

TEXAS DEPARTMENT OF LICENSING & REGULATION

SCHEDULE F

Agency Workforce Plan

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AGENCY OVERVIEW

The Texas Department of Licensing and Regulation (TDLR) licenses and oversees a wide range of programs in Texas. TDLR issues over 217 license types within 39 programs to more than 800,000 licensees. These licenses encompass various professions, occupations, businesses, facilities, and equipment. The number of licenses we issue is likely to grow as the population of Texas increases and if TDLR receives more programs as a result of future legislative sessions.

In 1909, the 31st Texas Legislature enacted House Bill 109, creating the Bureau of Labor Statistics. The mission of the Bureau was to collect and report statistical information to the Governor regarding labor and industry within the state of Texas. Gradually, the Texas Legislature increased the Bureau's responsibilities and added powers of administration and enforcement of laws impacting the health and safety of employees, employers, and the public. In 1973, the agency's name was changed to the Texas Department of Labor and Standards. In 1989, the Legislature changed the agency's name to the Texas Department of Licensing and Regulation and created a six-member (later seven) Commission of Licensing and Regulation to act as the agency's governing body.

TDLR achieves its mission using a functionally-aligned organizational structure. The agency creates efficiencies by applying uniform processes to license application development, facility inspections, complaint investigation, violation prosecution, curriculum review, and examination development. In March 2018, TDLR's Executive Director calibrated the organizational structure to improve overall productivity following the integration of several new programs.

TDLR's responsibilities have steadily grown with the Governor and Legislature's confidence and trust in the agency's ability to successfully transform programs and take on new responsibilities. The Sunset Commission and the Legislature continue to recognize TDLR's abilities, having transferred 23 programs with more than 417,000 licensees to TDLR since 2001. In 2018, the Sunset Commission stated that TDLR "uses a proven, standardized method to regulate occupational and small industry

programs." It commended our "straightforward approach" to identifying practices or rules which need to improve, keeping stakeholders engaged in the process, and developing clear and effective procedures which achieve regulatory goals while maintaining fairness for the licensees.

AGENCY VISION, MISSION, AND PHILOSOPHY

TDLR will continue to refine our vision, mission, and philosophy to adjust for the agency's growth and increase in responsibilities.

TDLR's MISSION

To earn the trust of Texans every day by delivering innovative regulatory solutions for our licensees and those they serve.

TDLR's VISION

To be the best at creating 'next' practices that provide low-cost licensing and regulatory services and an exceptional customer experience.

TDLR's PHILOSOPHY

To achieve smaller, smarter government, we:

- Honor the public by being fair, transparent, and efficient;
- Value our customers and coworkers by seeking and using their input;
- Foster innovation and change by challenging the status quo;
- Recruit, empower, and reward high-performing employees; and
- Transform programs and improve services for customers.

- AGENCY WORKFORCE PLAN

TDLR'S CORE VALUES

- **Accountable** to Texans
- Create an **exceptional customer experience**
- **Integrity** in all we do
- Lead through **innovation**
- **Open and free communication**
- **Respect** for all
- **Teamwork** built on individual strengths and ingenuity

STRATEGIC GOALS AND OBJECTIVES

Goal: Continue to effectively consolidate and improve administration of services for the programs recently transferred to TDLR by the Texas Legislature.

Objective: Continuously review and improve TDLR regulatory program services.

Goal: Improve efficiencies, lower fees and eliminate bottlenecks throughout TDLR.

Objective: Review fees and continuously improve agency processes, while ensuring licensees and consumers are provided exceptional services.

Goal: Educate and empower consumers by providing them with the tools to make informed choices about the industries TDLR regulates.

Objective: Provide relevant information about TDLR regulated programs to protect consumers and raise awareness.

Goal: Prioritize enforcement personnel efforts to resolve complaints involving consumer harm or a threat to public safety.

Objective: Continue enforcement efforts designed to promptly resolve complaints that ensure consumer protection.

Goal: Decrease regulatory burdens on business by removing redundancies and impediments.

Objective: Identify and maintain efficiencies to eliminate regulatory burdens on licensees and consumers.

CORE BUSINESS FUNCTIONS

TDLR's core business functions include the licensing and regulation of an array of professionals, occupations, businesses, facilities, and equipment. The agency is functionally aligned into four key areas: Licensing Services; Regulatory Affairs; Communications and External Services; and Resource Management.

Licensing Services includes the following divisions:

- *Licensing* – evaluates applications and issues and renews licenses.
- *Education and Examination* – reviews and approves school applications, continuing education providers and courses, and manages licensing examination development.

Regulatory Affairs includes the following divisions:

- *Regulatory Program Management* – provides technical expertise, program management, research, industry outreach, inspections, and management of third-party reviewers and inspectors.
- *Field Inspections* – performs inspections of business facilities and schools, and provides industry outreach to ensure public safety and consumer protection.
- *Enforcement* – evaluates, investigates, and resolves complaints; prosecutes violations; and coordinates with local, state, and federal agencies to raise public awareness and increase consumer protection.



CORE BUSINESS FUNCTIONS (cont'd)

Communications and External Services includes the following divisions:

- *Customer Service* – serves as point of contact for public and licensee inquiries through phone, email, social media, and personal interaction at the front desk lobby.
- *Strategic Communication* – provides legislative outreach, public relations, internal communication, advisory board support, and web and social media services.

Resource Management includes the following functions:

- Executive management, legal counsel, human resources, information technology, financial services, project management, innovation, and support for the Commission.

ANTICIPATED CHANGES TO MISSION, STRATEGIES, AND GOALS

As TDLR's responsibilities grow, we use our successful regulatory 'next' practices philosophy to refine our Mission, Strategies, and Goals to reflect who we serve, what we do, and how we do it.

TDLR'S CURRENT WORKFORCE PROFILE

WORKFORCE DEMOGRAPHICS

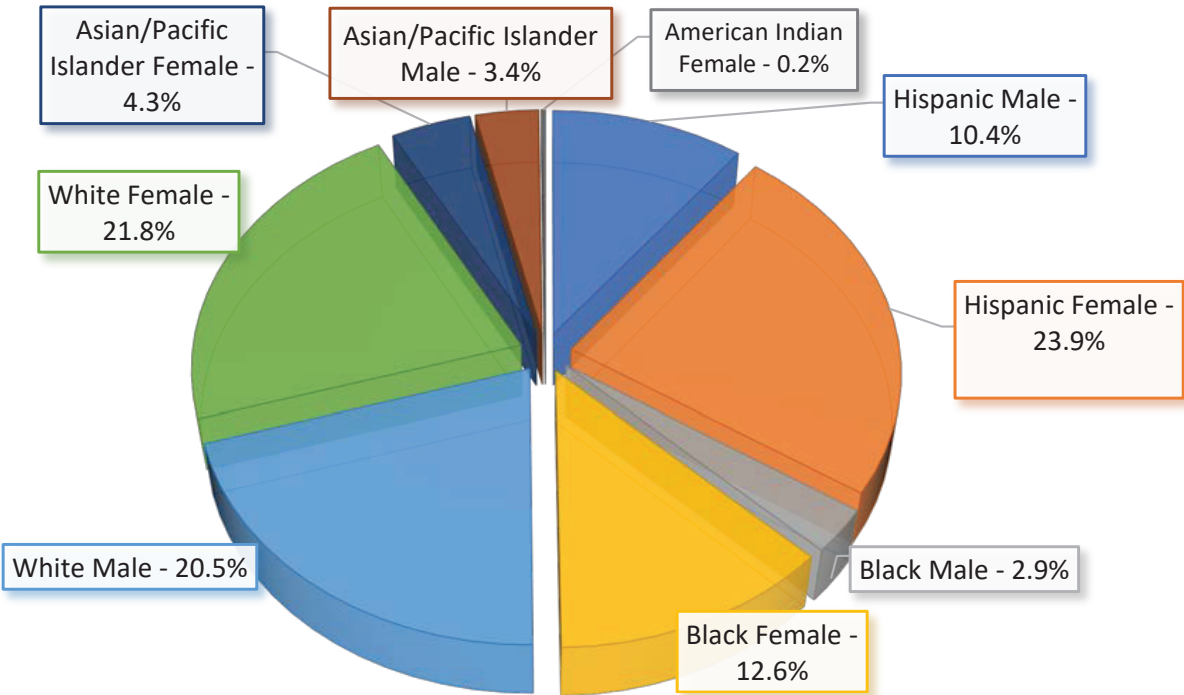
In fiscal year 2018, TDLR's authorized workforce increased from the previous fiscal year by 4.5 percent to 469.5 full-time equivalent (FTE) positions. These additional FTEs are needed to manage recently transferred programs and an expanding licensee population. Over 80 percent of employees work in TDLR's Austin offices, while 20 percent are located throughout the state. Veterans comprise 13 percent of TDLR's workforce.

- AGENCY WORKFORCE PLAN

COMMITMENT TO A QUALIFIED AND DIVERSE WORKFORCE

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

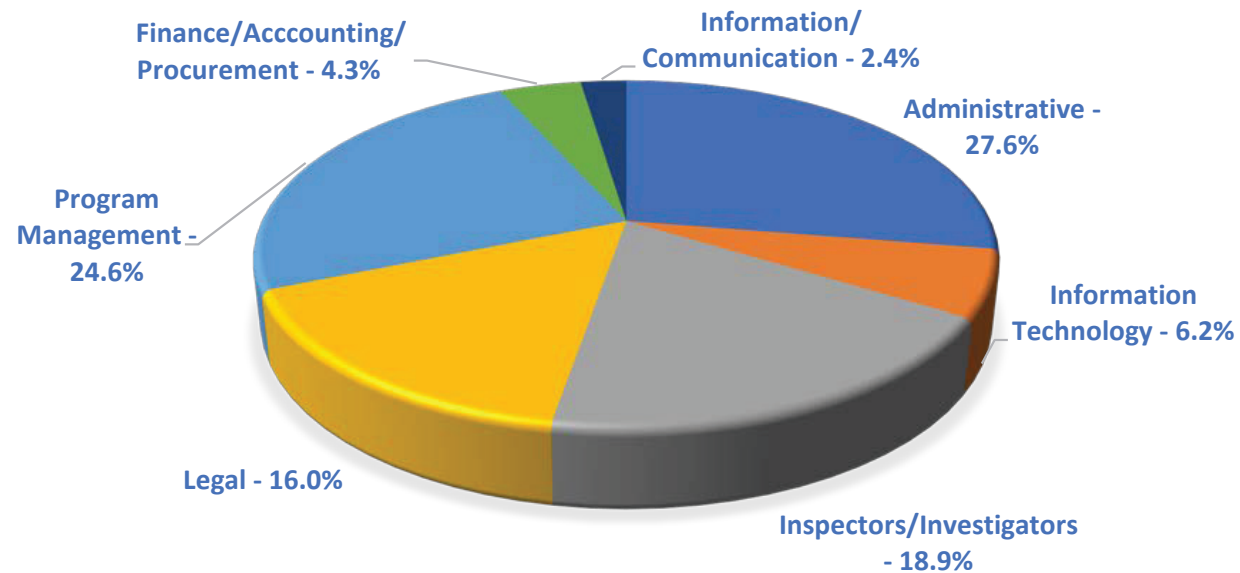
FISCAL YEAR 2018 ORGANIZATION PROFILE (1ST QUARTER)



In the first quarter of Fiscal Year 2018, nearly 63 percent of TDLR employees were female, 18 percent higher than the statewide civilian workforce composition. The agency’s workforce was 34.3 percent Hispanic, less than 3 percent lower than the civilian workforce composition; and 15.5 percent Black, nearly 4 percent higher than the civilian workforce composition during this same period. Additionally, TDLR’s workforce was 7.7 percent Asian/Pacific Islander, over 5 percent higher than the overall state agency composition. Although the agency’s workforce is diverse, we will continue to find more ways to reach demographics underrepresented at TDLR.



FISCAL YEAR 2018 WORKFORCE BY OCCUPATIONAL CATEGORY (1ST QUARTER)



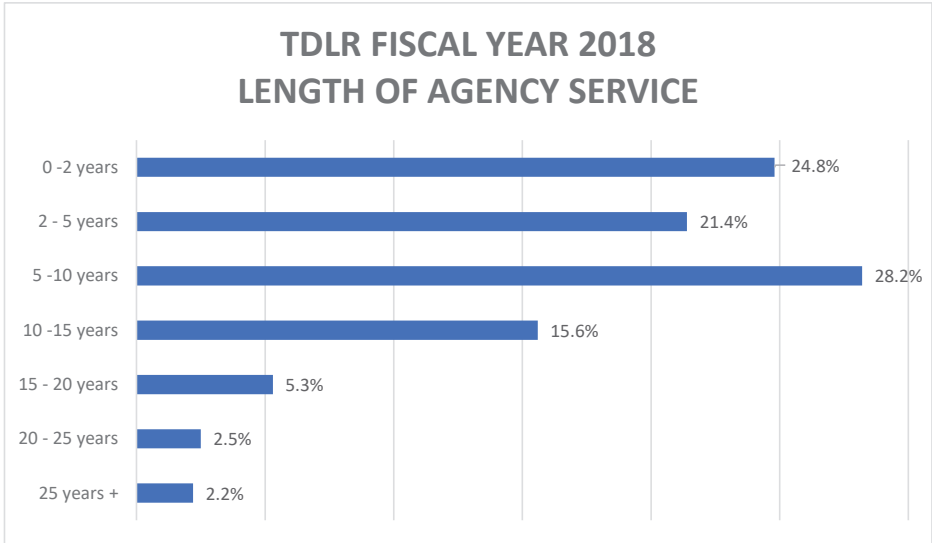
While TDLR is committed to a diverse workforce, 80 percent of TDLR employees are over the age of 40. The overall state agency workforce is comprised of nearly 18 percent of employees under the age of 30, while TDLR's workforce is 3%.

Age	Percent of Workforce
Under the age of 30	3.1%
30 to 39 years of Age	17.5%
40 to 49	33.3%
50 to 59	31.8%
Above 60 years of age	14.3%

AGENCY WORKFORCE PLAN

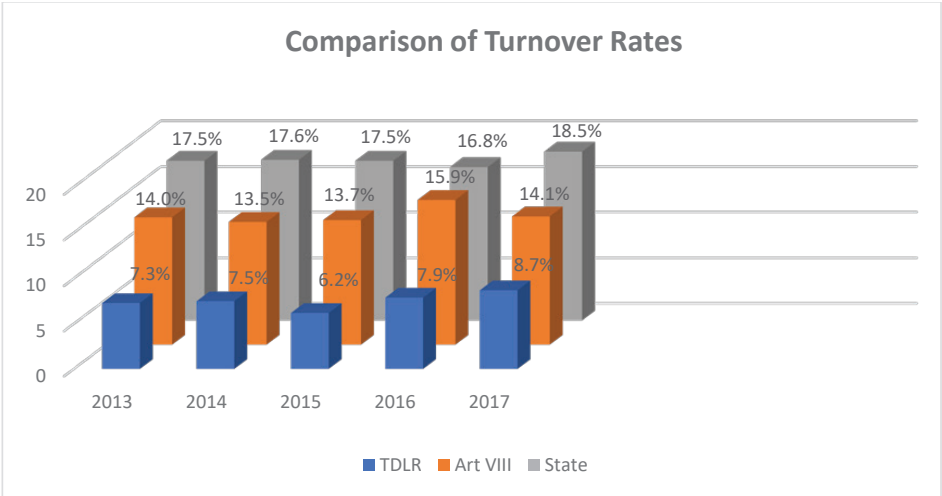
EXPERIENCED WORKFORCE

TDLR values all its employees – those who provide critical knowledge due to their experience with agency programs and those who bring fresh perspectives. Fifty-four percent of TDLR employees have worked for the agency for five or more years. Of the 46 percent of employees who have been with the agency for less than five years, 16 percent had prior experience with programs transferred to TDLR.



EMPLOYEE TURNOVER

Since Fiscal Year 2015, TDLR’s turnover rate has been steadily rising due to an increasing number of retirements. In Fiscal Year 2015, retirements accounted for eight separations. While the turnover rate has remained low, 15 employees retired in both Fiscal Year 2016 and in Fiscal Year 2017. Twenty percent of those completing the State of Texas Employee Exit Survey listed career advancement as the reason for departure. Other reasons listed were better pay or personal and/or family health.



PROJECTED TURNOVER

TDLR projects its turnover rate for the next five fiscal years will continue to be under 10 percent and below the state and Article VIII (other Regulatory Agencies) turnover rate. TDLR’s low turnover rate is attributed to the agency’s engaged leadership and supportive work culture which promotes flexibility, employee recognition, career progression and growth, and extracurricular programs and activities. Seventy-three percent of surveyed employees leaving the agency stated they would want to work for TDLR in the future.



SELECTED POSITIONS AND TURNOVER

In Fiscal Year 2017, license and permit specialists, legal assistants, and administrative assistants comprised 25.5 percent of TDLR's employees yet accounted for 46.5 percent of the agency's turnover. Retirements accounted for 40 percent of separations in these three classifications. Only 9.3 percent of separating employees transferred to another state agency.

Classification	Percent of Total FTEs	Percent of Agency Turnover
License and Permit Specialists	8.5	20.9
Legal Assistants	9.4	14.0
Administrative Assistants	7.4	11.6

GENDER AND TURNOVER

Females comprised nearly 63 percent of TDLR's workforce in Fiscal Year 2017 but accounted for nearly 56 percent of separations.

Gender	Headcount	Separations	Percent of Separations
Female	274.0	24	55.8
Male	165.0	19	44.2

ETHNICITY AND TURNOVER

In Fiscal Year 2017, Hispanics accounted for nearly 34 percent of the agency's employees but nearly 26 percent of separations. Blacks comprised nearly 16 percent of agency staff and a nearly equal percentage of separations.

Ethnicity	Headcount	Separations	Percent of Separations
American Indian	.75	0	0
Asian/Pacific Islander	30.25	1	2.3
Black	69.5	7	16.3
Hispanic	148.5	11	25.6
White	190.0	24	55.8

AGENCY WORKFORCE PLAN

INCREASED RETENTION

TDLR's turnover rate remains consistently lower than the statewide agency turnover rate. We attribute this to leadership's commitment to maintaining a supportive work culture. In addition to the comprehensive state benefits package, TDLR retention strategies include:

Flexibility:

- Flexible work hours, compressed work weeks and telecommuting opportunities;
- Business casual to casual work environment and dress; and
- Open and free communication among staff, including opportunities for feedback through surveys, brainstorming sessions, and staff and town hall meetings.

Employee Recognition:

- Merit increases, salary adjustments, retention contracts, and bonuses;
- "You Can Count On Me" program allows employees to recognize and reward coworkers' contributions by granting administrative leave;
- TDLR Veterans Association to recognize and assist veterans and their families; and
- Length of agency service awards.

Engaged Leadership:

- Committed and focused executive leadership, communication, and vision; and
- Transparency from the executive team, keeping employees informed about issues affecting the agency through town hall meetings, internal newsletters and video updates.

Career Progression and Growth:

- Opportunities for employees to participate in activities instrumental to our success, such as program and bill implementation, bill analysis, cost estimate, and strategic planning teams;
- Knowledge sharing to enrich professional and personal growth;
- Opportunities for employees to cross-train to learn new skills and increase potential for advancement; and
- Internal-only job postings.

Extracurricular Programs and Activities:

- Dynamic Employee Recognition Team that regularly schedules activities to honor and recognize TDLR employees;
- Wellness program to promote nutrition, fitness and stress-relief, including Get Fit Texas Challenge;
- Multi-cultural committee to celebrate diversity;
- Special programs throughout the year to foster cohesiveness such as the State Employee Charitable Campaign Committee, TDLR Talent Show, Employee Appreciation Day and Veterans Day Ceremony;
- TDLR Toastmasters Club; and
- TDLR Veterans' Association to serve as a resource and support for TDLR veteran members and their families.

RETIREMENT ELIGIBILITY

In 2017, 35 percent of TDLR's separations were retirements. This rate is likely to increase as nearly one-third of TDLR's workforce will be eligible to retire within the next five years. TDLR's workforce is comprised of 3.2% of return to work retirees.



CRITICAL WORKFORCE SKILLS

TDLR's workforce possesses critical skills necessary to achieve the agency's vision, mission and goals, including:

- Respect-based and transformational leadership;
- Innovative problem-solving;
- Teamwork and collaboration both internally and with input from advisory boards;
- Legislative and stakeholder outreach;
- Critical response management;
- Resolution-based and next-issue avoidance customer service;
- Leveraging diversity;
- Data-driven decision-making and trend analysis;
- Process and project management;
- Working understanding of statutes, rules, and policies related to TDLR;
- Technical knowledge of TDLR programs;
- Tactical legal and financial services;
- Skillful inspection and investigative techniques;
- Public safety and consumer harm-based resolution of cases;
- Effective communication and public speaking;
- Plain language and multi-lingual skills;
- Constructing or maintaining multiple information technology systems; and
- Proficiency with multiple software applications and hardware systems.

TDLR'S FUTURE WORKFORCE PROFILE

TDLR's vision is to be the best at creating and actualizing 'next' practices that provide low-cost licensing and regulatory services and create an exceptional customer experience. We have a proven record of maximizing efficiencies through process innovation; aligning transferred programs efficiently; and implementing newly developed programs seamlessly. Our success shows that efficient regulatory oversight at the lowest possible cost can be achieved through the strategic allocation of employees, appropriations, and other resources.

TDLR's future workforce must expand to ensure we can continue to deliver exceptional customer service despite increased regulatory responsibilities and a growing licensee population. Although TDLR's responsibilities have consistently increased through population growth and legislative action, TDLR's staff allocation has grown at a significantly lower rate. Our future workforce must continue to be intelligent, innovative, diverse, multi-talented, solution-centered, and customer-focused.

Appropriations are needed to enable us to properly compensate and retain current staff amid a growing cost of living and to recruit and hire exceptional employees in a competitive job market. This will allow TDLR to continue to provide and improve upon the quality of service that the citizens of Texas expect and deserve.

FUTURE WORKFORCE SKILL NEEDS

Over the next five years TDLR expects knowledge and experience gaps resulting from retirements, the addition of new programs, and increased workloads. To respond to these growing challenges, the agency must continue to develop strong leaders and recruit a qualified workforce who can gather, interpret and process information to ensure we meet our licensing and regulatory responsibilities.

AGENCY WORKFORCE PLAN

TDLR WILL REQUIRE:

- Technical experts whose unique professional skills and industry knowledge ensure an understanding of state regulatory requirements.
- Experienced professionals with expertise in procurement, contract review and management.
- Customer Service staff with strong written and oral communication; technological, bilingual, and multi-tasking skills; and problem-solving abilities to match the volume and complexity of inquiries.
- Investigators, prosecutors and legal assistants with skills to resolve the increasing number and variety of complaints in a timely and efficient manner.
- Knowledgeable inspectors with strong communication, technological, bilingual and critical thinking skills to meet both the increasing volume and complexity of inspections and education of licensees across multiple industries.
- Employees with analytical skills to process and review license applications for a growing number of businesses, facilities, equipment, and individuals.
- Information Technology professionals with knowledge in various databases, security protocols, technology support, web development, accessibility, and software applications including legacy systems.
- Personnel with Project Management Professional experience to assist in agency efforts to streamline and implement new programs and responsibilities.

EXPECTED WORKFORCE CHANGES

GROWING RESPONSIBILITIES

TDLR faces greater demands every year due to growth in population and the number of our licensees. The assignment of new programs, as well as transferred programs resulting from the Legislature seeking efficiencies and cost savings, present further challenges for the agency. To meet these challenges, the agency continues to identify efficiencies and utilize staff across functional areas and programs. However, additional resources will be critical to our continued success.

TECHNOLOGY

As the Legislature transfers programs to TDLR, employees must continually sharpen their skills to develop, support and proficiently utilize various legacy databases and software systems. In addition, TDLR is charged with safeguarding confidential information across multiple platforms. To ensure operational efficiency, information security and expanded customer service capabilities, TDLR must address software, hardware, and infrastructure needs. These needs require additional skilled staff, training for current staff and outsourcing. As technology evolves, the need for telecommuting and remote workers will become more prominent. Our infrastructure must keep up with demand.

RETIREMENTS AND SEPARATIONS

Nearly one-third of TDLR employees will be eligible for retirement in the next five years. The potential loss of these employees with essential agency and program knowledge requires constant review of the agency's succession planning. As the Texas economy strengthens, the agency may see an increase in separations due to employees seeking career advancement, professional development, and higher salaries. TDLR also foresees increased competition with the private sector, limiting the number of available employees with the necessary skill sets to achieve our mission.



INCREASE IN STAFF NEEDED

As the population of Texas and the number of programs TDLR regulates continue to grow, TDLR anticipates an increase in the agency's workload resulting in the need for additional employees. Appropriations are needed to attract and retain skilled staff to continue to deliver cost-effective customer service, safeguard the public, and ensure an efficient regulatory environment.

GAP ANALYSIS

ANTICIPATED SHORTAGE IN KEY STAFF

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

- Thirty-two percent of TDLR's workforce will be eligible for retirement within the next five years, including 57 percent of our directors and managers.
- TDLR's workforce does not reflect the growing number of millennials and members of Generation Z entering the workplace, with three percent of TDLR's current workforce under the age of 30.
- TDLR continues to face challenges in attracting and retaining skilled technical experts.

ANTICIPATED SHORTAGE OF SKILLS

TDLR aggressively recruits, trains, and retains a diversely skilled staff, but continues to see a shortage of skills in the following areas:

COMMUNICATION

TDLR needs staff skilled in written and verbal communication, including those who are multilingual. TDLR has increased its retention of employees fluent in other languages. However, there is a rising demand for employees speaking Mandarin, due to the licensee population from the recently transferred Massage Therapy program.

TECHNOLOGY

TDLR needs staff capable of maximizing the use of available technology and information systems.

TRAINING

As our responsibilities grow, we must enhance the skills of our workforce through innovative training and professional development opportunities. Capable, cross-trained, and technology-savvy employees are vital to delivering low-cost licensing services and successful regulatory "next" practices.

AGENCY WORKFORCE PLAN

STRATEGY DEVELOPMENT

The following sections outline how TDLR will address our anticipated workforce gaps.

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

Goal: Continue developing critical skills in current staff to maintain successful administration of programs.

Rationale: Executive and divisional leadership as well as staff throughout the agency with indispensable knowledge are eligible for retirement.

Action: The agency will formalize existing efforts that promote the transfer of institutional and technical knowledge across the workforce through mentoring, job shadowing, and cross-training. This will allow less-tenured staff to work with senior subject-matter experts to develop and sharpen specific skills.

Issue: Attracting and retaining workers within a growing generational demographic.

Goal: Increase hiring and retention of employees who recently entered the workforce to maintain diversity.

Rationale: TDLR is committed to employing a qualified and diverse workforce. Only 13 of TDLR's 465 FTEs are filled by employees under 30.

Action: TDLR will broaden recruitment efforts to identify qualified individuals who have recently entered the workforce and who possess knowledge and skills critical to an innovating agency. We recognize that knowledge and skills may be obtained in a multitude of settings, including military experience and online education. To attract this dynamic and evolving workforce, we must consider using nontraditional tools to recruit and evaluate applicants, as well as nontraditional credentials and assessments of qualification. In addition, we will continue to improve outreach efforts and coordinate with technical schools, colleges, and universities to generate interest in and promote opportunities available at TDLR. TDLR's existing internship program will also be reviewed to determine if we can expand the eligibility pool to provide a greater number of students with an opportunity to experience TDLR.

Issue: Need to develop critical and future workforce skills to meet the agency's growing demands.

Goal: Provide innovative training and meaningful professional development opportunities that equip employees with the tools to contribute to TDLR's vision, mission, and goals.

Rationale: The agency's responsibilities require employees to expand their knowledge of transferred and new programs, use multiple systems, and develop additional competencies. Training and professional development efforts must be expanded to ensure employees are equipped with the requisite skills and motivation to achieve agency goals.

Action: TDLR has always emphasized growing leaders from within the agency and will continue to offer a wide range of training opportunities to all employees. Training will be individualized to meet division-specific needs and program requirements. We are currently expanding mandatory management training to address effective leadership, recruitment, retention and performance development strategies. We will periodically identify and prioritize training needs throughout the agency.