

Strategic Plan

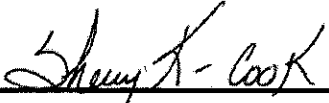
Fiscal Years 2017 - 2021

STRATEGIC PLAN
FISCAL YEARS 2017 TO 2021
BY THE
TEXAS ALCOHOLIC BEVERAGE COMMISSION

| <u>Commission Member</u> | <u>Term</u> | <u>Hometown</u> |
|----------------------------|-------------------------------|-----------------|
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TABLE OF CONTENTS

| | |
|-------------------------------------------------------|-----------|
| STRATEGIC PLAN | 1 |
| MISSION | 2 |
| GOALS AND ACTION PLANS | 3 |
| REDUNDANCIES AND IMPEDIMENTS | 18 |
| SUPPLEMENTAL SCHEDULES | 23 |
| Schedule A — BUDGET STRUCTURE | 24 |
| Schedule B — PERFORMANCE MEASURE DEFINITIONS | 30 |
| Schedule C — HISTORICALLY UNDERUTILIZED BUSINESS PLAN | 65 |
| Schedule D — AGENCY WORKFORCE PLAN | 67 |
| Schedule E — REPORT ON CUSTOMER SERVICE | 89 |

STRATEGIC PLAN

MISSION

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

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.

GUIDING PRINCIPLES

- We empower our employees to respond effectively to challenges.
- We recruit, develop, retain and value a highly competent and diverse workforce that will successfully execute our mission.
- We strive to be a competitive employer
- We expect ethical and professional behavior of ourselves.
- We exercise discretion in our authority when making decisions based on ethical and legal principles.
- We do the right thing, not just what we have the right to do.
- We work together to achieve goals and solve problems.
- We put responsible people into business and promote good business practices through open communication.
- We foster voluntary compliance through education.
- We provide the highest level of public safety by assessing and analyzing at-risk behavior and taking action against unlawful conduct.

GOALS AND ACTION PLANS

GOAL 1

Protect public safety by lowering the number of violations which have a nexus to the Alcoholic Beverage Code.

ACTION ITEMS

1. Define new risk-based indicators (e.g., prostitution linked to human trafficking) and implement new methods to evaluate those indicators and guide enforcement strategies (August 2017)
2. Increase the number of operations targeting minors and at-risk businesses in order to reduce the amount of alcohol available to minors and curtail sales to individuals presenting an immediate risk to public safety. (August 2017)
3. Expand the Special Investigations Unit (SIU) operations and investigations statewide to disrupt and dismantle organized criminal activity. (August 2018)
4. Adjudicate 20 investigations conducted by Financial Crimes Unit (FCU). (August 2018) Newly organized unit investigates finance-related crimes (money laundering, fraud, etc.) at licensed businesses and takes, on average, 6-12 months to close a case. Similar to SIU, these cases usually involve partnerships with federal and local governments, which increases the overall resources available to resolve a case.
5. Work toward implementing a new case management system with enhanced security. (August 2019) Currently multiple systems are used to capture activities of agents, which is duplicative. Considering the type of sensitive information to be captured, current system cannot maintain the necessary level of security. Additionally, a new system will allow for greater predictive analysis for resource allocation and greater utilization of evidence-based strategies. *(Also listed as an action item for technology-related goal.)*
6. Stem the flow of hazardous alcoholic beverages through personal importation at ports of entry along the border. By disallowing illicit products (e.g., gasoline cans full of alcohol, bottles containing methamphetamine) from entering the state, TABC safeguards public health and safety.

HOW GOAL/ACTION ITEMS SUPPORT STATEWIDE OBJECTIVES

1. Accountable to tax and fee payers of Texas.

TABC's mission is to protect public safety and health. TABC Enforcement agents do so by taking criminal and/or administrative action against licensed businesses which violate the Alcoholic Beverage Code or TABC administrative rules as well as keeping illicit beverages--introduced at ports of entry--out of the mainstream.

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

There are more than 49,000 licensed businesses selling and serving alcohol across the state of Texas. TABC uses data analytics to measure, predict and manage public safety risks in terms of location, severity, trends, and more. Accordingly, resources are allocated appropriately across the state, undercover operations are conducted, and short- and long-term investigations are initiated in order to halt criminal activity and encourage compliant behavior, especially in those businesses and communities that have the greatest risk.

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

The Special Investigations Unit (SIU) and Financial Crimes Unit (FCU) are relatively new compared to the history of the agency but necessary to combat growing threats to citizens and communities. These units were created to target offenses such as human trafficking, drug trafficking, organized criminal activity—all of which impact the immediate community in which these businesses reside, the Texas economy, and an overall blight on the public domain. Agents in these units have special skill sets, utilize specific enforcement strategies, and collaborate with federal, state and local agencies to be most effective.

4. Providing excellent customer service.

By monitoring businesses and responding to potential violations, agents are addressing complaints from citizens and concerns from local law enforcement. As a result of constantly evaluating data, agents are assigned and re-assigned within their regions in order to have the greatest presence of law enforcement in areas presenting the greatest need. This fluctuates based on spring break, music festivals, summer break, newly licensed businesses, local option elections, and many other factors.

OTHER CONSIDERATIONS RELEVANT TO GOAL/ACTION ITEMS

A new case management system will require appropriations requested through an Exceptional Item in the agency's Legislative Appropriations Request.

GOAL 2

Continue to develop, implement and enhance the online experience for all application types for TABC licenses, permits and certificates.

ACTION ITEMS

1. Educate and promote the online process to bring about a 75% participation rate for online renewals. (August 2017)
 - Develop and deploy a marketing campaign to increase awareness and educate license/permit holders of the online renewal process.
 - Design and create postcard mailings to be sent to license/permit holders for renewal reminders rather than generating pre-printed renewal forms.
 - Attend a minimum of 10 industry meetings to market and educate license/permit holders of the online renewal process.
 - Continue to explore system enhancements and modifications to the online renewal process for the ease and accessibility of the system.
2. Recommend rules and procedural changes for licenses/permits to enhance processing efficiencies for renewal, change, temporary and caterer applications. (August 2020)
 - Hold two stakeholder meetings to obtain industry input on rules involving the processing of applications. (August 2018)
3. Develop and implement online change applications and original applications.
 - Implement online original applications for miscellaneous classes. (August 2017)
 - Implement online original applications for upper-tier (manufacturing level) licenses/permits. (August 2018)
 - Implement online original applications for middle-tier (distribution level) licenses/permits. (August 2018)
 - Implement online original applications for lower-tier (retail level) licenses/permits. (August 2018)

HOW GOAL/ACTION ITEMS SUPPORT STATEWIDE OBJECTIVES

1. Accountable to tax and fee payers of Texas.

Online processes allow for greater efficiencies for both applicants and the agency. The approval or renewal of a license/permit is directly connected with a business owner's primary source of income. These owners expect TABC to be responsive and timely in their regulatory review of applications. Online processing offers 24/7 access for the applicant to submit required information, reduces errors typically made on paper applications, and allows for submission of exact required fees and bonds—all of which leads to faster approvals and the opportunity to generate income.

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

One of TABC's guiding principles is to put responsible people into business. Taxpayers want assurances that our processes ensure only those individuals meeting regulatory requirements are given a license/permit to sell or serve alcohol. Time saved through automation will allow TABC employees to increase the focus on core functions of reviewing applications for accuracy, regulatory compliance, and qualifying factors to issue licenses/permits so businesses may enter the Texas alcoholic beverage marketplace expeditiously.

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

By encouraging the use of online processes and regularly considering changes in rules or processes to improve the online experience, TABC expects to maintain the current performance measures for processing licenses/permits as established by the Texas Legislature. Considering the increasing number of applicants and the complexity of the businesses involved, this is a challenging but achievable goal.

4. Providing excellent customer service.

One of TABC's four cornerstones is service, which is demonstrated by the agency's online services for license/permit applications as well as label approval, Public Inquiry, seller/server training certificates and more. TABC's public website provides applicants and citizens 24/7 access to information. Additionally, each applicant who receives a license/permit is surveyed to assess their experience and interaction with TABC in order to gain valuable feedback from those the agency serves.

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

The online process for licenses/permits involves video tutorials, guides, and face-to-face sessions with TABC employees to ensure every applicant is aware of the responsibilities associated with a license/permit to sell or serve alcohol in the state of

Texas. The TABC strives to be clear about the required forms, fees and bonds, reports, and actions of a responsible license/permit holder

OTHER CONSIDERATIONS RELEVANT TO GOAL/ACTION ITEMS

As an average of 1,767 original applications and 3,771 renewal applications are processed monthly, funding will be required in order to provide necessary online processing capabilities to benefit all application types.

Due to the increasing complexities of business organizational structures, additional training as well as system enhancements are required to effectively address growing trends in the alcoholic beverage industry.

GOAL 3

Increase efforts to address complex violations of the three-tier system, maintain activities to ensure voluntary compliance, and deliver educational opportunities and information to stakeholders.

ACTION ITEMS

1. Increase the Marketing Investigations Unit's (MIU) involvement in investigating schemes that potentially impede competitive and fair competition in the three-tier system. (September 2018)
 - Identify trends and target violations that indicate an impetus for intentional and systemic violations of the Alcoholic Beverage Code by certain industry members.
2. Perform audits, inspections and other activities to ensure compliance with the Alcoholic Beverage Code and TABC Rules.
 - Conduct routine and complaint-driven inspections of licensed businesses, inspect new locations based on license applications, and interview applicants during the licensing process. Inspections are TABC's primary regulatory compliance function and involve the physical presence of an auditor in a licensed business.
 - Audit license holders based on a risk-based approach and other factors. An audit is a systematic, in-depth review of a license holder's records and/or operations that may involve excise taxes, food and beverage certificates, tax ID stamps, marketing and trade practices, and subterfuge investigations.
 - Encourage license holders to participate in educational opportunities such as seller/server training and TABC-led training sessions.

3. Analyze border crossing trends, construction schedules, and historical revenue data to allocate resources at ports of entry along the Texas-Mexico border to collect personal importation taxes on alcohol and cigarettes. (August 2019)
 - Evaluate resources to ensure Tax Compliance Officers have the technology, physical work environment and tools necessary to interface with the public and encourage compliance. (August 2017)
 - Determine the return on investment for having TABC's Special Response Team (SRT) present at ports of entry during special events. Paying personal importation taxes is voluntary and Tax Compliance Officers are not commissioned peace officers; however, the presence of uniformed agents (SRT) seems to encourage voluntary compliance. The cost of deploying the SRT should be weighed against the increased revenue. (August 2017)
4. Review publications, procedures and methods used to educate license holders.
 - Promote newly released PSAs relating to responsible actions by license holders and their employees. (August 2017)
 - Update industry guides, peace officer handbooks and related materials based on the 85th Legislature, administrative rule changes, form updates, etc. (August 2018)
 - Revise structure and content of TABC website for easier access to forms, bulletins, guidelines, FAQs and other commonly visited pages. (September 2018)
 - Distribute new communication modules (e.g., guidebooks and videos) to be led by retailers to ensure voluntary compliance. (August 2017)
5. Increase awareness of legal and responsible consumption of alcohol through social and mainstream media outlets.
 - Identify opportunities to increase awareness during structured events and operations e.g., spring break, South by Southwest.
 - Continue to use social media and websites to promote educational materials (e.g., flyers, brochures, videos and booklets) available to citizens, parents, educators and civic organizations.

HOW GOAL/ACTION ITEMS SUPPORT STATEWIDE OBJECTIVES

1 Accountable to tax and fee payers of Texas.

Auditors pursue regulatory, tax, and fee audits to ensure licensed businesses have paid the proper excise tax and/or permit fees.

TABC Tax Compliance Officers collect personal importation taxes on alcohol and cigarettes at ports of entry.

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

Considering there are more than 49,000 licensed businesses selling and serving alcohol across the state of Texas, TABC uses evidence- and risk-based strategies to determine licensed businesses that will be audited. Resources are focused on those businesses that are at risk, under investigation due to a complaint, or have not been audited for a certain period of time rather than all businesses, the majority of which have never received a violation.

Materials and products created to educate license holders and the public are produced in partnership with other agencies to ensure a common message and efficient use of resources.

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

A guiding principle of TABC is to foster voluntary compliance through education. Auditors will continue to provide training to license holders and employees. New PSAs will be available for law enforcement, license holders and citizens to offer instruction and information on alcoholic beverage laws and rules in realistic settings. A new agency website will present information for applicants, license holders and citizens more effectively and in a mobile-friendly environment.

In light of an increased case load and complexity of investigations, the Marketing Investigations Unit (MIU) was formed in recent years to focus on administrative marketing violations involving the three-tier system. As of April 30, 2016, the MIU has pursued administrative penalties of \$1.764 million and has 41 active cases, all of which disrupt a competitive and robust billion-dollar marketplace.

4. Providing excellent customer service.

TABC collects personal importation taxes on alcohol and cigarettes at ports of entry. It is imperative that the process is as efficient and quick as possible for citizens to declare, pay and continue into Texas. Having an appropriate number of Tax Compliance Officers (TCOs) present to ensure continuous movement through the port encourages compliance. It is critically important to have professional and courteous TCOs stopping individuals entering Texas and asking them to pay taxes. The better the experience is for those entering Texas, the more likely they are to pay taxes, which is more money in the state's coffers.

Educating citizens, special groups and other states about Texas laws creates a knowledge base of understanding. It is critical for TABC to communicate with the industry and public on certain events, operations and expectations through press releases, social media notifications and stakeholder meetings; similarly, TABC will use guides and instructions to outline the appropriate process related to filing

applications, following marketing practices laws, and adhering to cash and credit laws.

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

TABC will use, among other avenues, websites, social media, publications, and face-to-face training/educational sessions to promote and foster voluntary compliance of license holders and consumers for responsible and legal importation, production, transportation, sale, service and consumption of alcoholic beverages.

GOAL 4

Generate efficiencies and facilitate commerce by automating excise tax reports, encouraging utilization of online label approval, and establishing a risk-based strategy to prioritize resources.

ACTION ITEMS

1. Establish risk-based standards for reviewing and auditing excise tax reports and certain product labels to allocate resources and identify efficiencies. (August 2018)
 - Define criteria to determine if a manufacturer, wholesaler or brewpub is considered "at risk" for administrative violations. Common errors are improper tax payments, discrepancy in inventory, and failure to file. (August 2017)
 - Consider rules to allow manufacturers to make certain modifications to labels for products already registered and tested to streamline the approval process. (August 2018)
2. Automate the intake process and apply data analytics for excise tax reports. (August 2018)
 - Develop an online application for license holders to submit periodic tax reports and payments. Data from nearly 5,000 tax reports is entered manually every month by TABC employees. Automation would simplify a repetitive and arduous monthly process that collects an average of \$18 million per month; allow employees to focus on reviewing reports for accuracy and compliance; and be responsive to the needs of the industry.

3. Promote the online process for label approval applications resulting in 75% participation rates. (August 2018)
 - Encourage greater participation for the online label approval process. Online label approval has been available since June 2015 with gradual increases in participation but not compared to the significant increase in the number of label applications submitted. With an average of 1,600 label applications received every month, it is imperative that applicants utilize the online system. The online process decreases the number of errors on an application (which is the most common reason for processing delays) and ultimately increases the speed at which applications are approved and product can enter the marketplace.

HOW GOAL/ACTION ITEMS SUPPORT STATEWIDE OBJECTIVES

1 Accountable to tax and fee payers of Texas.

Taxpayers expect a competitive and fair marketplace and license holders expect timely processing of applications and reports. Online label applications and automated tax reporting reduces time a TABC employee spends fixing errors on paper documents and on data entry while allowing more time for compliance of tax payments, meeting label regulations, and other duties.

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

Considering nearly 5,000 excise tax reports are submitted to TABC every month, TABC intends to transition to a risk-based strategy to determine which licensed businesses will be audited. Divisional resources will be focused on those businesses that are at risk for a violation rather than the majority of license holders, most of which have never received a tax violation.

Additionally, automating these same reports allows certain license holders to submit their reports and payments online, which would drastically reduce time spent by the taxpayers on a monthly basis filling out forms and submitting checks as well as TABC employees who enter all data on the report manually and process paper checks.

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

The acceleration of processing times by using the online label approval process allows all manufacturers and brewers to get their products into the Texas marketplace faster. The execution of such changes would allow staff to perform their core functions of reviewing label approval applications for compliance and implementing process improvements.

The automation of the tax report filing and payment processes will reduce the time

spent data entering payments and reports. Time saved through automation will allow staff to continue to perform the core function of reviewing the reports for accuracy while managing the ever-increasing number of reports filed each month by new license holders entering the Texas alcoholic beverage market.

4. Providing excellent customer service.

TABC strives to be responsive to the alcoholic beverage industry it regulates. Timely processing of label applications is a priority to industry members. The online platform follows steps that ultimately reduce the number of errors in the application, which can cause lengthy processing delays. Continued encouragement for the industry to utilize the online platform will only have a positive effect on the alcoholic beverage industry. Evaluating internal processes and considering how a risk-based approach could be applied to label applications in order to streamline approvals also addresses industry concerns. Time saved through automation and the initiation of new strategies will allow TABC employees to increase the focus on core functions of processing applications and interacting with the public.

OTHER CONSIDERATIONS RELEVANT TO GOAL/ACTION ITEMS

As included in the *Redundancies and Impediments* section of the FY2017-2021 Strategic Plan, Section 101.67 of the Alcoholic Beverage Code requires manufacturers of malt beverages, when submitting a label approval application to TABC, to submit a sample for analysis in order to verify its alcohol content. The statute specifies that either an independent reputable laboratory or the commission must conduct the test. Some manufacturers have in-house laboratories with the same equipment TABC uses for testing. A legislative change would allow manufacturers to submit their own laboratory analysis and therefore accelerate approvals and introduce product more quickly into the marketplace.

GOAL 5

Replace outdated technology, computer systems, and applications with a legacy modernization strategy which includes cloud and shared services.

ACTION ITEMS

- 1 Replace the agency's activity reporting and tracking system functions and criminal record tracking system with a new case management solution. (August 2019) *(Also listed as an action item for enforcement-related goal.)*

2. Redesign the agency's website(s) to be optimized for mobile devices and citizen-friendly. (August 2017)
3. Upgrade the agency's licensing regulatory software to a more flexible, citizen-centered software. (August 2017)
4. Replace the agency's financial, accounting, and payroll systems with the CAPPS Financials and HR systems. (August 2017)
5. Replace the existing Ports of Entry tax collection hardware/software solution (POETCS). (August 2018)
6. Upgrade Public Inquiry (now on TABC website) to the state's Public Data system (data.Texas.gov). (August 2018)
7. Replace the agency's data reporting software and services to modern software and services supporting decision-making based on data analysis, Business Intelligence, and data visualization. (August 2018)
8. Upgrade the agency's communication and technology infrastructure to take advantage of modern technologies such as wireless, cellular, Voice over IP, and managed network services in the field offices. (August 2017)
9. Replace all legacy Lotus Notes applications. (August 2019)
10. Replace the data aggregation software with a modern, efficient Extract/Translate/Load (ETL) toolset. (August 2020)
11. Outsource volume print/mail functions to the Data Center Services program. (August 2017)

HOW GOAL/ACTION ITEMS SUPPORT STATEWIDE OBJECTIVES

1 Accountable to tax and fee payers of Texas.

A legacy system operates with old, obsolete, insecure, or inefficient hardware or software. Legacy systems are difficult and costly to maintain, prone to reliability issues, and carry a high degree of security risk. Therefore, updating and replacing aging systems reduces these risks. Further, advances in technology allow TABC to interact with citizens and the alcoholic beverage industry electronically.

This goal directly addresses the intent of:

- HB 1890 - Develop legacy system modernization strategy and implement a shared reporting and business analytics pilot.

- HB 1, Article IX, Sec. 9.10 - Requires DIR to submit to LBB a prioritization of state agencies' cybersecurity and legacy systems modernization projects to be considered for funding.
- HB 85 - State agencies' websites must be compatible with wireless communication devices

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

Technology and information resources support TABC's mission of protecting Texans' health and safety through consistent, fair and timely administration of the Alcoholic Beverage Code. The action items listed improve the efficiency and effectiveness of TABC employees who directly achieve TABC's mission on a daily basis. Each initiative improves productivity by shifting manual tasks to convenient electronic and web-based methods.

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

The case management action item is explicitly intended to more effectively fulfill TABC's core mission. TABC believes that a modern, effective case management system would improve the performance and productivity of TABC Field Operations (i.e., Enforcement, Audit and Investigative Units) by as much as 15 percent. The shift from agency-developed technology solutions to services provided by qualified vendors allows TABC to repurpose agency resources from supporting routine hardware and software to executing mission-critical roles within TABC. The data reporting initiative allows the agency to better measure performance through the effective analysis of TABC data.

4. Providing excellent customer service.

TABC has already had success improving the customer experience with online renewals, online label approval, online tax stamp ordering, online job applications, the Spirits Texas Mobile App, and Public Inquiry (the agency website's public data search tool). These systems allow direct interaction with the public and the alcoholic beverage industry. These systems also reduce errors, streamline processing time, and maintain effective electronic records. Many of the action items listed--website redesign, licensing software upgrade, replace POETCS, and upgrade Public Inquiry--build on those successes.

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

Improved customer service, improved efficiency, and data available to the public all lead to a transparent agency. TABC has been providing data through the TABC website via the Public Inquiry link for 10 years and will continue to improve both the

access to that data and the data sets available to the public and the alcoholic beverage industry TABC regulates.

OTHER CONSIDERATIONS RELEVANT TO GOAL/ACTION ITEMS

The agency will continue to use technology to support online activities via the Web or alternative methods to allow the public to conduct business with and obtain information from the agency.

Legacy modernization remains a challenge for all state agencies due to decreasing vendor support for end-of-life systems and limited funding and staff to maintain them and plan for their replacement. Yet these systems cannot be easily replaced because many core, mission-related functions rely on them and available funds cannot keep up with changing technology.

GOAL 6

Explore and expand business processes to maintain high standards, increase productivity and employee job satisfaction

ACTION ITEMS

1. Map two major agency business processes by utilizing graphical flowcharts (high-level phases and workflow) to document end-to-end organizational processes to help identify any inefficiencies or ineffective activities, redundancies, bottlenecks, etc. (August 2017)
 - Use process improvement analyses to create efficiencies, align resources (i.e., FTEs across divisions), synchronize policies and procedures, and make process enhancements.
 - Prioritize critical functions in each division for future process mapping projects.
2. Continue to explore ways to ensure employees are compensated fairly.
 - Identify funding for merit allocations based on job performance for civilian employees. (July 2017)
 - Propose a rider in the FY18-19 General Appropriations Act to authorize TABC to pay civilian employees a stipend for providing services in a foreign language. (July 2017)

3. Assemble and charter a standing workgroup of agency employees charged to provide recommendations on and discuss the broad direction and quality assurance of TABC. (August 2017)
 - Use lessons learned from the agency's Tri-Regional Workgroup.
 - Involve the workgroup in ongoing activities (e.g., strategic planning) as well as individual events (e.g., Sunset process).
 - Charge the workgroup to recommend strategies to address areas of concern revealed by the biennial employee engagement survey administered to agency employees.
4. Continue to develop and promote contemporary training opportunities relevant to job functions, especially focusing on the Alcoholic Beverage Code. (August 2018)
5. Conduct safety assessments and make necessary changes and recommendations to work environments. (August 2020)

HOW GOAL/ACTION ITEMS SUPPORT STATEWIDE OBJECTIVES

1 Accountable to tax and fee payers of Texas.

The process mapping tool was introduced in late FY2015 and has been applied, thus far, to four significant processes, including the approval of alcoholic beverage labels and applications for an alcoholic beverage license. The process improvement analysis for label approval revealed the paper applications being submitted were regularly incomplete and had multiple errors. TABC employees spent more time working with applicants to make corrections rather than reviewing the labels to ensure all regulations were met. This issue delayed applicants from getting their alcoholic beverage product into the marketplace.

One of TABC's cornerstones is accountability. To uphold that principle, TABC initiated a project to minimize applicant errors and allow employees to focus on more critical responsibilities. As a result of this project, TABC now offers online processing of label applications and the associated fees. Automation decreases the error rate and accelerates processing time of online applications, thereby introducing more product into the marketplace and at a faster rate. TABC expects to continue this level of accountability as it maps more processes of the agency.

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

The process mapping tool was introduced in late FY2015 and applied to TABC's new agent hiring and training process, approval of alcoholic beverage labels, processing licensing applications, and the fulfillment of Public Information Act requests. Charting

workflows creates a graphical representation of the steps in a process in order to understand the process better and reveal opportunities for improvement. The effects of this practice on employees, an agency, and an industry are difficult to measure, but, thus far, the impact is that people get into the alcoholic beverage industry faster, product gets to market quicker, and applicants appreciate having 24/7 access to technology as well as TABC's responsiveness to their needs.

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

Per an operational goal in TABC's FY2015-2019 Strategic Plan, TABC reviewed the amount of compensation and the schedule of compensation of employees with positions in TABC's civilian career ladder. The expected cost to make adjustments to the career ladder and reduce the amount of time between career ladder promotions is \$5,108,565. Even if TABC sought only to reduce the amount of time between career ladder promotions, the expected cost is \$3,720,069. Either option would exceed the dollar amounts of the exceptional items the agency expects to request in its FY18-19 Legislative Appropriations Request. A more reasonable approach is to identify money to allow for merit bonuses for civilian employees based on job performance.

4. Providing excellent customer service.

Due to the varied ethnicities and languages represented in the alcoholic beverage industry, it is important that TABC's workforce be able to communicate effectively. As indicated in the Workforce Plan included in the agency's FY2017-2021 Strategic Plan, TABC needs to increase the number of employees who can converse in more than one language. By offering a stipend for the ability to speak a foreign language to civilian employees (employees in Schedule C already have this privilege), TABC shows appreciation for current employees who have this skill and may attract potential employees because of the additional income.

It is critical to have both skilled and content employees to provide quality service to the public and the alcoholic beverage industry. Ensuring employees receive sufficient and continued training on the Alcoholic Beverage Code will result in more informed and productive communications by the agency.

REDUNDANCIES AND IMPEDIMENTS

| | |
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| <p>Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)</p> | <p>Section 11.641(c), Alcoholic Beverage Code, indicates a civil penalty, including cancellation of a TABC license, may not be imposed on the basis of a criminal prosecution in which the defendant was found not guilty, the criminal charges were dismissed, or there has not been final adjudication.</p> |
| <p>Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations</p> | <p>A district court case has prevented TABC from pursuing administrative penalties against a license holder if criminal charges are filed first, even if they are filed against an individual who is not the license holder or is an employee (e.g. bartender) of the license holder. In effect license holders avoid a civil penalty or cancellation if a criminal charge is still pending at the time TABC wants to pursue the administrative charge. Waiting for pending criminal charges to be resolved causes long delays before administrative due process can be initiated, if it all. There is a contention that a deferred adjudication or probation for the defendant (which are more common than a conviction) does not constitute <i>final adjudication</i>, so TABC can't pursue administrative sanctions against a defendant receiving deferred adjudication or probation. Example: Twin Peaks tragedy in Waco in May 2015--If Twin Peaks had not voluntarily suspended its alcohol permit, presumably the restaurant today would be selling alcohol and TABC would be waiting to pursue administrative action because criminal charges are still pending against patrons of Twin Peaks.</p> |
| <p>Provide Agency Recommendation for Modification or Elimination</p> | <p>Repeal §11.641(c) to allow TABC to pursue administrative proceedings to cancel or assess a civil penalty independent of any pending criminal charges.</p> |
| <p>Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change</p> | <p>The current interpretation negates TABC's ability to move forward with administrative charges simultaneously with criminal charges arising from the same event. This impotence prevents TABC from taking appropriate administrative action to ensure public safety.</p> |

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| <p>Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)</p> | <p>Section 101.67, Alcoholic Beverage Code requires TABC to approve beer, ale/malt liquor labels and products before introduced to the Texas market. A product sample can be submitted to an independent, reputable laboratory or the commission for analysis to verify the alcohol content of the beverage.</p> |
| <p>Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations</p> | <p>Testing of malt beverage products ensures compliance with state alcoholic beverage regulations. The increase in malt beverage producers has greatly increased the number of products submitted for testing, resulting in longer processing times. Some manufacturers have in-house laboratories with the same equipment used by TABC to test malt beverages.</p> |
| <p>Provide Agency Recommendation for Modification or Elimination</p> | <p>Amend Code to give TABC rulemaking authority to establish standards for submitting an analysis of a malt beverage or amend the statute to remove the independence of the laboratory but maintain a level of certification.</p> |
| <p>Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change</p> | <p>Allowing manufacturers to submit their own laboratory analysis would accelerate approvals and introduce product more quickly into the marketplace.</p> |

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| <p>Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)</p> | <p>Sections 108.51 108.56, Alcoholic Beverage Code, regarding outdoor advertising</p> |
| <p>Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations</p> | <p>These laws impose advertising restrictions to all TABC-licensed retail locations with the exception of a mixed beverage permit. This dichotomy is confusing to the two permit holders and creates enforcement and compliance difficulties.</p> |
| <p>Provide Agency Recommendation for Modification or Elimination</p> | <p>Amend Code to remove the exception for mixed beverage permit holders so advertising regulations apply equally to all retailers.</p> |
| <p>Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change</p> | <p>Less administrative warnings would be issued due to less confusion among retailers on unequal treatment of one segment of the industry. Agents and auditors would be free to spend more time on work related to public safety concerns than dealing with disparity of outdoor advertising laws.</p> |

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| <p>Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)</p> | <p>Sections 28.10 (a) & (b) and Section 32.01(a)(2), Alcoholic Beverage Code, restrict mixed beverage permit holders and private clubs to consumption only on the licensed premise.</p> |
| <p>Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations</p> | <p>Licenses allowing the sale of beer and/or wine on the premises also allow patrons to leave the premises with an open container; a business selling a mixed beverage cannot allow a patron to leave the premises. This is inequitable treatment of one segment of the industry. It restricts outside seating at restaurants and bars and is considered an antiquated restriction that often causes additional construction costs associated with restricted egress from a licensed location. It also adds additional control restrictions (fencing, barriers, etc.) for large festivals that have both mixed beverage and wine & beer licenses in the same entertainment venue.</p> |
| <p>Provide Agency Recommendation for Modification or Elimination</p> | <p>Amend Code to eliminate the restriction, thus making all on-premise licenses/permits subject to the same guidelines.</p> |
| <p>Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change</p> | <p>A change would provide construction savings to industry, allow greater flexibility in planning large festivals, and modernize an antiquated restriction to provide greater flexibility for both the industry and the consumer.</p> |

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| <p>Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)</p> | <p>Section 5.55(c), Alcoholic Beverage Code--Electronic Processing of Licenses, Permits and Certificates</p> |
| <p>Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations</p> | <p>With the wide range of technology available to the public, the cost of processing applications is higher for those who do not use the online systems. The back-end processing of an application involves complex processes, but using online applications reduces the number of applicant errors. The Code specifically forbids charging a fee for applicants who do not utilize available technology. Furthermore, expectation is to accept only online applications in 2018.</p> |
| <p>Provide Agency Recommendation for Modification or Elimination</p> | <p>Amend Code to allow TABC to charge a service fee to applicants that do not file/apply online.</p> |
| <p>Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change</p> | <p>A higher <u>online</u> participation rate reduces errors, which leads to applicants getting reviewed and approved faster. An additional fee charged for submitting <u>paper</u> applications should be a deterrent and ultimately drive more applicants to submit <u>online</u>. This will streamline the transition in 2018 to only accept <u>online</u> applications.</p> |

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| <p>Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)</p> | <p>Sections 61.11 and 11.041, Alcoholic Beverage Code, refer to a sign giving notice that it is unlawful for a person to carry a weapon on the premises unless the weapon is a handgun the person is licensed to carry. <i>The sign is commonly referred to as the blue sign.</i></p> |
| <p>Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations</p> | <p>The requirement to post the blue sign applies to the overwhelming majority of licenses/permits issued by TABC. The Code requires the sign to be displayed in a prominent place on the premises, which is typically the entrance. When a TABC-licensed business posts a blue sign as well as <u>both</u> criminal trespassing signs (per Penal Code §30.06 and 30.07), the messages are conflicting--the blue sign allows a person with a License to Carry (LTC) to enter but the 30.06 & 30.07 signs indicate the same person is trespassing. The combination of a blue sign with a 30.06 <u>or</u> 30.07 is also confusing, but the messages do not conflict.</p> |
| <p>Provide Agency Recommendation for Modification or Elimination</p> | <p>Repeal Sections 61.11 and 11.041 of the Alcoholic Beverage Code to eliminate all possible confusion encountered by owners and operators of TABC-licensed businesses as well as patrons of those establishments. An alternative is to amend the Code so as to relieve TABC-licensed businesses of posting the blue sign if any criminal trespassing sign is posted.</p> |
| <p>Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change</p> | <p>Eliminating the blue sign would save some printing costs, but the true benefit is to TABC license/permit holders and patrons. Based on public inquiries and comments/complaints from TABC-licensed businesses, the blue sign seems to be ineffective and an unnecessary regulation.</p> |

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| <p>Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)</p> | <p>Section 11.71, Alcoholic Beverage Code--Surety May Terminate Liability</p> |
| <p>Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations</p> | <p>Certain license holders must have a surety bond. The surety can terminate its liability by giving 30 days' notice by mail or in person to the license holder and TABC. The license holder has to get a new surety bond within the 30-day period or lose the license. When a surety gives notice by mail, there is often not a reasonable amount of time left for applicants to get a new bond.</p> |
| <p>Provide Agency Recommendation for Modification or Elimination</p> | <p>Amend Code to change 30 days to 60 days.</p> |
| <p>Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change</p> | <p>The change would give license holders time to obtain or renew a bond and save agency resources to focus on other agency priorities rather than getting license holders in compliance within the 30 days.</p> |

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| <p>Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)</p> | <p>Sections 11.391 and 61.381, Alcoholic Beverage Code, requires an outdoor sign be posted for 60 days before a license is granted at a location intending to serve alcohol on the premises</p> |
| <p>Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations</p> | <p>The Code mandates the agency to provide the sign which must be at least 24 by 36 inches with lettering at least two inches tall. These dimensions do not conform to standard poster size so a special printer must be used. TABC has the signs printed by a vendor in Austin and then distributes them to local TABC offices.</p> |
| <p>Provide Agency Recommendation for Modification or Elimination</p> | <p>Amend Code to standardize the dimensions of the sign.</p> |
| <p>Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change</p> | <p>With a more standard dimension, the cost of printing will be reduced and less paper will be wasted.</p> |

SUPPLEMENTAL SCHEDULES

Schedule A — BUDGET STRUCTURE

*Goals, Objectives and Outcome Measures, Strategies and Output,
Efficiency and Explanatory 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 fair and effective.

OBJECTIVE--01 Detect/Prevent Law Violations

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

Outcome Measures

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

STRATEGY--01 Enforcement

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

Output Measures

- 01 Number of Inspections Conducted by Enforcement Agents
- 02 Number of Inspections of Priority Licensed Locations Conducted by Enforcement
- 03 Number of OCA/Trafficking Investigations Closed
- 04 Number of Multi-Agency/Joint Operations for OCA on Border or GIWW

Efficiency Measures

- 01 Average Cost Per Enforcement Inspection
- 02 Average Cost of Joint Operations Targeting Organized Crime

Explanatory Measures

- 01 Number of Enforcement Cases Reaching Final Disposition
- 02 Average Number of Days to Close a Complaint Investigation
- 03 Number of Licensed Locations Subject to Inspection
- 04 Number of Complaint Investigations Opened
- 05 Number of Criminal Cases Filed
- 06 Number of Administrative Cases Initiated by Enforcement Agents
- 07 Number of Priority Locations
- 08 Number of Complaint Investigations Closed
- 09 Number of Joint Operations Targeting Organized Crime Statewide

GOAL 02: LICENSING

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

OBJECTIVE--01 Timely Process of Applications

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

Outcome Measure

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

STRATEGY--01 Licensing

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

Output Measures

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

Efficiency Measure

- 01 Average Cost Per License/Permit Processed

GOAL 03: COMPLIANCE AND TAX COLLECTION

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

OBJECTIVE--01 Monitor Compliance with TABC Code

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

Outcome Measures

- 01 Compliance Rate – Audits
- 02 Percentage of [Wholesale and Manufacturing] Report Analyses Resulting in Correction Notices
- 03 Percentage of Inspections by Auditors Where Licensees were in Full Compliance

STRATEGY--01 Compliance Monitoring

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

Output Measures

- 01 Number of Persons Instructed by Auditors
- 02 Number of Wholesale and Manufacturing Reports Analyzed
- 03 Number of Audits Conducted
- 04 [Number of] Inspections Conducted by Auditors
- 05 Number of Trainees Obtaining Seller/Server Certification

Efficiency Measures

- 01 Average Cost per Audit
- 02 Average Cost per Auditor Inspection
- 03 Average Cost per Person at Educational Program [Taught by Auditors]
- 04 Average Cost per Wholesale/Manufacturing Report Analyzed
- 05 Average Cost Per Seller/Server Trainee Certification

Explanatory Measures

- 01 Number of Administrative Actions by Audit Personnel
- 02 Number of [Correction] Notices from Analyses of Wholesale/Manufacturing Tier Reports

GOAL 03: COMPLIANCE AND TAX COLLECTION (*continued*)

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

OBJECTIVE--02 Ensure Maximum Compliance at Ports

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

Outcome Measure

- 01 Revenue As a Percent of Expenses

STRATEGY—01 Ports of Entry

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

Output Measures

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

Efficiency Measure

- 01 Average Cost Per Alcoholic Beverage Container/Cigarette Package

Explanatory Measures

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

GOAL 04: INDIRECT ADMINISTRATION

Indirect administration.

OBJECTIVE--01 Indirect Administration

Indirect administration.

STRATEGY—01 Central Administration

Central administration.

STRATEGY—02 Information Resources

Information Resources.

STRATEGY—03 Other Support Services

Other support services.

Schedule B — PERFORMANCE MEASURE DEFINITIONS

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

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

Strategy 01-01-01 **Enforcement**

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

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 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.

Outcome Measure 01-01-01-02

Percentage of Administrative Cases 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 that pertain to cases that were settled (e.g. reached final disposition or were "closed") during the period of interest are identified and counted. Then within that group of case records, all records with disciplines (final dispositions) other than "dismissed with prejudice" or "dismissed without prejudice" are identified and counted. As the final step in the calculation, the number of administrative cases with

disciplines other than some form of ‘dismissed’ is divided by the total number of administrative cases that had been settled or closed during the same time period.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

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

Percentage of Priority Licensed Locations Inspected by Enforcement

Short Definition: The number of priority licensed locations actually inspected by enforcement agents during a specified time period divided by the total number of licensed locations meeting the criteria for priority status during the same time period. An inspection is a visit to a licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws. A licensed location may be deemed a priority licensed location if (1) there is a recent (past six months) history of public safety violations occurring on its premises; (2) if there is an open complaint investigation involving the location and allegations of public safety violations; or (3) the business has been licensed for less than two years, has not yet been the target of either a minor sting or undercover operation, and is either licensed to sell alcoholic beverages for off-premises consumption or is the holder of a late hours permit and is licensed to sell alcoholic beverages for on-premises consumption.

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

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

The required percentage is derived by dividing the number of priority licensed locations inspected during the period in question by the total number of priority licensed locations subject to inspection during the same period.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

**Outcome Measure
01-01-01-04**

Retailer and Direct Sale Manufacturer Public Safety Compliance Rate

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

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

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

Method of Calculation: The automated records pertaining to inspections conducted at retail locations or on the premises of manufacturers (breweries, distilleries, or wineries) that are authorized to sell or serve limited quantities of alcoholic beverages directly to the public during the period in question are identified and counted. These records and their related violation records are further examined to identify all inspections that did not produce criminal or administrative cases involving one or more public safety violations. The number of elements identified as belonging to this subset is then totaled and that total is divided by the total number of inspections conducted at retail or qualifying manufacturing tier locations during the period of interest to derive the desired percentage.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher

Outcome Measure
01-01-01-05

Priority Licensed Location Public Safety Compliance Rate

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

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

Source/Collection of Data: Automated agency complaint, inspection, licensing, and violation records are the sources of the data used to calculate this measure. The automated inspection records are created during the data entry of employee daily activity reports and field notes. The automated violation records are created by the data entry of hardcopy criminal citations and administrative notices. Automated complaint records are created and assigned for investigation when allegations concerning possible violations of the Alcoholic Beverage Code and other state laws are received from the public, elected officials, and other agencies. The values needed for the calculation of this measure are taken from automated agency reports.

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

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

Outcome Measure
01-01-01-06

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 to identify and count all licensed retailers that were charged with public safety offenses during that time period. The agency's administrative case records are again reviewed, this time in comparison with a list of the retailers identified during the first step, to determine if any of those retailers had been charged with a prior public safety offense during the twelve months preceding the last public safety offense they committed during the period under review. Those found to have prior public safety charges meeting this criterion are also counted. In the final step, the number of public safety offenders with prior offenses is divided by the total number of public safety offenders.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

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

Number of Inspections Conducted by Enforcement Agents

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

Purpose/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.

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

Number of Inspections of Priority Licensed Locations Conducted by Enforcement

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

alcoholic beverages for on-premises consumption.

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

Source/Collection of Data: Data sources include Enforcement records created by data entry from Agents' automated Daily Activity Reports; automated enforcement criminal case, administrative case, and complaint investigation records created by data entering 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 licensed locations that were in business and subject to inspection during the period of interest are identified by first checking licensing records to determine which licensed businesses were in business and then by cross comparing each with the pre-set criteria for priority status to identify the licensed businesses meeting the criteria during the period in question. The license numbers of the licensed businesses that were determined to have met the criteria for priority status and that were subject to inspection are compared with those found in the enforcement inspection records for the period. The inspection records involving locations that were in priority status at the time of the inspection are then counted and that total becomes the value reported for this measure.

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher

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

Number of OCA/Trafficking Investigations Closed

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

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

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

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.

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

Number of Multi-Agency/Joint Operations for OCA on Border or GIWW

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

Purpose/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 investigator is noted in that individual's daily activity report or field notes. When these reports or notes are data entered, an automated record summarizing each inspection is created. An automated report is used to search the agency's inspection database and to find and count the records of interest. The values reported for this measure are taken from that automated report.

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 Border Region; and an inspection date that falls within the specified date range. The report then counts the records found and the total from that count becomes the value reported for the measure.

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

Efficiency Measure 01-01-01-01 (Key) 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 inspection records are the primary source documents used in the calculation of the measure. An agency automated report draws data from the individual activity records and compiles statewide totals for the reporting period for agent educational work hours, all agent work hours, and the inspections conducted. Agency expenditures are tracked in the state's automated accounting system (currently 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 total expenditures for all enforcement activities is divided by the total number of inspections conducted by enforcement agents during the same period to derive a per inspection unit cost.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

Efficiency Measure 01-01-01-02 (Key) Average Cost of Joint Operations Targeting Organized Crime

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

Purpose/Importance: This efficiency measure provides a unit cost figure for

the agency's joint operations that target organized criminal activity.

Source/Collection of Data: The information required to derive the reported value comes from inspection records in the agency's activity reporting system. Each individual inspection made by an agent or investigator is noted in that individual's daily activity report or field notes. When these reports or notes are data entered, an automated record summarizing each inspection is created. An automated report is used to search the agency's inspection database and to find and count the records of interest. The values reported for this measure are taken from that automated report. Agency expenditures are tracked in the state's automated accounting system (currently 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: A report is generated for a specified date range to count all inspections for the agency's Special Investigation Unit (SIU) and Financial Crimes Unit (FCU) that meet characteristics of a joint operation for OCA. A second report for the same date range counts all SIU/FCU inspections (including joint operations). The first value (OCA joint operations) is divided by the second value (all operations) to produce a cost distribution ration which is the percentage of effort associated with joint operations. The total agency cost of OCA joint operations is calculated by adding SIU/FCU expenditure totals found in the BSD "Expenditure Report" for the period. This total is multiplied by the cost distribution ration calculated previously, resulting in the total cost of joint operations for SIU/FCU in the time period. The average cost per joint operation targeting OCA is determined by dividing the total cost of joint operations by the number of joint operations generated in the first report.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No

Desired Performance: Lower.

Explanatory Measure **Number of Enforcement Cases Reaching Final Disposition**
01-01-01-01

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 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.

Explanatory Measure 01-01-01-02 Average Number of Days to Close a Complaint Investigation

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

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

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

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

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: Yes.

Desired Performance: Lower

Explanatory Measure 01-01-01-03 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: Licensing records are cross referenced and counted to identify the physical locations that are occupied by business entities that were licensed by the agency during the period in question.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

Explanatory Measure 01-01-01-04 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: The data used in the calculation comes from Enforcement complaint investigation records which are data entered from hardcopy complaint cards or field notes. The values reported are taken from an agency automated report.

Method of Calculation: In the agency automated database, all complaint investigation records that pertain to investigations led by enforcement agents with a Received Date that falls within the date range of interest 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: Higher.

Explanatory Measure **Number of Criminal Cases Filed**
01-01-01-05

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 a person committing a criminal offense.

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 from an agency automated report.

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Lower.

Explanatory Measure **Number of Administrative Cases Initiated by Enforcement Agents**
01-01-01-06

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 or permit holder committing a serious regulatory or public safety offense.

Source/Collection of Data: The data used in the calculation comes from enforcement administrative case records which are data entered using hardcopy administrative notices or field notes as source documents. The

values reported are taken from an agency automated report.

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Lower.

Explanatory Measure **Number of Priority Locations**
01-01-01-07

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

Purpose/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 Licensed Locations Inspected by Enforcement Agents" outcome measure.

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

Method of Calculation: Licensing records are reviewed to determine which licensed locations were in business and, therefore, subject to inspection during the period in question. The history of each license found to be subject to inspection is then compared with pre-set risk criteria to determine which should be considered especially "at risk" for public safety violations. These priority licensed locations are then counted and the total is the value reported.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

Explanatory Measure **Number of Complaint Investigations Closed**
01-01-01-08

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 either the allegations have been disproved, or when sufficient evidence to sustain the allegations has been found, or when agents have made a reasonable effort to prove or disprove the allegations and have been unable to find sufficient evidence to support either outcome. This particular explanatory measure provides a count of the number of investigations that were closed during a specified time period. That total is used in calculating the 'Average Number of Days to Close a Complaint Investigation' explanatory measure.

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.

Explanatory Measure **Number of Joint Operations Targeting Organized Crime Statewide**
01-01-01-09

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

Purpose/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 activity reporting system. Each individual inspection made by an agent or investigator is noted in that individual's daily activity report or field notes. When these reports or notes are data entered, an automated record summarizing each inspection is created. An automated report is used to search the agency's inspection database, find the records of interest, and then count them. The values reported for this measure are taken from that automated report.

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. The total from that count becomes the value reported for the measure.

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Higher.

Goal 02

Process Applications and Issue Alcoholic Beverage Licenses & Permits

Objective 02-01

Process and Approve Applications in a Timely Manner

Strategy 02-01-01

Licensing

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

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

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

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

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: An automated agency report 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. The result of this calculation is the value reported for the measure.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

Output Measure
02-01-01-01

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

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.

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

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, all primary and subordinate licenses/permits issued to existing businesses renewing their licenses or permits during the same time period, and all temporary licenses and permits issued during that time period to licensed businesses and qualified organizations for short-term special events. Also included are all original and renewal licenses/permits issued to separately licensed agents of licensees or permittees.

Purpose/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 Average Cost Per License/Permit Processed
02-01-01-01 (Key)

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.

Goal 03 **Ensure Compliance with Fees & Taxes**
Objective 03-01 **Ensure Compliance with Alcoholic Beverage Code**
Strategy 03-01-01 **Conduct Inspections and Monitor Compliance**
Outcome Measure **Compliance Rate - Audits**
03-01-01-01 (Key)

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 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 audit and violation records.

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

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

Outcome Measure **Percentage of [Wholesale and Manufacturing] Report Analyses**
03-01-01-02 **Resulting in Correction Notices**

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

Purpose/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: Tax Division employees create automated records pertaining to each report analyzed and each correction notice issued. Agency automated reports identify and count these records. A staff member then transfers the totals to a manually prepared "Excise Tax Activity Report" which is retained as an Excel spreadsheet. The totals used for the calculation of this measure are taken from the period's 'Excise Tax Activity Report.

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

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

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

Percentage of Inspections by Auditors Where Licensees were in Full Compliance

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

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

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 Measure
03-01-01-01**

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.

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

Number of Wholesale and Manufacturing Reports Analyzed

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

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

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

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.

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

Number of Audits Conducted

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

Purpose/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 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 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.

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

[Number of] Inspections Conducted by Auditors

Short Definition: The total number of inspections conducted by 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.

**Output Measure
03-01-01-05**

Number of Trainees Obtaining Seller/Server Certification

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

Purpose/Importance: To measure outputs related to the operation of the agency's Education & Prevention Division.

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

Method of Calculation: The trainees shown as having successfully completed an approved seller/sever training course in reports submitted by course providers for classes held during the period in question are counted and the total is reported as the value for this measure.

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: Yes.

Desired Performance: Higher.

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

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 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 are the primary source documents used in the calculation of the measure. An agency automated report sorts through these records, identifies those that are of interest, and extracts period totals needed for the number of audits conducted, all auditor work hours, and auditor audit work hours. Agency expenditures are tracked in the state's automated accounting system (currently 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 spending total attributed to all auditor-related activities for 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.

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

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

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

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

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

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

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

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

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 spending total for all auditor-related activities during the period in question to derive the amount of total expenditures attributable to educational activities. That amount is then divided by the total number of persons instructed by auditors during the same period to derive a "per person instructed" unit cost.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

Efficiency Measure **Average Cost per Wholesale/Manufacturing Report Analyzed**
03-01-04

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

Purpose/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 Tax Division operations in the "BSD Expenditures Report" 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.

Efficiency Measure Average Cost Per Seller/Server Trainee Certification
03-01-01-05

Short Definition: The operating costs of the Education & Prevention Division (EPD) during a specified time period divided by the number of seller/server trainees receiving certification during the same period.

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

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

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

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: Yes.

Desired Performance: Lower.

Explanatory Measure Number of Administrative Actions by Audit Personnel
03-01-01-01

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

Purpose/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 delinquency records.

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Lower.

**Explanatory Measure
03-01-01-02**

**Number of [Correction] Notices from Analyses of
Wholesale/Manufacturing Tier Reports**

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

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

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

Data Limitations: None.

Calculation Type: Cumulative.

New Measure: No.

Desired Performance: Lower.

| | |
|----------------------------------------|--------------------------------------------------------------------------|
| Goal 03 | Ensure Compliance with Fees & Taxes |
| Objective 02 | Ensure Maximum Compliance with Importation Laws at Ports of Entry |
| Strategy 01 | Ports of Entry |
| Outcome Measure 03-02-01-01 | Revenue As a Percent of Expenses |

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

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

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 the Business Services Division (BSD) and used to create a quarterly "Expenditure Report" 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 POE operations. The result is expressed as a percentage.

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Higher.

| | |
|---------------------------------------------|--------------------------------------------------------|
| Output Measure 03-02-01-01 (Key) | Number of Alcoholic Beverage Containers Stamped |
|---------------------------------------------|--------------------------------------------------------|

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

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.

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

Number of Cigarette Packages Stamped

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

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
03-02-01-01**

Average Cost Per Alcoholic Beverage Container/Cigarette Package

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

Purpose/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 a quarterly "Expenditure Reports" that allocate agency operating costs to its various strategies.

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

Data Limitations: None.

Calculation Type: Noncumulative.

New Measure: No.

Desired Performance: Lower.

Explanatory Measure **Number of Alcoholic Beverage Containers Disallowed** 03-02-01-01

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

Purpose/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.

Explanatory Measure **Number of Cigarette Packages Disallowed**
03-02-01-02

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

Purpose/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.

Schedule C — HISTORICALLY UNDERUTILIZED BUSINESS PLAN

It is the policy of the Texas Alcoholic Beverage Commission (TABC) to comply with the rules for the Historically Underutilized Business (HUB) Program¹ adopted by the Comptroller of Public Accounts (CPA) and Chapter 2161 of the Texas Government Code in order to encourage the use of historically underutilized businesses and 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 opportunities 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 work diligently to utilize HUBs in contracts for commodities, services, professional and consulting services and construction by contracting directly with HUBs or indirectly through subcontracting opportunities. Additionally, TABC shall make a good faith effort to assist HUBs in receiving a portion of the total contract value of all contracts the agency expects to award in a fiscal year in accordance with the following percentages:

- 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.

The agency shall ensure it makes a good faith effort to utilize HUBs by implementing the following procedures:

- advance planning of large purchases to ensure adequate time and preparation is involved;
- when possible, divide proposed requisitions into reasonable lots in keeping with industry standards and competitive bid requirements;

¹ Texas Administrative Code, Title 34, Part 1, Chapter 20, Subchapter B, [§20.10](#) [§20.28](#).

- when applicable, assess bond and insurance requirements to avoid unreasonable bidding restrictions and permit more than one business to perform the work;
- specify reasonable, realistic delivery schedules consistent with the agency's actual requirements;
- ensure that specifications, terms and conditions reflect TABC's actual requirements, are clearly stated, and do not impose unreasonable or unnecessary contract requirements;
- when contracts exceed \$100,000, require contractors to make a good faith effort to award necessary subcontracts to HUBs by providing contractors with HUB subcontracting good faith guidelines, HUB goals and a reference list of available certified HUBs; and
- evaluate which agency-wide goals are conducive to engaging with HUBs while continuing practices which have promoted previous use of HUBs.

The TABC will maintain and compile monthly records 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 Business Services Division shall assist each division in locating, certifying and making a good faith effort to use HUBs in accordance with the agency's policies, goals and procedures. Agency employees within each division that are engaged in recommending, requesting, or approving a 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 subcontracting.

Schedule D — AGENCY WORKFORCE PLAN

SECTION I

OVERVIEW

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

The TABC collects in excess of \$250 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;
- Seize illicit beverages;
- Adopt standards of quality and approve labels and size of containers for all alcoholic beverages sold in Texas;
- Pass rules to assist the agency in all of the above.

The separation of marketing levels is closely scrutinized. TABC employees review all shipments of alcoholic beverages into Texas, as well as any transfer of merchandise between wholesalers. Background investigations and other research are undertaken when a person applies for a permit or license to operate in some phase of the industry. Efforts are made to detect ownership by others involved at different levels, as well as those factors which could tend to disqualify an applicant, such as previous criminal history or indebtedness to the state for taxes.

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 comprised of Chairman José Cuevas, Jr., of Midland; Steven M. Weinberg, MD, JD, of Colleyville; and Ida Clement Steen of San Antonio.

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, chief of field operations, general counsel, director of the office of professional responsibility (internal affairs) and the director of communications and governmental relations. See detailed organization chart at the end of the Workforce Plan.

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 compliance functions involving criminal, regulatory and administrative enforcement of the state's alcoholic beverage laws. The chief of field operations oversees the assistant chief of the Enforcement Division, the assistant chief of Audit and Investigation Division and the director of Ports of Entry Division.

The assistant 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 assistant chief of Audit and Investigations oversees the Audit Division, Financial Crimes Unit and the Special Investigations Unit. Auditors in the Audit Division conduct investigative audit, financial reviews, inspections and fee analysis during the initial phases of the licensing process. Auditors 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 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 finance-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. Taxpayer compliance officers 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 and Houston 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 and Marketing Practices

The Tax Division is charged with oversight of the taxing authority of the agency. Division 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 is also 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. The division leads 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. 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.

GUIDING PRINCIPLES

- We empower our employees to respond effectively to challenges.
- We recruit, develop, retain and value a highly competent and diverse workforce that will successfully execute our mission.
- We strive to be a competitive employer
- We expect ethical and professional behavior of ourselves.
- We exercise discretion in our authority when making decisions based on ethical and legal principles.
- We do the right thing, not just what we have the right to do.
- We work together to achieve goals and solve problems.
- We put responsible people into business and promote good business practices through open communication.
- We foster voluntary compliance through education.
- We provide the highest level of public safety by assessing and analyzing at-risk behavior and taking action against unlawful conduct.

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 Alcoholic Beverage Code and other state laws that can occur on licensed premises, including those pertaining to human trafficking, drug trafficking, and other organized crime activity.

Strategy: Deter and detect TABC code violations by inspecting licensed establishments and investigating complaints.

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 and issue license and permit applications in an efficient and timely manner

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.

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.

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 as of March 2016. TABC's workforce is comprised of 56% males and 44% females. Sixty-eight percent of the employees are 40 years of age or older. Thirty-seven percent of employees have less than five year's 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. In spite of TABC utilizing a civilian career ladder as a retention tool to motivate employees to maintain their employment with the agency, the number of employees with less than 5 years of service increased during the last two years by 10%. The career ladder allows scheduled promotions based upon tenure and performance.

Figure 1. Agency Age Profile, 2016.

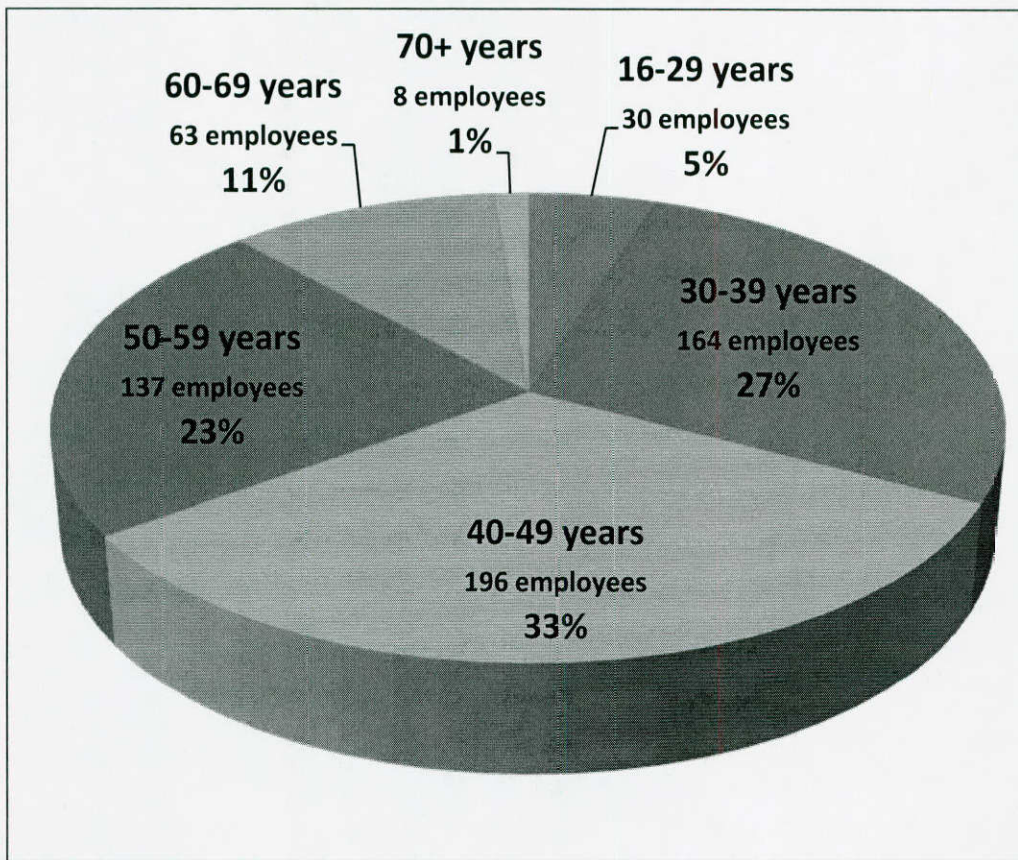


Figure 2. Agency Gender Profile, 2016.

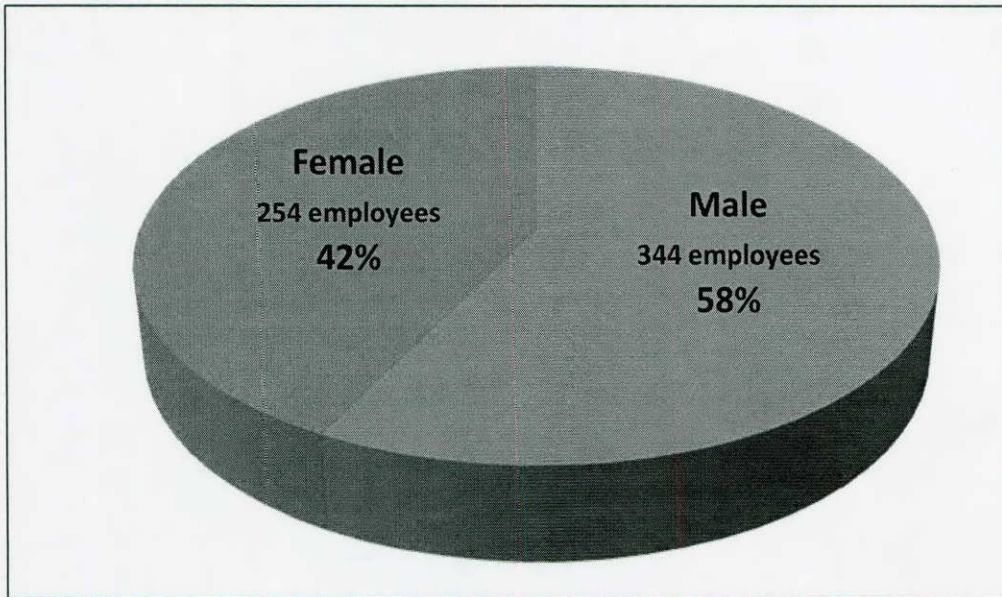


Figure 3. Agency Tenure Profile, 2016.

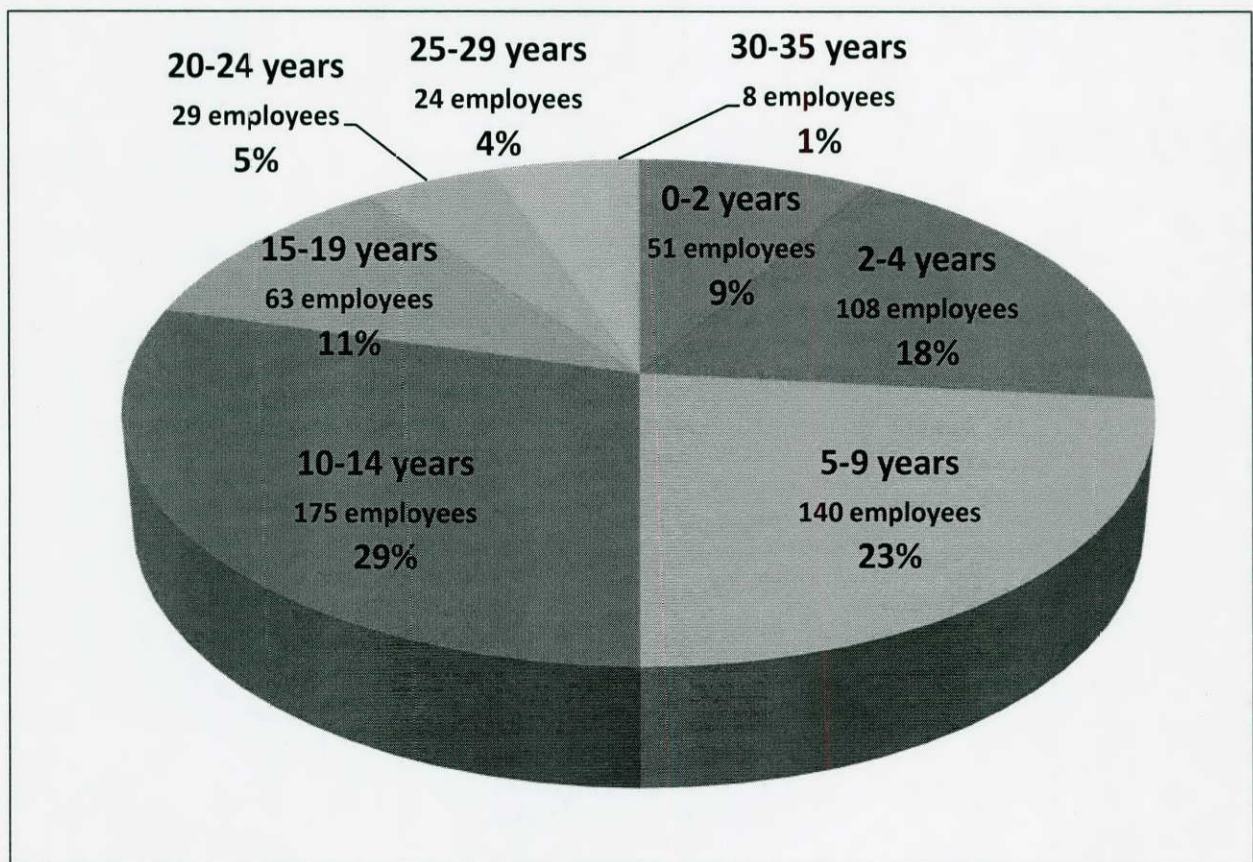


Table 1 compares the percentage of African American, Hispanic and female employees to the statewide civilian workforce.

Table 1. Workforce Profile Comparison, 2015.

| EEO Category | Statewide Civilian Workforce | | | | | TABC Workforce | | | | |
|------------------------|------------------------------|----------|-------------|--------|------|------------------|----------|-------------|--------|------|
| | African American | Hispanic | White/Other | Female | Male | African American | Hispanic | White/Other | Female | Male |
| Official/Administrator | 11% | 16% | 73% | 52% | 48% | 27% | 27% | 47% | 53% | 47% |
| Professional | 11% | 16% | 73% | 56% | 44% | 20% | 26% | 52% | 60% | 40% |
| Technician | 18% | 26% | 56% | 44% | 59% | 10% | 30% | 60% | 20% | 80% |
| Protective Service | 34% | 23% | 44% | 46% | 54% | 7% | 32% | 61% | 15% | 85% |
| Paraprofessional | 34% | 29% | 37% | 7% | 29% | 10% | 75% | 15% | 62% | 38% |
| Administrative Support | 14% | 31% | 56% | 66% | 34% | 42% | 17% | 33% | 83% | 17% |

The agency remains under-represented in the African American, Hispanic and Female demographics in three to four of the EEO categories. During the last few years, the agency made steady gains in most categories.

In fiscal year 2015, African Americans accounted for 9% of new hires. Hispanics accounted for 51% of the new hires during fiscal year 2015. African Americans made up 15% of the agency’s terminations while 31% 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, professionals and administrative support. In the technician and protective services EEO categories, females remain underutilized. African American representation in the protective service category is 24% below the numbers available in the statewide workforce, 24% below in the paraprofessional category and 8% below in technician positions.

At the end of fiscal year 2015, the agency met statewide availability for Hispanic representation in five of the EEO categories -- official/administrators, professionals, protective services, technicians and paraprofessionals. In the administrative support EEO category, Hispanic representation at TABC is underutilized by 14%.

The agency’s representation of female employees continued to remain stable at 53%. However, when considering the different EEO category, underutilization is evident in the protective services category. TABC lags other state agencies, by 31% in the protective services EEO category as well as 24% in the technician EEO category. TABC’s representation of females exceeded their availability in the statewide civilian workforce in the official/administrators, professionals, paraprofessionals and administrative support categories.

Fifty-three percent of the both new hires and terminations during 2015 were females. Overall Hispanic, African American and female representation in the technical remain low. The technical category is a specialized category 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 4 compares the average TABC turnover rate to that of the state over the last five years. Between 2013 and 2015, TABC turnover only increased by slightly below 1%. From year 2013 to 2015, the turnover rate increased from 11.3% to 12%.

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 2021, 167 employees will become eligible for retirement. Of those projected retirements, 90 are classified in non-commissioned positions. Commissioned peace officers account for 77 of the possible retirements. These retirements will impact TABC's ability to retain employees. Tenured employees are necessary to train and mentor 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 that reduces overall stress associated with the workload, some individual classifications will have increased turnover when compared with the agency's overall turnover. Figure 5 examines the potential loss of employees due to retirement over a five-year period.

Figure 4. Turnover Comparison of TABC vs. Statewide.

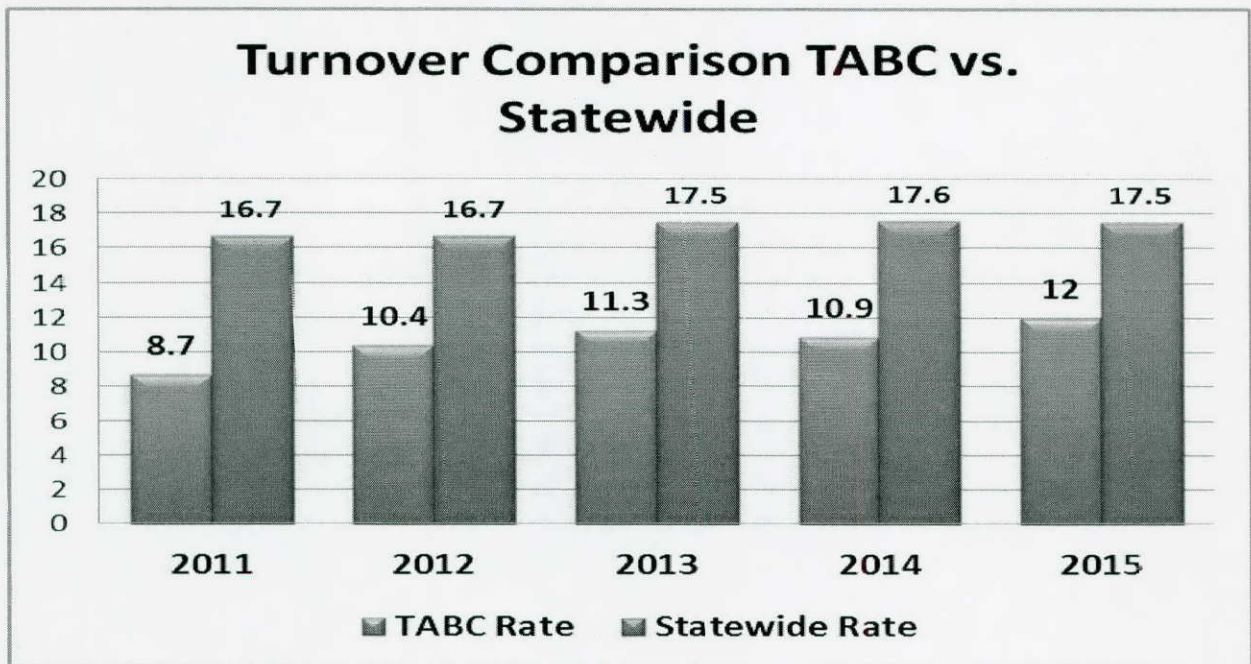
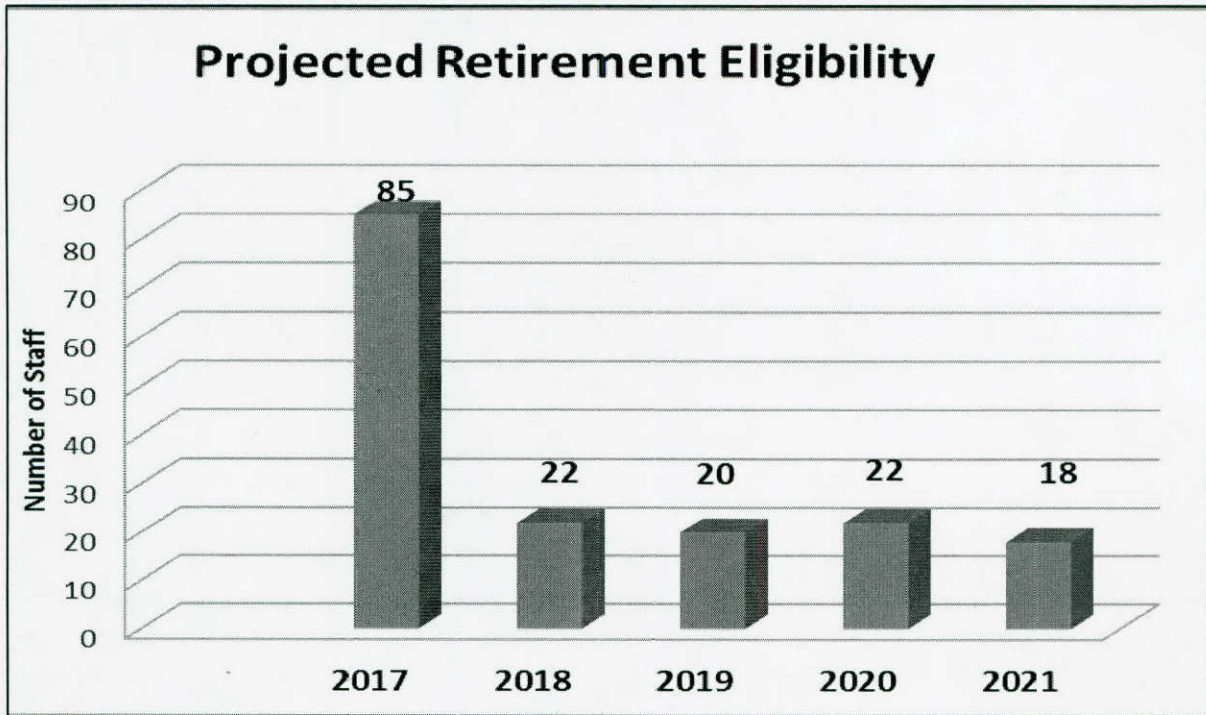


Figure 5. Projected Retirement Eligibility.



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. TABC also recognizes 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 job requirements and duties will support TABC establishing 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 will require better educated, trained, and 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.

The ability to speak a foreign language is also needed due to a growing percentage of the Texas population for which English is not their first language. To provide excellent customer service to all of its customers, TABC will need to increase the number of employees that can converse in more than one language.

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 enforcement 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. With increased scrutiny on law enforcement due to public events, TABC agents will need to possess skills in negotiation and conflict resolution.

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 should make ongoing enhancements to the 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 arise 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 639 FTEs. Of those 639 FTEs, 241 are budgeted commissioned peace officer positions in the Field Operations Division. TABC made some changes to the hiring process for agents by implementing a year-round application process. In order to offer a new agent academy, TABC must hire a minimum number of agents at one time to achieve cost efficiencies. Once a date is identified for an academy, significant time is required to complete the remaining steps of the hiring process. The inability to hire and the 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 needs to increase their FTEs to maintain a minimum number of agents in each region to reduce the impact to performance when positions are vacant.

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 constraints of the compensation 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 for 77 employees. The licensing functions are aligned by regions across the state. TABC continues 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 handle the workload, TABC expects 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 and utilize flexible work arrangements to attract and retain employees.

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 statutes will continue to affect this division's needs and will possibly increase the need for additional attorneys in the Legal Services Division due to an increased caseload resulting from increased enforcement efforts.

The Ports of Entry Division will need additional personnel to respond to increased activity at the ports due to winter Texans, the influx of people importing alcohol through Laredo, the rate of exchange between the dollar and the peso, and the decrease of violent activity in Mexico.

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 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 and analyses, 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 still lag behind 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.

ANTICIPATED SURPLUS/SHORTAGE OF SKILLS

To minimize risks associated with increased public scrutiny on law enforcement, TABC must invest more resources in agent training and development particularly in the areas of conflict resolution, use of force, customer service and safety. The agency's Training Division will need to proactively develop training above and beyond mandated law enforcement training. In addition, the division must develop training that is specific to the needs of each division to increase skills and develop employees.

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. Although most management staff has a formal degree, many lack education above a Bachelor's degree. It is becoming more common to require or prefer a Master's degree for most upper level positions. Although TABC offers tuition reimbursement, the agency should continue to promote the benefit and increase funding as needed to develop their current management level employees. Manager positions are relatively competitive as far as salary is concerned, so the agency could attract employees from outside of TABC that would have advanced education when necessary.

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 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. Continue notifying employees of available training, registering employees 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

Continue the year-round hiring process for agent trainee positions which identifies those applicants who possess or have the aptitude to perform investigative assignments. The agency will continue to explore a process of hiring agents throughout the year and increasing recruitment in specific areas and locations throughout the year

Utilize a recruiter to establish a relationship with college and university career centers to recruit graduates and alumni. 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.

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 employees 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, 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.

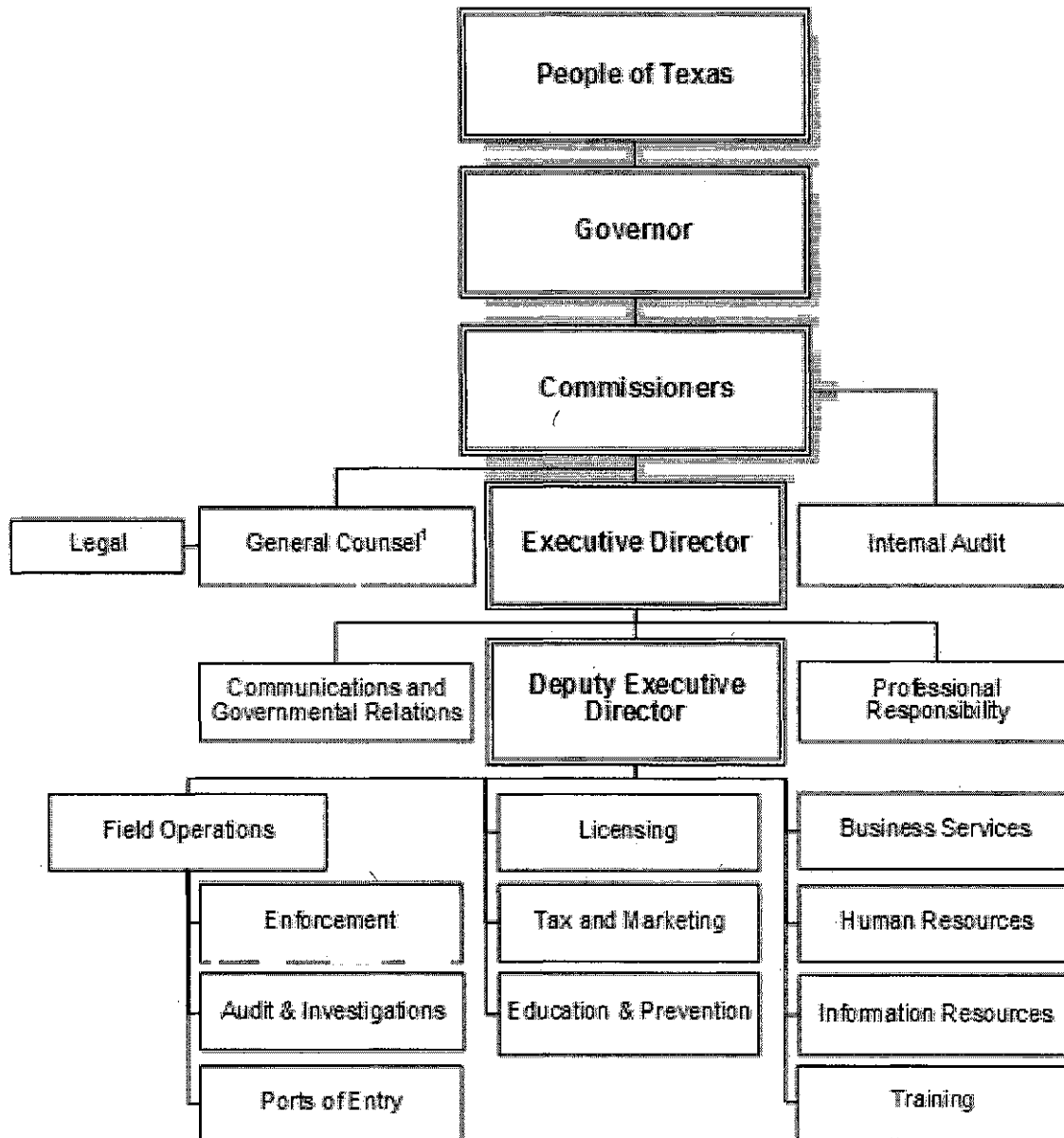
Continue to provide basic training for respective job functions and tasks such as licensing procedures, business entity training, customer service, Alcoholic Beverage Code and agency rules, and other timely work issues.

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.

Figure 6. TABC Organizational Chart, June 2016.



1. The TABC General Counsel oversees the Legal Division and reports to the Executive Director, but is hired and evaluated by the three-member Commission.

Schedule E — REPORT ON CUSTOMER SERVICE

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

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

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

The services TABC provides its customers include:

- Issuing more than 70 types of alcoholic beverage licenses and permits (collectively referred to as 'licenses') to businesses in Texas and around the world, allowing them to produce, transport, distribute, import, sell and serve alcoholic beverages in Texas;
- Inspecting more than 50,000 TABC-licensed premises to ensure compliance with the Alcoholic Beverage Code and TABC Rules;
- Conducting source investigations following alcohol-related incidents involving serious injury or death;
- Conducting investigations into organized criminal activities tied to a TABC-licensed location, including those involving prostitution, gambling, narcotics, weapons and human trafficking;
- Collecting excise taxes from manufacturing and distributing tiers when alcoholic beverages are sold to retailers or consumers;
- Providing instruction to license holders and their employees, local law enforcement and members of civic groups to promote a better understanding of, and voluntary compliance with, the Code;
- Overseeing the labeling, bottling and promotion of alcoholic beverage products;

- Conducting audits to ensure adherence to the Code and ensure proper taxes are reported and paid;
- Ensuring compliance with and collecting taxes and fees on personal importations of alcoholic beverages and cigarettes at international borders;
- Reviewing and prosecuting violations of the Alcoholic Beverage Code.

| INVENTORY OF EXTERNAL CUSTOMERS BY STRATEGY

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

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

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

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

LICENSING: The Licensing Division issues all TABC licenses, permits and certificates thereby ensuring certain criteria are met including local government certification, tax security and other regulations. A license is required for all segments of the alcoholic beverage industry, making its members the primary customers of TABC's Licensing Division. Additionally, by ensuring each license holder meets the qualifications required by law, the division's secondary customers include the general public and local agencies.

COMPLIANCE: TABC's Compliance Division, also referred to as Audit and Investigations, is charged with ensuring compliance with the Alcoholic Beverage Code and TABC Rules. Auditors conduct tax, financial and investigative audits; conduct open compliance inspections of licensed locations and new location inspections during the licensing application process; assist with various types of investigations; monitor and regulate cash/credit law; and deal with marketing practices issues. The division also initiates administrative action when a violation of the Alcoholic Beverage Code occurs.

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

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

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

Ports of Entry personnel are also charged with ensuring any illicit beverages, or beverages deemed dangerous for public consumption, are not brought into the state. This function serves to uphold the health of the Texas public, making all citizens and visitors primary customers of the division.

| CUSTOMER SATISFACTION SURVEYS

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

In addition to the division-level surveys, TABC also employs a Customer Satisfaction Survey on its public-facing website. This online survey is used to capture data from customers who would not otherwise be contacted for a survey.

| ENFORCEMENT

The Enforcement Division mails surveys to a randomly selected 10 percent sample of license holders inspected the previous month. For fiscal year 2014, 1,088 surveys were completed with an overall satisfaction rate of 97.43 percent. This number is nearly equal with results from fiscal year 2013. For fiscal year 2015, 5,855 surveys were mailed out, with 1,085 returned completed. Of that number, 97.51 percent indicated overall satisfaction with the Enforcement Division. (Satisfaction rates are based on the percentage of respondents who responded positively to four of the six survey questions.)

TABC Strategic Plan FY2017-2021

Responses to specific questions for fiscal years 2014 and 2015 combined:

| Question | Yes |
|-----------------------------------------------------------------------------------------------------------|--------|
| Was the disruption to your business minimal? | 93.55% |
| Did the agents treat you and your employees with courtesy and respect? | 98.3% |
| Did the agents treat your customers with courtesy and respect? | 97.7% |
| Were the actions of the agents fair and reasonable? | 97.5% |
| Did the agents seem as interested in helping you obey the law as they were in finding violations? | 96.5% |
| Overall, did the experience leave you with a favorable impression of the TABC and its enforcement agents? | 96.1% |

Overall, Enforcement's customer satisfaction rating has remained slightly higher than 97 percent for the last two years. This high rate of customer satisfaction is expected to remain steady for the foreseeable future.

| LICENSING

The Licensing Division provides surveys to retailers, distributors and manufacturers who have applied for an original license or permit. The survey was last revised in 2012 to reflect minor changes in TABC office locations. During fiscal year 2014, 567 out of 6,445 surveys were returned with a response rate of 8.8 percent. The percentage of respondents who were satisfied with the licensing process was 97.8 percent, a slight decrease from 98.2 percent in fiscal year 2013. For fiscal year 2015, 459 of 6,464 surveys were returned for a response rate of 7.1 percent. Of those surveyed, 99.01 percent were satisfied with the service, an increase from fiscal year 2014. (The percentages are based on the ratio of 'yes' responses to the sum of the 'yes' and 'no' responses. Questions left blank were not counted as part of the total.)

Results for fiscal years 2014 and 2015 combined:

| Question | Yes |
|--------------------------------------------------------------------------------------------------------------------|--------|
| At your interview, were you given a contact name and phone number to assist you with future questions or concerns? | 92.44% |
| Did you leave the interview with a basic understanding of the information discussed? | 98.88% |
| Were you given an opportunity to ask questions? | 93.35% |
| General impressions | |
| Did the TABC employees with whom you had contact during the licensing process seem knowledgeable? | 97.49% |
| Were the TABC employees with whom you had contact during the licensing process courteous and professional? | 97.94% |
| Did the TABC give you a realistic estimate of the time required to obtain your license/permit? | 95.43% |

Overall, the level of customer satisfaction for Licensing has remained steady in the 97-99 percent range. The number of surveys returned in fiscal year 2015 dropped by more than 100 compared to fiscal year 2014, which may necessitate greater effort to ensure the surveys are completed.

| COMPLIANCE

The Audit and Investigations Division mails customer satisfaction surveys to a random 20 percent sample of license holders who were either inspected by TABC auditors or the subject of an audit or analysis. In fiscal year 2014, a total of 818 surveys were completed showing a satisfaction rate of 99.76 percent, an increase from the fiscal year 2013 satisfaction rate of 98.9 percent. For fiscal year 2015, 823 surveys were completed with an overall satisfaction rate of 99.39 percent. (Satisfaction rates are based on the percentage of survey respondents who responded positively to at least four of the six survey questions.)

Responses to specific questions for fiscal years 2014 and 2015 combined:

| Question | Yes |
|----------------------------------------------------------------------------------------------------------|--------|
| Did the auditor behave in a courteous and professional manner? | 99.7% |
| Did the auditor explain the purpose of the visit and outline the steps that he or she would follow? | 98.05% |
| Did the auditor give you the opportunity to ask questions and adequately respond to the questions asked? | 98.5% |
| Was the visit conducted with a minimum disruption to your business? | 96.15% |
| Were the auditor's actions fair and reasonable? | 98.95% |
| Overall, did the auditor leave you with a favorable impression of the TABC and its employees? | 98.8% |

Overall, Compliance survey results from the last two years represent a slight increase over fiscal years 2012 and 2013. Historically, survey results have hovered in the 97-98 percent range, leaving small room for improvement.

| WEB SURVEY

An additional survey instrument is available on the TABC website. This survey is designed to gauge customer satisfaction with respect to the following categories: service timeliness, staff, facilities, printed materials, communication, complaint-handling processes, website, and overall satisfaction with TABC.

Because an individual must actively seek out the online survey on the TABC website, rather than a direct solicitation to a license holder to participate in a survey as in previous methods, the participation rate is typically low: approximately 36 surveys were available to calculate the results for fiscal years 2014 and 2015. Another 124 surveys

were submitted for the same timeframe, but could not be used—either participants used the free-form text box to register general opinions of the agency or a circumstance and did not answer the survey statements or the statements were answered but the text in the free-form boxes made it obvious that the data was created by automated spambots.

The initial questions in the survey offer drop-down menu options which allow the agency to pinpoint the applicable TABC division, applicable TABC office location, the type of interaction (phone, in-person, etc.), and the type of relationship with TABC (license holder, employee of license holder, citizen, etc.). Then the website survey asks individuals how they agree with 19 positively phrased statements. Responses are given on a scale of five (strongly agree) to one (strongly disagree). If the individual did not have an opinion or the item did not apply, presumably 'Not Applicable' was selected. The percent of survey participants in agreement with each statement was calculated by dividing the number of participants who agreed with the item (selecting strongly agree or agree) by the total number of valid responses. Although 'Not Applicable' is a valid response, it was not used in this calculation.

The percentage of positive responses for fiscal years 2014 and 2015 combined are:

| Statement | Percent Agreement |
|---------------------------------------------------------------------------------------------------------------------------|-------------------|
| TABC employees were knowledgeable and helpful. | 77% |
| TABC employees were courteous and respectful. | 77% |
| TABC employees were responsive to my needs and concerns. | 70% |
| The TABC office was convenient and easily accessible. | 69% |
| The TABC office was clean and orderly. | 81% |
| I was given clear explanations about the services available. | 59% |
| I received answers to all of my questions. | 62% |
| I received printed materials (i.e., brochures, newsletters, instructions, forms, etc.) explaining the services available. | 60% |
| TABC materials were clear and understandable. | 63% |
| TABC services were offered at convenient times. | 58% |
| TABC services were delivered within a reasonable amount of time. | 52% |
| I received a response by telephone (including 'on-hold' time) within a reasonable time. | 75% |
| I received a response by e-mail within a reasonable time. | 71% |
| I received a response by U.S. mail within a reasonable time. | 80% |
| I was able to find helpful, clear & accurate information on the TABC website. | 53% |
| The TABC website was easy-to-use and well organized. | 65% |
| I know how to make a complaint regarding services at TABC. | 68% |
| I believe TABC would handle my complaint in a fair manner. | 52% |
| Overall, I am satisfied with the services I received from TABC. | 50% |

As indicated previously, this type of survey is unscientific. The individuals who choose to participate are not necessarily representative of the agency's customer base as a whole. Survey participants are more motivated to take the survey than others because the participants tend to contain a higher proportion of people who have had either very good, or more often, very bad experiences with TABC. This limits survey participants' usefulness as an objective control group.

Considering this, the agency focuses less on the actual percentage and more on the individual comments (in text boxes) and scoring themes for divisions, office locations and relationship between TABC and the participants. More importantly, this analysis is then used to determine areas of focus and strategies to employ to make customers happier.

| CONCLUSION

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

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

| CUSTOMER-RELATED PERFORMANCE MEASURES

The Legislative Budget Board (LBB) has created generic customer-related performance measures for all state agencies. Data represents surveys of Enforcement, Licensing and Compliance Divisions and excludes the web survey.

| Outcome Measures | FY2013 | FY2014 | FY2015 | FY2016 (Expected) |
|--------------------------------------------------------------------------------------------------|--------|--------|--------|----------------------|
| Percentage of Survey Customer Respondents Expressing Overall Satisfaction with Services Received | 97 % | 97% | 97% | 97% |
| Percentage of Surveyed Customer Respondents Identifying Ways to Improve Service Delivery | N/A | N/A | N/A | N/A |

TABC Strategic Plan FY2017-2021

| Output Measures | FY2013 | FY2014 | FY2015 | FY2016 (Expected) |
|------------------------------------------------------------------------|------------|------------|------------|----------------------|
| Number of Customers Surveyed ¹ | 13,109 | 15,013 | 16,329 | 4081 |
| Number of Customers Served ² | 598,210 | 1,206,061 | 1,257,218 | 1,339,377 |
| Average Number of Days to Approve an Original Application ³ | 43.4 | 35.4 | 37.0 | 39.0 |
| Efficiency Measure | | | | |
| Cost per Customer Surveyed | \$.67 | \$.72 | \$.77 | \$.81 |
| Explanatory Measures | | | | |
| Number of Customers Identified ^{4, 5} | 26,217,850 | 26,581,256 | 26,947,116 | 27,315,362 |
| Number of Customer Groups Inventoried | 3 | 3 | 3 | 3 |

¹ Beginning in fiscal year 2016, no longer a reportable measure for Enforcement and Compliance strategies in TABC's approved budget structure for fiscal years 2016 and 2017; therefore, surveys for those divisions were not initiated until June 2016.

² Represents the number of licensed businesses inspected or audited, complaints, persons attending TABC-led educational programs, seller/server training certificates issued, license/permit applications processed, and transactions at a port of entry. No mechanism existed for compiling Ports of Entry transaction counts until fiscal year 2014.

³ Represents a performance measure added by TABC.

⁴ State Population. Source: Texas Demographic Center (Migration Rate 0.5 2000-2010).

⁵ Not based on a fiscal year.