operational Management Goals. The following Management Goals provide a basis for prioritizing agency technology initiatives.

OPERATIONAL MANAGEMENT GOALS - INTERNAL

- Leverage technology to improve employee work experience and environment. Support technology initiatives identified in the Agency Strategic Plan.
- Provide training on how to fully utilize the intranet (SharePoint) and the internet.
- Continue to expand the use of SharePoint.
- Continue to expand the use of webinar or video conferencing.
- Expand the use of the Learning Management System.
- Streamline the agency's management of information.
 - Consider minimizing the number of reports and train employees in how to use the remaining reports.
 - Streamline agency reports to contain the most important and useful information.
 - Document and refine the flow of data, especially key data points produced by Field Operations to evaluate productivity.
 - Educate employees on how to analyze data relevant to their job duties.

OPERATIONAL MANAGEMENT GOALS - EXTERNAL

- Continue to automate and streamline the licensing process.
 - Continue the implementation of on-line renewals.
 - Allow attachments to be submitted with on-line renewal.
 - Allow bonds to be submitted electronically.
 - Implement on-line original applications.
 - Implement the use of V box – Electronic PO Box.
- Continue to automate / streamline agency interaction with the industry and the public.
 - Allow license and permit holders to opt-in to use email as the primary means of communication. (May require rule change.)
 - Implement technology that allows TABC personnel to be more mobile and accessible to license/permit holders.
 - Redesign the ID stamp system for better tracking and accountability, including bar coding.
 - Implement on-line label approval.
 - Implement on-line payment of excise taxes.
 - Implement on-line payment of civil penalties.
 - Modernize Public Inquiry.
 - Develop additional mobile applications.
 - Redesign / modernize the agency website.

B. IMPACT OF ANTICIPATED TECHNOLOGICAL ADVANCES

The Department of Information Resources, in the 2014–2018 State Strategic Plan for Information Resources Management (available at <http://www.dir.texas.gov/management/strategy/ssp13/Pages/home.aspx>), describes the impact of technological advances to state agencies. TABC concurs with the issues described in that document:

- Security and Privacy
- Cloud Services
- Legacy Modernization
- Virtualization
- Business Continuity
- Enterprise Planning and Collaboration
- IT Workforce
- Data Management
- Mobility
- Network

The first three are of significant interest to state leadership as illustrated by recent legislative action, the next four are offered for the first time as of this strategic planning cycle, and the final three remain as priorities from the previous planning cycle.

Security and Privacy

Develop governance, policies, and guidelines to secure the technology infrastructure, ensure the integrity of online services, and protect the private information collected from citizens and businesses.

The safety and security of state information resources is a fundamental responsibility of every agency. Citizens trust the state with their personal information, credit card numbers, and other confidential data with the expectation of protection and privacy. Agencies must take a proactive and comprehensive approach to building a secure infrastructure. As the state's citizen-facing services continue to move to an online service model, it is critical that the highest priority be given to maintaining the security and privacy of citizen data.

Cloud Services

Consider, and adopt as appropriate, cloud-based software, platform, and infrastructure services to drive cost-effective and efficient operations.

Cloud computing has proven to be a cost-effective and efficient alternative to procuring and maintaining an agency's internal information technology infrastructure, platform, and applications. With an increasing number of government-specific private cloud offerings, advances in cloud security, and expected economic benefits, there are potential cost savings and operational advantages in moving to the cloud. The cloud model has been successfully applied in the public and private sectors and is mature enough to be adopted for Texas government.

Legacy Modernization

Identify existing mission-critical legacy applications and prioritize their replacement or modernization.

A legacy application is a computer program based on older and less efficient technology. Modernization of legacy applications—through replacement or extending compatibility with new systems—can be expensive and complex. However, failure to modernize aging legacy applications may be more costly as the technical expertise able to support it becomes scarce. The maintenance of legacy applications remains a challenge due to lack of funding, staff resources, and decreasing vendor support.

Virtualization

Virtualize existing server and desktop environments to reduce operational costs and improve service delivery.

Virtualization is the creation of a logical (rather than physical) instance of an operating system, server, storage device, or network resource. Traditionally, one would procure a server or desktop and install the operating system and applications directly onto the hardware. With virtualization, the operating system and applications are separated from the underlying physical device.

Business Continuity

Ensure critical government information technology services continue in the event of a disaster or a disruption of normal operations.

State government relies on technology to deliver services and it must be prepared to ensure critical operations continue in the face of a disaster or the disruption of services. A business continuity plan identifies critical functions and the personnel, facilities, and

other resources required to deliver essential functions. Business continuity planning prepares government to recover technology assets to resume mission-critical functions.

Enterprise Planning and Collaboration

Enhance statewide efficiencies through improved planning and collaboration among and within agencies.

Texas state government should seek opportunities to enable cooperation among state agencies to work together on technology solutions. While the decentralized structure of IT operations in Texas gives state agencies relative autonomy over decisions relating to information resources, there are still opportunities for enterprise collaboration and planning. Collaboration can enable state agencies to better manage expenditures and operate more effectively. Whether breaking down internal program silos or working with other state agencies to meet the needs of multiple enterprises, collaboration affects the degree to which the state improves its return on IT investments.

IT Workforce

Develop and implement strategies to recruit, retain, and manage a fully trained and qualified IT workforce to meet current and future mission objectives.

Skilled IT professionals are needed to plan, develop, and manage IT solutions. IT staff play a vital role in mission-critical decisions and effective service delivery. IT professionals have a direct impact on an agency's operations and overall success. A strategic focus on building a skilled and efficient technology workforce is essential. State agencies must plan to address the effects of the aging state workforce, the competition for skilled technology workers, the need to keep pace with innovative technologies, and the generational differences in work methods and expectations.

Data Management

Implement sound data management principles to support good business practices, meet regulatory requirements, and reduce costs.

State agencies continue to produce and accumulate large quantities of data. The rapid proliferation of data and the legal and regulatory requirements to retain, manage, and protect it has created significant challenges for business and IT managers. Government must improve its data management practices from creation to disposition to provide opportunities to enhance the value and usefulness of agency information.

Mobility

Support the needs of increasingly mobile citizens and workforce populations.

Mobility continues to drive the direction of IT service delivery and customer interaction as citizens expect more self-service applications. Mobility offers opportunities for Texas government to expand its services to citizens and gain greater productivity within its workforce. It is important for state agencies to integrate the demand for mobile solutions into their overall IT strategy. Quality mobile solutions offer opportunities to create value and innovation, and many mobile solutions can be easily deployed at little or no cost.

Network

Provide innovative network services to allow agencies to improve efficiency and successfully deliver citizen services.

In Texas, network services have been transformed by the business needs of

government, which requires greater bandwidth over Internet protocol platforms, greater reliability, and security balanced with flexibility. As in the private sector, state government seeks an array of services from multiple vendors—with flexible but enforceable service level agreements—to meet its broad range of business requirements. The state's enterprise approach remains a vital component of the cost-effective pricing of communications.

C. DEGREE OF AGENCY AUTOMATION, TELECOMMUNICATIONS, ETC.

Software Automation - TABC maintains over 40 distinct software applications, primarily developed on a .NET platform (now the agency standard). Some legacy software applications were developed in FoxPro and Lotus Notes. TABC has an initiative to replace these applications over the next five years with software consistent with the technology standard.

Infrastructure - TABC is one of 29 agencies with significant information technology (IT) operations that transitioned to the Data Center Services contract in April 2007 (House Bill 1516 79th Regular Legislative Session). The consolidated data center combines and coordinates state data center and disaster recovery operations to improve efficiencies and performance. The agency transformed all application servers by September 2009. Remote file and print servers were transformed in 2010. Therefore, **TABC is one of very few agencies that are completely transformed into the State Data Center.**

Telecommunications – Over the past five years, the TABC telecommunication system has been standardized statewide:

- All TABC field offices use the same electronic key telephone system.
- Headquarters uses a PBX phone system.
- The devices used in the field are the same devices used in Headquarters.
- All remote office facilities have been standardized to cable modems, with bandwidth upgraded as necessary.
- All facilities use Voice over Internet Protocol (VOIP).
- All facilities have been converted to 4-digit dialing (not requiring the area code and prefix to contact a TABC facility from another TABC facility).

D. ANTICIPATED NEED FOR AUTOMATION (EITHER PURCHASED OR LEASED)

Detailed descriptions and background of each statewide priority is described in depth in the 2014-2018 State Strategic Plan for Information Resources.

<http://www.dir.texas.gov/management/strategy/ssp13/Pages/home.aspx>

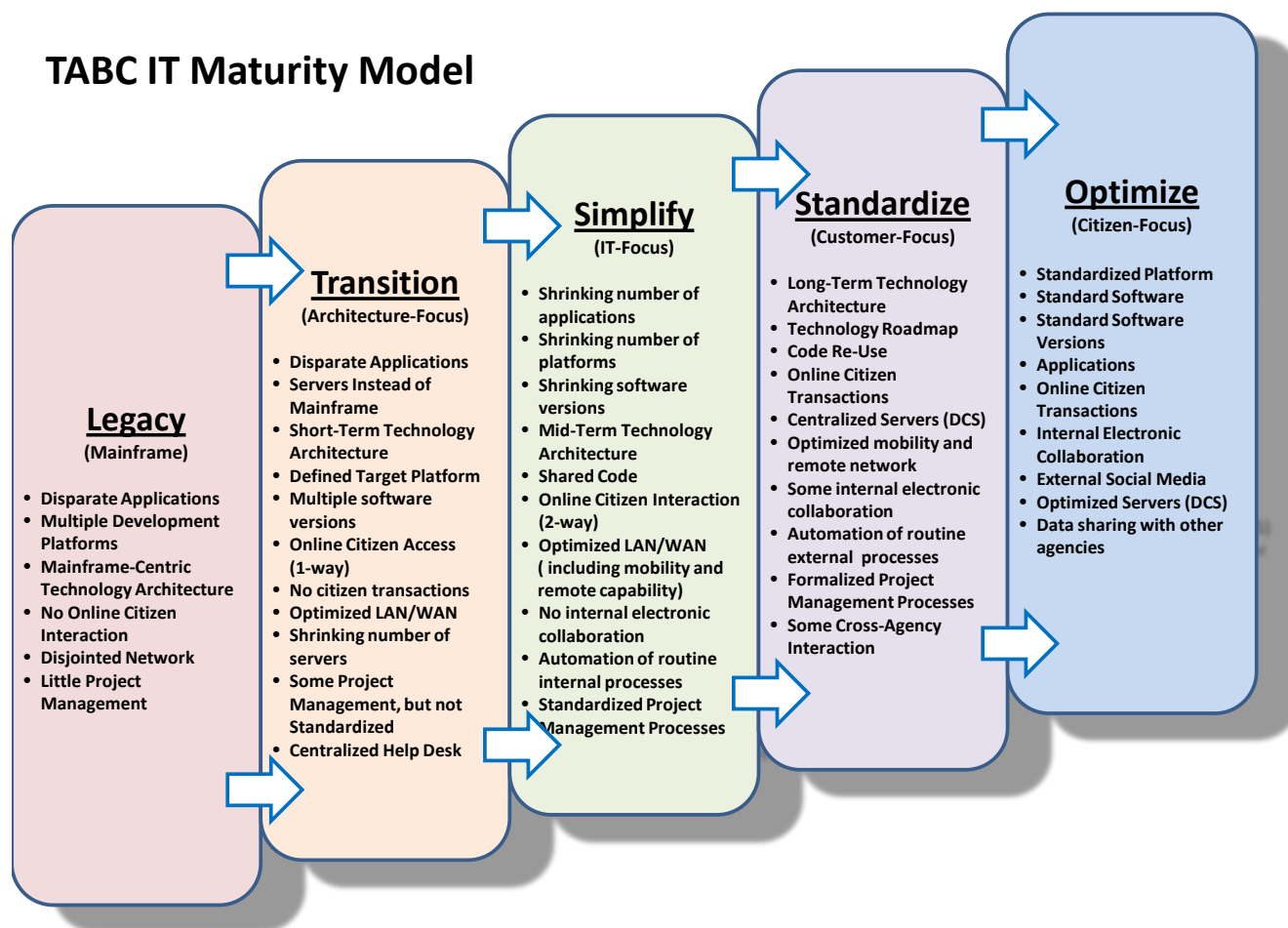
Each TABC technology initiative listed below is described in more detail in the Technology Resources Planning Section.

The TABC information technology objectives are intended to enhance the performance of the agency's mandates, missions and functional program areas through core IT applications support initiatives.

- Ensure that the public is able to interact with the commission electronically.
 - Automate online renewals of additional permit and license types, allowing the

- Alcoholic Beverage industry to renew online using credit/debit cards.
- Automate the manual process for collecting and processing excise tax reports by using web services technology to collect tax/information reports from the alcoholic beverage industry.
- Automate the manual process for collecting and approving alcoholic beverage labels and the associated fee.
- Redesign the public website to be compatible with mobile device browsers and extend the features of Public Inquiry to include access to additional data sets available to the public.
- Launch additional Mobile Apps allowing the public and Alcoholic Beverage industry to interact with the commission using smart devices (phones and tablets).
- Transform agency operations using new technology.
 - Simplify the data entry and information reporting functions in use by Field Operations.
 - Implement an enterprise level solution for advanced analysis designed for pattern discovery and information access for use by the agency's investigative and law enforcement users (e.g., digital dashboards, reporting, integration, case management system, risk assessment system, and integration with local law enforcement).
 - Implement an enterprise-wide electronic document imaging solution for capturing and indexing the agency's paper documents (e.g., alcoholic beverage labels, license and permit files, excise tax records, financial records, records management system, etc.).
 - Implement a mobile computing solution (i.e. hand-held devices, smart phones, tablets, wireless, etc.) to assist enforcement agents and auditors with their routine paper workload.
- Manage TABC's secure technology infrastructure.
 - Continue managing an information security program, including policies, procedures, hardware, software, and employee training, to defend against cyber security threats.
 - Maintain a stable, reliable communication network for data, voice, and video to all TABC offices and agency employees at their point of need.
 - Manage the TABC data center.
 - Manage the Data Center Services arrangement for contracted services.
- Support each TABC employee with their technology problems through the Help Desk.

Figure 20: TABC IT Maturity Model



TABC IT Maturity Model

Over the past five years, TABC has shifted technology priorities from supporting agency personnel (customer focus) to providing information and transaction systems to citizens and regulated entities (citizen focus.) The public expects more interaction with TABC through online transactions, social media, and mobile applications. Therefore, TABC has developed a model where TABC can continue to serve internal customers but also develop new capabilities for citizens (see TABC IT Maturity Model diagram). TABC continues to follow the model: some legacy systems must still be simplified and standardized, but each technology project is evaluated for its contribution to TABC's IT maturity level.

TABC IT Initiatives

TABC has identified over 100 distinct technology initiatives needed throughout the agency. These are documented and prioritized on the agency Project Portfolio. Of these projects, over 40 of them are active, with the remaining projects awaiting internal resources or funding to become available. Key initiatives are listed below, categorized by the 10 statewide priorities. (Further details are provided in the Technology Resources Planning Section.)

Security and Privacy

- Security Management
- Remote and local device encryption - Disallow unencrypted devices to access the TABC network.
- Security Awareness Online Training Module
- Active Directory (user authentication) Integration to All Agency Applications
- PCI Compliance with Credit Card Industry - Policies and Education to ensure private and credit card information are secure
- Routine review and update of security policies
- Annual penetration test by the Department of Information Resources
- Implement Security Profiles in the Agency Reporting & Tracking System
- Implement Security Profiles in the Cash Credit Law Reporting System
- Expand Use of Multi-Factor Authentication

Cloud Services

- Monthly Time Allocation Automation
- Virtual Desktop Initiative
- Microsoft Office 365 Exchange Software as a Service (SaaS)
- Unified Communications Software as a Service (SaaS)
- Microsoft Office 365 SharePoint Software as a Service (SaaS)
- Mobile Audit and Inspection Software
- Excise Tax Automation using Cloud Services
- Packaged Store ID Stamp Control (Order, Distribute, and Track)
- CAPPs Enterprise Resource Planning Human Resources Software Implementation
- CAPPs Enterprise Resource Planning Financials Software Implementation

Legacy Modernization

- Case Management & Risk Assessment (upgrade ARTS and replace CrisNet)
- Application Standardization & Optimization
- Seized and Purchased As Evidence Replacement
- Help Desk Software Replacement
- CAPPs Enterprise Resource Planning Human Resources Software Implementation
- CAPPs Enterprise Resource Planning Financials Software Implementation

Business Continuity

- Annual Tests of TABC's Disaster Recovery Program
- Biennial Review of TABC's Disaster Recovery Plan
- Participation in the Development of TABC's Emergency Operations Plan

Enterprise Planning and Collaboration

- Participation in the Statewide Data Center Services Program
- Participation in the Texas.gov Program
- Credit Card Processing Services through a Texas Comptroller of Public Accounts Master Contract
- Document Imaging and Process Improvement Software and Services from Neubus through a Council on Competitive Government Master Contract
- Upgrade to Tex-AN Next Generation
- CAPPs Enterprise Resource Planning Human Resources Software Implementation
- CAPPs Enterprise Resource Planning Financials Software Implementation

IT Workforce

- TABC's Employee Retention Program
- Personalized Training, Development Opportunities, and Access to Professional Credentialing
- Outsourcing - Staff Augmentation When Necessary, to Supplement Resource Levels to accommodate Demand for Services
- Outsourcing - Deliverable-Based IT Services When Necessary, to Provide Services beyond the Capabilities of Existing Staff
- Outsourcing – Acquire Software as a Service Where Feasible, Eliminating Need to Support Additional Software or Infrastructure
- TABC has no plans to reduce the existing technology staff.

Virtualization

- Data Center Services Program (Multiple Initiatives)
- Virtual Desktop Initiative
- Exadata Implementation (Virtual Database Implementation)
- Secure Network Access - VPN, Remote Desktop, Aircards, Wi-Fi

Data Management

- Executive Dashboard
- Excise Tax Imaging & Retrieval
- Financial Records Imaging & Retrieval
- Seller Server Records Imaging & Retrieval
- Approved Labels Imaging & Retrieval
- Packaged Store ID Stamp Control (Order, Distribute, and Track)
- SharePoint Records Management and Document Management
- Common drive cleanup project (data redundancy and disk storage reduction)
- Excise Tax Automation (sharing with regulated entities)
- Open Data and Public Inquiry

Mobility

- Virtual Desktop Initiative - Access from Anywhere on Any Device
- WebEx Web Conferencing
- Personally Owned Device Program
- Mobile Document Capture
- Mobile Audit and Inspection Software
- Place Barcodes on the Front of Licenses and Permits
- Unified Communications – Presence
- Mobile-friendly Public Website
- Secure Network Access - VPN, Remote Desktop, Aircards, Wi-Fi
- Mobile Applications – Complaints, Signs of Intoxication, Public Inquiry (Spirits Texas), and Mobile Industry Guidebook

Network

- Data Center Services
- Communications Technology Infrastructure
- Security Management
- Upgrade to Tex-AN Next Generation
- PBX/Telephone Upgrade
- LAN/WAN Network Circuitry (bandwidth, cable modems, etc.)
- Network Redundancy Project
- Wi-Fi Implementation



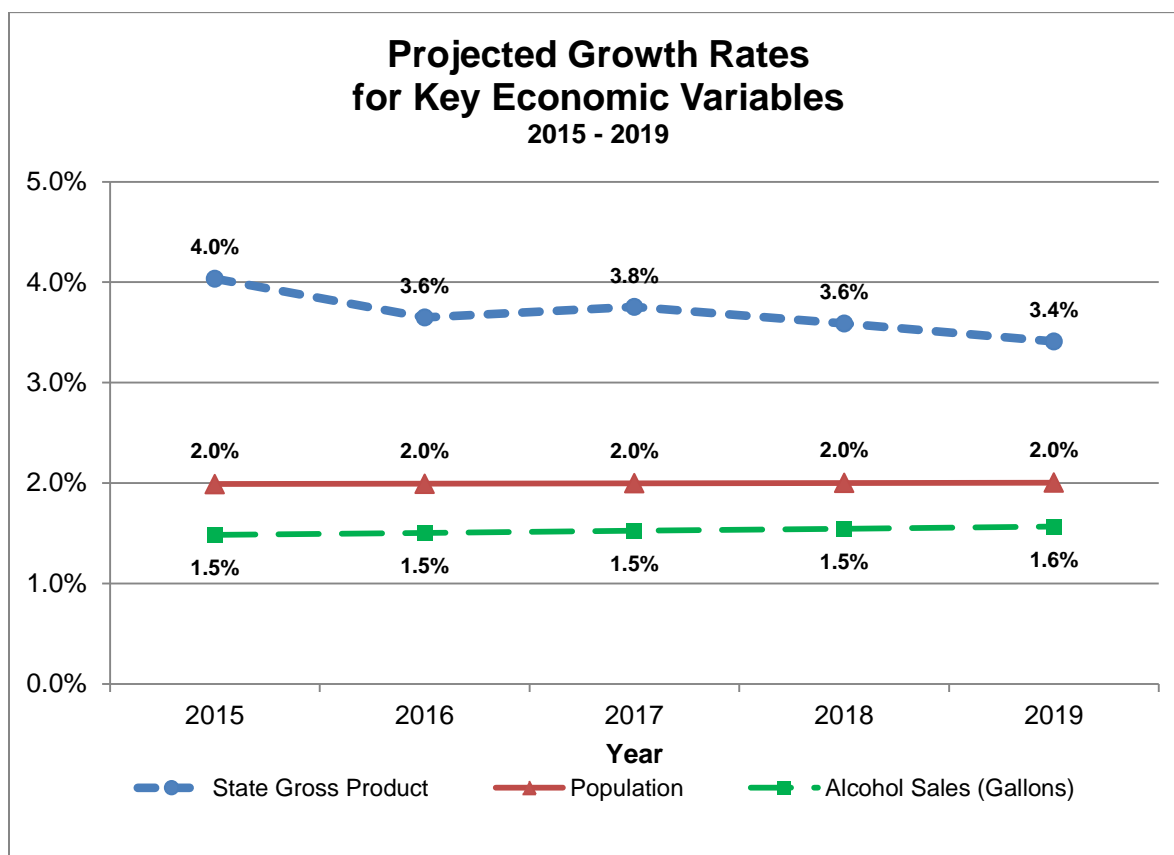
*IRD employees win award for best-decorated door at the December holiday luncheon.
L to R: Mona Appling, Kyle Winfield, Director Jay Webster, Bob White and Carie Nguyen.*

ECONOMIC VARIABLES

Regression analysis of alcoholic beverage sales volumes, population changes and economic growth in Texas clearly demonstrates that the economic well being of the Texas alcoholic beverage industry is directly tied to the overall growth rates of the state's population and its economy, with population changes being the stronger of the two determinates. The relationships in question are strong, highly significant, and undoubtedly causal.

The Comptroller of Public Accounts projects steady growth for the state's population and its economy during the next five years (FY 2015 - FY 2019), with average annual growth rates of 2.0 percent and 3.7 percent, respectively. The TABC projects that the average annual growth rate for aggregate demand for alcoholic beverages during the same period will fall somewhere around 1.5 percent.

FIGURE 21: Projected Growth Rates for Key Economic Variables



ENVIRONMENTAL ASPECTS

Although the Texas Alcoholic Beverage Commission does not control environmental aspects of the alcoholic beverage industry, policies and laws are in place to support community-based prevention programming that can limit the negative consequences of alcohol. TABC supports these efforts through education, enforcement and regulation that promote voluntary compliance with the Texas Alcoholic Beverage Code and Administrative Rules. TABC enforces laws and regulations that (1) prohibit sales to underage persons; (2) prohibit sales to intoxicated persons; (3) disallow overlapping ownership in the production, distribution, and sale of alcohol which helps prevent lower prices; and (3) reduces physical access of alcohol by limiting hours and days of sale.

UNDERAGE DRINKING

Underage alcohol use is a complex and persistent problem that defies easy solutions. Although research continues to improve our understanding of this critical issue, the use of alcohol by those under the age of 21 continues to be a major environmental aspect that impacts the well-being of Texas. Prevention of underage drinking depends on local, state and federal level partnerships working with communities to change the current culture that supports underage drinking.

Although alcohol continues to be the most commonly used substance among Texas secondary students (7-12 grades), Texas has seen reduction in underage consumption being reported in 2012.

- Students reporting lifetime use of alcohol: 58 percent in 2012, 62 percent in 2010 and 81 percent in 1990.
- Past-month alcohol use by Texas Secondary students: 25 percent in 2012 and 29 percent in 2010.
- Binge drinking by Texas Secondary students: 18 percent in 2012 and 20 percent in 2010.

Texas enforces zero tolerance laws for drinking and driving by those under 21. Review of environmental factors shows that over two-thirds of all deaths associated with underage drinking are not on the roadways, but by homicides, suicides, alcohol poisoning, falls, drowning, burns and other causes of death.

The possibility of death from overdose of alcohol resulted in a legislative change in 2011 best known as the *9-1-1 Lifeline Law*. The law says a minor will not be charged with possessing or consuming alcohol if the minor: (1) requests emergency medical assistance in response to a possible alcohol overdose of the minor or another person; (2) was the first person to make the request for medical assistance; and (3) remained at the scene and cooperated with medical and law enforcement personnel.

Prevention of underage drinking requires a community-based effort to monitor the activities of minors and decrease minors' access to alcohol. Publications by the Surgeon General and the Institute of Medicine outline many prevention strategies that will require actions on the national, state, and local levels, such as enforcement of minimum legal drinking age laws. TABC field employees provide education and

materials to retailers to deter violations to legal drinking age laws. Enforcement efforts at a community level also detect violators followed by appropriate administrative action or additional education. TABC also creates materials for the community and provides free training to local law enforcement agencies and community groups to assist with underage drinking prevention.

DRIVING WHILE INTOXICATED

Motor vehicle crashes and fatalities increased in 2012 after six consecutive years of declining fatalities on our nation's highways. Nationwide, about one-third (31%) of the total fatalities were in alcohol-impaired-driving crashes. Texas was one of thirty-two states that saw an increase in alcohol-impaired-driving fatalities and had the largest increase (6.6%). Alcohol-impaired-driving crashes accounted for 10,322 deaths nationwide in 2012. Texas had 1,296 fatalities from alcohol-impaired-driving. Thirty-eight percent of fatalities on Texas roadways involved alcohol.

TABC's mission does not include patrolling Texas roadways as part of daily duties, but TABC does promote efforts by Texas retailers not to over-serve patrons nor allow citizens to over-consume. In recent years, TABC has moved its focus from targeting intoxicated individuals to finding the source of over-service. This change resulted in additional education programming provided free to all three tiers of the alcoholic beverage industry and an at-risk model for detecting and if necessary removing violators of the laws and regulation from the community.

EXPANDING ALCOHOLIC BEVERAGE INDUSTRY

According to the *Global Alcoholic Beverage Industry 2013-2018: Trends, Forecasts, and Opportunity Analysis*, the global alcoholic beverage market is estimated to reach \$1,369.5 billion by 2018. The Texas market in particular is in growth mode.

Applications for label approval grew by 55% between FY 2010 and FY 2013. Specifically in the area of malt beverages, the growth was 185%. Distilled spirits grew 38% and wine grew 39%. Excise taxes collected by TABC between FY 2010 and FY 2013 has increased by 8% or over \$15 million a year.

The number of brewers and distillers in Texas has more than tripled since 2010 and is expected to continue to grow following legislation passed in 2013 that authorizes them to sell directly to consumers. In 2010, there were 18 distillers as compared to 61 today. In 2010, there were 17 small breweries as compared to 76 today. This does not include those craft brewers who are starting out as brewpubs.

The need for quality education that is available anywhere, anytime also increases since many entering the Texas marketplace do not have headquarters located in Texas or even the United States. It is critical that TABC continue to expand alternate communication methods to provide information to industry members to assist in compliance with Texas laws and regulations. TABC currently operates three websites, maintains various social media sites and creates videos to assist with training needs related to retailer education and marketing practices. TABC continues to create resource material that may be used by the industry and community leaders to make responsible decisions related to the sale and service of alcohol throughout Texas.

LEGAL ISSUES

GRANHOLM V. HEALD

In May 2005, the U.S. Supreme Court issued its opinion in *Granholm v. Heald*, which ruled that statutory schemes that offered in-state wineries broader rights to sell and ship directly to consumers than were offered to out-of-state wineries violate the Commerce Clause of the U.S. Constitution. Perhaps the most significant aspect of the *Granholm* case was the implicit basis of the court's ruling: that if there is a conflict between the Twenty-first Amendment and the Commerce Clause, the Commerce Clause prevails. The implication is that the same holds true regarding other provisions of the U.S. Constitution. This represents a significant shift in long held tenets of Twenty-first Amendment jurisprudence and in the suppositions on which much of the regulatory structure for alcoholic beverages is built.

Predictably, the *Granholm* decision sparked a wave of litigation around the country. That litigation is producing different and, in some cases, conflicting interpretations of the state's authority to regulate alcoholic beverages.

SOUTHERN WINE AND SPIRITS V. STEEN

On June 27, 2006, Southern Wine and Spirits applied for a Texas wholesaler's permit, a Texas general distributor's license, and a Texas importer's license. On August 31, 2006, they were sent a letter by TABC denying their applications because they are not Texas residents. September 11, 2006, they filed suit.

On May 29, 2007, a U.S. District Court held that the one-year Texas residency and Texas citizenship requirements for license and permit applications violated the Commerce Clause of the U.S. Constitution. TABC was enjoined from enforcing these licensing requirements. The agency may still insist on U.S. citizenship, including lawful residency, and insist that corporations are authorized to do business in Texas by holding a Certificate of Authority from the Texas Secretary of State.

Since May 29, 2007, TABC has been accepting permit applications from applicants who do not meet the one-year Texas residency requirement.

SIESTA VILLAGE V. STEEN AND WINE COUNTRY GIFT BASKETS V. STEEN

In April 2006, twin lawsuits, *Siesta Village v. Steen* and *Wine Country Gift Baskets v. Steen*, were filed in U.S. District Courts, challenging the constitutionality of certain provisions of the Alcoholic Beverage Code and seeking an injunction barring their enforcement. The lawsuit claimed that sections of the Code discriminated against interstate commerce and violated the Interstate Commerce Clause, by authorizing in-state wine retailers to ship wine directly to Texas consumers while denying out-of-state wine retailers the same right.

On January 14, 2008, a final order was issued in the twin cases. The district court judge declared certain aspects of the Alcoholic Beverage Code unconstitutional, enjoining the enforcement of those laws. Among other things, the judge ruled that out-of-state

retailers are eligible to apply for, and receive, a Texas retailer permit authorizing them to sell and ship wine directly to Texas consumers. The judge also ruled that once receiving the permit, out-of-state retailers must also abide by relevant Texas laws, such as the one that mandates that all retailers purchase their product from a Texas wholesaler. In turn, they are then able to do whatever the law allows Texas retailers to do, such as shipping wine directly to consumers in Texas. Following the district court ruling, TABC made an Out of State Wine Only Package Store Permit available to out of state retailers. However, this decision was appealed by both parties.

On January 26, 2010, a three-member panel of the 5th Circuit Court of Appeals reversed the district court's ruling that invalidated state provisions that only retailers with a physical presence in Texas could deliver to consumers in Texas. The appeals court ruled that allowing in-state (but not out-of-state) retailers to make local deliveries is a benign incident of an acceptable three-tier system, and therefore is not a violation of the Interstate Commerce Clause of the U.S. Constitution. TABC is not required to offer a permit to out-of-state retailers authorizing them to ship wine to Texas consumers. On February 9, 2010, the plaintiff / appellant filed a petition for "*en banc*" review (meaning the entire appellate court) for reconsideration of the appellate court's decision. As a result, the appellate court's mandate was not issued pending a decision on the petition for an *en banc* review. Pending that decision, the TABC continued to follow the district court's decision, which required TABC to offer a permit to out-of-state retailers.

On July 22, 2010, the appeals court denied the request for an "*en banc*" review, and the decision by the appeals court became final. The plaintiffs sought review of the appeals court decision in the U.S. Supreme Court. On March 7, 2011, the Supreme Court denied the request. The State of Texas CAN prohibit out-of-state retailers from shipping wine to Texas consumers.

AUTHENTIC BEVERAGE COMPANY INC. V. TEXAS ALCOHOLIC BEVERAGE COMMISSION

In 2010, beer distributor Authentic Beverage Co. filed a federal lawsuit against TABC alleging violations of rights under the 1st and 14th Amendments and the Commerce Clause.

In October 2011, attorneys for the plaintiffs and the Office of the Attorney General on behalf of TABC filed cross-motions for summary judgment. Judge Sam Sparks issued a ruling on December 19, 2011, in favor of the plaintiffs on the first amendment free speech issues and in favor of the state on the 14th amendment equal protection and commerce clause issues.

The judge's decision means that:

- A member of the manufacturing or wholesale tier may advertise retail locations where their products may be purchased. (TABC still has the right to prevent undue collusion between manufacturers/wholesalers and retailers and ensure there is no financial remuneration, incentive, inducement or compensation between manufacturers/wholesalers and retailers.)

- A member of the manufacturing or wholesale tier may now refer to alcohol content in advertisements of their products. In addition, manufacturers and wholesalers are no longer prohibited by state law from using words that describe product strength on the label or in advertisement (e.g., “strong,” “full strength,” etc.).
- Brewers will no longer have to use the terms “beer” and “ale” on their labels based on the alcohol content of their products. Instead, they can use these terms as they are commonly used in the industry, i.e., to describe the process used to make the product. Specifically, Judge Sparks said that “nothing prevents Texas or TABC from passing appropriate regulations requiring producers to include accurate statements about the alcohol content of their products in labeling or advertising; absent a constitutionally sound justification, however, Texas may not dictate the exact words producers must use to do so.”

In January 2012, TABC issued a marketing practice bulletin to inform the industry of interim guidelines, pending new rules to replace the ones that were overturned by the court. Since January, TABC has engaged the public in the rulemaking process. At the agency’s March 2014 Commission Meeting, the commission voted to publish for comment the last rule out of a set of previously adopted rules that abide by the judge’s decision. Specifically, the interim guidelines and the rules allow manufacturers to designate high or low alcohol content on a malt beverage label using alcohol by volume or by using the terms “beer,” “ale,” or “malt liquor” as defined in the Alcoholic Beverage Code. The new rules allow a manufacturer or brewer to post on the internet where their products may be sold.

IN SUMMARY

These cases demonstrate the commission has had to defend fundamental aspects of its statutory and regulatory structure. The Authentic Beverage ruling in particular indicates that Texas alcoholic beverage statutes and rules that treat various products, or in-state and out-of-state entities, differently may warrant a closer look to ensure that the state has a rational basis for the distinctions. The judge’s opinion also suggests that where commercial speech is involved, there needs to be a closer look at whether a substantial government interest is directly advanced by the statute or rule, and whether the state’s interests could be advanced in a less restrictive manner.



Top Row: Attorneys Catherine Chamblee and John Sedberry Bottom Row: Deputy General Counsel Judith Kennison and Legal Assistant Cecelia Brooks

KEY ORGANIZATIONAL EVENTS

The agency has experienced considerable key organizational events since the last strategic plan. Key events took place in all divisions of the agency as well as the agency's operation as a whole.

NEW AGENCY LEADERSHIP

In the months following the submission of the last Strategic Plan, TABC underwent significant changes in agency leadership. Administrator Alan Steen and Chief of Field Operations Joel Moreno both retired. Sherry Cook was promoted as the new Executive Director and within a few months hired Ed Swedberg as her Deputy. A few months later, Swedberg promoted Robert Saenz to be the new Chief of Field Operations. Chief Saenz then restructured the Field Operations Division into three sections, each led by an Assistant Chief or Director: Enforcement, Auditing and Investigations, and Ports of Entry. Although it wasn't visible to the outside eyes, it was a challenge for the agency to function while the Deputy Executive Director and Chief of Field Operations positions were vacant. However, once the positions were filled, everyone hit the ground running and never looked back.

LEARNING MANAGEMENT SYSTEM

TABC implemented a Learning Management System (LMS) to track and deliver training to agency staff. The LMS interfaces directly with TCOLE, the agency that compiles and oversees mandatory training to Texas Certified Peace Officers. Further, training modules are available to agency employees around-the-clock from any location with Internet access. The LMS has dramatically changed the training and learning methods within the agency. Rather than sending trainers around the state or bringing agency employees to Austin for centralized training, TABC is delivering employee training electronically. Subject Matter Experts throughout the agency are able to create training modules themselves. TABC is also using the LMS to distribute policy and procedure updates throughout the agency as miniature training courses where employees are accountable for reading and understanding current policy and procedures.

EMERGENCY MANAGEMENT PLAN

Every two years TABC updates its Business Resumption Plan and Disaster Recovery Plan. This past biennium, TABC made significant changes to these plans by producing a comprehensive Emergency Management Plan. The Emergency Management Plan includes several sub-plans, including an Emergency Operations Plan, Enterprise Risk Management Plan, Continuity of Operations Plan (formerly the Business Resumption Plan), and Disaster Recovery Plan. With the completion of this plan, TABC is well prepared for an emergency whether a breach of physical security, system outage, natural and man-made disasters.

PROJECT MANAGEMENT OFFICE

TABC has implemented a Project Management Office (PMO) to better manage the pipeline of projects, implement a governance process, improve accountability, and, most importantly, optimize limited resources across multiple agency initiatives. A formal Project Management Office provides the following functions:

- Manage the project governance process (project prioritization).
- Provide monthly status to the Executive Team on ALL priority projects.
- Manage priority projects.
- Provide project management support to non-priority projects.
- Manage the enterprise, agency-wide project portfolio including change requests.
- Maintain TABC's project management standards, methods, tools, templates, and policies.
- Advance TABC's Project Management Maturity through repeatable processes and mentorship.

STRATEGIC CHANGES TO EMPLOYMENT AND RECRUITMENT EFFORTS

In September 2013, TABC implemented NEOGOV, an online applicant tracking system. The utilization of the system allowed TABC to streamline the entire recruitment process and ensure best practices. The system also increased TABC marketing effectiveness by linking with other job search worksites. NEOGOV reduces the paperwork within the recruitment process and improves overall effectiveness. Having an online application process has increased the number of applicants applying for positions at the TABC.

In addition, TABC hired a recruiter to oversee recruitment activities. The recruiter performs tailored recruitment assistance and acts as a liaison between the public and TABC including associations, college/universities, and community organizations. The recruiter strategically focuses on the specific recruitment needs of the TABC using proactive efforts such as attending job fairs, utilizing social media to contact potential candidates and recruitment of passive candidates.

RESTRUCTURING OPR AND TRAINING DIVISION

In March 2013, the Office of Professional Responsibility (OPR) organizational structure was changed from two investigators down to one when Lieutenant Albert Rodriguez was promoted to Training Captain/Director to oversee the daily activities of the Training Unit. This move was necessary to address the growing needs associated with (1) implementation and oversight of our New Agent and Auditor Academies, (2) the structure, relevancy and consistency of the agency's in-service training, and (3) the implementation and documentation of continuing education. While Captain Rodriguez's main function is to supervise training activities, he does assist in conducting internal investigations (misconduct and background) on an "as needed" basis, and he remains the agency's use-of-force consultant.

LICENSING

With the intent to streamline the licensing process, the 83rd Legislature, Regular Session, passed Senate Bill 1035 (Effective, September 1, 2013) amending the Code Section 61.31; "Application and Issuance of Licenses," and the authority granted the County Judge. An application for a license to manufacture, import or sell beer shall be filed with the Commission. All fees and surcharges that were previously submitted to the county tax assessor office will now be collected by the Commission. The authority of the County Judge to determine the granting of a license to sell beer in a county is now limited to only those applications that have a protest filed against them and in which the Commission or administrator has determined that reasonable grounds exist for the

protest. Those applications shall then be rejected and filed with the County Judge to submit to a hearing.

PROCESS IMPROVEMENT

The licensing division initiated the installation of desktop scanners in 23 field offices across the state. Original applications received in these offices are imaged when received allowing for parallel processing and enabling work flow to be monitored through reports. Parallel processing and the ability to redistribute workload without relocating personnel will contribute to meeting, maintaining and exceeding performance measures mandated for the division.

PORTS OF ENTRY

- Credit Card Acceptance - In August 2013, the division successfully began accepting credit and debit cards as a form of payment for the personal importation tax for alcohol and cigarettes. As of January 2014 all 21 key manned ports are able to accept credit cards as a form of payment in lieu of cash. Credit card transactions make up approximately 5% of the overall transactions ranging from 24% credit card acceptance at the Galveston seaport to 2% at the smaller ports. Funding for this was provided through a grant from the Department of Criminal Justice Division at the Texas Governor's office. Credit card acceptance has provided the division's customers a better customer experience with this additional convenience in paying their taxes.
- Seaports – On January 4, 2014, the division successfully began tax collection at the Galveston Seaport located in the Port of Galveston. Due to the seasonal scheduling of the cruise ship arrivals, the agency chose a temp work force model supervised by agency staff to man this port. Since the grand opening, the temp staff and the POE Galveston Supervisors have worked side by side to ensure that taxpayers are quickly and efficiently served and processed through our booths. Tax collections have been successful at both terminals 1 & 2 at this port and the projected revenue is set to exceed operating expenses and the initial start-up costs of \$252,794 through the end of FY14.
- Smart Schedules - In September 2013, the division conducted a staffing analysis in order to determine the best operating hours for each port location and to strategically place positions at locations that will most likely increase revenue. *Smart Scheduling* strategies were determined for all manned POE locations and were implemented October 14, 2013. The analysis utilized vehicular and pedestrian traffic for FY12 reported by U.S. Customs and Border Protection. It was then compared to the TABC tax revenue collected by each port facility by the day and hour. A correlation between peak traffic and TABC revenue was clearly demonstrated.
- Laredo Paisano Season - As part of the Division's focus in determining strategies to maximize revenue, the Laredo District made a targeted effort in maximizing the tax collection for the 2014 Paisano season period from January 1-12, 2014. Paisano Season is a yearly event that occurs primarily in the Laredo District right after the Christmas Holidays when holiday visitors to Mexico travel back into Texas via the

Laredo Port of Entry. During this time there is a significant increase in vehicular and bus traffic transporting holiday visitors back into the U.S. These travelers have historically brought back alcohol and cigarettes and are a significant tax revenue source. The district was provided over-time hours and additional labor resources in order to strategically man key collection hours during event. The strategy proved successful, with the Laredo port increasing tax collections by \$59,616 from that collected in 2013. The Paisano Season strategy will be a yearly planned event for the division from this year forward.

VERSA:ONLINE / VERSA:REGULATION

In June of 2011, TABC successfully transitioned to the Versa:Regulation licensing system. With Versa:Regulation in place, the agency has since implemented Versa:Online to allow license and permit holders to renew online. Currently, the following license and permit types may renew online:

Agent's Beer License, Agent's Permit, Manufacturer's Agent's Permit
Airline Beverage Permit, Carrier's Permit, Promotional Permit
Industrial Permit, Local Industrial Alcohol Manufacturer's Permit
Market Research Packager's Permit, Mixed Beverage Permit
Nonresident Seller's Permit, Nonresident Manufacturer's License
Out of State Winery Direct Shipper's Permit, Passenger Train Beverage Permit

The ability for all other license and permit types to renew online is targeted for end of FY14.

CHALLENGES TO THE THREE-TIER SYSTEM

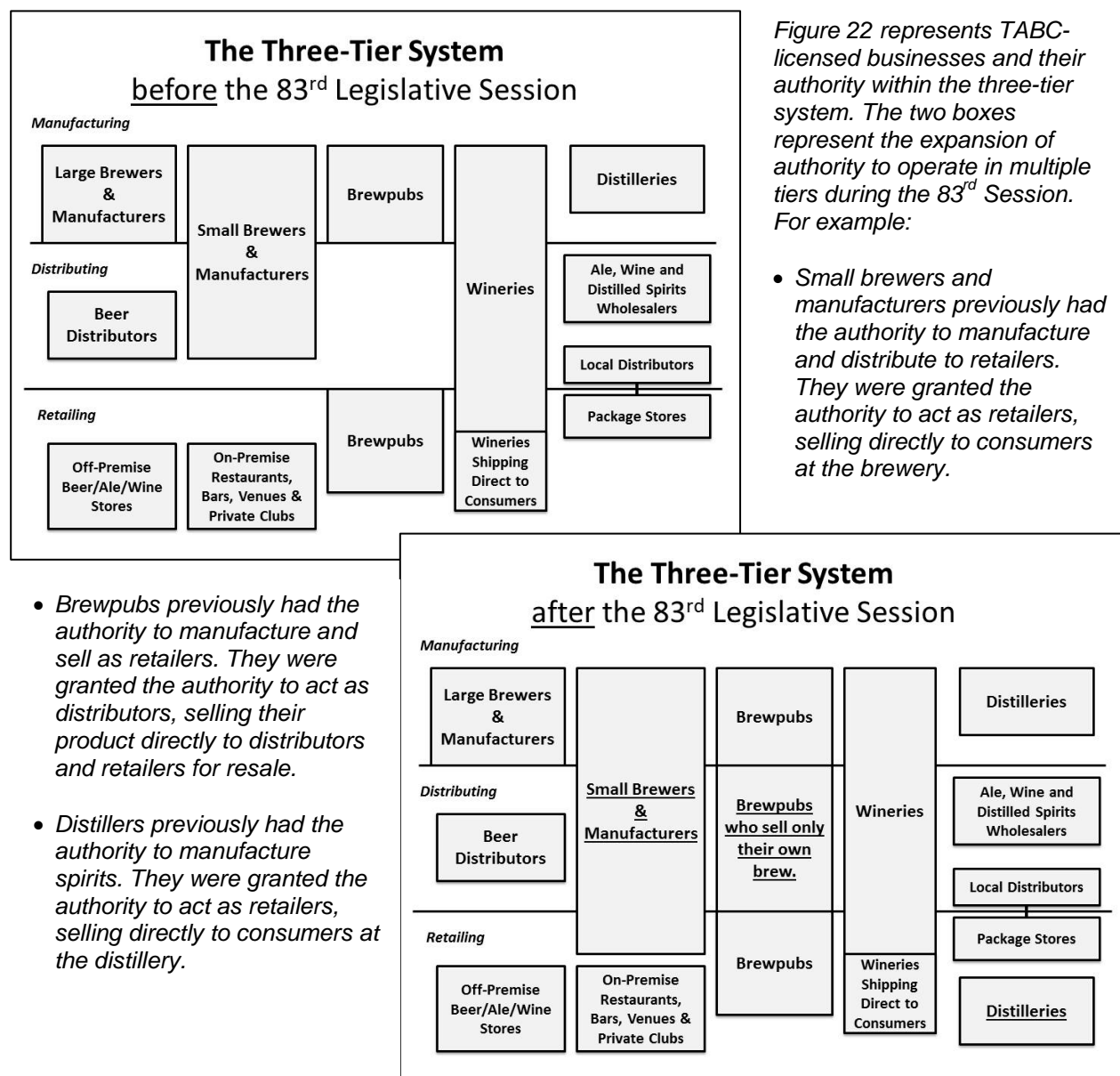
Several bills were passed by the 83rd Legislature that benefit craft beer and spirits manufacturers in Texas. For example, brewpubs were given the authority to sell their products for distribution, in addition to already being able to sell direct to consumers. Texas' craft distillers and small breweries were given the authority to sell direct to consumers, in addition to already being able to sell their products for distribution. These laws are exceptions to the state's regulatory three-tier system and are designed to encourage entrepreneurship and help small business to grow.

Nevertheless, the agency has concerns about the long-term effects of the continued erosion of the three-tier system. Whereas the post-Prohibition regulatory system was designed to have three distinct and separate tiers (manufacturers, wholesalers and retailers), the distinctions are reduced with every legislative session. The long-term effects of this deterioration are difficult to predict, but when laws are put into place for small businesses, as these businesses and industries grow, the tendency is to increase the size limits. Over time it becomes difficult to explain why these exceptions aren't appropriate for larger businesses.

In addition to these new laws, the agency has been facing challenges to various Code and Rule provisions, questioning the need for the separation of the tiers. Primary examples would be lawsuits attempting to allow retailers to participate in the manufacturing of products, and overlapping ownership of businesses in different tiers. At some point, the state will have to grapple with the importance of maintaining the

three tiers. As the expansion of the exceptions and limitations diminish the bright lines, it becomes more difficult to justify the three-tier regulatory system.

FIGURE 22: The Three-Tier System Before and After the 83rd Legislative Session



FINANCIAL CRIMES UNIT AND SPECIAL INVESTIGATIONS UNIT

Two years ago, the Legislative Budget Board assigned two new performance measures to TABC related to organized crime and multi-agency investigations. In response, TABC created two new units as part of the agency's enforcement efforts. The Financial Crimes Unit (FCU) focuses on prevention, investigation and detection of financial related crimes related to TABC-licensed locations. Investigations include money laundering, prohibited tier relationships, tax fraud, business and corporate fraud, and other organized financial crimes activity committed by persons/entities having a license or permit issued by the Commission. The Special Investigations Unit (SIU) identifies and investigates habitual patterns of at-risk behavior of persons/entities having a license or permit issued by the Commission through covert operations. The unit exercises administrative and criminal powers to suppress or dismantle organized criminal activity relating to the functions of the Commission. The unit conducts both administrative and criminal investigations.

IN SUMMARY

The agency has leveraged technology and new ideas to increase efficiency, productivity and transparency. Capitalizing on this new path, the commission has seen improvements, changes and events that have continued to mold and build the best regulatory agency possible.



TABC Special Investigations Unit (SIU) Agents work closely with High Intensity Drug Trafficking Area (HIDTA) Investigators. The marijuana pictured here was found in a TABC permit holder's storage facility. Seizures of this amount (3,759 lbs) are not uncommon.



SIU Agents assisted Homeland Security Investigators (HSI) with the seizure of approximately 20 lbs of K-2 synthetic marijuana. They also seized a vehicle and \$137,366 in cash from the owner of the store who was subsequently arrested by HSI.

OPPORTUNITIES FOR IMPROVEMENT

Forums involving internal and external stakeholders continue to provide the agency a broad venue in identifying areas for improvements. The agency leverages stakeholder feedback and workgroups to implement change. Other helpful tools include a continuing internal audit process, on-going customer evaluations, State Auditor's reviews, and Sunset staff recommendations.

STRATEGIC PRIORITIES

Historically, the agency's internal and external management goals developed during the strategic planning process have been largely operational and relatively short-term. Whereas these goals are an important part of the agency's planning process, they have lacked a greater vision and strategic outlook. During the 2012 strategic planning process, agency division directors and commissioners participated in an off-site meeting to develop a shared vision of the agency in 2018. The group developed the following priorities, not to replace the management goals, but to support and augment them. They provide a broader focus to keep the agency moving in the same direction regardless of short-term crises, employee turnover or other external factors.

Commissioners and division directors agreed that to be the best regulatory agency possible, the agency will need to focus on the following:

- Harnessing technology to ensure we are addressing tomorrow's challenges today.
- Revisiting and fine-tuning the agency mission and vision to reflect environmental changes, including the economy, consumer attitudes, and the alcoholic beverage industry. [This was completed in 2014.]
- Continuously working to improve communication inside and outside of the organization, not to communicate more, but to communicate the information people need in a timely manner.
- Building future leaders through succession planning.
- Being increasingly accessible and transparent to our stakeholders and the general public.
- Increasing public awareness of the public safety concerns caused by underage drinking and over-consumption by persons of any age.

OPERATIONAL MANAGEMENT GOALS - INTERNAL

In April 2014, division directors and key staff used employee feedback related to the Survey of Employee Engagement to develop operational goals and strategies hoping to improve the work experience of employees around the state:

1. Continue to explore ways to ensure employees are compensated fairly.
 - Explore equity adjustments for comparable positions within the agency.
 - Review the Career Ladder and consider adjustments.
 - Explore non-financial incentives.
 - Explore creating a reward system for meeting performance measures.

2. Continue to identify ways to improve the overall safety of Ports of Entry (POE) facilities.
 - Hire an outside consultant to conduct a safety assessment and make necessary recommendations.
 - Install security and surveillance cameras at all port facilities, including a panic button that will set off a siren and flashing light and will time stamp the video at occurrence.
 - Install speed bumps and “slow” traffic speed limit signage at high traffic lanes (upon GSA approval).
 - Replace the current ballistic resistant vests with a higher projectile resistant vest.
 - Continue to implement and employ policy and procedures to ensure employee safety.
 - Utilize the training division to provide safety-related training to POE staff.
3. Leverage technology to improve employee work experience and environment. Support technology initiatives identified in the Agency Strategic Plan.
4. Continue to improve internal communication.
 - Provide training on how to fully utilize the intranet (SharePoint) and the Internet.
 - Continue to expand the use of SharePoint.
 - Continue to expand the use of webinar or video conferencing.
 - Ports of Entry management will provide follow-up feedback to employees that have brought forward issues and suggestions so that there is a full circle in the communication.
5. Develop a comprehensive approach to employee training and provide appropriate resources.
 - Provide recurring training on the Alcoholic Beverage Code for Agents, Auditors, and Ports of Entry staff.
 - Provide a shorter Alcoholic Beverage Code 101 class for headquarters support staff.
 - Re-establish in-service training.
 - Develop liquor law refresher training in a round table format to create more consistency in how laws are interpreted and enforced.
 - Create a two-year training program for License and Permit Specialists.
 - Expand the use of the Learning Management System.
 - Continue to identify ways to train and develop the Ports of Entry staff to improve safety, and begin to use an eight-hour training model for new POE employees.
6. Streamline the agency’s management of information.
 - Consider minimizing the number of reports and train employees in how to use the remaining reports.
 - Streamline agency reports to contain the most important and useful information.
 - Re-engineer Field Operations processes following the model for the Licensing Project Evolution in 2008.

- Document and refine the flow of data, especially key data points produced by Field Operations to evaluate productivity.
- Educate employees on how to analyze data relevant to their job duties.

OPERATIONAL MANAGEMENT GOALS - EXTERNAL

In March 2014, division directors and key staff met with industry and community stakeholders to develop operational goals and strategies related to how the agency serves those customers. The following goals were based on issues raised in those conversations with our stakeholders in the community and alcoholic beverage industry.

1. Continue to improve communication with industry to facilitate education and voluntary compliance.
 - Conduct meetings with upper-tier members upon request and as needed, e.g. following Code or Rule changes.
 - Continue stakeholder meetings.
 - Conduct training for retailers following violations.
 - Conduct meetings for interested retailers and associations before special events and upon request.
 - Continue tours of stakeholder facilities as a part of Agent Academies and for other new employees.
2. Continue to automate and streamline the licensing process.
 - Continue implementation of on-line renewals.
 - Continue to increase communication and provide education to local officials in urban and rural areas.
 - Streamline the application process for temporary and caterer's permits.
 - Allow attachments to be submitted with on-line renewal.
 - Allow bonds to be submitted electronically.
 - Implement on-line original applications.
 - Implement the use of V box – Electronic PO Box.
3. Continue to automate / streamline agency interaction with the industry and the public.
 - Allow license and permit holders to opt-in to use email as the primary means of communication. (May require rule change.)
 - Implement technology that allows TABC personnel to be more mobile and accessible to license/permit holders.
 - Redesign the ID stamp system for better tracking and accountability, including bar coding.
 - Implement on-line label approval.
 - Implement on-line payment of excise taxes.
 - Implement on-line payment of civil penalties.
 - Modernize Public Inquiry.
 - Develop additional mobile applications.
 - Redesign / modernize the agency website.

TABC GOALS

1. To protect the peace and safety of the public by taking positive steps to encourage voluntary compliance with the Texas Alcoholic Beverage Code and other state laws and by undertaking enforcement and regulatory actions that are both fair and effective.

[Vernon's Texas Alcoholic Beverage Code: Chapters: 2, 61, 101 (Subchapters B & D), 103, 105, 106, 107, 108 and 251; Sections: 1.03, 5.33, 5.36, 5.38, 6.01, 11.01, 11.46, 11.61, 11.68, 25.06, 28.0, 32.14, 32.15, 37.07, 37.09, 38.03, 39.21, 39.31, 39.32, 40.05, 51.03-.04, 63.04, 67.01, 69.06, 104.01, 109.33, 109.35 and 109.53.]

2. To process and issue alcoholic beverage license/permit applications while ensuring compliance with the Alcoholic Beverage Code through investigations and other regulatory means.

[Vernon's Texas Alcoholic Beverage Code: Chapters: 6-53, 61-75 102, 103, 109, 204 and 251; Sections 5.50, 6.02 and 101.69.]

3. To ensure compliance with the Alcoholic Beverage Code in the manufacturing, importing, exporting, transporting, storing, selling, serving and distributing of alcoholic beverages.

[Vernon's Texas Alcoholic Beverage Code: Chapters: 102, 106, 107, 108, 109, 201, 202, 203, 204, 205 and 206; Sections: 5.32, 5.37, 5.41, 5.51, 6.01 and 11.61.]

4. To carry out developed agency policies governing purchasing and public works contracting that foster meaningful and substantive inclusion of historically underutilized businesses.



Executive Assistant Diana Figueroa provides support to the Office of Professional Responsibility in the Executive Suite in Headquarters

GOALS, OBJECTIVES, STRATEGIES AND OUTCOME/OUTPUT MEASURES

GOAL 01: ENFORCEMENT

To protect the peace and safety of the public by taking positive steps to encourage voluntary compliance with the Texas Alcoholic Beverage Code and other state laws and by undertaking enforcement and regulatory actions that are both fair and effective.

OBJECTIVES/OUTCOME MEASURES

01 Detect and Prevent Violations of the Law

To act, to detect and to prevent violations of the law in such a manner that, by fiscal year 2017, 80 percent of all licensed establishments are inspected annually; 95 percent of all administrative cases filed by enforcement agents result in administrative sanctions; 97 percent of all licensees responding to post-inspection surveys rate agency enforcement services as satisfactory or better; 84 percent of all complaint investigations are closed within 60 days; 95 percent of all priority retail locations are inspected annually; a retail public safety compliance rate of not less than 98 percent is achieved; a 96 percent priority retailer public safety compliance rate is achieved; and the public safety recidivism rate for licensed retailers is reduced to 15 percent.

Outcome Measures

- 01 Percentage of Licensed Establishments Inspected Annually
- 02 Percent of Administrative Cases Filed by Enforcement Agents Resulting in Administrative Sanctions
- 03 Percent of Agency Contacts Rating Enforcement Actions as Satisfactory or Better
- 04 Percentage of Complaint Investigations Closed within 60 Days
- 05 Percentage of Priority Retail Locations Inspected by Enforcement Agents
- 06 Retailer Public Safety Compliance Rate
- 07 Priority Retailer Public Safety Compliance Rate
- 08 Public Safety Recidivism Rate – Licensed Retailers

STRATEGIES/OUTPUT MEASURES

01 Deter and Detect Violations

Deter and detect violations of the Alcoholic Beverage Code through enforcement actions.

Output Measures

- 01 Number of Inspections Conducted by Enforcement Agents
- 02 Number of Inspections of Priority Retailers Conducted by Enforcement Agents
- 03 Number of Persons Instructed by Enforcement Agents
- 04 Number of Licensees Attending Enforcement Education Programs

Efficiency Measure

- 01 Average Cost Per Enforcement Inspection
- 02 Average Cost Per Person Attending Enforcement Education Programs

Explanatory/Input Measures

- 01 Number of Enforcement Administrative Cases Reaching Final Disposition
- 02 Number of Licensed Locations Subject to Inspection
- 03 Number of Complaint Investigations Opened
- 04 Number of Criminal Cases Filed
- 05 Number of Administrative Cases Initiated by Enforcement Agents
- 06 Number of Priority Retail Locations
- 07 Number of Complaint Investigations Closed
- 08 Number of OCA/Trafficking Investigations Closed
- 09 Number of Multi-Agency/Joint Operations Targeting Organized Crime and Trafficking in TABC's Border Region
- 10 Number of Multi-Agency Joint Operations Targeting Organized Crime and Trafficking

GOAL 02: LICENSING

To process and issue alcoholic beverage license and permit applications, while ensuring compliance with the Alcoholic Beverage Code through investigations and other regulatory means.

OBJECTIVES/OUTCOME MEASURES

STRATEGIES/OUTPUT MEASURES

01 Licensing

Process applications for permits and licenses in an efficient and timely manner such that, by fiscal year 2017, the average time required to approve an original primary application processed through a TABC field office is 40 days.

Outcome Measures

- 01 Average Number of Days to Approve an Original Primary License/Permit Application Processed through a TABC Field Office

01 Licensing

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

Output Measures

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

Efficiency Measure

- 01 Average Cost Per License/Permit Processed



Clockwise: Licensing Assistant Supervisor Jo Ann Joseph, License and Permit Specialist Khristi Polk and License and Permit Specialist Johnna Cunningham

GOAL 03: COMPLIANCE AND TAX COLLECTION

To ensure compliance with the Alcoholic Beverage Code in the manufacturing, importing, exporting, transporting, storing, selling, serving and distributing of alcoholic beverages.

OBJECTIVES/OUTCOME MEASURES

01 Compliance and Tax Collection

Monitor all tiers of the alcoholic beverage industry and conduct inspections, analyses, investigations and other activities to encourage maximum voluntary compliance with the Alcoholic Beverage Code, so that, by fiscal year 2017, the compliance rate for field audits and analyses is 80 percent, the percent of report analyses resulting in administrative or compliance actions is only 15.5 percent, the percent of agency contacts expressing satisfaction with contacts with agency auditors is 98 percent and the compliance rate for inspections of licensed businesses conducted by auditors is 96 percent.

Outcome Measures

- 01 Compliance Rate – Field Audits
- 02 Percent of Report Analyses Resulting in Correction Letters
- 03 Percent of Agency Contacts Expressing Satisfaction with Contacts with Agency Auditors
- 04 Compliance Rate – Inspections of Licensed Businesses by Auditors

STRATEGIES/OUTPUT MEASURES

01 Compliance Monitoring

Inspect, investigate and analyze all segments of the alcoholic beverage industry, verify the accuracy and timeliness of tax reporting payments and initiate any necessary compliance and/or administrative actions for failure to comply, while providing instruction to promote voluntary compliance.

Output Measures

- 01 Number of Persons Instructed by Auditors
- 02 Number of Wholesale and Manufacturing Reports Analyzed
- 03 Number of Audits Conducted by Field Auditors
- 04 Inspections Conducted by Field Auditors

Efficiency Measure

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

Explanatory Measures

- 01 Number of Licensed Locations Subject to Inspection and Other Regulatory Enforcement Activities
- 02 Number of Wholesale/Manufacturer Licensees/Permittees Required to Submit Reports
- 03 Number of Administrative Actions Initiated by Auditors and Other Auditing Personnel
- 04 Number of Cash Law/Credit Law Defaults Received and Processed
- 05 Number of Correction Letters Resulting from Analyses of Wholesale and Manufacturing Reports

GOAL 03: COMPLIANCE AND TAX COLLECTION (cont'd)

To ensure compliance with the Alcoholic Beverage Code in the manufacturing, importing, exporting, transporting, storing, selling, serving and distributing of alcoholic beverages.

OBJECTIVES/OUTCOME MEASURES

STRATEGIES/OUTPUT MEASURES

02 Ports of Entry

Ensure maximum compliance with laws regulating importation of alcoholic beverages and cigarettes at ports of entry, so that, by fiscal year 2017, ports of entry revenue is at least 100 percent of the ports of entry expenses.

Outcome Measures

01 Revenue as a Percent of Expenses

02 Ports of Entry

Identify high traffic loads and strategically place personnel or equipment at ports of entry to more effectively regulate the personal importation of alcoholic beverages and cigarettes.

Output Measure*

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

Efficiency Measure

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

Explanatory Measure

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

*These measures represent explanatory measures as the agency has no control over the number of alcoholic beverages or cigarette packages that are imported.

GOAL 04: HISTORICALLY UNDERUTILIZED BUSINESSES (Non-budgeted)

To carry out developed agency policies governing purchasing and public works contracting that foster meaningful and substantive inclusion of historically underutilized businesses.

OBJECTIVES/OUTCOME MEASURES

STRATEGIES/OUTPUT MEASURES

01 HUBs

To carry out state and agency policies concerning the inclusion of historically underutilized businesses in such a way that, by fiscal year 2017, at least 22.1 percent of the total dollar value of agency purchasing contracts and subcontracts are awarded to HUB vendors, with the following minimums for the various contract/subcontract categories:

- 1) 21 percent of commodities contracts;
- 2) 24.6 percent of services contracts;
- 3) 23.6 percent of professional and consulting contracts;
- 4) 32.7 percent of all special trade construction contracts;
- 5) 11.2 percent of heavy construction contracts; and
- 6) 21.1 percent of all other building construction contracts.

Outcome Measure

- 01 Percent of Total Dollar Value of Purchasing Contracts and Subcontracts Awarded to Qualified HUBs

01 Increased Use of HUBs

To continue the implementation of the agency's internal HUB policy dated November 15, 1995, for increasing the use of HUBs through purchasing and public works contracts and subcontracts.

Output Measures

- 01 Aggregate Number of HUB Contractors and Subcontractors Contacted for Bids
- 02 For Each Purchasing Category, the Number of HUB Contracts and Subcontracts Awarded
- 03 For Each Purchasing Category, the Dollar Value of HUB Contracts and Subcontracts Awarded
- 04 Number of HUB Related Economic Opportunity Forums, Trade Shows and Seminars Attended for Increasing the Agency's Outreach and Utilization of HUB Vendors

TECHNOLOGY INITIATIVE ASSESSMENT AND ALIGNMENT

DATA CENTER SERVICES

1. Initiative Name: Data Center Services	
2. Initiative Description: Transformation and consolidation of agency data center operations into the State Data Center. TABC is one of 29 agencies currently using the data center services (DCS) program for server operations management, data center transformation/consolidation, and security and disaster recovery improvements. TABC has completed the Transition phase, the Transformation phase, and Consolidation phase. Unfortunately, not all servers are moving under DCS vendor control. Therefore, TABC must continue to manage specific servers and maintain a technical environment to do so.	
3. Associated Project(s):	
Name	Status
Transition Server Operations to DCS Vendor Management	Complete
Transform Agency Servers	Complete
Consolidate Agency Data Center Operations	Complete
Migration from Oracle to Exadata	Complete
Manage Steady State Activities	Ongoing
Disaster Recover Preparation and Testing	Ongoing Operations
4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.	
<ul style="list-style-type: none"> • Agency Goal - Detect and Prevent Violations of the Law • Agency Goal - Licensing • Agency Goal - Compliance and Tax Collection • Agency Goal - Ports of Entry 	
5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.	
<ul style="list-style-type: none"> • Security and Privacy 	

<ul style="list-style-type: none"> • Cloud Services • Business Continuity • Enterprise Planning and Collaboration • IT Workforce • Virtualization
<p>6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:</p> <ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations)
<ul style="list-style-type: none"> • Operational efficiencies by recognizing economies of scale across multiple agencies. • Security improvements by outsourcing physical and logical security requirements on agency data and enhanced disaster recovery. • Foundation for future operational improvements by optimizing server and storage resources, accelerating the acquisition process, and providing environments/infrastructure necessary for temporary short-term use.
<p>7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency's ability to successfully implement the technology initiative.</p>
<ul style="list-style-type: none"> • Barrier – TABC has found the DCS arrangement often stifles agency initiatives, as other agencies (often large agencies with politically-sensitive initiatives), gain priority over TABC. • Barrier – TABC has found the DCS arrangement to be more expensive – not less expensive – than managing the servers ourselves. The activities are time-consuming, the vendor requires oversight, and the data to support invoices is not available to agencies to verify accurate billing.

ONLINE LICENSING & PERMITTING

<p>1. Initiative Name: Online Licensing & Permitting</p>
<p>2. Initiative Description: Implement public access to online license application, renewal, and fee payment.</p> <p>In June 2011, TABC upgraded the licensing system, LicenseEase, to Versa:Regulation. The new systems allow TABC to progressively launch online services for application, renewal and fee payment. For example, in the Spring of 2012, TABC launched license renewals for A, BK and T permits (agent permits) and the ability for seller server schools to purchase certificates in bulk online.</p>

TABC now has the capability to configure the new software to accommodate additional license types over time. We have systematically launched additional online permit renewals as we prove the system's capability. Over the past two years this initiative has shifted from an active project (software development and release) to operational status (ongoing management and configuration to allow additional license/permit types.)

The online systems provide multi-language by user choice, a secure user registration/logon, password retrieval capability, and an E-mail transaction confirmation feature. Additionally, per state law, the web-based systems will be accessible to citizens with disabilities. We have put in a number of safeguards, to make the system secure and validate the online user.

3. Associated Project(s):

Name	Status
Versa Project – Versa: Regulation Upgrade	Complete
Versa Project – Versa:Online Implementation	Complete
Online Renewals	19 Permit Types Complete Ongoing Process to Launch Additional Types
Versa Project – Versa:BizGuide Implementation	Complete
Versa Project – Streamline TABC and County Payment for Renewals (Legislative Changes)	Complete
Online Payment of Fees, Fines, Civil Penalties	Not Started
Online Original Applications	Not Started

4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.

- Agency Objective - Licensing
- External Goal 2: Continue to automate and streamline the licensing process.

5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.

- Legacy Applications

6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:

<ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations)
<ul style="list-style-type: none"> • Operational efficiencies due to industry self-service. • Customer (Regulated Industry) satisfaction by streamlining the renewal/payment process. • Foundation for future operational improvements – intent to accommodate additional license types over time.
<p>7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency’s ability to successfully implement the technology initiative.</p>
<ul style="list-style-type: none"> • Barrier – The transaction fee is a deterrent to using the online service (compared to the traditional paper process.) Unlike many agencies, TABC cannot absorb the transaction fee due to specific language in statute. • Capability – With the recent passage of legislation allowing TABC to collect all license fees and surcharges, the Commission has come one step closer to the ability to put original applications online. • Best Practices: Leverages Texas.gov capabilities to collect payments online.

CASE MANAGEMENT & RISK ASSESSMENT

<p>1. Initiative Name: Case Management & Risk Assessment</p>
<p>2. Initiative Description: Enhance the agency’s Application Tracking and Reporting system (ARTS) to include case management workflow features and risk assessment functionality.</p> <p>The main goal of the Case Management System is to maintain electronic records of complaints, inspections, audits, investigations, administrative violations, criminal violations, offenses, notices, hearings, orders (pending and issued), proposals for decision, and settlements. TABC is implementing Risk Management solutions to better predict future violations based on past performance. TABC would like to integrate these Risk Management solutions into the Case Management system. Based on the information within the Case Management System, the system will be able to determine the relative priority for a permittee (Risk Assessment) and assign inspections.</p> <p>Features of the new system will be an automated workflow processes to streamline case activities, role and permission-based security around ARTS and the ability to decommission the CrisNet (NetRMS) system by shifting key features to ARTS. The Risk Assessment features will identify high-risk businesses by using indicators from</p>

multiple systems.	
3. Associated Project(s):	
Name	Status
Case Management & Risk Assessment	Development Phase
4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.	
<ul style="list-style-type: none"> • Agency Objective - Detect and Prevent Violations of the Law • Agency Objective - Compliance and Tax Collection 	
5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.	
<ul style="list-style-type: none"> • Security and Privacy • Legacy Applications • Data Management 	
6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:	
<ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations) 	
<ul style="list-style-type: none"> • Operational efficiencies by eliminating redundant systems for entering and tracking enforcement investigation cases. • Security improvements by implementing user- and role-based security permissions. • Foundation for future operational improvements such as streamlining workflow processes; implementing new workflow processes; measuring activity and outcomes by Service Area, Sector, District, Region and Statewide; and integration with TABC's Intranet/Document Management System. • Compliance with statewide application security and accessibility guidelines. 	
7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency's ability to successfully implement the technology initiative.	
<ul style="list-style-type: none"> • Capability –TABC intends to utilize SharePoint as a key component of the system to implement workflow and security. This can be done relatively inexpensively because TABC already maintains an Enterprise Agreement with Microsoft. • Capability – The system will collect information that can be used in TABC's data analytics to improve performance across the agency. (See Data Analytics and Information Management initiative.) 	

- Barrier – TABC does not have adequate software development staff to implement the features of this new system (particularly SharePoint.)
- Barrier – Requirements for data access and data sharing have changed dramatically over the past year, limiting the benefit of the system to several divisions within the agency. Meeting these new requirements is not feasible through modifications of the existing system. The agency is assessing feasible options, which may include replacing the current case management system with a new, robust, and secure case management system.
- Barrier – Through the course of this project, TABC has learned the software development staff will learn how to implement features of SharePoint. That skill will be useful long after this project.

SECURITY MANAGEMENT

1. Initiative Name: Security Management

2. Initiative Description:

Improve information security, identity management, and privacy management within the agency.

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

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

3. Associated Project(s):

Name	Status
Remote and local device encryption	Development Phase
Firewall Upgrade	Development Phase
Mobile Device Management (Access & Security)	Planning Phase

Maintain and Update Security Policies and Procedures as Required	Ongoing
Include Short-Term, Mid-Term, and Long-Term initiatives from the Gartner report.	Planning Phase
4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.	
<ul style="list-style-type: none"> • Agency Goal - Detect and Prevent Violations of the Law • Agency Goal - Licensing • Agency Goal - Compliance and Tax Collection • Agency Goal - Ports of Entry 	
5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.	
<ul style="list-style-type: none"> • Security and Privacy 	
6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:	
<ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations) 	
<ul style="list-style-type: none"> • Reduced vulnerabilities, risks, and threats; improved security awareness; improved identity management, improved privacy policies, increased privacy awareness, and reduced privacy breaches. 	
7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency's ability to successfully implement the technology initiative.	
<ul style="list-style-type: none"> • Barriers – Cyber security threats increase in number and change in structure at an alarming rate. It is becoming increasingly difficult to stay ahead of security threats, even with state-of-the-market software and qualified individuals. • Barriers – The skills and tools required to keep up with security threats are often prohibitively expensive. • Capability – Security is a component of every technology initiative at TABC. 	

MOBILE WORKFORCE

1. Initiative Name: Mobile Workforce
2. Initiative Description: Implement technologies that allow TABC staff to work without being tied down to a

desk computer.

The Mobile Workforce initiative includes the following components:

- Implement Virtual Desktops - Access from Any Device and Any Location with Internet
- Bring-Your-Own-Device (BYOD) Initiative, allowing TABC employees to use their personal devices without compromising TABC data
- Implement Barcode on Licenses and Permits so information is accessible with a quick scan
- Web Conferencing/Video Conferencing to improve communication and training while reducing travel costs
- Unified Communications - integrate the agency's different communications systems, media, devices and applications to improve communications, regardless of location
- Mobile Site Visit Audit Software – Automated forms for audits and inspections, GPS location and GIS tracking available on a mobile device
- Implement Wi-Fi Network

TABC has found Mobile Computing to increase productivity of Field Operations staff. Continuing with the success of the In-Car project, TABC has created this initiative to take advantage of technology improvements so staff can work most effectively without being tied down to a desk computer.

3. Associated Project(s):

Name	Status
Virtual Desktop Implementation	Development Phase
Implement Barcode on Licenses & Permits	Complete
Web Conferencing / Video Conferencing	Complete
Mobile Site Visit Audit Software	Development Phase
Implement Wi-Fi Network	Proof of Concept Pilot Phase
Implement Unified Communications	On Hold

4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.

- Agency Goal - Detect and Prevent Violations of the Law
- Agency Goal - Licensing
- Agency Goal - Compliance and Tax Collection
- Agency Goal - Ports of Entry

5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.

<ul style="list-style-type: none"> • Mobility • Cloud Services • Legacy Applications • Enterprise Planning and Collaboration • Virtualization • Network
<p>6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:</p> <ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations)
<ul style="list-style-type: none"> • Operational efficiencies by managing the desktop image in a single server rather than on 650 workstations around the state. • Operational efficiencies with the ability to extend the lifespan of a PC as the functions are moved to a central server. • Operational efficiencies by integrating fixed and mobile voice, e-mail, instant messaging, desktop and advanced business applications into a single, simple environment for agency users. • Operational efficiencies and customer satisfaction (regulated entity) by streamlining and accelerating the inspection/audit/investigation process. • Operational efficiencies through support of Field Operations intentions for employees to be routinely away from the office. • Operational efficiencies by reducing data entry, allowing interviews and documentation to be completed simultaneously. • Operational efficiencies by allowing real-time access to application and violation history. • Operational efficiencies through improved accountability and productivity of Field Operations employees.
<p>7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency's ability to successfully implement the technology initiative.</p>
<ul style="list-style-type: none"> • Capability - Deploy innovative technology to enhance agency communication both internally and externally. • Capability – Moving to Virtual Desktops should increase the life expectancy of PC equipment, because the equipment will not need to be upgraded to accommodate operating system updates, memory requirements or disk space. • Capability - Web and Video Conferencing will enable the Training Division to deliver training virtually, reducing travel costs. (See also the Learning Management System initiative.)

DATA ANALYTICS AND INFORMATION MANAGEMENT

1. Initiative Name: Data Analytics and Information Management

2. Initiative Description:

TABC is moving toward data analytics, data mining and business intelligence reporting to identify regulated entities with a propensity to violate the Alcoholic Beverage Code. As a result, TABC must develop tools and techniques to report performance measures and outcomes using cross-agency data mining.

SharePoint will continue to provide the agency the framework for specific content publishing, content management, and records management. We will also be able to conduct effective searches for people, documents, and data, and access and analyze large amounts of agency data. This enterprise wide strategy provides the necessary infrastructure to improve life cycle management of agency data and information. TABC already maintains a data mart housing data that crosses multiple systems. TABC has implemented SQL Server Reporting Services (SSRS) so employees can easily access agency data. TABC has also begun integrating SSRS into SharePoint, allowing real-time presentation of performance measures and resource utilization.

TABC has begun developing executive dashboards for agency managers to track key performance data by integrating SQL Server Reporting Services into SharePoint intranet. Using these tools and data within TABC and shared from other agencies, TABC is just beginning to measure, predict, and manage regulated entities, employee performance, and public safety risk:

- Identify Regulated Entities with the Propensity to Violate the Alcoholic Beverage Code (Data Analytics and Data Mining)
- Determine and Measure Relative Risk of a Licensed Location (Risk Assessment)
- Determine and Measure Relative Public Safety Risk of a Service Area (Risk Assessment)
- Determine and Measure Market Stability (Investigation Analysis)
- Measure and Predict Work Load in a Service Area to Best Allocate Resources (Case Management Workload Analysis)
- Measure Employee Performance Against Objectives (Case Management Workload Analysis)

TIJIS is a statewide advisory group organized to focus on cooperation regarding information system standards among justice, public safety and homeland security agencies throughout Texas. The National Information Exchange Model (NIEM), a partnership of the U.S. Department of Justice and the U.S. Department of Homeland Security, is designed to develop, disseminate and support enterprise-wide information exchange standards and processes that can enable jurisdictions to effectively share critical data. In 2007, the Texas Department of Public Safety, the Texas Department of Criminal Justice, and the Texas Office of Court Administration collaborated with TIJIS

to begin the Texas Path to NIEM Project. A procurement process was completed and the contract was awarded to UNISYS. The Texas Path to NIEM is a very critical information sharing project, enabling jurisdictions to effectively share, exchange, accept and translate information using the NIEM standards.

3. Associated Project(s):

Name	Status
Implement Data Sharing Arrangement with Geographical Enforcement Management System (GEMS)	Complete
Implement Data Sharing Arrangement with Law Enforcement Analytic Portal (LEAP)	Complete
Migrate from Crystal Reports to SQL Server Reporting Services	Complete
Implement Internal Inquiry System	Complete
Implement Ports of Entry Dashboard (Pilot)	Complete
Implement Licensing Division Dashboard	Planning Phase
Integrate SQL Server Reporting Services (SSRS) into SharePoint Report Center	Planning Phase
Implement Field Operations Dashboard	See Case Management Project
Implement SharePoint Document Management, replacing legacy file/directory method	Concept Phase

4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.

- Agency Goal - Detect and Prevent Violations of the Law
- Agency Goal - Licensing
- Agency Goal - Compliance and Tax Collection
- Agency Goal - Ports of Entry

5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.

- Data Management
- Enterprise Planning and Collaboration

6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:

- Operational efficiencies (time, cost, productivity)

<ul style="list-style-type: none"> • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations)
<ul style="list-style-type: none"> • Operational Efficiencies by improving access to key performance measure data for agency executives • Foundation for future operational improvements by developing the framework to collect, share, store, analyze, and present data for improved decision-making.
<p>7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency's ability to successfully implement the technology initiative.</p>
<ul style="list-style-type: none"> • Barrier – There is no statewide standard or central repository for local law enforcement to share information. As a result, to obtain public safety information TABC must approach each local law enforcement agency separately. Some agencies maintain their information in electronic form, but small agencies more often maintain their information in paper form. • Barrier – The skills and software required to implement and manage data analytics is advanced. Finding and retaining skills personnel to perform these complex tasks has proven difficult.

CITIZEN ACCESS TO TABC INFORMATION

1. Initiative Name: Citizen Access to TABC Information	
<p>2. Initiative Description:</p> <p>Citizens are demanding transparency, access to information, and ability to transact with government through multiple channels including web-based systems, telephone, mobile applications and social media. TABC will continue to implement online transaction services, extend internet query tools to allow public access to information.</p> <p>TABC continues to refine and expand Public Inquiry to offer more and better information to the public and regulated entities. Through Public Inquiry, the public can access license status, violation history, complaint, and credit law information.</p> <p>Improving website usability and accessibility is an on-going process. The website was redesigned in 2009 (replacing a decade-old website). But now the website needs to be streamlined to be accessible on mobile devices and offer simpler access to data.</p>	
3. Associated Project(s):	
Name	Status
Upgrade Public Inquiry	Complete
Intoxication Mobile Application	Complete

File a Complaint Mobile Application	Complete
Spirits Texas Mobile Application	Complete
Industry Guide Mobile Application	Development Phase
TABC Office Location Mobile Application	Conceptual Phase
Cash Credit Law Mobile Application	Conceptual Phase
Renew Licenses/Permits Mobile Application	Conceptual Phase
Pay Fees, Fines & Civil Penalties Mobile Application	Conceptual Phase
Re-brand Online Services to TABC:Online	Beta Testing Phase
4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.	
<ul style="list-style-type: none"> • Agency Goal - Detect and Prevent Violations of the Law • Agency Goal - Licensing • Agency Goal - Compliance and Tax Collection • Agency Goal - Ports of Entry 	
5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.	
<ul style="list-style-type: none"> • Legacy Modernization • Enterprise Planning and Collaboration • Data Management • Mobility 	
6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:	
<ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations) 	
<ul style="list-style-type: none"> • Operational efficiencies and customer satisfaction by allowing citizens to find information on their own, rather than submitting Public Information Requests or contacting TABC with complex questions. • Foundation for future operational improvements as regulated entities and the public accept (and demand) online services as an alternative to traditional paper or walk-in methods. 	
7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency's ability to successfully implement the technology initiative.	

- Capability - Satisfies the public's demand for more openness in government.
- Capability - Satisfies the Sunset recommendation for making violation and complaint information public via the agency's website.
- Barrier – The transaction fee is a deterrent to using the online service (compared to the traditional paper process.) Unlike many agencies, TABC cannot absorb the transaction fee due to specific language in statute.
- Best Practice - TABC's Public Inquiry System is nationally recognized by the state alcohol regulation community.

DOCUMENT IMAGING & RETRIEVAL

1. Initiative Name: Document Imaging & Retrieval

2. Initiative Description:

Implement document imaging and retrieval to all agency business units and extend access to electronic documents across the agency.

TABC has acquired Neubus imaging services to image licensing files (historical) and implement a front-end imaging process to image new applications and related documentation. Since the project was initiated in 2009 to image Licensing files, TABC has implemented additional services:

- Implemented Day-Forward Imaging Processes to streamline the License/Permit Application and Renewal Process (this is refined with periodic process improvement)
- Imaged 5 years of Approved Alcoholic Beverage Labels
- Implemented a system (for internal and public use) to access Approved Alcoholic Beverage Labels. <https://label.tabc.texas.gov/esd3-tlabel>.
- Integrate the Neubus Licensing system with Licensing and Compliance systems through an automated interface.
- Use the barcode created during the imaging process and put it on each license/permit. The public will be able to scan the barcode with their smart phone and find basic information about the licensed premises.
- Image Excise Tax Records, reducing/eliminating paper.
- Image Financial Records (Purchase Orders, etc.), reducing/eliminating paper.

Planned functionality:

- Mobile Site Visit software to capture documents and evidence during a location inspection.
- Automatic upload of Mobile Site Visit data to back-end systems (ARTS and Versa).
- Image Seller Server records, reducing/eliminating paper.

3. Associated Project(s):

Name	Status
Image Licenses and Permits since 1935	Complete

Implement Imaging Process for Received Applications and Renewals	Complete
Implement Public Access to Approved Labels	Complete
Improve Licensing Scanning & Retrieval Process	Complete
Implement Imaging for Excise Tax Records	Complete
Implement Imaging for Financial Records	Complete
Implement Imaging for Seller/Server Records	Planning Phase
4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.	
<ul style="list-style-type: none"> • Agency Goal – Licensing • Agency Goal – Compliance and Tax Collection 	
5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.	
<ul style="list-style-type: none"> • Cloud Services • Enterprise Planning and Collaboration • Virtualization • Mobility 	
6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:	
<ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations) 	
<ul style="list-style-type: none"> • Operational efficiencies through reduced cost to maintain records. • Operational efficiencies through streamlined processes as a result of eliminating the creation and transfer of paperwork. • Customer satisfaction (regulated entity) by significantly reducing the cycle time to apply for or renew a license/permit. 	
7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency's ability to successfully implement the technology initiative.	
<ul style="list-style-type: none"> • Capability - Improved archiving of images and documents. • Capability - Easier retrieval to files using complete text indexing of document contents (such as PDF or Office documents, or OCR text), and custom 	

searching.

- Capability – A standing contract that allows TABC to image any documents while taking advantage of our quantity discount.
- Best Practices: Utilize a managed services contract to maximize efficiency while reducing costs.

LEARNING MANAGEMENT SYSTEM

1. Initiative Name: Learning Management System

2. Initiative Description:

Implement a solution to register employee training, track employee training, integrate with TCOLE, and distribute courses over the Internet with features for online collaboration.

TABC intends to implement, InformaOne, a scalable and reliable Learning Management System from Informa Systems, with unique Law Enforcement features and customization. InformaOne will enable the rapid deployment of learning content to the agency's distributed workforce. With the system, the agency will record user activity in a variety of formats (from instructor-led to online learning/video technology) and also extract reports quickly and easily.

3. Associated Project(s):

Name	Status
Implement Software Solution	Complete
Import Employee Training History	In Process
Develop Computer Based Training Modules	Ongoing
Distribute Computer Based Training Modules	Ongoing
Distribute Policy Updates via LMS	Planning Phase

4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.

- Agency Goal - Detect and Prevent Violations of the Law
- Agency Goal - Licensing
- Agency Goal - Compliance and Tax Collection
- Agency Goal - Ports of Entry
- Goal 5: Employee Development: Develop a comprehensive approach to employee training and provide appropriate resources.

5. Statewide Technology Priority(ies): Identify the statewide technology priority or

priorities the technology initiative aligns with, if any.

- Cloud Services
- Data Management
- Mobility

6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:

- Operational efficiencies (time, cost, productivity)
- Citizen/customer satisfaction (service delivery quality, cycle time)
- Security improvements
- Foundation for future operational improvements
- Compliance (required by State/Federal laws or regulations)

- Operational efficiencies by reducing travel time and costs (for instructor or student).
- Operational efficiencies by delivering basic information virtually, reserving face-to-face learning for higher learning objectives and teambuilding exercises.
- Foundation for future operational improvements by implementing the platform for an unlimited number of training modules (work-specific, technology, procedural, cultural, informative, general, etc.)
- Compliance by maintaining accurate records for Certified Police Officer training as required by TCOLE.

7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency's ability to successfully implement the technology initiative.

- Capability – TABC is the recipient of a grant to fund the acquisition of the Learning Management System software.
- Best Practice – The Los Angeles Police Department uses InformaOne to disseminate policy changes to all employees. By distributing information – as if it were a training module – employees acknowledge that the content has been received and understood. Further, the module can include test questions to validate that the information is understood. The result is a comprehensive record of employee's acknowledgement of current policies and procedures. It also increases accountability as employees cannot use the excuse of now knowing current policies and procedures.

APPLICATION STANDARDIZATION & OPTIMIZATION

1. Initiative Name: Application Standardization & Optimization

2. Initiative Description:

Standardize and optimize the software development environment and the TABC software applications.

TABC has multiple initiatives to standardize and optimize the applications, the development environment and the interoperability of all TABC applications. TABC intends to replace the legacy (outdated) FoxPro applications and the legacy Lotus Notes applications, primarily using the SharePoint tool. IRD plans to standardize on a single version of .NET, SQL Server Databases, and upgrade server operating systems to Windows 2008 (25 systems of varying complexity). IRD is just beginning to exploit SharePoint to accommodate multiple business needs for information sharing (21 application needs identified). Indeed, several of the legacy FoxPro and Lotus Notes applications will be implemented using SharePoint.

TABC is in the process up standardizing and upgrading Visual Source Safe to Team Foundation Server (TFS), a full software configuration management solution that offers release management, version control, work item tracking, and reporting functionality.

3. Associated Project(s):

Name	Status
Personnel Action Form (PAF) Automation on SharePoint	Complete
Project Tracking on SharePoint	Complete
Standardize the Software Platform (.NET, SQL Server, Visual Studio, Server OS) – 25 applications of varying complexity	Implementation Phase
Replace IAMS Change Management Software on SharePoint	Development Phase
Seized & Purchased as Evidence on SharePoint	Development Phase
Upgrade Visual Source Safe to Team Foundation Server	Planning Phase
Halt Form Automation on SharePoint	Planning Phase
Master Replicator and FoxPro Application Replacement (Delinquent List, Employee Directory, Master Replicator, and USAS Database)	Conceptual Phase
Install Application Security and Volume Testing Software	Conceptual Phase
Content Management System on SharePoint	Conceptual Phase
Vehicle Stop on SharePoint	Conceptual Phase
Legislative/Media Contact Report on	Conceptual Phase

SharePoint	
Attachment Storage on SharePoint	Conceptual Phase
Protest Workflow on SharePoint	Conceptual Phase
Dashboard to Cognos on SharePoint	Conceptual Phase
Document and Records Management System on SharePoint	Conceptual Phase
My Human Resources Site (Self Service) on SharePoint	Conceptual Phase
Global Address List (GAL) update to Outlook on SharePoint	Conceptual Phase
4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.	
<ul style="list-style-type: none"> • Agency Goal - Detect and Prevent Violations of the Law • Agency Goal - Licensing • Agency Goal - Compliance and Tax Collection • Agency Goal - Ports of Entry 	
5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.	
<ul style="list-style-type: none"> • Legacy Applications 	
6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:	
<ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations) 	
<ul style="list-style-type: none"> • Operational efficiencies by reducing development time and time to test new features. • Operational efficiencies by improving interoperability of systems. • Foundation for future operational improvements by simplifying the upgrade to new versions as available. 	
8. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency's ability to successfully implement the technology initiative.	
<ul style="list-style-type: none"> • Capability – TABC maintains an Enterprise Agreement with Microsoft which allows the agency to upgrade to new versions of Microsoft software within incurring any additional cost. • Barrier – TABC technology resources are extremely busy and working on 	

multiple, high-priority initiatives simultaneously. Carving time for staff to work on this initiative has proven difficult as it is important, but not yet urgent.

BUSINESS SOFTWARE IMPROVEMENTS

1. Initiative Name: Business Software Improvements	
2. Initiative Description: Business Software Improvements, including Email Cloud Solution, Migrate to the texas.gov domain (including email addresses) and begin using Microsoft Office 365 Software As A Service.	
3. Associated Project(s):	
Name	Status
Email Cloud Solution	Implementation Phase
Microsoft Office 365 Software As A Service	Implementation Phase
Migrate to the texas.gov domain	Implementation Phase
4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.	
<ul style="list-style-type: none"> • Agency Goal - Detect and Prevent Violations of the Law • Agency Goal - Licensing • Agency Goal - Compliance and Tax Collection • Agency Goal - Ports of Entry 	
5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.	
<ul style="list-style-type: none"> • Cloud • Legacy Applications 	
6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:	
<ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations) 	
<ul style="list-style-type: none"> • Operational efficiencies through reduced cost of maintaining email accounts and eliminating the Exchange email. • Compliance with DIR's initiative for all agencies to move to the texas.gov domain. 	
7. Capabilities or Barriers: Describe current agency capabilities or barriers that may	

advance or impede the agency's ability to successfully implement the technology initiative.

- Barrier – The email cloud solution must comply with CJIS security standards for law enforcement agencies. Other agencies that have moved to the email cloud have identified this as an unforeseen issue that TABC intends to avoid.

PC REFRESH

1. Initiative Name: PC Refresh

2. Initiative Description:

Personal computers (PCs) are now everyday tools for most state employees. Historically, these purchases have been treated as large capital acquisitions, where agencies are expected to see value from the purchase over time. The rate of technology change, however, has led to PCs becoming functionally obsolete after an increasingly short period. Investment in this type of technology is no longer a one-time expense; it is an ongoing operational expense that must be incorporated into yearly budget planning for agencies and universities.

TABC currently has a refresh cycle of four years for most personal computers, ruggedized notebooks and special purpose workstations. As the lease term expires, Information Resources staff acquire, install and configure the replacement equipment and return the leased equipment to the vendor.

3. Associated Project(s):

Name	Status
PC Refresh	FY2014 Refresh Complete
PC Refresh	FY2016/17 Conceptual Phase

4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.

- Agency Goal - Detect and Prevent Violations of the Law
- Agency Goal - Licensing
- Agency Goal - Compliance and Tax Collection
- Agency Goal - Ports of Entry

5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.

- Infrastructure

6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:

- Operational efficiencies (time, cost, productivity)
- Citizen/customer satisfaction (service delivery quality, cycle time)

<ul style="list-style-type: none"> • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations)
<ul style="list-style-type: none"> • Foundation for future operational improvements by making sure all PCs are compatible with current operating systems and software versions, including processing, storage and memory requirements. • Operational efficiencies with the ability to extend the lifespan of a PC as the functions are moved to a central server through the Virtual Desktop Initiative (see Mobile Workforce.)
<p>7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency's ability to successfully implement the technology initiative.</p>
<ul style="list-style-type: none"> • Capability – The lease arrangement for PCs allows TABC at the end of the lease to extend the lease or purchase the equipment. This gives TABC flexibility based on available funds and timing of the refresh for each PC or group of workstations. • Capability – The lease arrangement for PCs allows TABC to swap devices at any time – for example a desktop for a laptop or even a laptop for a tablet. This allows device flexibility as business needs and technology improvements move toward a more mobile workforce. • Capability – The Virtual Desktop initiative (see Mobile Workforce) puts the processing, storage and memory from the PC to a server. Therefore, after the Virtual Desktop Initiative is complete, our PCs will need access to the internet and minimal technical specifications. We expect the PC lifecycle to extend to five years or more and be able to acquire less expensive equipment. It will also allow TABC to invest in tablet devices as primary workstations, where appropriate.

COMMUNICATIONS TECHNOLOGY INFRASTRUCTURE

<p>1. Initiative Name: Communications Technology Infrastructure</p>
<p>2. Initiative Description:</p> <p>The agency uses the statewide TEX-AN communications services contract for voice and data services including access circuits, data transport services, ATM, frame-relay, point-to-point services, internet service provider services, and network security operations services.</p> <p>TABC has standardized the telecommunication system statewide:</p> <ul style="list-style-type: none"> • All TABC field offices use the same electronic key telephone system. • Headquarters uses a PBX phone system. • The devices used in the field are the same devices used in Headquarters. • All facilities use Voice over Internet Protocol (VoIP).

- All facilities have been converted to 4-digit dialing (not requiring the area code and prefix to contact a TABC facility.)

TABC 'piggy backs' on the Department of Public Safety network so TABC enforcement officers have access to TLETS and NLETS data. This initiative enables TABC officers to deploy state of the art mobile data systems that foster greater access and sharing of data and information in real-time among and beyond Texas law enforcement. This effort will enhance TABC's day-to-day public safety operations to better support various targeted and coordinated regional initiatives including drunk driving enforcement, officer oversight and training review, and specific actions against certain types of drug, human trafficking and other related crimes.

3. Associated Project(s):

Name	Status
Network management and upgrades at offices and Ports of Entry locations TABC locations around the state	Ongoing
Telephone system management and upgrades at offices and Ports of Entry locations TABC locations around the state	Ongoing
Migrate from AT&T WAN to AT&T VPN	Planning and Negotiation Phase

4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.

- Agency Goal - Detect and Prevent Violations of the Law
- Agency Goal - Licensing
- Agency Goal - Compliance and Tax Collection
- Agency Goal - Ports of Entry

5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.

- Enterprise Planning and Collaboration
- Network
- Infrastructure

6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:

- Operational efficiencies (time, cost, productivity)
- Citizen/customer satisfaction (service delivery quality, cycle time)
- Security improvements
- Foundation for future operational improvements
- Compliance (required by State/Federal laws or regulations)

- Operational efficiencies by enabling TABC to build an application aware, network-based Multi-Protocol Label Switching (MPLS) virtual private network

<p>(VPN) to efficiently transmit applications such as voice, data, and video over a single connection.</p> <ul style="list-style-type: none"> • Foundation for future operational improvements by upgrading the network to accommodate voice, data and video over a single connection. Future operational improvements include web/video conferencing, access from anywhere, virtual desktop, VOIP, and computer-based training.
<p>7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency's ability to successfully implement the technology initiative.</p>
<ul style="list-style-type: none"> • Capability – TABC takes advantage of the Tex-AN contract through DIR. The recently approved Tex-AN arrangement through DIR offers current technology solutions that the previous contract did not include. • Barrier – TABC Ports of Entry locations are often co-located with federal offices such as Border Patrol and Customs. In the past, TABC has attempted to establish a dedicated wireless network at several POE locations but met resistance from federal agencies.

ENTERPRISE RESOURCE PLANNING (ERP)

<p>1. Initiative Name: Enterprise Resource Planning (ERP)</p>
<p>2. Initiative Description:</p> <p>TABC has identified needs to strengthen software solutions for both financial and human resources. TABC hopes to participate in ProjectONE (CAPPS) in FY2016/2017. Meanwhile, TABC continues to use standalone, obsolete, disparate applications until the new solution is available.</p> <p>The current Human Resources Management System (HRMS) contains employee data and demographics. It does not include functions for Recruiting Tracking and Performance Review Tracking. It was custom-built in the 1990s and is considered cumbersome and beyond its useful life by the Human Resources Division. Over the past two years, TABC has implemented NeoGov, a cloud software solution, to accommodate Job Posting and Applicant Tracking.</p> <p>The Business Services Division uses a custom-built Lotus Notes system for Purchase Tracking and Travel Reimbursements. Employees currently report time using Microsoft Excel spreadsheets which are then re-keyed into the Comptroller's personnel system (USPS). Further, much of TABC's budgeting, financial tracking, and reconciliation activities are performed using Microsoft Excel spreadsheets. These cumbersome, often manual, systems should be replaced with current off-the-shelf software, which is readily available on the market.</p> <p>The Business Services Division's highest automation priority is to automate the current Timekeeping process. TABC currently uses a manual, spreadsheet process. TABC</p>

has requested a waiver from the Office of the Texas Comptroller to implement a solution – at least a short-term solution until CAPPS is operational.

3. Associated Project(s):

Name	Status
NeoGOV Job Posting & Applicant Tracking	Complete
Time and Leave Automation	Acquisition & Negotiation Phase
Upgrade the Human Resources Management System	Pre-Planning Phase with CAPPS
Implement PeopleSoft Human Resources	Pre-Planning Phase with CAPPS
Implement PeopleSoft Financials, including Travel Tracking and Purchase Tracking	Pre-Planning Phase with CAPPS

4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.

- Agency Goal - Detect and Prevent Violations of the Law
- Agency Goal - Licensing
- Agency Goal - Compliance and Tax Collection
- Agency Goal - Ports of Entry

5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.

- Cloud Services
- Legacy Applications
- Enterprise Planning and Collaboration
- Data Management

6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:

- Operational efficiencies (time, cost, productivity)
- Citizen/customer satisfaction (service delivery quality, cycle time)
- Security improvements
- Foundation for future operational improvements
- Compliance (required by State/Federal laws or regulations)

- Improve the management of employee HR information through workflow automation.
- Improve the management of financial data through automation.
- Security improvements by replacing paper-based, manual processes with automated systems.

7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency's ability to successfully implement the technology

initiative.
<ul style="list-style-type: none"> Barrier – Project One, an initiative by the Texas Comptroller's Office, is intended, over the long-term, to provide all agencies with ERP systems. TABC is subject to the Comptroller's schedules, modules, ability to support the system, etc. Capability – TABC does not need to request funding to participate in CAPPs. The Comptroller's Office will request legislative funding on behalf of agencies. Barrier – TABC does need to provide resources to participate on the CAPPs project, implement the software solution, and participate in the ongoing governance process. TABC has limited resources in Business Services, Human Resources, and Information Resources and may need to request additional FTEs to commit to requested resource levels.

PORTS OF ENTRY TAX COLLECTION AND BORDER STAMP ENFORCEMENT

1. Initiative Name: Ports of Entry Tax Collection and Border Stamp Enforcement	
2. Initiative Description: <p>TABC expects to receive a grant to upgrade the Ports of Entry Tax Collection System (POETCS). The purpose of the project would be to strengthen the controls on the POE stamps issued along the border. It will also allow Ports of Entry personnel to collect excise taxes using credit/debit cards.</p> <p>Further, TABC has begun collecting excise taxes beyond border crossings – at seaports. This new initiative should improve revenue collection for the agency, but required an investment in technology to perform the job effectively and efficiently.</p>	
3. Associated Project(s):	
Name	Status
Create a database/scan system for POE stamps by upgrading POETCS	Complete
Update POETCS to accept credit/debit cards	Complete
Extend POETCS to seaports	Complete
4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.	
<ul style="list-style-type: none"> Agency Goal - Detect and Prevent Violations of the Law Agency Goal - Compliance and Tax Collection Agency Goal - Ports of Entry Agency Goal – Promote Community Policing Efforts through Technology 	

5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.

- Data Management
- Infrastructure
- Legacy Applications
- Enterprise Planning and Collaboration

6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:

- Operational efficiencies (time, cost, productivity)
- Citizen/customer satisfaction (service delivery quality, cycle time)
- Security improvements
- Foundation for future operational improvements
- Compliance (required by State/Federal laws or regulations)

- Operational efficiencies by offering 24-hour access to information related to the alcohol brought in from other locations.
- Public safety improvements because stamps would only be deemed legal if in the database system, preventing tax stamp forgeries on both alcohol and tobacco entering the United States. With a simple scan action law enforcement could verify that taxes were collected and when.
- Foundation for future operational improvements because additional information could be added as more investigative knowledge is needed.
- Security improvements because the amount of cash on hand is a security risk for Ports of Entry staff. (The amount of cash has increased dramatically over the past year.)
- Security improvements by preventing some organized crime activity (such as money laundering through tax payments.)
- Improved revenue generation by expanding Ports of Entry to include seaports.

7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency's ability to successfully implement the technology initiative.

- Capability – TABC continues to maintain an operating relationship with the vendor that developed the POETCS system in 2007.
- Barrier – TABC uses Chase Paymentech to process credit/debit card payments under an agreement with the Texas Comptroller of Public Accounts. The CPA has notified TABC of the intent to change the payment processor with little advance notice to TABC, requiring the agency to escalate this un-funded project.

LABEL APPROVAL AUTOMATION

1. Initiative Name: Label Approval Automation	
<p>2. Initiative Description: Currently, TABC label approval is an entirely manual paper process. Applicants, primarily alcoholic beverage manufacturers and importers, browse the TABC website, download and print an application, manually fill it out, staple a copy of the COLA to the application, and mail it along with payment to TABC. TABC staff then manually processes the application and mails the permittee a paper certificate of label approval.</p> <p>The Alcoholic Beverage Label Approval Application seeks to replace this manual processing. The new System will allow applicants to submit completed applications, pay all applicable fees, and view and print appropriate TABC label approval certificates.</p> <p>In addition, designated TABC staff will be able to log in with a separate Administrator profile to disposition applications via a work queue, search the work queue for specific applications, and create application activity reports.</p>	
3. Associated Project(s):	
Name	Status
Label Approval Automation	Development Phase
4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.	
<ul style="list-style-type: none"> Agency Goal - Compliance and Tax Collection 	
5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.	
<ul style="list-style-type: none"> Data Management Legacy Applications 	
6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:	
<ul style="list-style-type: none"> Operational efficiencies (time, cost, productivity) Citizen/customer satisfaction (service delivery quality, cycle time) Security improvements Foundation for future operational improvements Compliance (required by State/Federal laws or regulations) 	
<ul style="list-style-type: none"> Customer satisfaction (regulated entities) by providing an online method to apply for label approval. Operational efficiencies by using automation to streamline a cumbersome, paper-based process. 	
8. Capabilities or Barriers: Describe current agency capabilities or barriers that may	

advance or impede the agency's ability to successfully implement the technology initiative.

- Capability - TABC can assess a fee as long as we can justify any increase to the TABC CFO and the alcoholic beverage industry. Therefore, TABC should be able to increase the fee so the agency can then absorb the transaction fees assessed for credit card processing. (See Sec. 101.67 and Sec. 101.671.)
- Capability – TABC should consider an incentive for online label approval, such as a reduced fee.

EXCISE TAX AUTOMATION

1. Initiative Name: Excise Tax Automation

2. Initiative Description:

Reviewing and reconciling Excise Tax reports is a manual process at TABC. The process is very labor intensive. Approximately 36,000 reports are analyzed each year. The majority of time is spent reconciling the manufacturing tier shipping report/invoices against wholesale/distributing receiving reports.

Current excise tax filers include nonresident sellers, wholesalers, distillers, winery/wine bottlers, airlines/passenger trains, distributors, nonresident manufacturers, brewpubs, resident manufacturers, brewers, and direct shippers. Although much of the filing processes are similar there are some distinct differences between filers.

The reports are received on the 15th of each month, following the month for which the report is made. The report analysis process takes approximately one month. Every invoice is checked to determine tax liability, product label approval and validity of shipper. Correspondence for discrepancies is generated and remains outstanding until it is resolved.

3. Associated Project(s):

Name	Status
Automate Excise Tax	Request for Funding (LAR) Project on indefinite hold due to funding cuts.

4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.

- Agency Goal - Compliance and Tax Collection

5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.

- Data Management
- Legacy Applications

<p>6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:</p> <ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations)
<ul style="list-style-type: none"> • The new system will allow the agency to use its resources more efficiently. Instead of submitting a report and invoices by mail, each permittee would be able to submit the required information electronically. The program would reconcile all the information and determine which transactions are not matching and a discrepancy report would be generated. This process would be in real-time, eliminating the month-long analyzation process. • Fiscally, there will be many benefits to the state and the businesses we regulate. Postage fees would be drastically reduced. Businesses would be able to better use their resources by not having to staff personnel to manually generate and file these monthly reports. They also would save space by not having to keep copies of each transaction for record retention requirements. • The time saved by not having to manually process the monthly reports would be used to concentrate on more involved compliance violations in a timelier manner. • Foundation for future operational improvements by re-using technology, such as BizTalk and SharePoint, for other initiatives.
<p>7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency's ability to successfully implement the technology initiative.</p>
<ul style="list-style-type: none"> • Barrier – The Excise Tax Project was approved by the 81st legislature. Unfortunately, this project was a casualty of the mandatory budget cuts. This technological investment should decrease efficiencies for TABC and the entities the agency regulates. • Capability – Before the project was placed on hold due to budget cuts, the Requirements Definition Phase was complete. When this project begins, that deliverable will be the starting point with very little re-work expected.

LP ID STAMP CONTROL

<p>1. Initiative Name: LP ID Stamp Control</p>
<p>2. Initiative Description: LP ID stamps are issued to Packaged Stores for placement on alcoholic beverage products to be distributed to retailers (primarily restaurants and bars.) Auditors then verify that product at the retail level has been acquired legally.</p>

With the passage of a recent rule, LPs are required to keep better records of each LP stamp: issuance, void, lost, replacement, mutilated, etc. Those records should be available to TABC upon request and the permit holder should be able to tell TABC what happened to the stamp.

The redesigned LP Stamps will have bar codes and other security features that will ultimately allow field staff to trace the history of product by scanning the stamp.

3. Associated Project(s):

Name	Status
Establish a standard, by Rule 41.71, for LPs to maintain records for LP Stamps.	Complete
Redesign ID Stamps	In Process
Automate the ordering and distribution of LP Stamps	Procurement Phase
Establish a central reporting database where the LPs report data to TABC according to the standard defined above.	Pre-Planning Phase
Automate the reporting of LP stamp disposition (issuance, distributed, void, lost, replacement, mutilated, etc.)	Concept Phase

4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.

- Agency Goal - Compliance and Tax Collection

5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.

- Security and Privacy
- Cloud Services
- Legacy Applications
- Data Management
- Mobility

6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:

- Operational efficiencies (time, cost, productivity)
- Citizen/customer satisfaction (service delivery quality, cycle time)
- Security improvements
- Foundation for future operational improvements
- Compliance (required by State/Federal laws or regulations)

- Security Improvements - Reduce fraud for Gross Receipts and Excise Tax, and minimize or eliminate the ability to reuse, replicate or counterfeit LP stamps.

- Citizen satisfaction - Increase Gross Receipts through better tracking and accountability of each LP Stamp.
- Compliance - Increase Excise Taxes through better tracking and accountability of each LP Stamp.
- Operational Efficiencies - Standardize (and simplify) data and reporting from LPs.

7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency's ability to successfully implement the technology initiative.

- Barrier – This initiative will require cooperation from the industry. To incorporate changes to the LP ID Stamp Control project, the agency plans to modify a current reporting system utilized by the same group of stakeholders that will be affected by this change.
- Barrier – TABC does not charge LPs for stamps, therefore they have no face value. However, they do have value as they represent the collection gross receipts taxes.



The agency's Tri Regional Workgroup provides an opportunity for employees from all divisions in all parts of the state to participate in the implementation of agency wide initiatives.

APPENDIX A:

AGENCY PLANNING PROCESS

In addition to the agency's internal customers--the employees themselves-- the Texas Alcoholic Beverage Commission has a wide and varied group of external customers throughout the state. Not only does the agency focus on its most immediate group, the alcoholic beverage industry, but it must also give adequate attention and concern to the issues of the general public, law enforcement groups, educators, various coalitions and public interest groups concerning the regulation of alcoholic beverage sales.

PERFORMANCE MEASURES

Throughout the spring of 2014, TABC's budget director and planner worked with the Legislative Budget Board to recommend changes to agency performance measures. In the initial printing of this document, the recommended changes were included, although they had not been approved. This updated version includes only approved changes. We hope they will allow the agency to measure performance in a more meaningful way.

INTERNAL / EXTERNAL ASSESSMENT

Key staff in various divisions worked on different sections of the internal / external assessment. These employees evaluated factors that influence the agency. External factors include economic conditions, population shifts, technological advances, geographical changes and statutory changes. Internal factors include management policies, resource constraints, organizational structure, automation, personnel and operational procedures.

TECHNOLOGY RESOURCES PLANNING

TABC's Project Management Office Director worked with information technology staff as well as internal customers (employees) to develop a roadmap that details where the agency is moving technologically and how the agency will get there.

MANAGEMENT GOALS

Each year, the Opportunities for Improvement section of the agency's Strategic Plan includes operational goals. During the 2008 process, the decision was made to begin developing internal goals based on the results of the Survey of Employee Engagement and external goals based on feedback received from industry and community stakeholders.

SURVEY OF EMPLOYEE ENGAGEMENT LOCAL FACILITATED MEETINGS

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

In late March, division directors used the results of these local meetings to develop operational goals specifically related to the feedback from TABC employees.

The goal sponsors will be expected to report their progress on a quarterly basis throughout the next two years. These goals are included in the Opportunities for Improvement section of the Strategic Plan. The Survey of Employee Engagement in 2015 will measure the results.

STAKEHOLDER INVOLVEMENT

During the 2004 and 2006 strategic planning processes, the agency held public forums across the state to gather input from the general public and all permit holders. These regional meetings were advertised in local newspapers. Attendance was low, and the discussions did not result in a great deal of valuable input into our strategic planning.

Beginning in 2008, instead of inviting the general public to participate, focus was given to the agency's direct stakeholders – the alcoholic beverage industry and other public interest groups. These interested parties were invited to participate along with the division directors and key staff in a strategic planning session.

Employees presented the status of the external management goals that were established in 2012 with the stakeholder participation. Regarding each goal, the division directors, key staff and stakeholders were asked four questions:

- Do any of these objectives need more work?
- Should we continue this goal another two years? Is there value in making this one of the agency's top goals?
- If yes, does the goal need to be reworked, rephrased, or redirected?
- Do we want to add any new objectives or strategies to this goal?

The stakeholders' input, particularly in developing recommendations for operational goals, was invaluable. Following the meeting with the stakeholders, the executive staff gathered to review the feedback received. Combining that feedback with the staff expertise, several operational goals were developed that focus on the agency's mission of regulating the alcoholic beverage industry.

COMMISSIONERS AND DIVISION DIRECTORS STRATEGIC PLANNING SESSION

Following an internal audit recommendation, agency division directors and two of the Commissioners participated in a strategic planning session intended to give the board members more involvement in the planning process. A half-day meeting took place in March where the participants updated the agency's mission, vision and guiding principles developed in 2008.

ADOPTION BY COMMISSIONERS

On May 29, 2014, the Strategic Plan was adopted by the commission members as the plan for the five-year period ending August 31, 2019.

IMPLEMENTATION / FOLLOW-UP

Beginning in the summer 2014, TABC managers will meet quarterly to revisit the Strategic Plan and discuss progress, barriers to success and other related issues.

SUMMARY

Information gathered from the internal and external customers as well as the prior Strategic Plan, action plans, goals, strategies, performance measures, new initiatives, Survey of Employee Engagement, technology issues and various agency resources provided the basis for the agency's FY 2015-2019 Strategic Plan.



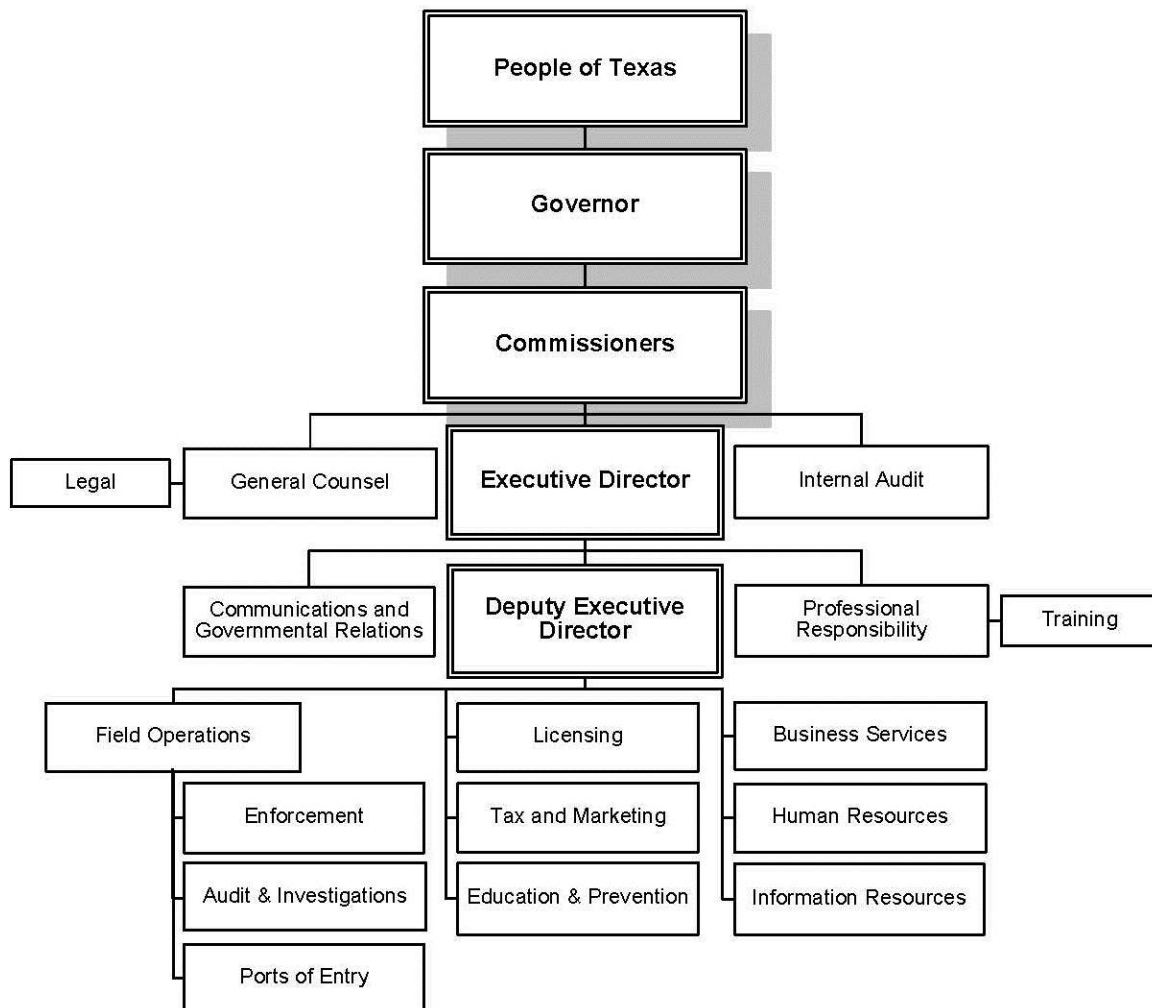
*L to R:
Jo Ann Joseph, Assistant
Director of Licensing;
Shaun Jordan, Licensing
Supervisor;
Major Marc Decatur*



*L to R:
Chairman Jose Cuevas, Jr.,
Major Richard Jauregui,
Major Victor Kuykendoll,
Captain Harold Nanos*

APPENDIX B:

ORGANIZATIONAL CHART



APPENDIX C:

FIVE-YEAR PROJECTIONS FOR OUTCOMES

Outcome	2015	2016	2017	2018	2019
Percent of Licensed Establishments Inspected Annually	80%	80%	80%	80%	80%
Percent of Administrative Cases Filed by Enforcement Agents Resulting in Administrative Sanctions	95%	95%	95%	95%	95%
Percent of Agency Contacts Rating Enforcement Actions as Satisfactory or Better	97%	97%	97%	97%	97%
Percent of Complaint Investigations Closed Within 60 Days	84%	84%	84%	84%	84%
Percent of Priority Retail Locations Inspected by Enforcement Agents	95%	95%	95%	95%	95%
Retailer Public Safety Compliance Rate	98%	98%	98%	98%	98%
Priority Retailer Public Safety Compliance Rate	96%	96%	96%	96%	96%
Recidivism Rate – Licensed Retailers	15%	15%	15%	15%	15%
Average Number of Days to Approve an Original Primary License/Permit Processed through a TABC Field Office	40	40	40	40	40
Compliance Rate – Field Audits	80%	80%	80%	80%	80%
Percent of Report Analyses Resulting in Administrative or Correction Letters	15.5%	15.5%	15.5%	15.5%	15.5%
Percent of Agency Contacts Reporting Satisfaction with Agency Auditors	98%	98%	98%	98%	98%
Compliance Rate – Inspections of Licensed Businesses by Auditors	96%	96%	96%	96%	96%
Revenue as a Percent of Expenses	100%	100%	100%	100%	100%

APPENDIX D:

PERFORMANCE MEASURE DEFINITIONS

Goal 1

To protect the peace and safety of the public by taking positive steps to encourage voluntary compliance with the Texas Alcoholic Beverage Code and other state laws and by undertaking enforcement and regulatory actions that are both fair and effective.

OUTCOME MEASURES

01 Percentage of Licensed Establishments Inspected Annually

Short Definition: The percentage of licensed establishments inspected during a specified time period by enforcement agents and compliance auditors, expressed as a ratio of the number of individual establishments subject to inspection. With respect to this measure, an inspection is a visit to a licensed location or a proposed licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws.

Purpose/Importance: This outcome is intended to measure the degree of coverage achieved by enforcement agents and compliance auditors during a specified period. Adequate coverage is deemed important because of the deterrent effect of the expectation of inspection and because inspections give licensees the opportunity to ask questions and receive answers that might prevent future violations.

Source/Collection of Data: The data required to calculate the measure comes from the agency's automated inspection records and from its automated licensing records. Records of the inspections conducted by agents and compliance auditors are created as part of the data entry of Daily Activity Reports by field personnel. An automated licensing record is created for each licensee by data entry of information from the licensee's application at the time of application and is updated at the time of approval and at the time of each subsequent renewal or change. The values reported for this measure are taken from automated agency reports.

Method of Calculation: The measure is calculated by dividing the number of individual establishments actually inspected during a particular period by the number of licensed establishments subject to inspection during the same period. The number of individual establishments inspected is derived by first finding all inspection records for the inspections conducted during a specified period of time and then by sorting out

inspection records with duplicate CLP's (alpha/numeric license identifiers unique to each establishment), leaving one record for each CLP and then counting the remainder. The number of establishments subject to inspections is determined by (1) searching the automated licensing files to identify all licenses that were active during the period in question; (2) then sorting out the records of all secondary licenses, leaving just one, the primary license record, for each establishment and finally (3) counting the remaining records.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

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

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

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

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

Method of Calculation: All administrative violation records pertaining to cases that were settled (e.g., reached final disposition or were "closed") during the period of interest are identified and counted. Then within that group of case records, all records with disciplines (final dispositions) other than "dismissed with prejudice" or "dismissed without prejudice" are identified and counted. As the final step in the calculation, the number of administrative cases with disciplines other than some form of "dismissed" is divided by the total number of administrative cases that had been settled or closed during the same time period.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

03 Percent of Agency Contacts Rating Enforcement Actions as Satisfactory or Better

Short Definition: The number of enforcement post-inspection survey instruments returned with ratings indicating general satisfaction with agency enforcement practices divided by the total number of returned enforcement post-inspection survey instruments.

Purpose/Importance: This outcome measures licensee/permittee satisfaction with regards to agency enforcement practices.

Source/Collection of Data: Survey instruments mailed to and returned from licensees and permittees whose premises were inspected during a specified time period and the spreadsheet databases created by entering information from the returned post-inspection survey instruments.

Method of Calculation: Each survey instrument contains six questions that gauge respondent satisfaction with agency enforcement practices. Respondents rate agency enforcement agents on each dimension by marking either "Yes" or "No." As returned survey instruments are received, they are data-entered into a spreadsheet with the initial categorical rating for each dimension being translated during data entry into a numeric value--"1" for Yes and "0" for No. The ratings entered for all six dimensions are then averaged to derive a measure of general satisfaction for each respondent. Those whose general satisfaction scores are greater than .5 are considered to be "satisfied." To derive the value sought, the number of respondents expressing general satisfaction is then divided by the total number of persons who responded to the survey during the period in question.

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

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

04 Percentage of Complaint Investigations Closed Within 60 Days

Short Definition: The number of complaint investigations closed during a specified time period that were closed within 60 days of the date on which they were opened divided by the total number of complaint investigations closed during the same period.

Purpose/Importance: This outcome measures the Enforcement Division's ability to investigate and close complaints within a reasonable amount of time (60 days).

Source/Collection of Data: Automated complaint investigation records pertaining to complaints investigated by enforcement personnel are the source of the information used for this measure. These records are created by data entry using hardcopy complaint cards as source documents or by direct entry from field notes. Each automated record is updated periodically over the course of the investigation and then closed at its conclusion. The totals needed for the calculation of the measure are taken from agency automated reports.

Method of Calculation: Using the enforcement database, identify all complaint investigation records for investigations closed during the period of interest. Take each record found and compare the Received Date found in each with its Complaint Closed Status Date. Identify all whose Complaint Closed Status Date is within 60 days of its Received Date. Count the number of elements in both groups identified and then divide the number of complaint records that have Complaint Closed Status Dates that are within 60 days of their original Received Dates by the total number of records found for complaint investigations that were closed during the specified date range.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

05 Percentage of Priority Retail Locations Inspected by Enforcement Agents

Short Definition: The number of priority retail locations actually inspected by enforcement agents during a specified time period divided by the total number of licensed retail locations meeting the criteria for priority status during the same time period. For the purposes of this measure, an inspection is a visit to a licensed location or to a proposed licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws. A licensed retail location may be deemed a priority retail location if there is a past history of public safety or related violations, such as vice offenses or offenses indicative of financial stress, occurring on its premises, or if there is a history of complaints concerning such violations.

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

Source/Collection of Data: Automated agency complaint, inspection, violation and licensing records are the sources of the information used to calculate the value of this measure. These records are created by data entry from standardized forms or, in some cases, by data entry from handwritten field notes. The specific numbers used in the calculation come from agency automated reports.

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

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

06 Retailer Public Safety Compliance Rate

Short Definition: The number of inspections of licensed retail locations conducted by enforcement agents during a specified time period that did not result in the filing of criminal or administrative charges for public safety violations divided by the total number of inspections of licensed retail locations conducted by agents during the same time period. For the purposes of this measure, an inspection is a visit to a licensed location or proposed licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws.

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

Source/Collection of Data: Automated agency inspection records and automated violation records related to those inspection records are the sources of the data used to calculate this measure. The automated inspection records are created during the data entry of employee Daily Activity Reports and field notes. The automated violation records are created by the data entry of hardcopy criminal citations and administrative notices. The values needed for the calculation of this measure are taken from agency automated reports.

Method of Calculation: The automated records pertaining to inspections conducted at retail locations during the period in question are identified and counted. These records and their related violation records are further examined to identify all inspections that did not produce criminal or administrative cases involving one or more public safety violations. The number of elements identified as belonging to this subset is then totaled and that total is divided by the total number of inspections conducted at retail locations during the period of interest to derive the desired percentage.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

07 Priority Retailer Public Safety Compliance Rate

Short Definition: The number of inspections of priority retail locations conducted by enforcement agents during a specified time period that did not result in the filing of criminal or administrative charges for public safety violations divided by the total number of inspections of priority retail locations conducted by agents during the same time period. For the purpose of this measure, inspections are a visit to a licensed location or to a proposed licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws. A licensed retail location may be deemed a priority retail location if there is a past history of public safety or related violations, such as vice offenses or offenses indicative of financial stress, occurring on its premises, or if there is a history of complaints concerning such violations.

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

Source/Collection of Data: Automated agency complaint, inspection, and violation records are the sources of the data used to calculate this measure. The automated inspection records are created during the data entry of employee Daily Activity Reports and field notes. The automated violation records are created by the data entry of hardcopy criminal citations and administrative notices. Automated complaint records are

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

Method of Calculation: Priority retail locations are identified by comparing pre-set risk criteria with automated violation and complaint records to determine which licensed entities meet the risk criteria during the period in question. The primary license numbers of the entities determined to be at risk are then compared with the license numbers of the establishments inspected during the period in question. The inspection records pertaining to priority retailers are further examined to determine which inspections resulted in criminal or administrative cases involving public safety violations. The number of inspections involving priority licensed retailers that resulted in public safety related criminal or administrative cases is then divided by the total number of inspections involving priority retailers to derive the desired percentage.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

08 Recidivism Rate - Licensed Retailers

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

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

Source/Collection of Data: Enforcement administrative case records are created using hardcopy administrative notices as source documents and are then sorted and tabulated in various ways to obtain the reported values. The reported values are taken from an automated agency report.

Method of Calculation: First, all administrative case records originated for offenses that occurred during a specified period of time are sorted through to identify all licensed retailers who were charged with public safety offenses during that time period. Those identified are counted. The agency's administrative case records are again reviewed, this time in comparison with a list of the retailers identified during the first step, to determine if any of those retailers had been charged with a prior public safety offense during the twelve months preceding the last public safety offense they committed during

the period under review. Those found to have prior public safety charges meeting these criteria are also counted. In the final step, the number of public safety offenders with prior offenses is divided by the total number of public safety offenders.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

OUTPUT MEASURES

01 Number of Inspections Conducted by Enforcement Agents

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

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

Source/Collection of Data: The information required to derive the count comes from inspection records in the agency's agent activity reporting system. Each individual inspection made by an agent is noted in the agent's Daily Activity Report or field notes. When these reports or notes are data-entered, an automated record summarizing each inspection is created. The values reported for this measure are taken from an automated agency report.

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

02 Number of Inspections of Priority Retailers Conducted by Enforcement Agents

Short Definition: Number of inspections of priority retailers who are licensed retail locations previously determined to be “at risk” for future public safety violations conducted by enforcement agents during a specified time period. With respect to this performance measure, inspections are a visit to a licensed location or to a proposed licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws. A licensed location may be deemed a priority retailer if it has a past history of public safety or related violations, such as vice offenses or offenses indicative of financial stress, occurring on its premises, or if there is a history of complaints concerning such violations.

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

Source/Collection of Data: Enforcement records created by data-entry from Agents Daily Activity Reports; enforcement criminal case, administrative case, and complaint investigation records created by data-entering hardcopy citations, administrative notices, and complaint cards; and licensing records created and updated by data-entry from original, renewal, and change applications. The values reported for this measure are taken from an automated agency report.

Method of Calculation: The priority retailers that were in business and subject to inspection during the period of interest are identified by first checking licensing records to determine which retailers were in business and then by cross comparing each with the pre-set criteria for priority status to identify the retailers meeting the criteria during the period in question. The license numbers of the retailers that were determined to have met the criteria for priority status and that were subject to inspection are compared with those found in the enforcement inspection records for the period. The inspection records involving locations that were in priority status at the time of the inspection are then counted and that total becomes the value reported for this measure.

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

03 Number of Persons Instructed by Enforcement Agents

Short Definition: The number of people attending educational presentations made by enforcement agents.

Purpose/Importance: Enforcement agents perform two primary tasks. They enforce the law and they educate the public to prevent violations of the law. The volume of the Enforcement Division's public education efforts is represented by this measure.

Source/Collection of Data: The data for this measure comes from educational program session records stored in the database of the agency's agent activity reporting system. Agents record information about each program session they teach in their Daily Activity Reports. Automated educational program session records are created when the agent's Daily Activity Reports or field notes are data-entered. Each record identifies the type of program taught, the county in which the session was held, the number of people taught and the date of the session. The values reported for this measure are taken from automated agency reports.

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

04 Number of Licensees Attending Enforcement Education Programs

Short Definition: Number of license/permit holders and/or their employees who attend public education programs taught by enforcement agents during the reporting period.

Purpose/Importance: This output measure provides a count of those attending the education programs that the Enforcement Division provides for the owners of regulated businesses and their employees. Licensee education is viewed by the agency as one of the keys to prevention. The programs provide attendees with a better understanding of the law, the penalties it provides, and their own legal responsibilities. The same programs also provide attendees with useful tools for recognizing and avoiding illegal sales.

Source/Collection of Data: Enforcement activity records related to agent-taught or facilitated public education classes. These records are data-entered into an

enforcement database using Agents Daily Activity Reports or field notes as source documents and then tabulated to obtain the reported totals. The reported totals are taken from an agency automated report.

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

EFFICIENCY MEASURES

01 Average Cost Per Enforcement Inspection

Short Definition: The cost of all law enforcement activity during a specified period of time divided by the total number of inspections (physical compliance checks) conducted by enforcement agents during the same time period. An inspection is a visit to a licensed location, a proposed licensed location, or any other location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws.

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

Source/Collection of Data: Enforcement automated activity records and inspection records, which are data-entered using agent field notes or Agents Daily Activity Reports as source documents are the original sources of the output and agent work hour data used in the calculation of this measure. An agency automated report draws data from the individual activity records and compiles statewide totals for the reporting period for agent educational work hours, all agent work hours, and the inspections conducted. Agency expenditures are tracked in the state's automated accounting system (currently USAS), and the cost data is extracted quarterly by the agency's Business Services Division (BSD) to an Excel spreadsheet and used to create a quarterly "Expenditure Report" that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the BSD's "Expenditure Report."

Method of Calculation: The work hours reported for all enforcement activity during the period in question are extracted from enforcement activity records and totaled. Also extracted from the same database as a subtotal of the first total, is the total for the

enforcement work hours that were devoted to public education/information activities. The latter is subtracted from the former to derive a total for the number of enforcement work hours related to inspection activities. The total expenditures for enforcement activities is then multiplied by a ratio created by dividing inspection activity work hours by total enforcement work hours to identify the amount of total Enforcement expenditures attributable to inspections and that amount is then divided by the total number of inspections conducted by enforcement agents during the same period to derive a per inspection/compliance check unit cost.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

02 Average Cost Per Person Attending Enforcement Education Programs

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

Purpose/Importance: This efficiency measure provides a unit cost figure for enforcement educational initiatives.

Source/Collection of Data: Enforcement automated activity records and inspection records, which are data-entered using agent field notes or Agents Daily Activity Reports as source documents, are the original sources of the output and agent work hour data used in the calculations of the measure. An agency automated report draws data from the individual activity records and compiles statewide totals for the reporting period for agent educational work hours, all agent work hours, and the number of persons instructed by agents. Agency expenditures are tracked in the state's automated accounting system (currently USAS), and the cost data is extracted quarterly by the agency's Business Services Division (BSD) to an Excel spreadsheet and used to create a quarterly "Expenditure Report" that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the BSD's "Expenditure Report."

Method of Calculation: The work hours reported for all enforcement activity during the period in question are extracted from enforcement activity records and totaled. Also extracted from the same database as a subtotal of the first total, is the total for the enforcement work hours that were devoted to public education/information activities. The latter is divided by the former and the resulting ratio is then multiplied by the total for enforcement expenses during the period in question to derive the amount of total enforcement expenditures attributable to educational activities. That amount is then

divided by the total number of persons instructed by enforcement agents during the same period to derive a "per person instructed" unit cost.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

03 Average Cost of Multi-Agency/Joint Operations Targeting Organized Crime and Trafficking Statewide

Short Definition: The cost to TABC of all joint operations that target Organized Crime Activities (OCA) or Trafficking, conducted within a specified time period, that involve TABC and at least one other agency. Joint operations are TABC inspections conducted by TABC agents or auditors with material support of personnel from at least one other agency.

Purpose/Importance: This efficiency measure provides a unit of cost figure for the agency's joint operations that target Organized Crime Activity.

Source/Collection of Data: The information required to derive the reported value comes from inspection records in the agency's agent activity reporting system. Each individual inspection made by an agent or auditor is noted in that individual's daily activity report or field notes. When these reports or notes are date-entered, an automated record summarizing each inspection is created. An automated report is used to search the agency's inspection database and to find and count the records of interest. The values reported for this measure are taken from that automated report. Agency expenditures are tracked in the state's automated accounting system (currently USAS), and cost data is extracted quarterly by the agency's Business Services Division (BSD) to an Excel spreadsheet and used to create a quarterly "Expenditure Report" that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the BSD's "Expenditure Report."

Method of Calculation: An agency automated report searches the agent's inspection database and finds all the inspection records with the following characteristics: a designated activity class of "OCA/Trafficking Investigation" or "Support Task Force Operations," a joint operation flag with the value "Y," and an inspection date that falls within the specified date range. The reports then counts the records found and the total from that count becomes the value reported for the number of inspections. The total cost to TABC of all joint operations is then divided by the number of inspections to derive a per operation unit cost.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: Yes.

Desired Performance: Lower.

EXPLANATORY/INPUT MEASURES

01 Number of Enforcement Administrative Cases Reaching Final Disposition

Short Definition: The number of administrative cases originated by enforcement agents reaching the final disposition stage within a specified time period.

Purpose/Importance: Administrative cases initiated by agents can be combined and often are when they reflect two or more incidents concerning the same licensed entity. As a consequence, the number of cases initiated does not equal the number of cases fully adjudicated ("settled"). This particular explanatory measure provides a count of the number of administrative cases fully adjudicated during the period in question. That number is used in calculating the "Percent of Administrative Cases Filed by Enforcement Agents Resulting in Administrative Sanctions" outcome measure.

Source/Collection of Data: Enforcement administrative case records, which are data-entered using hardcopy administrative notices or agent field notes as source documents, are used in the calculation of the value of this measure. An agency automated report provides the numbers required for this measure.

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Lower.

02 Number of Licensed Locations Subject to Inspection

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

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

Source/Collection of Data: Licensing records, which are created and updated using original, renewal, and change applications as the primary source documents, are used in the compilations required to derive the reported total. The reported total is taken from an automated agency report.

Method of Calculation: Cross reference licensing records to identify the physical locations that are occupied by business entities that were licensed by the agency during the period in question. Count the individual locations found.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

03 Number of Complaint Investigations Opened

Short Definition: The number of complaint investigations initiated by the Enforcement Division during a specified time period.

Purpose/Importance: As a matter of policy, the Enforcement Division investigates all allegations involving violations of the Alcoholic Beverage Code that it receives from the public, other agencies, public officials, and the agency's own employees. This explanatory measure provides a count of the number of investigations initiated by the agency as result of the allegations (complaints) received during a specified time period.

Source/Collection of Data: Enforcement complaint investigation records which are data-entered from hardcopy complaint cards or field notes. The values reported come from an agency automated report.

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

04 Number of Criminal Cases Filed

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

Purpose/Importance: While compliance is the desired outcome of enforcement operations, it is not always the outcome obtained. This explanatory measure provides a count of another possible outcome—the criminal cases initiated by enforcement agents, which arise when agents observe persons committing criminal offenses.

Source/Collection of Data: Enforcement criminal case records which are data-entered from hardcopy citation records or from agent field notes are counted to derive the values reported for this measure. The values reported are taken an agency automated report.

Method of Calculation: Find all criminal case records in the agency's database with violation dates within the date range interest. Count the records found. The total is the number of criminal cases initiated by agents during the period in question.

Data Limitations: None.

Type of Calculation: Cumulative.

New Measure: No.

Desired Performance: Lower.

05 Number of Administrative Cases Initiated by Enforcement Agents

Short Definition: Number of administrative cases filed by enforcement agents during a specified time period. An administrative case is an administrative action initiated against a licensee for the purpose of suspending or cancelling the licensee's licensing privileges due to a violation of the Alcoholic Beverage Code.

Purpose/Importance: While compliance is the desired outcome of enforcement operations, it is not always the outcome obtained. This explanatory measure provides a count of another possible outcome - the administrative cases initiated by enforcement agents, which arise when agents observe a license/permit holder or an employee of a license/permit holder committing a serious regulatory or public safety offense.

Source/Collection of Data: Enforcement administrative case records which are data-entered using hardcopy administrative notices or field notes as source documents. The values reported come from an agency automated report.

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Lower.

06 Number of Priority Retail Locations

Short Definition: The number of licensed retail locations whose licenses or permits were active during the period in question that due to a past history of public safety or related violations, such as vice offenses or offenses indicative of financial stress, occurring on its premises, or a history of complaints concerning such violations were considered more likely than other retail locations to be the site of future public safety violations.

Purpose/Importance: This explanatory measure provides a count of the licensed locations that are the primary target of agency enforcement operations. This value is used in calculating the “Percent of Priority Retail Locations Inspected” outcome measure.

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

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

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

07 Number of Complaint Investigations Closed

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

Purpose/Importance: Complaints are investigated by conducting interviews, auditing documents and records, conducting undercover operations or other physical inspections and engaging in other investigative activity. These investigations are closed when the allegations have been disproved, when sufficient evidence to sustain the allegations has been found, or when agents have made a reasonable effort to prove or disprove the allegations and have been unable to find sufficient evidence to support either outcome. This particular explanatory measure provides a count of the number of investigations that were closed during a specified time period. That total is used in calculating the Percent of Complaints Closed in 60 Days outcome measure.

Source/Collection of Data: Enforcement complaint investigation records, which are data-entered from hardcopy complaint cards and field notes, are counted to obtain the reported total. The totals reported are taken from an automated agency report.

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

08 Number of OCA/Trafficking Investigations Closed

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

Purpose/Importance: Provides a count of the number of complaint investigations completed by enforcement agents within a specified time period that involved

allegations with a suspected nexus to human trafficking, drug trafficking, money laundering or other organized criminal activity related to a licensed entity.

Source/Collection of Data: Agency automated complaint investigation records which are created when the initial allegation is received and updated throughout the course of the investigation. The value reported is taken from an automated agency report.

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

09 Number of Multi-Agency/Joint Operations Targeting Organized Crime and Trafficking in TABC's Border Region

Short Definition: The number of joint operations that target Organized Crime Activities (OCS) or Trafficking conducted within a specified time period in the TABC's Border Region (Austin and San Antonio Enforcement Districts) that involve TABC and at least one other agency. Joint operations are TABC inspections conducted by TABC agents or auditors with the material support of personnel from at least one other agency.

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

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

Method of Calculation: An agency automated report searches the agency's inspection database and finds all inspection records with the following characteristics: a designated activity class of “OCA/Trafficking Investigation” or “Support Task Force Operations,” a joint operation flag with the value “Y,” a location address that includes the name of a

Texas county located within the boundaries of the TABC's San Antonio or Austin Enforcement Districts, and an inspection date that falls within the specified date range. The report then counts the records found and the total from that count becomes the value reported for the measure.

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

10 Number of Multi-Agency/Joint Operations Targeting Organized Crime and Trafficking Statewide

Short Definition: The number of joint operations that target Organized Crime Activities (OCA) or Trafficking conducted within a specified time period that involve TABC and at least one other agency. Joint operations are TABC inspections conducted by TABC agents or auditors with the material support of personnel from at least one other agency.

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

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

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: Yes.

Desired Performance: Higher.



L to R: Assistant Chief Dexter Jones, Chief of Field Operations Robert Saenz, Executive Director Sherry Cook, Commissioner Steve Weinberg, Chairman José Cuevas, Houston District Supervisor Donny Betts, Commissioner Melinda Fredricks, Deputy Executive Director Ed Swedberg

Goal 2: To process applications and issue alcoholic beverage licenses and permits.

OUTCOME MEASURE

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

Short Definition: Average number of days to process original primary in-state retail and wholesale applications from original date filed with local office to issuance of a license/permit.

Purpose/Importance: Provide management with information concerning total average of days to process original primary retail and wholesale applications from beginning of process to issuance of license/permit. Fluctuation in this information alerts management to problems and/or changes in application process. The license/application classes selected for monitoring are those most often sought by persons and entities attempting to start new retail or wholesale businesses in Texas.

Source/Collection of Data: Data required to calculate this measure is obtained from license/permit application records pertaining to the following license classes: MB, RM, N, NE, NB, BG, BQ, BE, BF, P, Q, V, Y, W, X, LX, BB, BC, D, G, B, BA and BD. These records contain the date each application was originally received in a field office and the date on which each application was approved and the related license or permit was printed. An ad hoc report ran against agency automated data extracts the totals necessary to calculate the reported values.

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

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

OUTPUT MEASURES

01 Number of Applications Processed

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

Purpose/Importance: It provides management with information concerning the total work as to the number of applications processed, including those which require time to maintain the files in their current status.

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

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

02 Number of Licenses/Permits Issued

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

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

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

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

EFFICIENCY MEASURE

01 Average Cost per License/Permit Processed

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

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

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

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

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.



Lt. Tana Travis with Sgt. Heley Young Jamarillo, both from the Houston Region.

Goal 3: To ensure compliance with the Alcoholic Beverage Code in the manufacturing, importing, exporting, transporting, storing, selling, serving and distributing of alcoholic beverages.

Objective 1: Ensure Compliance with the Alcoholic Beverage Code.

OUTCOME MEASURES

01 Percent Audits Found to be in Full Compliance

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

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

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

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

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

02 Percent of Report Analyses Resulting in Correction Letters

Short Definition: The percentage of reports analyzed during a specified time period in which reporting errors were found and which resulted in the issuance of a letter requiring corrective action. Referred to as “excise tax letters,” these communications are, for all practical purposes, formal written warnings that describe the errors found and outline the corrective actions required.

Purpose/Importance: This measure shows the rate of noncompliance with the reporting requirements of the Alcoholic Beverage Code and Rules and the effectiveness of the agency’s monitoring program in detecting reporting errors.

Source/Collection of Data: Individual tax examiners create automated records pertaining to each report analyzed and each correction letter issued. Agency automated reports identify and count these records, then division staff transfers the totals to a manually prepared Excise Tax Activity Report which is retained as an Excel spreadsheet. The totals used for the calculation of this measure are taken from the period’s “Excise Tax Activity Report.”

Method of Calculation: The number of correction letters issued during a specified time period is divided by the total number of reports analyzed during the same time period.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

03 Percent of Agency Contacts Expressing Satisfaction with Agency Auditors

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

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

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

Method of Calculation: Each survey instrument contains six questions that gauge respondent satisfaction with the auditor's practices. Respondents rate agency auditors on each dimension by marking either "Yes" or "No." As returned survey instruments are received, they are data-entered into a spreadsheet, with the initial categorical rating for each dimension being translated during data-entry into a numeric value--"1" for Yes and "0" for No. A respondent's failure to rate the auditors on a given dimension is treated as a "No" response for that dimension. The ratings entered for all six dimensions are then averaged to derive a measure of general satisfaction for each respondent. Those whose general satisfaction scores are greater than .5 are considered to be "satisfied." To derive the value sought, the number of respondents expressing general satisfaction is then divided by the total number of persons who responded to the survey during the period in question.

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

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

04 Compliance Rate – Inspections of Licensed Businesses by Auditors

Short Definition: The percentage of inspections conducted by field auditors during which licensees and permittees were found to be in full compliance with the requirements of the Alcoholic Beverage Code and TABC Rules.

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

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

Method of Calculation: The number of inspections of licensed businesses conducted by auditors during a specified time period is counted. Also counted is a subset of this group consisting of those inspections that did not result in the issuance of an administrative citation for violations observed or documented during the inspection. The number of inspections of licensed businesses during which no violations were found is then divided by the total number of inspections of licensed businesses conducted by auditors to determine the value to be reported for this ratio.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

OUTPUT MEASURES

01 Number of Persons Instructed by Auditors

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

Purpose/Importance: Auditors perform three primary tasks: audits and analyses, inspections and public education. Their contribution to the agency's public education efforts is represented by this measure.

Source/Collection of Data: The data for this measure comes from educational program session records created by auditors and stored in the agency's Daily Activity Reporting System (DARS) database. Auditors record information about each program session they teach in their Daily Activity Reports. Automated educational program session records are created when the auditor's Daily Activity Reports or field notes are data-entered. Each record identifies the type of program taught, the county in which the session was held, the number of people taught and the date of the session. The values reported for this measure are taken from agency automated reports that draw information from those records.

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

02 Number of Wholesale and Manufacturing Reports Analyzed

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

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

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

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

03 Number of Audits Conducted by Field Auditors

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

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

Source/Collection of Data: The data required for the calculation of this measure comes from automated audit records created by field auditors while data-entering their Daily

Activity Reports. An agency automated report tabulates the records for a specified date range and provides the count reported as the value for this measure.

Method of Calculation: An agency automated report identifies all automated records pertaining to audits conducted by field auditors during a specified date range, counts them and provides the total reported for this measure.

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

04 Number of Inspections Conducted by Field Auditors

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

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

Source/Collection of Data: The information required to derive the count comes from inspection records in the agency's activity reporting system. Each individual inspection made by an auditor is noted in the auditor's Daily Activity Report or field notes. When these reports or notes are data-entered, an automated record summarizing each inspection is created. The values reported for this measure are taken from an agency automated report.

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

EFFICIENCY MEASURES

01 Average Cost Per Audit

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

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

Source/Collection of Data: Agency automated audit records and automated auditor activity records, which are data-entered using auditor field notes or Daily Activity Reports as source documents, are the original sources of the output and auditor work hours information used in the calculation of the measure. An agency automated report sorts through these records, identifies those that are of interest, and extracts period totals needed for the number of audits conducted, all auditor work hours, and auditor audit work hours. Agency expenditures are tracked in the state's automated accounting system (currently USAS), and the cost data is extracted quarterly by the agency's Business Services Division (BSD) to an Excel spreadsheet and used to create a quarterly "Expenditure Report" that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the BSD's "Expenditure Report."

Method of Calculation: The work hours reported for all auditor activity during the period in question are extracted from automated activity records and totaled. Also extracted from the same database as a subtotal of the first total, is the total for the auditor work hours that were devoted to audits. The latter is divided by the former and the resulting ratio is then multiplied by the total for auditor related spending during the period in question to derive the amount of total expenditures attributable to audits. That amount is then divided by the total number of audits conducted by auditors during the same period to derive a "per audit" unit cost.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

02 Average Cost Per Auditor Inspection

Short Definition: The cost of all auditor inspection activity during a specified period of time divided by the total number of inspections (physical compliance checks) conducted by auditors during the same time period. An inspection is a visit to a licensed location, a proposed licensed location, or any other location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws.

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

Source/Collection of Data: Auditor automated activity records and inspection records, which are data-entered using field notes or Daily Activity Reports as source documents, are the original sources of the output and auditor work hours information used in the calculation of the measure. An agency automated report sorts through these records, identifies those that are of interest, and extracts period totals needed for the number of inspections conducted, all auditor work hours, auditor audit work hours, and auditor public education/information work hours. Agency expenditures are tracked in the state's automated accounting system (currently USAS), and the cost data is extracted quarterly by the agency's Business Services Division (BSD) to an Excel spreadsheet and used to create a quarterly "Expenditure Report" that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the BSD's "Expenditure Report."

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

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

03 Average Cost Per Person Attending Educational Programs Taught by Auditors

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

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

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

Method of Calculation: The work hours reported for all auditor activity during the period in question are extracted from automated activity records and totaled. Also extracted from the same database as a subtotal of the first total, is the total for the auditor work hours that were devoted to public education/information activities. The latter is divided by the former and the resulting ratio is then multiplied by the total for auditor related spending during the period in question to derive the amount of total expenditures attributable to educational activities. That amount is then divided by the total number of persons instructed by auditors during the same period to derive a "per person instructed" unit cost.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

04 Average Cost Per Wholesale and Manufacturing Report Analyzed

Short Definition: The total cost attributable to the Tax Collection/Reporting function during a specified period of time divided by the number of Wholesalers and Manufacturers reports received and analyzed by agency employees during the same time period.

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

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

Method of Calculation: The spending total attributed to the strategy in the BSD Expenditures Report, less the amount attributed to the Audit function, is divided by the "reports analyzed" total taken from the "Excise Tax Activity Report" to derive the reported value.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

EXPLANATORY MEASURES

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

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

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

Source/Collection of Data: Automated agency licensing records, which are created and updated using original, renewal, and change applications as the primary source documents, are used in the compilations required to derive the reported total. The total reported is itself taken from an automated agency report.

Method of Calculation: The automated report cross references automated licensing records to identify the physical locations occupied by businesses holding licenses or permits during the period in question and then counts the individual locations found.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

02 Number of Wholesaler/Manufacturer Licensees/Permittees Required to Submit Reports

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

Purpose/Importance: The measure provides a count of the current number of businesses that must submit periodic reports for agency review and also provides an indication of the number of such reports that can be expected to be received during the next reporting period.

Source/Collection of Data: The agency's automated licensing records are the primary source of the data used in the calculation. An automated report provides a breakdown by license class of the licenses and permits that were active on date that the report ran.

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

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher

03 Number of Administrative Actions Initiated by Auditors and other Audit Personnel

Short Definition: The sum total of the administrative cases, administrative warnings, summary suspensions, protests, Cash Law/Credit Law Warning Letters and Credit Law Notices of Default first publications initiated by auditors or their support personnel during a specified period of time.

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

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

Method of Calculation: The administrative warnings, administrative cases, Cash Law/Credit Law Warning Letters, application protests, Credit Law Notices of Default first publications, and summary suspensions initiated by auditors or their support personnel during a specified time period are counted and totaled together to derive the reported total.

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Lower.

04 Number of Cash Law/Credit Law Notices of Default Received and Processed

Short Definition: Number of Cash Law and Credit Law Notices of Default received by the agency from beer distributors and wholesalers during a specified period of time and data-entered into the agency's automated system.

Purpose/Importance: Retailers who pay for beer deliveries with a "hot" check or fail to pay the balance due for credit liquor purchases within a specified time frame are subject to a progressive sequence of administrative sanctions. Delivery or direct entry of delinquent notices are the methods by which distributors and wholesalers notify the TABC of such transgressions on the part of retailers and provide the starting point for the series of sanctions described above.

Source/Collection of Data: Default notices are either physically received from or directly entered into the agency's data system by distributors and wholesalers. Automated

reports draw summary totals for specified time periods from the records contained in the data system.

Method of Calculation: All Notice of Default records created within a specified period of time are counted and the total is the value report of this measure.

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Lower.

05 Number of Correction Letters Resulting from Analyses of Wholesale and Manufacturing Reports

Short Definition: Number of correction/excise tax letters issued for reporting errors and tax underpayments discovered by tax personnel while analyzing wholesale and manufacturing tier reports.

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

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

Method of Calculation: The records pertaining to the correction/excise tax letters issued by agency tax examiners during the specified time period are identified and counted and that total is then reported as the value for this measure.

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Lower.

Goal 3: To ensure compliance with the Alcoholic Beverage Code in the manufacturing, importing, exporting, transporting, storing, selling, serving and distributing of alcoholic beverages.

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

OUTCOME MEASURES

01 Revenue as a Percent of Expense

Short Definition: The revenue derived by the TABC Port of Entry (POE) section from the taxes and fees collected for the personal importation of alcoholic beverages and cigarettes divided by the total cost of Ports of Entry operations.

Purpose/Importance: This measure compares the tax revenue generated by the agency's Ports of Entry Division with the total cost of operating that section.

Source/Collection of Data: Tax stamp “sales” and revenue data are collected via hand-held devices and uploaded to the agency database. Automated reports tabulate this data and provide totals for individual tax collectors and for each POE organizational unit, as well as for the division as a whole. The expenditures are tracked in USAS and the cost data is extracted quarterly by Business Services Division and used to create quarterly Expenditure Reports that allocate agency operating costs to its various strategies.

Method of Calculation: Total fees and taxes collected from the personal importation of alcoholic beverages and cigarettes are divided by the total cost of the ports of entry function. The result is expressed as a percentage.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

OUTPUT MEASURES

01 Number of Alcoholic Beverage Containers Stamped

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

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

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

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

02 Number of Packages of Cigarettes Stamped

Short Definition: The total number of cigarette packages personally imported into Texas and required taxes and fees were paid by the persons importing the products.

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

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

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

EFFICIENCY MEASURE

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

Short Definition: Total cost of the Ports of Entry Division attributable to stamping alcoholic beverage containers/cigarette packages or handling disallowed alcoholic beverage/cigarette packages importations divided by the total number of alcoholic beverage containers/cigarette packages imported or disallowed. A container or package is “disallowed” when its importation would be illegal under Texas law and is, therefore, blocked by a TABC tax compliance officer.

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

Source/Collection of Data: The information concerning containers and packages stamped or disallowed is initially collected via hand-held devices and uploaded to the agency database. Automated reports tabulate this data and provide totals for individual tax collectors and for each POE organizational unit, as well as for the division as a whole. The expenditures are tracked in USAS and the cost data is extracted quarterly by the agency's Business Services Division and used to create quarterly Expenditure Reports that allocate agency operating costs to its various strategies.

Method of Calculation: Total cost of the ports of entry function divided by the total number of alcoholic beverage containers and cigarette packages stamped or disallowed. (Note: The unit cost of handling alcoholic beverage containers and packages of cigarettes is the same.)

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

02 Average Cost Per Cigarette Package Imported/Disallowed

Short Definition: Total cost of the Ports of Entry Division attributable to stamping packages of cigarettes or handling disallowed cigarette importations divided by the total number of cigarette packages imported or disallowed. A cigarette package is “disallowed” when its importation would be illegal under Texas law and is, therefore, blocked by a TABC tax compliance officer.

Purpose/Importance: This measure is intended to show the average cost incurred by the agency for each package of cigarettes imported or disallowed.

Source/Collection of Data: The information concerning containers and packages stamped or disallowed is initially collected via hand-held devices and uploaded to the agency database. Automated reports tabulate this data and provide totals for individual tax collectors and for each POE organizational unit, as well as for the division as a whole. The expenditures are tracked in USAS and the cost data is extracted quarterly by the agency's Business Services Division and used to create quarterly Expenditure Reports that allocate agency operating costs to its various strategies.

Method of Calculation: Total cost of the ports of entry function divided by the total number of alcoholic beverage containers and cigarette packages stamped or disallowed. (Note: The unit cost of handling alcoholic beverage containers and packages of cigarettes is exactly the same.)

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

EXPLANATORY MEASURE

01 Number of Alcoholic Beverage Containers Disallowed

Short Definition: The number of alcoholic beverage containers whose entry into the state of Texas was disallowed by TABC Ports of Entry personnel during a specified period of time. TABC Tax Compliance Officers assess each attempted personal importation and when a particular importation is deemed unlawful, advise the individual who is attempting to bring the alcoholic beverage products into the state. A container is considered to be illegally imported if: it is in excess of the legal importation quota; the container itself is illegal; it is imported by minors or intoxicated persons; or it is not declared or the importer refuses to pay the required tax. Each such incident is documented by TABC personnel, and the resulting record provides descriptions and counts of the disallowed products. When individuals are advised that an importation is

illegal under Texas law, most choose to voluntarily surrender the products, rather than to return the products to their point of origin. The surrendered products are taken into TABC custody and destroyed shortly thereafter. The final disposition of all voluntarily surrendered products is documented. (Note: A voluntarily surrendered container is not considered to have been “disallowed” if later returned.)

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

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

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

02 Number of Cigarette Packages Disallowed

Short Definition: The number of cigarette packages whose entry into the state of Texas was disallowed by TABC Ports of Entry personnel during a specified period of time. TABC Tax Compliance Officers assess each attempted personal importation, and when a particular importation is deemed unlawful, advise the individual who is attempting to bring the cigarettes into the state. A package of cigarettes is considered to be illegally imported if: it is imported by persons under 18 years of age; or it is not declared or the importer refuses to pay the required tax. Each such incident is documented by TABC personnel, and the resulting record provides descriptions and counts of the disallowed products. When individuals are advised that an importation is illegal under Texas law, most choose to voluntarily surrender the products, rather than to return the products to their point of origin. The surrendered products are taken into TABC custody and destroyed shortly thereafter. The final disposition of all voluntarily surrendered products is documented. (Note: A voluntarily surrendered package of cigarettes is not considered to have been “disallowed” if later returned.)

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

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

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.



L to R: Licensing employees Ruben Montgomery, Beverly Baber, Terry Centeno, Lori Johnson. Director Amy Harrison, and Mary Kirby.

APPENDIX E:

WORKFORCE PLAN

SECTION I

OVERVIEW

The Texas Alcoholic Beverage Commission (TABC) is the state agency that regulates all phases of the alcoholic beverage industry in Texas. The duties of the commission include regulating sales, taxation, importation, manufacturing, transporting and advertising of alcoholic beverages.

The TABC is required by the General Appropriations Act to collect enough in fines, fees and surcharges to cover the agency's direct and indirect operating costs. As a result, the agency's operating costs are all paid for by the industry that it regulates. Additionally, the agency collects in excess of \$200 million annually in taxes, which aids in the financing of the state's public schools, local governments, research, human services and other areas in which state government provides services to all Texans.

The Alcoholic Beverage Code authorizes the Texas Alcoholic Beverage Commission to:

- Grant, refuse, suspend, or cancel permits and licenses in all phases of the alcoholic beverage industry;
- Supervise, inspect and regulate the manufacturing, importation, exportation, transportation, sale, storage, distribution and possession of alcoholic beverages;
- Assess and collect fees and taxes;
- Investigate for violations of the Alcoholic Beverage Code and assist in the prosecution of violators;
- Coordinate with federal, state and local law enforcement agencies in the investigation of organized criminal activity that has a nexus with the sale of alcoholic beverages;
- Seize illicit beverages;
- Approve labels for malt beverage, wine and distilled spirits products sold in Texas;
- Pass rules to assist the agency in all of the above.

ORGANIZATIONAL STRUCTURE

The policy-making body of the agency is a three-member governing board appointed by the Governor with the advice and consent of the Senate. Members of the commission hold office for staggered terms of six years, with the term of one member expiring every two years. Each member must be a Texas resident and must have resided in the state for at least five years preceding the appointment. Commission members serve without salary.

The commission is currently comprised of Chairman José Cuevas, Jr., of Midland; Steven M. Weinberg, MD, JD, of Colleyville; and Melinda S. Fredricks of Conroe.

An executive director, appointed by the three-member governing board, directs the daily operations of the Texas Alcoholic Beverage Commission. The board appointed current Executive Director Sherry Cook on July 1, 2012. The executive director is responsible for employing staff to ensure that the policies established by the commission and the laws enacted by the legislature are implemented in an efficient and cost-effective manner.

Sharing in that responsibility is the deputy executive director, director of the office of professional responsibility (internal affairs) and the director of communications and governmental relations. See Appendix B for a detailed organization chart.

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

Field Operations: Enforcement, Audit and Investigations and Ports of Entry Division. Field Operations is the agency's largest and most visible division. Staff in field operations performs both enforcement and auditing functions involving criminal, regulatory and administrative enforcement of the state's alcoholic beverage laws. The chief of field operations oversees two assistant chiefs and a director.

The Chief of Enforcement oversees enforcement activities across the state in five districts. Certified peace officers, known as TABC agents, inspect premises licensed by the agency and investigate alleged violations of the Alcoholic Beverage Code and other state laws.

The Chief of Audit and Investigations oversees the Audit Division, Financial Crimes Unit and the Special Investigations Unit. Auditors in the Audit Division conduct investigative audits and other financial reviews, conduct inspections and fee analysis during the initial phases of the licensing process, and assist the agents in various types of investigations. Auditors also play a role in monitoring seller training schools to ensure compliance with agency standards.

Both enforcement agents and compliance auditors provide training to permit holders and their employees, upon request as well as in response to violations by the permittee. In addition, presentations are delivered to students, ranging from middle schools to university settings. Finally, they provide presentations to civic organizations and other law enforcement agencies in an attempt to promote a better understanding of the law and the roles and responsibilities of the agency.

The Financial Crimes Unit focuses on prevention, investigation and detection of financial related crimes. Investigations include money laundering, prohibited tier relationships, tax fraud, business and corporate fraud, and other organized financial

crimes activity committed by persons/entities having a license or permit issued by the Commission.

The Special Investigations Unit identifies and investigates habitual patterns of at-risk behavior of persons/entities having a license or permit issued by the Commission through covert operations. The unit exercises administrative and criminal powers to suppress or dismantle organized criminal activity relating to the functions of the Commission. The unit conducts both administrative and criminal investigations.

The Director of the Ports of Entry Division oversees the more than 100 taxpayer compliance officers. The division is responsible for ensuring compliance with personal importation laws and the collection of taxes and fees on alcoholic beverages and cigarettes brought into Texas from Mexico. Cigarette taxes are collected on behalf of the Office of the Comptroller of Public Accounts. Agency personnel are stationed at all major bridges along the Texas-Mexico border. In 2014, the division began collecting taxes from passengers of cruise ships at the Galveston seaports.

Licensing

The licensing division investigates and processes applications for all phases of the alcoholic beverage industry, including the manufacture, sale, purchase, transportation, storage, and distribution of alcoholic beverages. The division must ensure that each applicant qualifies to hold such license/permit and adheres to all applicable regulatory requirements. Licenses and permits are issued for a period of two years. Approximately 57,000 licenses and permits are issued each year by division personnel.

Tax

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

Education and Prevention

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

Office of Professional Responsibility

The office of professional responsibility (internal affairs) oversees or conducts all internal investigations concerning the conduct of agency employees.

Information Resources

The information resources division is responsible for developing and maintaining the core technology applications for the agency, which includes licensing, enforcement, compliance, legal, and business services. Additionally, the division establishes and supports the technology infrastructure that facilitates agency operations, and is charged with researching and analyzing how to apply new technologies to solve business problems.

Business Services

The business services division is responsible for all fiscal operations of the agency, including revenue processing, accounts payable, payroll, time and leave accounting, maintenance of the general ledger, research and planning, as well as preparation and oversight of the agency's legislative appropriations request, annual financial report, and performance reports. The general services section of business services is responsible for staff support functions of purchasing, historically underutilized business (HUB) program coordination, records retention coordination, real and personal property management, facilities leasing, fleet management, mail center operations, and warehousing.

Human Resources

The human resources division manages employment-related activities, including recruitment, selection, benefits and compensation, employee relations, classification, risk management, and implementation of the agency's equal employment opportunity program.

Training

The training division oversees staff development activities for the agency. The division maintains training records and offers required training for certified peace officers, state mandated training for all employees and additional training to develop and enhance the skills of agency employees.

Legal Services / General Counsel

The agency's legal services and general counsel division prepares, processes, and prosecutes administrative cases dealing with violations of the Alcoholic Beverage Code. This division reviews protests to the issuance of licenses and permits by local authorities and citizens and prosecutes application protests by the commission. When violations by permittees and licensees throughout the state are alleged, a hearing is held by the State Office of Administrative Hearings. Outcomes of such hearings include recommendations to cancel, suspend, grant, or deny a license or permit.

MISSION

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

VISION

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

PHILOSOPHY AND VALUES

The Texas Alcoholic Beverage Commission will:

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

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

- Service
- Courtesy
- Integrity
- Accountability

STRATEGIC GOALS AND OBJECTIVES

Goal 1: To protect the peace and safety of the public by taking positive steps to encourage voluntary compliance with the Texas Alcoholic Beverage Code and other state laws and by undertaking enforcement and regulatory actions that are both fair and effective.

Objective: Detect and prevent violations of the law.

Strategy: Deter and detect TABC code violations through enforcement actions.

Goal 2: To process and issue alcoholic beverage license/permit applications while ensuring compliance with the Alcoholic Beverage Code through investigations and other regulatory means.

Objective: Process applications for permits and licenses in an efficient and timely manner such that, by fiscal year 2017, the average time required to approve an original primary application processed through a TABC field office is 40 days.

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

Goal 3: To ensure compliance with the Alcoholic Beverage Code in the manufacturing, importing, exporting, transporting, storing, selling, serving and distributing of alcoholic beverages.

Objective: Monitor all tiers of the alcoholic beverage industry and conduct inspections, analyses, investigations and other activities to encourage maximum voluntary

compliance with the Alcoholic Beverage Code, so that, by fiscal year 2017, the compliance rate for field audits and analyses is 80 percent, the percent of report analyses resulting in administrative or compliance actions is only 15.5 percent, the percent of agency contacts expressing satisfaction with contacts with agency auditors is 98 percent and the compliance rate for inspections of licensed businesses conducted by auditors is 96 percent.

Strategy: Inspect, investigate and analyze all segments of the alcoholic beverage industry, verify the accuracy and timeliness of tax reporting payments and initiate any necessary compliance and/or administrative actions for failure to comply, while providing instruction to promote voluntary compliance.

Objective: Ensure maximum compliance with laws regulating importation of alcoholic beverages and cigarettes at ports of entry, so that, by fiscal year 2017, ports of entry revenue is at least 100 percent of the ports of entry expenses.

Strategy: Identify high traffic loads and strategically place personnel or equipment at ports of entry to more effectively regulate the personal importation of alcoholic beverages and cigarettes.

SECTION II

CURRENT WORKFORCE PROFILE (SUPPLY ANALYSIS)

WORKFORCE DEMOGRAPHICS

The following charts profile the agency's workforce at the end of fiscal year 2013. TABC's workforce total is comprised of 60% males and 40% females. Sixty-six percent of the employees are over the age of 40. Twenty-seven percent of employees have less than five years of agency service. TABC saw some results when the agency addressed the issue of tenure through the implementation of career ladders for a large number of the operational positions. The career ladder is a retention tool used to motivate employees to maintain their employment with the agency. The career ladder allows scheduled promotions based upon tenure and performance.

FIGURE 23: Agency Age Profile 2013

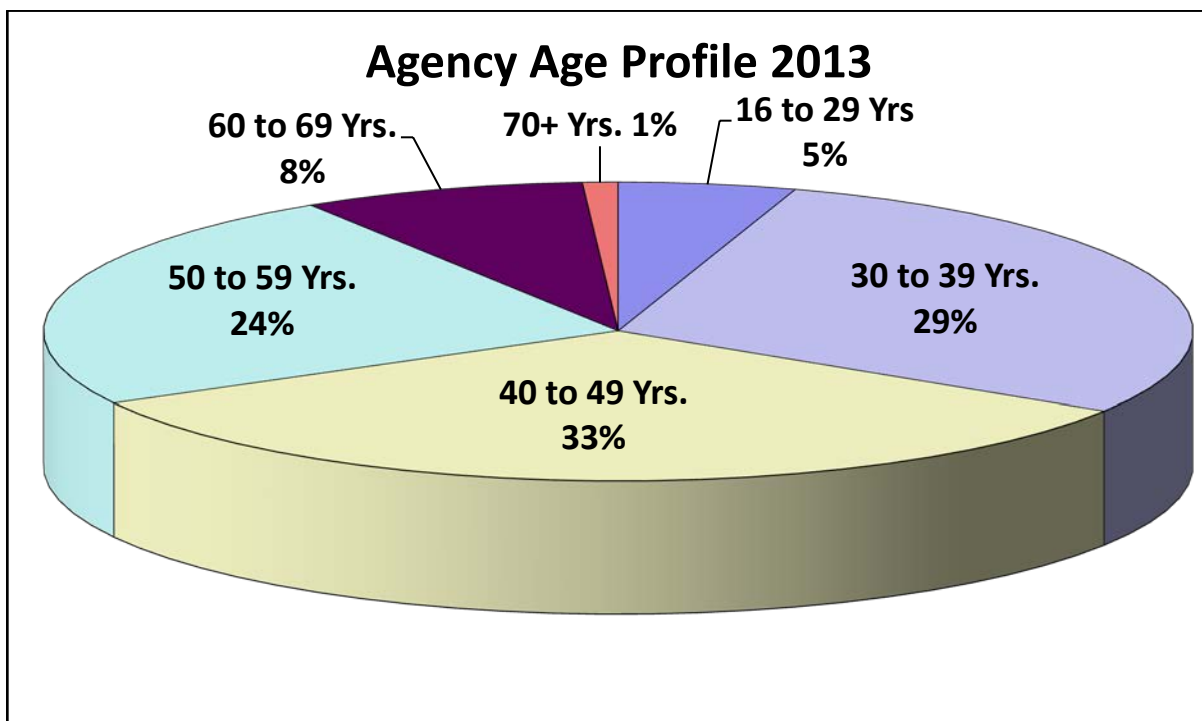


FIGURE 24: Agency Gender Profile 2013

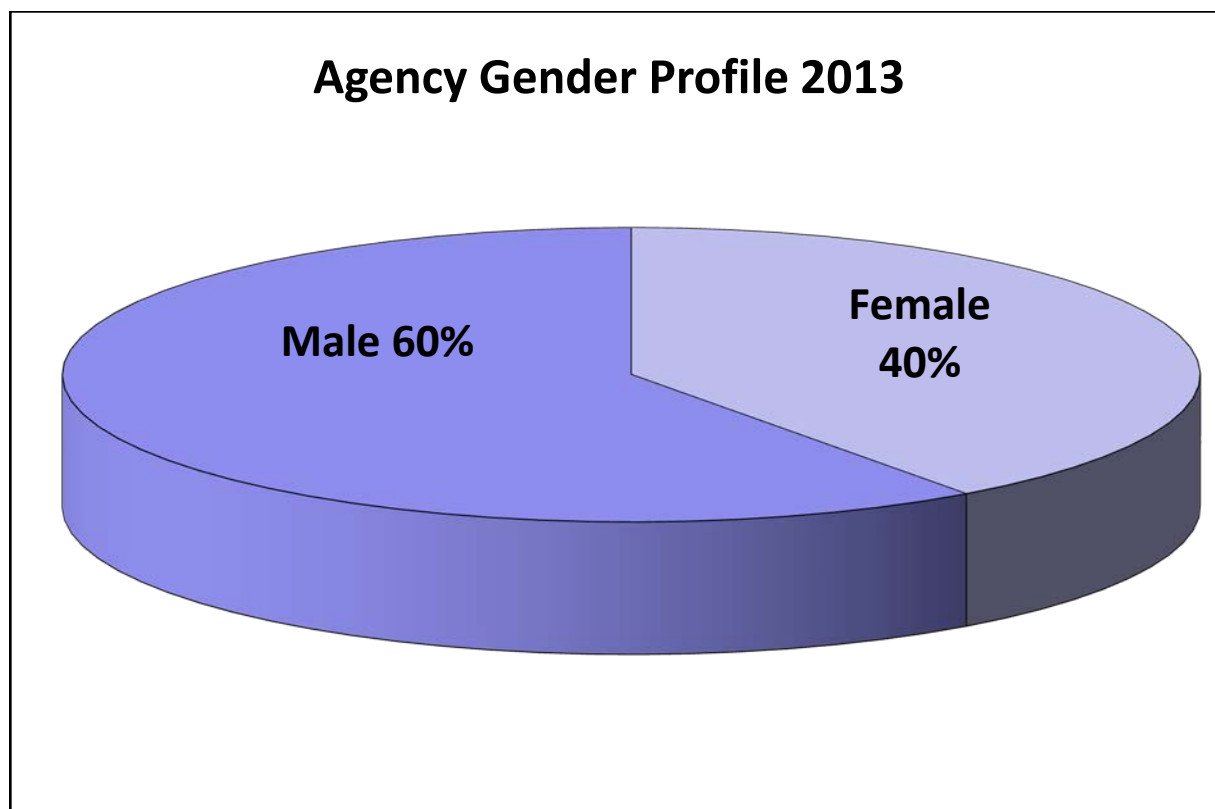
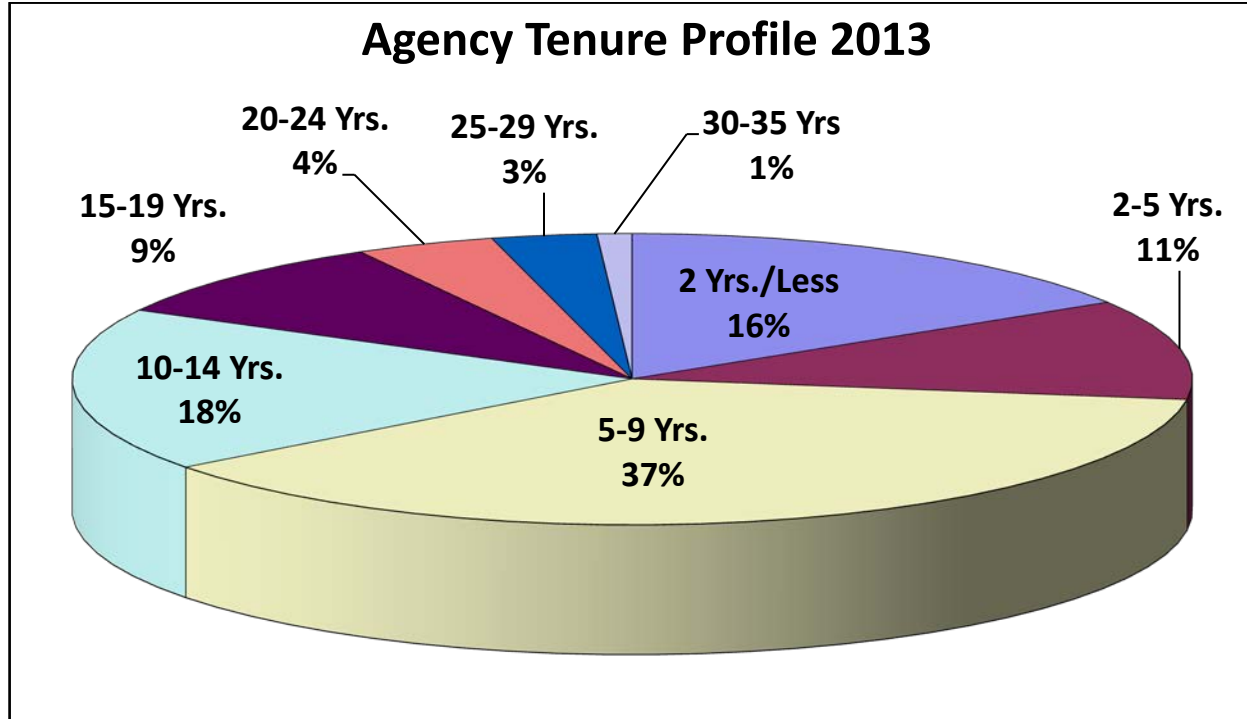


FIGURE 25: Agency Tenure Profile 2013

The following table compares the percentage of African American, Hispanic and female employees to the statewide civilian workforce.

FIGURE 26: Workforce Profile Comparison 2013

EEO Category	2013 Workforce Profile Comparison									
	Statewide Civilian Workforce					TABC Workforce				
	African American	Hispanic	White/ Other	Female	Male	African American	Hispanic	White/ Other	Female	Male
Officials/Administrators	9%	20%	72%	39%	61%	29%	21%	50%	50%	50%
Professional	11%	17%	71%	59%	41%	20%	25%	55%	54%	46%
Technician	14%	21%	65%	41%	59%	14%	14%	72%	0%	100%
Service/Maintenance	15%	48%	37%	41%	59%	9%	49%	42%	31%	69%
Administrative Support	14%	31%	56%	66%	34%	46%	8%	46%	77%	23%
Skill Craft	6%	47%	46%	4.0%	96%	0%	0%	100%	0%	100%

The agency remains under-represented in at least one demographic in four of the EEO categories. During the last seven years, the agency made steady gains in most categories.

African Americans accounted for 16% of new hires. Hispanics accounted for 31% of the new hires during fiscal year 2013. African Americans made up 21% of the agency's terminations while 23% of the terminations were Hispanic.

The agency's representation of African Americans exceeded or met their availability in the statewide civilian workforce in the officials/administrators and administrative support. In all other EEO categories, females remain underutilized. In the administrative support categories, African American representation is 6% below the available civilian workforce in the service/maintenance category. The category contains both the taxpayer compliance positions as well as the majority of the commissioned peace officer positions. African American representation was also underutilized in the skilled craft category.

At the end of fiscal year 2013, the agency met statewide availability in Hispanic representation in the official/administrators, professional, protective service/maintenance EEO categories. Hispanic representation at TABC is underutilized in the technical, skilled craft and administrative support EEO categories.

The agency's representation of female employees continued to remain stable at 60%. However, when considering the different EEO category, underutilization is evident. TABC's representation of females exceeded their availability in the statewide civilian workforce in the official/administrators and administrative support categories. However, the female representation still shows an underutilization in the technical, service/maintenance, professional and skilled craft categories.

In the service/maintenance category, TABC female representation is 10% below statewide availability. Forty-one percent of the new hires during 2013 were females; however, 42% of the terminations were females. Overall Hispanic, African American and female representation in the technical and skilled craft categories remain low. They are specialized categories with a limited number of positions in which turnover rarely occurs, providing no opportunity to increase representation numbers. Consequently, the resignation or reclassification of one employee will drastically affect the overall representation.

During the last five years, TABC's overall turnover rate has been low. Turnover can be attributed to a variety of reasons including retirements, resignations, and general attrition resulting from management changes and reorganizations. Figure 28 compares the average TABC turnover rate to that of the state over the last five years. During the last two years, TABC turnover has increased by an average of 2%. In year 2011 to 2013, the turnover rate increased from 10.3% to 13.9%.

The turnover rate of the agency should remain steady and below the statewide average. Over the next five years, a high number of personnel in key positions with a high degree of expertise are eligible for retirement. By the end of 2018, 136 employees will become eligible for retirement. Of those projected retirements, 86 are classified in non-commissioned positions. Commissioned peace officers account for 50 of the possible retirements. These retirements will impact TABC's ability to retain employees. Tenured employees are beneficial in training and mentoring new employees in TABC's operational areas which require knowledge of the Alcoholic Beverage Code. Without the balance of both tenured and newly hired employees, overall stress associated with the workload could increase, resulting in some individual classifications having increased

turnover when compared with the agency's overall turnover. Figure 29 examines the potential loss of employees due to retirement over a five-year period.

Additionally, when these retirements do result in turnover, salaries will be too low to consistently hire and retain quality entry level staff. In those positions that can be compared, the agency lags 14% behind other state agencies.

FIGURE 27: Turnover Comparison TABC v. Statewide

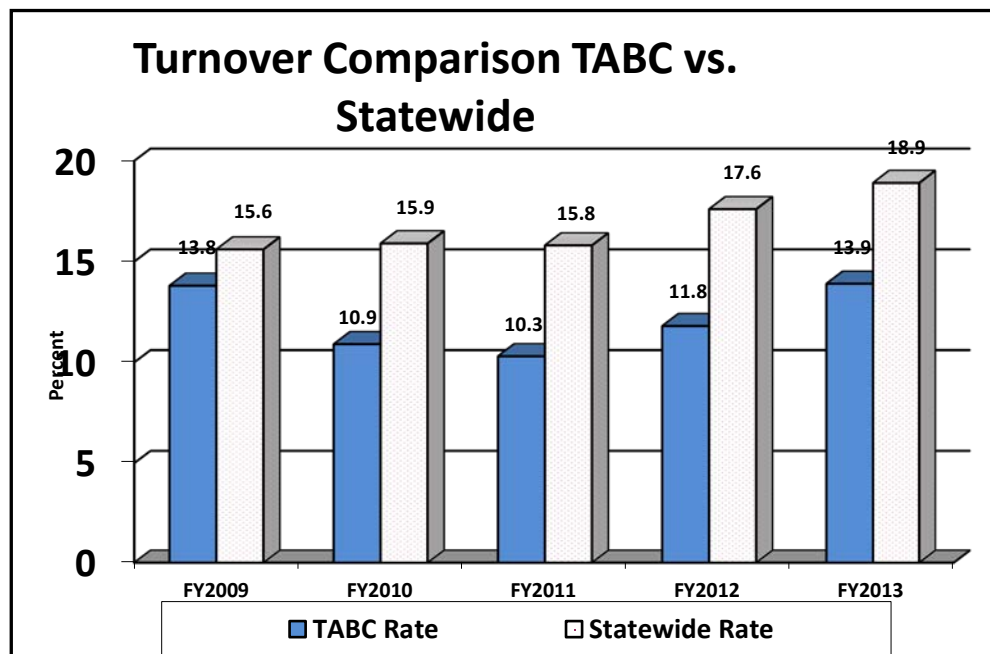
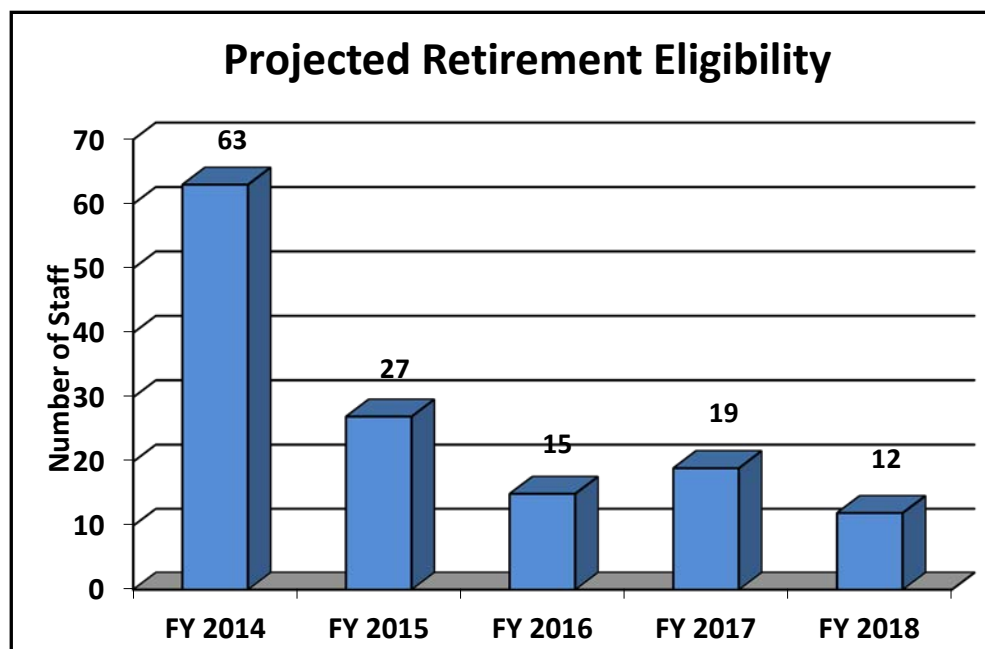


FIGURE 28: Projected Retirement Eligibility



CRITICAL WORKFORCE SKILLS

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

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

CHALLENGES AFFECTING CRITICAL WORKFORCE SKILLS

Today and even more so in the future, employees must have an education level that matches the complexity of the work they are required to perform. More and more of TABC will support a preference for a college degree or technical training.

The workplace is becoming more mobile, automated and efficiency-oriented. The public expects services to be easily accessible, customer-friendly and cost effective. In addition, in the future, both workers and customers are becoming more diverse. As a result of these factors, TABC positions require better educated, trained, and a more technical staff. Many positions currently require specific certifications in their field to perform job duties. Few positions within the agency accommodate the hiring of non-experienced personnel due to down time and limited staff.

TABC needs organizational, communication and problem solving skills at all levels of the organization. In addition, more positions within all divisions require the utilization of technology to provide better efficiency and accessibility. The demand for increased information technology services makes the staffing needs of the information resources division critical. Positions will require expertise in developing technology, initiating process improvements and communicating with non-technical employees.

SECTION III

FUTURE WORKFORCE PROFILE (DEMAND ANALYSIS)

EXPECTED WORKFORCE CHANGES

The law enforcement arm of the TABC workforce will continue to be challenged by legislatively mandated physical requirements. The aging of the available workforce particularly in the field operations division poses unique challenges to the agency. The need for a physically fit and physically able agent workforce remains. Increased automation may very well improve certain work processes and decrease manpower requirements to a limited degree, but it cannot offset the need for physical contact between enforcement agents and those they regulate or between enforcement agents

and criminal violators. Under these circumstances, workforce demand may outpace available supply.

The Hispanic, Asian and Southeast Asian population of Texas and its workforce continues to increase. Asian subpopulations are also expected to grow disproportionately. Increased diversity has a multitude of possible advantages for TABC. A significant advantage is that increased diversity in the available workforce expands the opportunity for diversity in applicant pools. The diversity of TABC customers create a priority for TABC to recruit, hire, and retain a greater number of bilingual employees including enforcement agents. TABC desperately needs more bilingual employees to serve an increasingly multilingual population.

While the agency's mission and the field operations division's goals and objectives focus on public safety, the strategies, technologies, and work processes used to achieve them will change. As they change, so too will the knowledge, skills, and abilities needed within the workforce.

In the past, the methods used to achieve the field operations division's primary objective -- detecting and deterring violations of the Alcoholic Beverage Code -- were limited to those associated with direct street enforcement -- inspections, surveillance, and limited undercover work. Today, with public education and a greater emphasis on working with and through other organizations added to the mix, agents have to communicate, teach, plan, organize, and motivate as well as enforce the law. Also, because of the growing use of technology and the increased complexity of some of the activities in which they take part, agents must possess a broader range of skills and knowledge.

The field operations division expanded its investigative focus with the implementation of the Financial Crimes and Special Investigation units. This investigative focus translates into a great expansion of the range of knowledge, skills, and abilities required of an effective enforcement agent. The enforcement agent of the future will have to be more broadly educated and trained. As a consequence, TABC will not only be competing to attract a shrinking segment of the future workforce, its competition will be increasingly focused towards the upper end of that segment.

Employees within the licensing division will require more formal education because of the complexity of business entities applying for licenses and permits and utilization of systems that automate the licensing process. Most will require degrees in business, accounting, finance or related areas. Higher skilled employees will be required to be intuitive, self-motivated and analytical, working in a very fluid environment and atmosphere.

Auditors' decreasing involvement in tax collection, due to consolidation of entities, will expand their role. In the future, auditors will continue to focus on public safety initiatives that involve investigations, providing regulatory oversight, and information resource. Increases in technology will enhance information gathering and report writing. Employees will be required to have computer literacy skills ranging from very basic to

advance. More efficient programmers, database administrators, and network and systems support specialists will be necessary to increase technology efforts. A re-engineering of workflow processes, revising and streamlining, must also take place to identify and implement necessary automation for improved efficiency and greater productivity.

Employee training will need to be enhanced to an on-going continuing education program to provide sufficient training in new processes and to supplement prior training of those hired. This training modality should include both internal and external courses in classroom and/or seminar settings as well as instructional or on-line training. A basic need may also rise for increased usage of cross-training among employees and across divisions due to shrinking resources to hire additional manpower. Training should also include the addition of a tuition reimbursement program to assist current employees in obtaining the education needed to promote with the agency.

FUTURE WORKFORCE SKILL REQUIREMENTS

TABC enforcement agents will be required to have the ability to communicate well both verbally and in writing, as well as the ability to plan, analyze, organize, and lead. As the TABC workforce becomes more mobile, increased knowledge and use of computer technology as well as proficient computer user skills will become an integral part of the workplace.

Investigative skills will continue to be a necessary component in an agent's background. A background in investigations can be either required as a condition of employment or acquired after hiring. If the agency decides that it is not better served by requiring such skills and experience as a prerequisite of the job, then it should have a training program in place that ensures that agents acquire these needed skills.

Auditors, similar to enforcement agents, will require investigative skills, the ability to communicate, and the ability to plan, analyze, and organize. Increased knowledge and use of computer technology will be necessary as well.

Basic peace officer certification and a limited degree of law enforcement experience are no longer enough to satisfy the division's tactical needs. Agents will need a broader range of training, education, experience, and managerial skills.

To effectively and efficiently process all applications ensuring compliance with all provisions of the Texas Alcoholic Beverage Code, and Rules, and other local, state, and federal statutes will require employees with varied attributes. These may include, but are not limited to additional formal education, degrees in business, accounting, finance, or other related fields, the ability to analyze various and complex structures, and supervisory skills or management potential.

Cash handling experience, customer service, problem resolution, report writing, oral and written communications, and safety awareness will remain necessary as basic level skills.

Regulatory and business operations will require maintaining a knowledgeable and competent staff. As those services move toward a more strategic focus, staff will need skills such as project management, teamwork, negotiation and facilitation, strategic planning, business process re-engineering, statistical analysis, fiscal management, and performance assessments.

Technical environment workforce skills, with expanded technology, will also require change and security management, network and operating systems expertise, database administration and other training as essential for future positions. More specifically, PC and PC application skills and working knowledge of external systems such as USAS, USPS and ABEST will become required skills for employees in several divisions.

STAFFING NEEDS

To perform critical functions as outlined above, the TABC currently has a cap of 646.8 FTEs. Of those 646.8 FTEs, 251 are budgeted commissioned peace officer positions in the field operations division. The inability to hire or excess delays in hiring replacements for vacant peace officer position adversely affects performance achievement. Failure or inability to maintain adequate skill and proficiency levels among the agents also affects performance achievement, and of course, the range of skills and proficiencies necessary will expand as new tactical methods are employed.

The field operations division anticipates a need for increased field auditors to conduct investigations, audits, and analyses. With respect to staffing and the skill and proficiency levels of its agents, the division's primary concern is that future retirements will lead to an exit of manpower, knowledge, and experience. Compounding this concern is the fact that all law enforcement agencies are competing for a shrinking applicant pool, and state agencies with enforcement responsibilities are unable to attract top candidates due to a noncompetitive salary structure. This concern is magnified by the number of employees that are eligible for retirement over the next five years. A large number of retirements, in addition to regular turnover, could have an impact on the agency's operations for a period of time.

The licensing division is currently authorized 76 employees. Since the reorganization in 2009 which aligned the licensing functions by regions across the state, the Agency has continued to identify changes that support the efficiency of the unit. With the increase in license and permit types during each legislative session, the licensing division requires employees that have the ability to multitask, customer service skills and good time management skills to handle the workload. TABC does not expect an increase in full-time positions will be required to meet future demands. The licensing division continues to develop online applications for licenses and permit renewals.

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

License and permit cancellations and lawsuits challenging the three tier system will continue to affect this division's needs and will possibly increase the need for additional attorneys in the legal division due to an increased caseload resulting from increased enforcement efforts.

The ports of entry division (POE) will need additional personnel to staff expansion in the seaports. In 2014, TABC began collecting taxes at the Galveston seaport followed by the Houston seaport. At this time, TABC utilizes part-time contract personnel and supervisory staff to collect the funds.

TABC will continue to study the data relating to passenger volume, frequency of cruises, quantities of alcohol imported, and hours of operation. All variables will be evaluated to determine the appropriate number of positions needed to efficiently regulate personal importations at seaports. All of these locations will impact staffing in the ports of entry division.

Additional staff may ultimately be required in headquarters to balance the increased field staff. Supervisory or managerial positions may also become necessary depending on the overall increase of agency positions in relation to current management/staff ratios.

Additionally, other factors such as an increase in the workforce size, increased demands on existing programs, onset of new programs or tasks such as internet on-line processing, and reallocations of processes may also create the need for additional personnel, especially in service related divisions.

CRITICAL FUNCTIONS

Determining the agency's workforce requirements for the future needs to take into account a range of factors. The following critical functions have been identified:

- Conduct enforcement activities such as investigations, inspections, and public education programs to achieve goals and objectives.
- Process applications for all phases of the alcohol beverage industry involving the manufacturing, sale, purchase, transportation, storage, and distribution of alcoholic beverages and determine each applicant's qualifications to hold such license or permit.
- Maintain complete and accurate information of all licensees and permittees and provide this information in a timely manner to agency personnel, members of the alcoholic beverage industry, other law enforcement and state agencies, and to the general public.
- Ensure the state is adequately protected from the potential loss of revenue from taxes and non-compliance by maintaining current tax security and performance bonding.

- Process monthly tax and informational reports and credit law notices. Monitor and evaluate seller training schools and classes. In compliance with code and rules, collect taxes on alcoholic beverages and cigarettes.
- Conduct investigations, audits, inspections of licensed entities, and inspections of applicants holding alcoholic beverage permits or licenses. Maintain and account for confiscated properties.
- Strategically move toward re-engineering of the agency's database systems. Increase support of the agency's network and PC computing environments, and increase security awareness and oversight.
- Process all financial transactions in an efficient and timely manner and prepare necessary reports for management and as statutorily required. Budget agency appropriations and manage grant programs effectively.
- Attract and retain qualified diverse applicants for positions within the agency and develop and train agency employees for future positions within all divisions.
- Maintain voice and radio communications systems and portfolio of office, radio, and warehouse leases. Procure goods and services effectively and efficiently, and manage vehicle fleet and capital equipment.
- Explore and implement cost effective changes utilizing the advancements in technology.

SECTION IV

GAP ANALYSIS

ANTICIPATED SURPLUS/SHORTAGE OF EMPLOYEES

A shortage of qualified law enforcement recruits is dependent upon three factors: (1) growth of staffing relative to the growth of general population, (2) growth of staffing relative to the growth of the potential pool of applicants, and (3) the competitiveness of the state salary structure.

Based on past history, any growth in staffing is likely to be relatively small and certainly not proportionate to the growth of the general population. As for the pool of potential applicants, it will shrink relative to the general population, but still grow in absolute terms.

Although TABC law enforcement salaries are competitive with other state law enforcement agencies, state law enforcement salaries are significantly lower than municipal and county law enforcement agencies. The increased level of skills and

experience that is needed for agent positions coupled with the lower salary range than municipal and county law enforcement agencies will continue to add difficulty in attracting and recruiting law enforcement candidates.

Past experiences have demonstrated how difficult it has been to attract, develop and retain qualified applicants for all support positions within several divisions. To address this difficulty, the agency implemented career ladders for administrative staff and positions that support the issuance of licensing and permits as well as auditors that maintain compliance. TABC will continue to seek funding to make adjustments to those career ladders as needed. Many of the processes and/or job tasks are moving away from clerical untrained and unskilled positions to positions requiring more formal education and technical training.

Advancement opportunities are limited within the agency in several division-specific positions as well as agency-wide positions, which discourages many of the more qualified and educated employees from making long-term plans and commitments. When possible, TABC advertises promotional opportunities internally first. In some instances, the agency has experienced losing full-time positions in favor of salary increases to retain existing staff due to the difficulty in attracting and retaining qualified employees.

The information resources division's effort in hiring personnel with technology experience is hindered by the agency's budgeted salary which lags significantly behind private sector jobs in technology.

Trends demonstrate increasing annual turnover rates for technical positions, as younger technical employees (by age and length of service) are not staying with the agency. The rate at which younger, less tenured employees are leaving is affecting the agency's ability to position key staff members for promotion, career development and succession planning. In response, a career ladder for technical positions was implemented. The career ladder awards scheduled promotions based upon tenure and performance in hopes of attracting a more favorable applicant pool. The career ladder also assists the agency in retaining the employees after they are hired.

ANTICIPATED SURPLUS/SHORTAGE OF SKILLS

The compromises made at the time of hiring will force the TABC to invest more resources in agent training and development. The agency's training division will need to develop training specific to the career ladders to allow the employees to continue to perform the processes required of their positions.

Because the unusually high number of retirements will create immediate and acute shortages in the knowledge and skills needed for operations, a greater proportion of this investment will have to be made at the front-end of careers than ever before.

Expected shortages include a lack of technical skills required to utilize the equipment and systems needed by an agent. Because of the salary limitation, newly hired agents are not expected to be sufficiently familiar with investigative techniques and procedures

or with techniques and procedures for undercover operations. Lack of knowledge concerning the Alcoholic Beverage Code has always been common among recruits; therefore, training and development will be even more critical due to the presence of fewer tenured employees to provide on-the-job instruction in practical applications.

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

Increasingly there is a shortage of skilled workers with the diversification of job skills now required for the majority of positions within the agency. This makes replacement of most positions with qualified applicants a challenge considering current compensation levels as compared to the private sector and other state agencies.

Although the TABC has made some progress in attracting skilled information technology programmers, the development process for new systems is still slower than the demand for increased automation demands. In order to keep up with demand and to minimize agency costs, the agency will continue to outsource technology projects when feasible. Additionally, the next generation database, programming and operating systems skills are lacking, and internal candidates for information technology positions are experiencing difficulty competing for higher positions because of limited technical experience.

The ports of entry division does not anticipate a shortage of skills within the next five years, as this segment of the workforce is diverse enough to develop and train future supervisory and management personnel from within the ranks. Working knowledge acquired through length of service coupled with on-site training will enable selecting from current employees.

Throughout the agency, managers are currently sufficiently skilled in all necessary areas at this time and are likely to remain secure for the next five years. At the next level, there may be some gaps in skills related to decision-making, business process analysis, statistical analysis and computer skills. However, this will not present a significant problem because of current management development training and internal development opportunities available to employees that aspire to become managers. The gap that could be difficult to close is the educational background of current staff. Some long-tenured staff do not have formal degrees that are now required for most upper level positions and the agency does not currently offer assistance in acquiring formal degrees. Manager positions are relatively competitive as far as salary is concerned, so the agency could attract employees from outside that would have the necessary skills.

NEW SKILLS NEEDED

The need for new skills will arise whenever operational methods change or when new strategies or sub-strategies are added. Changes in high-level strategies, the fine-tuning of existing methods and the adoption of new ones are an on-going process. Such changes are, however, generally incremental and are built on existing skills. Training will be provided in advance of full implementation when the need for a new skill results from changes or additions to existing operational method.

To accomplish the mission and goals of the agency, future employees must possess the ability to make sound decisions, communication skills both verbal and written, computer skills, business, finance, accounting background or training, analytical skills, customer service, management and supervisory experience, and the ability to work within a stressful atmosphere.

In several areas and for key positions, investigative skills, problem resolution, project management, various certifications, business process analysis, and statistical analysis may also be required.

SECTION V

STRATEGY DEVELOPMENT

In an attempt to address identified deficits between the current workforce and future demands, several strategies will be implemented for the current workforce. These are based on a range of factors identified through analyzing the agency and its workforce.

ORGANIZATIONAL STRUCTURE

Continue to realign personnel and restructure processes utilizing more technology and moving away from labor-intensive manual processes to electronic processes and computer-based applications.

Increase requirement levels of formal education for key positions to facilitate career development among positions. In some cases, education, training and certifications may become of more value than experience and will be assigned a higher weight during selection processes.

RETENTION PROGRAMS

Encourage greater utilization of staggered work hours and work incentive (flexible) schedules by employees. Encourage increased usage of telecommuting and implement job sharing program.

Continue to adjust and implement career ladders to support retention of critical employees.

Utilize performance enhancement programs such as use of administrative leave and employee recognition. Increase educational incentives and allow for greater flexibility to meet educational demands.

Increase the availability of training both inside and outside of the agency. Increase the use of online training. Develop a method of notifying employees of available training, registering for training and accessing training records. The agency should continue to seek opportunities to offer in-house training at different locations throughout the state to accommodate more employees.

Continue to promote the TABC tuition reimbursement program and increase funding when needed to allow current employees to complete formal degree programs.

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

RECRUITMENT PLANS

Establish a continuous hiring process for agent trainee positions that identifies those applicants that possess or have the aptitude to perform investigative assignments. The agency will hire enough personnel to fill a minimum of two agent trainee academies a year and increase recruitment in specific areas and locations.

Establish a relationship with college and university career centers to recruit graduates and alumni through the use of a recruiter hired in 2014. TABC will also increase participation in high school, college and university vocational training and internship programs.

Seek additional cost efficient recruitment resources that are targeted at all areas of the population for key positions within the agency.



Utilize social media to identify and contact passive job seekers and/or those with specific skills targeted by TABC.

Establish membership with associations related to the operations of TABC to facilitate cost effective advertising.

Recruiter Keon Flowers joined the TABC Human Resources Division in 2014.

CAREER DEVELOPMENT PROGRAMS

Encourage participation in Governor's Management Development Program as well as the Governor's Executive Development Program and the Bill Blackwood Law Enforcement Training Program and/or similar training programs.

Encourage participation in state sponsored fundamental courses such as Fiscal Officer, Human Resources, and Information Technology academies.

Coordinate and participate with other state agencies in their training by exchanging areas of experience and expertise.

SUCCESSION PLANNING

Continue agency-wide career ladder for key positions and competitive promotional process for ranking law enforcement positions.

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

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

LEADERSHIP DEVELOPMENT

Encourage participation in Governor's Management Development Program and Bill Blackwood Law Enforcement Training Program and/or similar program.

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

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

ORGANIZATIONAL TRAINING AND EMPLOYEE DEVELOPMENT

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

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

Increase accessibility to computer based training, both interactive and on-line instruction.

Develop training profiles for employees to assist in identifying potential career advancement and address performance issues.

Increase and develop new training, addressing unique needs of core groups for respective job functions and tasks.

APPENDIX F:

SURVEY OF EMPLOYEE ENGAGEMENT RESULTS AND UTILIZATION PLAN

As stated in the Instructions for Preparing Agency Strategic Plans, an important trend in the business world involves implementing a method to determine how employees view their organization's cultural strengths and weaknesses. Securing such data is critical to ensuring continuous improvement and is especially valuable to management in assessing the relative quality and effectiveness of the organization. Achieving quality and excellence is an evolving process and can be facilitated by recognizing the strengths and weaknesses within an organization as perceived by the people who work there. A thorough self-examination can provide an agency the ability to benchmark against itself, as well as against similar agencies.

An employee engagement survey provides perspectives on how employees view their organization, work and relationships within the organization's environment. Such a survey contributes greatly to the external/internal assessment of an agency's Strategic Plan. Just as customer satisfaction surveys are increasingly viewed as being important in an agency's assessment, employee surveys are gaining the same level of importance. In these times of "doing more with less," employees are being called on to accept more responsibilities and meet more challenges, and their satisfaction and level of engagement is a direct correlation of their abilities to meet those new challenges.

Overall Response Rate

Out of the 571 employees who were invited to take the survey, 488 responded. At 85 percent, our response rate was considerably high. The response rates in 2009 and 2011 were also high at 85 and 83 percent respectively. High rates mean that employees have an investment in the organization, want to see the organization improve and generally have a sense of responsibility to the organization. With this level of engagement, employees have high expectations from Leadership to act on the survey results. TABC believes the high participation rates since 2009 are directly related to the efforts put forth to respond directly to issues raised in previous survey results.

Survey Framework and Scoring

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

- **Items** - At the most basic level there are survey items, which provide specific feedback. For each item, employees are asked to indicate how strongly they agree or disagree that the item describes the organization, on a scale of one to five.
- **Constructs** - The survey constructs are designed to broadly profile organizational strengths and areas of concern so that interventions may be targeted appropriately. Survey constructs are developed from a group of related survey items. Scores for the constructs range from a low of 100 to a high of 500.

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

Survey Dimensions and Constructs

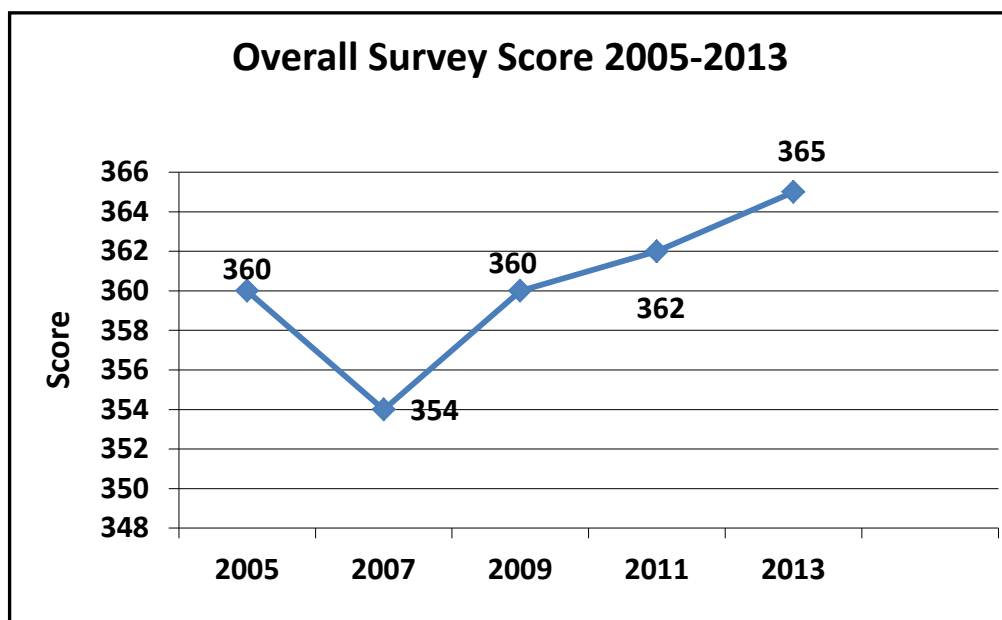
Dimension I Work Group	Dimension II Accommodations	Dimension III Organization
Supervision Team Quality	Pay Benefits Physical Environment	Strategic Diversity

Dimension IV Information	Dimension V Personal	Climate Analysis
Information Systems Internal Communication External Communication	Employee Engagement Employee Development Job Satisfaction	Atmosphere Ethics Fairness Feedback Management

Overall Agency Score by Year

In 2013, the agency scored a **365** for all the questions overall. That means that on average, employees answered slightly closer to “Agree” than “Neutral.” This is on par with 2011, when we scored a **362**, and in line with than the five-survey average of **360**. Following is a graph of the survey since 2001:

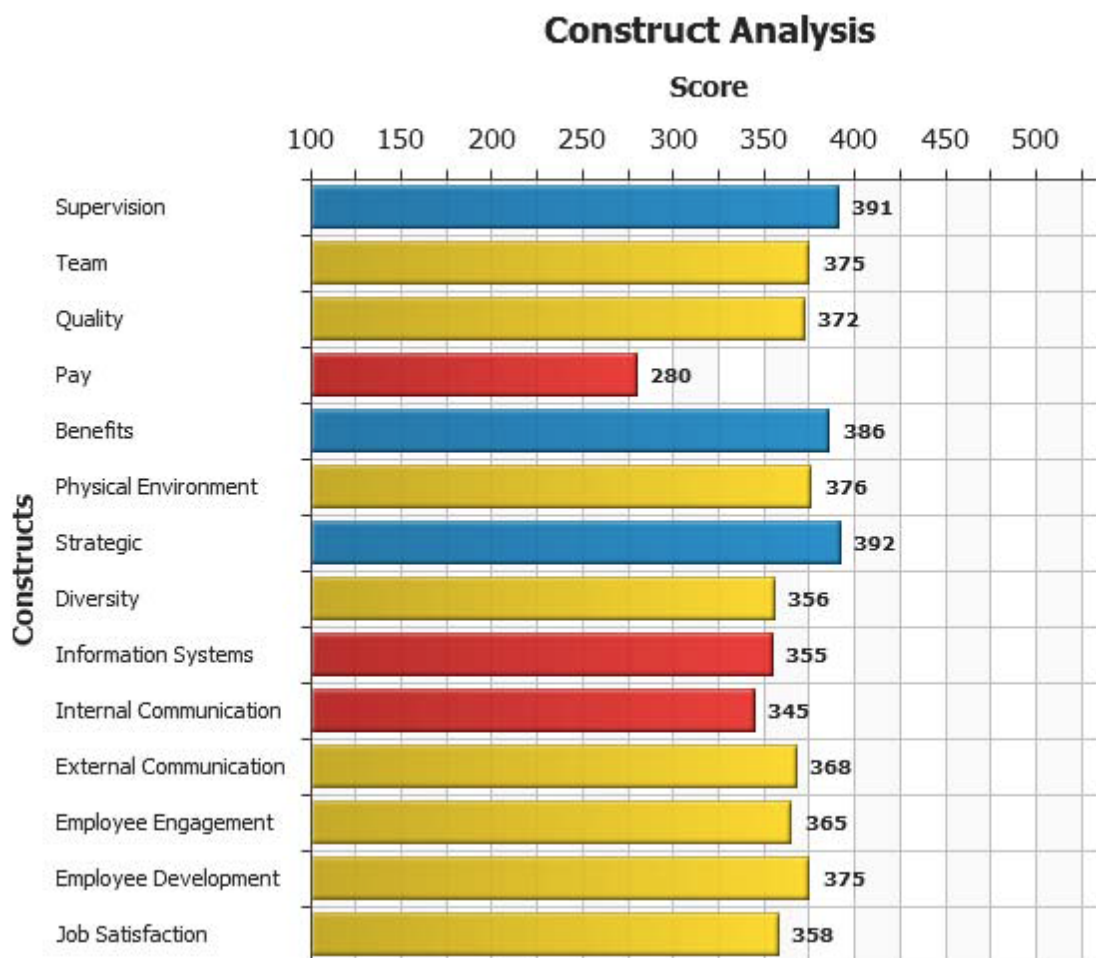
FIGURE 29: Overall Survey Score 2005-2013



Construct Analysis

Highest scoring constructs are areas of relative strength for this organization while the lowest scoring constructs are areas of relative concern. Relative strengths and weaknesses should not be confused with true weaknesses and strengths. A 300 is a completely neutral score. However, since employees who take surveys are at least not so unhappy that they've already quit, that means on average, the scores are slightly higher than neutral. Scores of 375 or higher indicate areas of substantial strength. Conversely, scores below 350 are viewed more negatively by employees, and scores below 325 should be a significant source of concern for the organization and should receive immediate attention.

FIGURE 30: Construct Analysis



TABC scored between 280 (*Pay*) and 392 (*Strategic*) on all constructs. There were eight constructs that indicated an area of substantial strength: *Strategic*, *Physical Environment*, *Supervision*, *Team*, *Benefits*, *Employee Development*, *Atmosphere* and *Ethics*. Only *Pay* scored low enough to be considered a significant source of concern. Below is a description of the areas of relative strength and weakness.

Three Relative Strengths

The *Strategic* construct measures the extent to which employees understand our mission and vision, and how responsive we are to the community. This was the agency's highest scoring construct at **392**.

The *Supervision* construct measures the degree to which the employee finds his or her supervisor reasonable and fair. This was the second highest scoring construct at **391**.

The Benefits construct reflects employees' perceptions of how well their benefits package compare to those of other organizations. This was the third highest scoring construct at **386**.

Three Relative Weaknesses

The *Pay* construct measures the degree to which the employee perceives his or her pay to be adequate and fair. This was our lowest scoring construct at **280**. Since this is well-below 325, it can be considered a *true weakness* and a significant source of concern. A significant pay raise for certified peace officers was reflected in their increased scores since 2011; however, the scores fell for civilians who did not receive a boost in compensation.

Although TABC employees' perception of pay is of great concern, it is worth noting that the agency scored higher than the average of all respondents (255), higher than other organizations of our size (258) and higher than other public safety organizations (241).

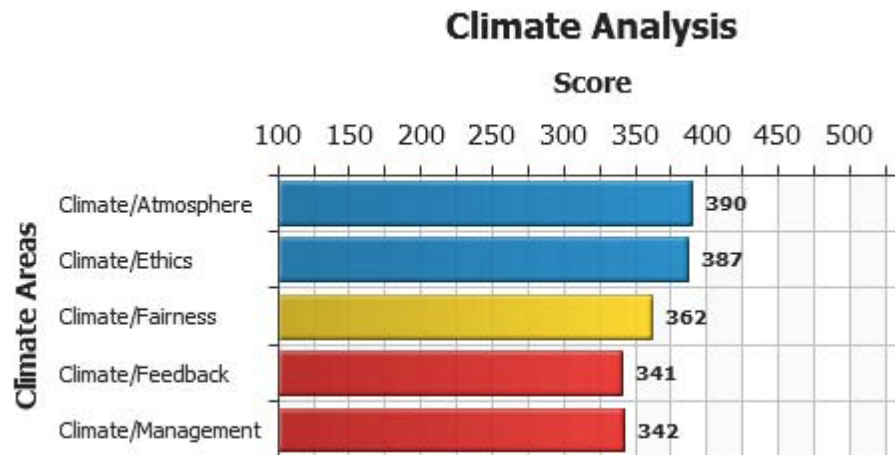
The *Internal Communication* construct captures the organization's communications flow from the top-down, bottom-up, and across divisions/departments. It addresses the extent to which communication exchanges are open, candid, and move the organization toward its goals. This was the second lowest scoring construct at **345**, and has been consistently low for the last three iterations of the survey. However, as mentioned above, since this is above 325, it is a *relative weakness*.

The *Information Systems* construct addresses the extent to which employees feel they know where to get needed information, and that they know how to use it once they obtain it. This construct scored **355**. Again this is a *relative weakness* - anything over 350 is considered a positive score.

Climate Analysis

The survey also included questions about the agency's climate. The climate in which employees work does, to a large extent, determine the efficiency and effectiveness of an organization. This *Climate Analysis* is divided into five areas: *Atmosphere*, *Ethics*, *Fairness*, *Feedback*, and *Management*.

The *Atmosphere* aspect measures the degree to which the organization is perceived to be free of harassment and encourages reciprocity. This aspect was the most highly scored at **390**.

FIGURE 31: Climate Analysis

The *Ethics* aspect measures how employees feel about the ethical behavior of their fellow employees and the degree to which ethical violations are handled appropriately. This aspect was rated the second highest at **387**.

Fairness measures the extent to which employees feel that they and others are treated fairly. This was a relative weakness in 2011 at 331, but significantly improved to **362** in 2013. TABC scored higher than the average of all respondents (357), higher than other organizations of our size (359) and higher than other public safety organizations (344).

The *Management* aspect measures the extent employees think management communicates with employees and makes itself available. This was the lowest scoring aspect in 2011 at 327; however, it increased to **342** in 2013.



TABC Tax Division Employees (September 2013): Jackie Eddins, Matthew Besfer, Joy Murray, Fran Kolliner, Steve Greinert, Rickie Eddins, Julie Almaraz, Kelly Greene, Thomas Graham.

The *Feedback* aspect measures the degree to which employees feel they are able to communicate their opinions and as a result help improve agency functioning. This was a relative weakness at **341**.

Analyzing Over Time Data

A report from the Institute for Organizational Excellence says that, "One of the benefits of continuing to participate in the survey is that over time data shows how employees' views have changed as a result of implementing efforts suggested by previous survey results." In 2013, TABC experienced positive growth in 12 out of the 19 constructs in comparison with the 2011 iteration of the survey. The constructs with the most positive growth are: *Fairness* (+31 points or 9%), *Pay* (+16 points or 6%) and *Management* (+15 points or 5%). Together, these constructs were identified by employees as having the most significant improvement compared to the previous iteration of the survey.

Below are the construct scores and a comparison to previous iterations of the survey. Because there have been changes in constructs, some of the scores cannot be compared to previous iterations. None of the constructs had scores that fell more than 2% from 2011 to 2013. This is a good sign that the agency overall is moving forwards, not backwards.

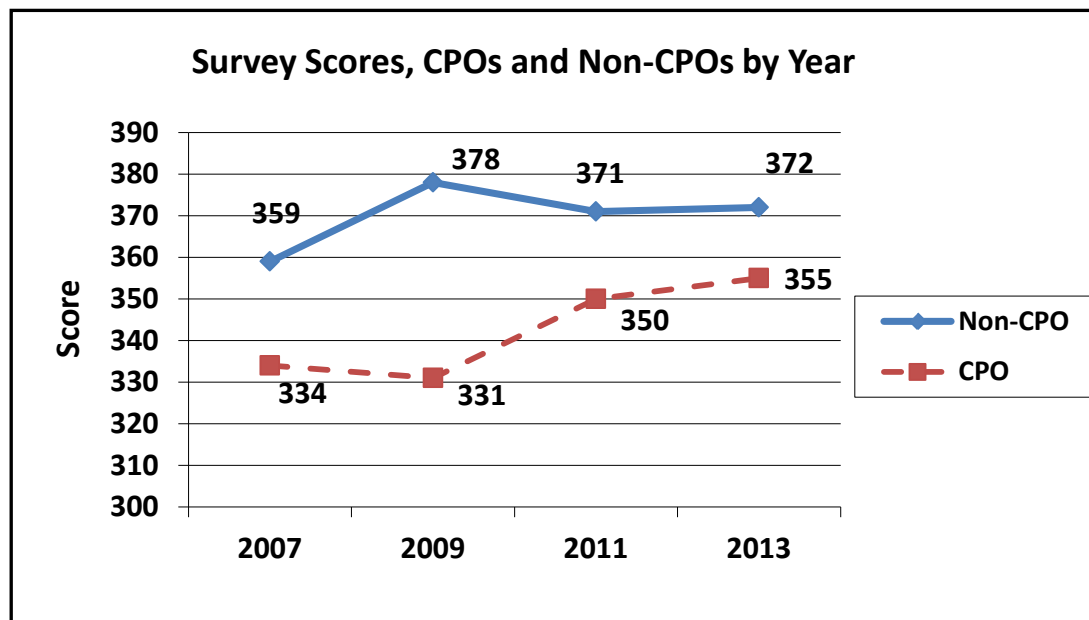
FIGURE 32: Construct Scores Over Time

Constructs	2013	Change	2011	2009	2007	2005	2003
Areas of Relative Strength:							
Strategic	392	-1%	394	374	382	394	375
Supervision	391	2%	382	380	326	338	309
Benefits	386	1%	381	366	363	362	327
Other Areas:							
Physical Environment	376	-2%	383	370	352	350	353
Employee Development	375	0%	374	364	335	346	297
Team	375	3%	365	350	324	342	318
Quality	372	0%	372	362	372	377	361
External Communication	368	-2%	376	355	358	366	349
Employee Engagement	365	0%	365	360	345	360	340
Job Satisfaction	358	-1%	362	367	349	343	337
Diversity	356	1%	352	351	339	358	329
Relative Areas of Concern:							
Pay	280	6%	264	316	273	289	223
Internal Communication	345	2%	338	342	310	323	299
Information Systems	355	-2%	363	351	356	355	351
Climate Analysis:							
Atmosphere	390	0%	389	374	-	-	-
Ethics	387	1%	382	396	-	-	-
Fairness	362	9%	331	336	341	364	346
Management	342	5%	327	322	-	-	-
Feedback	341	1%	336	338	-	-	-

CPOs vs. non-CPOs

In general, certified peace officers (CPOs) tend to score lower than non-CPOs. However, this is not unique to the TABC, since agencies with a criminal justice or public safety focus also tend to score lower on the survey than other agencies. As shown in the graph below, CPO scores have increased by 6% since 2007. Non-CPO scores have increased 4%.

FIGURE 33: Survey Scores, CPOs and Non-CPOs by Year



Employee Retention

Almost 80 percent of the employees responding to the survey reported having worked for TABC for at least six years as compared to 60 percent in 2011. Despite the dissatisfaction with pay, 90 percent of employees reported that they see themselves working for this organization in one year, about the same as in 2009 and 2011 (92 and 91 percent respectively). This measurement is a good indicator of how well the organization is doing at retaining its employees.

Utilization Plan

Survey results were distributed to all employees. Agency-wide results were presented to division directors and members of the agency's Tri-Region Workgroup which includes representatives from all parts of the agency. Both groups were provided the opportunity to make recommendations for improvement.

Employees met in small to medium-size groups, and a group leader who was not their supervisor presented local survey results. The employees were provided the opportunity to discuss the survey results and make recommendations to be shared with agency

executive staff. Employees were encouraged to suggest various ways their work-life could be improved, specifically addressing some of the lower-scoring constructs.

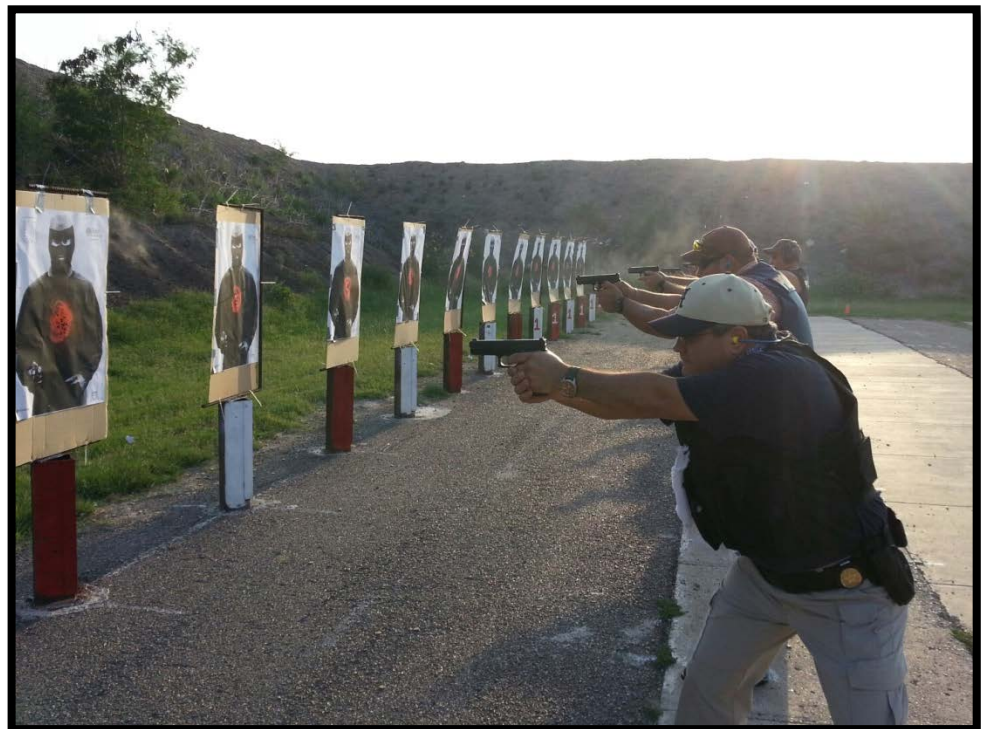
Feedback from these facilitated meetings was gathered, and managers met to develop operational goals based on the feedback. These goals are included in the agency strategic plan under Opportunities for Improvement, and the goal sponsors will be responsible for reporting quarterly on their progress and barriers to success.

This process was developed as part of the 2008 strategic planning process, and the majority of the survey constructs that translated into management goals have shown an improvement in scores in the subsequent survey.

Summary

In summary, the results from the Institute for Organizational Excellence's Survey of Employee Engagement for 2013 have been positive overall. Employee participation is high, and the overall score for employees has remained steady.

The concern with civilian pay is something management is going to address in the Legislative Appropriations Request. Also there may be room for improvement in communication channels. A challenge we face is to improve communication without necessarily increasing communication, and to make sure that employees feel that they are well-informed by management, receive the same messages from supervisors around the state, and are able to give constructive feedback to supervisors about the issues they face on the job, how to improve functioning, and how to take the TABC forward in the future.



McAllen Agents participate in firearms training.

APPENDIX G:

INTERNAL POLICY ON HISTORICALLY UNDERUTILIZED BUSINESSES

It is the policy of the Texas Alcoholic Beverage Commission (TABC) to comply with the Comptroller of Public Accounts (CPA) adopted HUB rules, Texas Administrative Code (TAC), Title 34, Part 1, Chapter 20, Subchapter B, §20.10 - §20.28, and Texas Government Code, Title 10, Subtitle D, Chapter 2161 in order to encourage the use of historically underutilized businesses (HUBs) and to achieve these goals through the use of race, ethnic and gender neutral means. The goal of this program is to promote full and equal business opportunity for all businesses in the agency's contracting.

This policy shall incorporate the adoption of CPA's HUB rules to implement a meaningful HUB program based on the State of Texas Disparity Study. The TABC will make a good faith effort to utilize HUB's in contracts for commodities, services, professional and consulting services and construction by contracting directly with HUB's or indirectly through subcontracting opportunities. The TABC shall make a good faith effort to assist HUB's in receiving a portion of the total contract value of all contracts that the agency expects to award in a fiscal year in accordance with the following percentages: 1) 11.2% for heavy construction other than building contracts; 2) 21.1% for all building construction, including general contractors and operative builders contracts; 3) 32.7% for all special trade construction contracts; 4) 23.6% for professional services contracts; 5) 24.6% for all other services contracts; and 6) 21.0% for commodities contracts.

The agency shall ensure it makes a good faith effort by implementing the following procedures: 1) advance planning of large purchases to ensure adequate time and preparation is involved; 2) when possible, divide proposed requisitions into reasonable lots in keeping with industry standards and competitive bid requirements; 3) when applicable, assess bond and insurance requirements to avoid unreasonable bidding restrictions and permit more than one business to perform the work; 4) specify reasonable, realistic delivery schedules consistent with the agency's actual requirements; 5) ensure that specifications, terms and conditions reflect TABC's actual requirements, are clearly stated and do not impose unreasonable or unnecessary contract requirements; 6) when contracts exceed \$100,000, the agency shall require contractors to make a good faith effort to award necessary subcontracts to HUB's by providing contractors with HUB subcontracting good faith guidelines, HUB goals and a reference list of available certified HUB's; and 7) determine whether specific agency-wide goals are appropriate because some HUB groups have not been underutilized within applicable contracting categories and should not be included in the HUB goals for that category.

The TABC will maintain and compile monthly information relating to the agency's use (by each operating division of the agency) of HUBs, including information regarding subcontractors. Additionally, the TABC shall require contractors on awarded contracts

exceeding \$100,000 to report to the TABC on a quarterly basis, the identity and the amount paid to each HUB vendor to whom the contractor has awarded a subcontract for the purchase of supplies, materials, equipment and services. The agency will ensure that internal and external reporting guidelines are in place to ensure tracking, control and accountability.

The TABC shall maintain the designation of an agency HUB coordinator. The HUB coordinator and the purchasing section shall assist each division in locating, certifying and making a good faith effort to use HUBs in accordance with the agency's set forth policies, goals and procedures. Agency employees within each division that are engaged in recommending, requesting, or approving a particular vendor in the acquisition of goods and services and/or vehicle fleet repairs, will be held accountable for adhering to the agency's HUB policy. The HUB coordinator shall actively participate in HUB forums, trade shows, training and implementation of the agency's Mentor Protégé program to promote HUB sub-contracting.

This internal HUB policy, as amended, is hereby adopted for implementation March 8, 2012.



Agent Marc Langley participates in defensive tactics training.

APPENDIX H:

PROGRAM INITIATIVES

ENFORCEMENT-BASED PROGRAMS

Risk-Based Enforcement

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

TABC has also developed a risk-based program to focus on at-risk behavior that may indicate a pattern of bad business behavior that could lead to serious violations. The process includes looking for pre-determined factors in the application, examining administrative violation history and gathering intelligence from other law enforcement and governmental agencies.

Priority Inspections

The TABC assigns retailers whose premises have been the scene of an offense with public safety implications or that have been the subject of multiple complaints alleging such violations to one of five priority levels, based on the severity and number of past violations or complaints and on the length of time since the most recent violation or complaint. The priority level to which the retailer is assigned determines the frequency of inspection. At the highest level, which is reserved for retailers whose owner or employees have recently committed a public safety offense, locations are inspected bi-weekly. As time passes, so long as no new violations are observed, a business will progress downward through the priority tiers, with inspections becoming less frequent with each downward step, until at the end of twelve month period, they are subject only to a regular annual inspection.

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

The offenses termed public safety violations by the TABC are alcohol age-law offenses (sale to minor, permitting minors to possess and consume alcoholic beverages, etc.), intoxication offenses, prohibited hours offenses (sale, service, or consumption on licensed premises after state mandated closing times), drug-related offenses, breaches of the peace (fighting or assault), and human trafficking. All were selected for special attention because they have some relationship to the level of intoxication of persons leaving licensed premises, the former if only because the inexperience of young people

generally puts them and the public at risk at any degree of intoxication. Vice offenses such as prostitution are also considered when assigning priority status, as are violations indicative of retailer financial stress, because such offenses have been found to occur concurrently with or as a precursor to actual public safety offenses.

4,315 retailers qualified for priority status during FY 2013. TABC enforcement agents conducted 21,824 inspections of these retailers licensed premises as the year progressed. These inspections produced 295 criminal cases and 537 administrative cases, mostly involving additional public safety offenses. As result of its training initiatives, some 20,229 retail managers and employees, most from priority retail locations, were exposed to illegal sales recognition and prevention “best practices” techniques. Due to all of this attention, the percent of inspections of priority locations resulting in the discovery of public safety violations has steadily declined, falling from 12.8 percent in FY 2006, to 6.1 percent by the end of FY 2013.

Prioritized Complaint Investigations

TABC enforcement agents conducted 5,798 investigations in FY 2013, involving 9,188 separate allegations of violations of state law. 4,295 of these investigations and 6,563 of the allegations involved alleged public safety offenses, and were, therefore, immediately assigned. On average, investigations involving alleged public safety offenses were completed within 64 days. Approximately one-third of these investigations resulted in the discovery of criminal or administrative violations.

Minor Stings

Under the close supervision of TABC enforcement agents, young people who are obviously underage go into licensed establishments and attempt to buy alcoholic beverages. Criminal charges are filed on clerks or servers who violate the law by completing the transactions. The licensed entity faces administrative charges that could result in suspension, fine in lieu of suspension, or cancellation.

Enforcement agents conducted 7,003 minor stings in FY 2013 and found an overall compliance rate of 88 percent, a vast improvement from the 30 – 40 percent rate that existed in some locations at the time the program began in the early 1990s.

Peace Officer Education

In 2013 TABC agents trained 10,416 peace officers in Texas on basic liquor laws and/or common liquor law enforcement tactics designed to prevent underage drinking.

Dealing with False Identification

This training is intended to provide law enforcement officers with a basic understanding of false and fraudulent identification and provide some of the tools necessary to recognize these forms of identification.

How to Conduct Minor Sting Operations

This training provides guidelines and operational information on reducing sales of alcohol to underage purchasers through compliance investigations of alcohol retailers. It

presents the rationales for carrying out these investigations and emphasizes the importance of reducing youth access to alcohol.

Participants in the training will:

- Gain an understanding of the issues related to underage drinking and the retail availability of alcohol to underage purchasers.
- Motivate policymakers, communities and law enforcement to place greater emphasis on compliance investigations and prevention of underage drinking.
- Provide step-by-step guidelines for carrying out compliance investigations.
- Identify barriers to compliance investigations and approaches to overcoming these barriers.
- Utilize compliance investigations efficiently and effectively to deter sales to minors and demonstrate community norms against underage drinking.

RETAILER-BASED PROGRAMS

Manager's Awareness Program

The Manager's Awareness Program (MAP) was designed by TABC staff for owners and managers of licensed establishments to encourage voluntary compliance through education. Launched in 2007, MAP was originally funded through a safety grant from Texas Department of Transportation. After the grant ended in October 2009, TABC has assumed responsibility for program funding by using both TABC enforcement agents and auditors to offer the training free of charge throughout the state.

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

During FY 2013, TABC enforcement agents and auditors provided MAP training to 1,382 managers and other retail employees.

SERVE

SERVE is a companion education program to be used with the Managers Awareness Program. SERVE is designed for all employees and MAP is specific to managers of licensed locations. Service provides education to deter violations and promote voluntary compliance with the Texas Alcoholic Beverage Code. This one-hour program addresses common issues such as those related to minors and intoxicated persons.

Risk Management for Retailers

In 2012, thanks to funding from the Texas Department of Transportation (TXDOT), TABC was given funding to create and promote a new training for retailers. The training, entitled Risk Management, provides retailers with education information needed to promote public safety through voluntary compliance. The training provides additional

information for retailers related to when license and permit holders are required to report Breach of Peace to the TABC. The training also gives specific instructions on how and what needs to be reported to TABC and Texas regulations for locations that do not comply with the requirement. The program also goes over some recommendations from TABC for General Risk Management Policies and Procedures to assist with voluntary compliance. These policies include both alcohol service and sell policies and operational policies such as overcrowding issues and how to de-escalate situations. The program ends with information related specifically to security staff and law requirements related to using security staff at a location.

Seller Training

In addition to providing educational opportunities for retailers through programs taught by its own employees, the TABC also oversees the delivery of training for the employees of retailers through a network of private providers as part of its Seller/Server Certification Program. These programs deal specifically with the recognition and avoidance of illegal sales involving minors and intoxicated persons and, when successfully completed, result in a state certification being issued to the course participant. Current law provides special benefits to retailers who require their employees to attend certification courses. The agency's seller training section markets the program to retailers, oversees the private training schools and ensures consistency and quality through standardized testing and periodic inspection. In 2013, 95 approved seller server training programs certified 331,005 trainees.



Sgt. Nicole Walker staffed a TABC booth at a community event in the Houston area, encouraging those under 21 not to drink alcohol and reminding everyone that it's illegal to provide alcohol to a minor.

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