# AGENCY OVERVIEW

The Texas Department of Licensing and Regulation (TDLR) serves Texans by providing low-cost licensing and regulatory services that encompass a wide range of programs professions, occupations, businesses, facilities, and equipment. By Fiscal Year 2021, TDLR will issue over 234 license types within 40 programs to more than a million licensees. Uniform processes are applied to license application development, facility inspection, complaint investigation, violation prosecution, curriculum review, and examination development through a functionally aligned organizational structure.

TDLR, in its infancy, began as the Bureau of Labor Statistics in 1909. The Bureau was tasked with collecting and reporting statistical information to the Governor regarding labor and industry within the state of Texas. Gradually, the Bureau's responsibilities increased to include the administration and enforcement of laws impacting the health and safety of employees, employers, and the public. In 1973, the agency's name evolved to the Texas Department of Labor and Standards. In 1989, the agency was renamed the Texas Department of Licensing and Regulation and the Commission of Licensing and Regulation was created to act as the agency's governing body.

TDLR's proven success in innovating and streamlining programs has resulted in a steady increase in the agency's responsibilities. In 2019, the 86th Legislature transferred oversight of the Motor Fuel Metering and Quality, and Motorcycle Operator Training and Safety programs to TDLR. Additionally, TDLR received funding to establish an anti-trafficking unit to work with law enforcement and non-governmental agencies to investigate suspected human trafficking in its regulated programs. TDLR has continued to make great strides in the transformation of these new and existing programs, even while faced with the challenge of the COVID-19 pandemic.

TDLR will continue to be transformative and innovative as it uses available technology and resources to respond to current and future challenges. Protecting the health and safety of our employees and Texans, while practicing fiscal restraint and balancing the needs of licensees, remains TDLR's top priority.

# AGENCY VISION, MISSION, AND PHILOSOPHY

While TDLR's vision, mission, and philosophy currently remain unchanged, revisions may occur during the next five-years as the agency adapts to the challenges resulting from the COVID-19 pandemic and the changing needs of Texans.

## 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.

**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:** Fully implement and administer the recommendations resulting from the Sunset review process.

**Objective:** Eliminate inefficiencies, remove redundancies and simplify interactions to improve TDLR regulatory program services, ensuring the agency is responsive to elected representatives and the people of Texas.

**Goal:** Improve efficiencies, streamline rules, and decrease regulatory burdens by removing redundancies and eliminating process bottlenecks for all TDLR programs.

**Objective:** Identify and maintain efficiencies to eliminate regulatory burdens and improve agency processes, while ensuring licensees and consumers are provided exceptional services.

**Goal:** Focus the agency's regulatory and educational outreach efforts on protecting public health and safety, combatting human trafficking, and preventing consumer harm.

**Objective:** Prioritize enforcement efforts to promptly resolve complaints that ensure consumer protection while protecting public health and safety by educating consumers and licensees about regulated industries.

**Goal:** Position TDLR to respond effectively to the next pandemic, natural disaster, or crisis.

**Objective:** Ensure TDLR's ability to continue to provide exceptional service during critical and emergency events while proactively identifying methods to minimize the harmful impact of unforeseen events on the livelihood of licensees and Texans.

**CORE BUSINESS FUNCTIONS**

TDLR's core business functions include the licensing and regulation of a variety of professionals, occupations, businesses, facilities, and equipment. The agency is functionally aligned into three key areas: Licensing Services; Regulatory Services; and Administrative Services and Strategic Response.

Licensing Services includes:

- *Licensing* – evaluates applications to issue and renew licenses.
- *Customer Service* – responds to public and licensee inquiries through phone, email, social media, and personal interaction at the front desk lobby.
- *Education and Examination* – reviews and approves school applications, continuing education providers and courses, and manages licensing examination development.

Regulatory Services includes:

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

Administrative Services and Strategic Response includes:
- *Information Technology* – develops, maintains and oversees TDLR's cybersecurity, software development, and IT infrastructure.
- *Financial Services* – provides budget, revenue, expenditure, reporting, and contracting and procurement services for the agency.
- Strategic Response – prepares for and responds to critical and/or emergency events and oversees continuity of operations.
- Asset and fleet management

Executive Director oversight exists for the following functions:
- executive management, legal counsel, human resources, project management and transformation, and support for the Commission.
- legislative outreach, public relations, internal communication, advisory board support, anti-trafficking initiatives and web and social media services.

# CURRENT WORKFORCE PROFILE

## CRITICAL WORKFORCE SKILLS

To achieve the agency's vision, mission and goals, employees demonstrate a high level of proficiency in a variety of critical skills including:
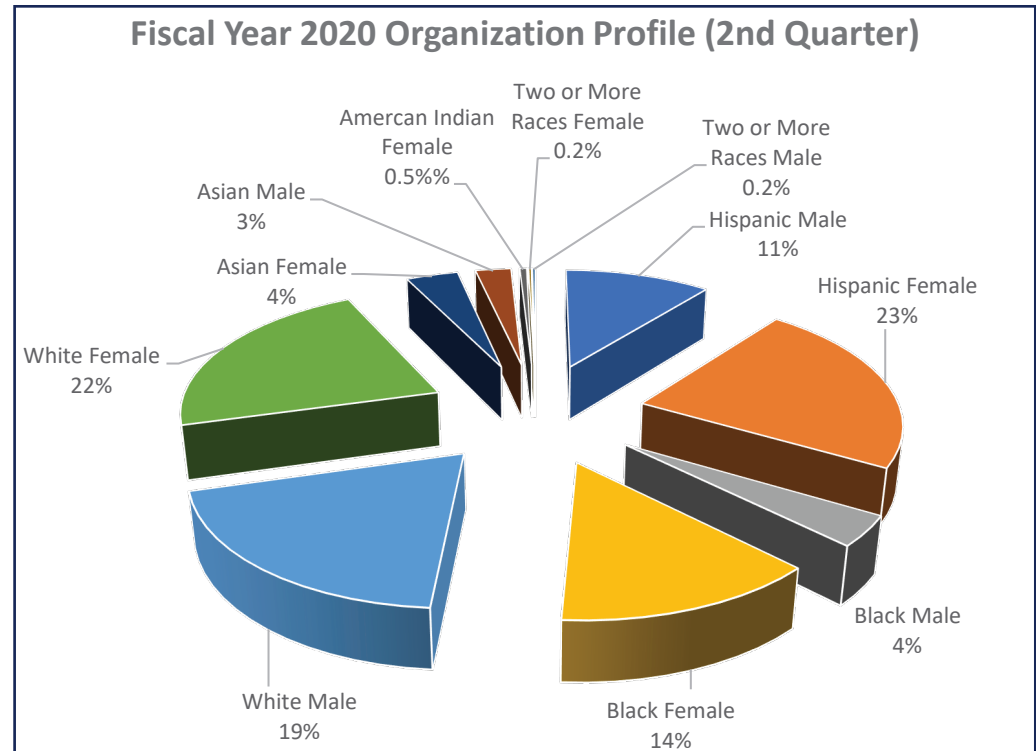
- Internal and external teamwork and collaboration;
- Working knowledge of laws, regulations, rules, and policies applicable to TDLR;
- Technological proficiency with multiple software applications and hardware systems;
- Resolution-based and next-issue avoidance customer service;
- Innovative critical thinking and problem-solving;
- Critical response management;
- Data-driven decision-making and analysis;
- Respect-based and transformational leadership;
- Legislative and stakeholder outreach;
- Effective organizational and time management skills;
- Research and information analysis;
- Cultural competency and awareness;
- Process and project management acumen;
- Technical understanding of TDLR programs;
- Tactical legal and financial services;
- Skillful inspection and investigative techniques;
- Electronic reporting;
- Public safety and consumer protection-based resolution of cases;
- Effective communication and public speaking;
- Plain language and multi-lingual skills;
- Inventory and asset management; and
- Database development, management and integration.

**DIVERSE WORKFORCE DEMOGRAHICS**

Due to an increased licensee population and growing responsibilities, TDLR's authorized workforce for Fiscal Year 2020 is 555.2 full-time equivalent (FTE) positions, an increase of 17.8% from the previous fiscal year. That number will increase by 1.5% in Fiscal Year 2021 to 564.2 FTE positions. Of these FTEs, over 80 percent work in TDLR's Austin offices, while nearly 20 percent work in locations throughout the state. TDLR, a proud member of the We Hire Vets employer recognition program, is committed to employing veterans, who currently comprise 12.9 percent of the agency's workforce.

**COMMITMENT TO A QUALIFIED AND DIVERSE WORKFORCE**

TDLR is commited to providing equal employment opportunities to its dedicated, talented and diverse workforce.

### Fiscal Year 2020 Organization Profile (2nd Quarter)

- American Indian Female 0.5%%
- Two or More Races Female 0.2%
- Two or More Races Male 0.2%
- Hispanic Male 11%
- Hispanic Female 23%
- Asian Male 3%
- Asian Female 4%
- White Female 22%
- Black Male 4%
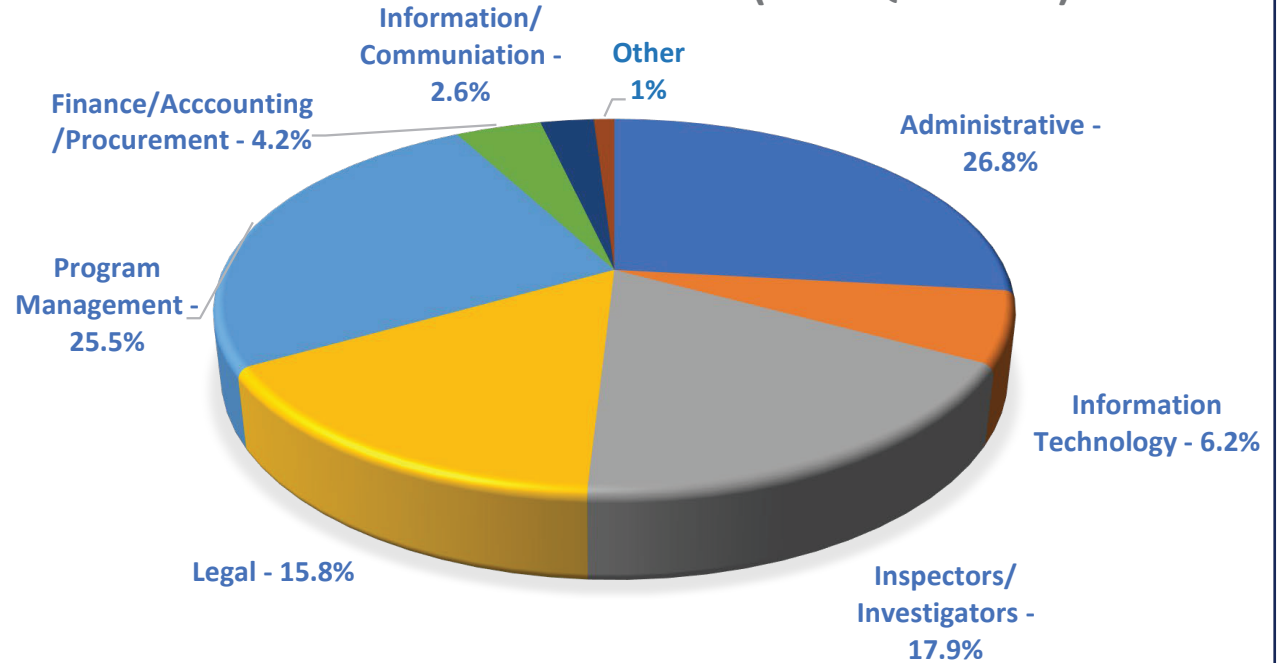- Black Female 14%
- White Male 19%

The agency's workforce was 33.5 percent Hispanic, less than four percent lower than the civilian workforce composition; and 17.6 percent Black, nearly four percent higher than the civilian workforce composition during this same period.



Nearly 80 percent of TDLR employees are over the age of 40, while the overall state agency workforce is comprised of almost 58 percent of employees in that same demographic. 31 percent of TDLR employees are eligible for retirement in the next five years. Four percent of agency employees are return-to-work retirees.

TDLR's employment of individuals under the age of 40 is approximately 35 percent lower than the state agency workforce composition. Although TDLR maintains a diverse workforce, we will continue efforts to attract and recruit employees in underrepresented demographics.

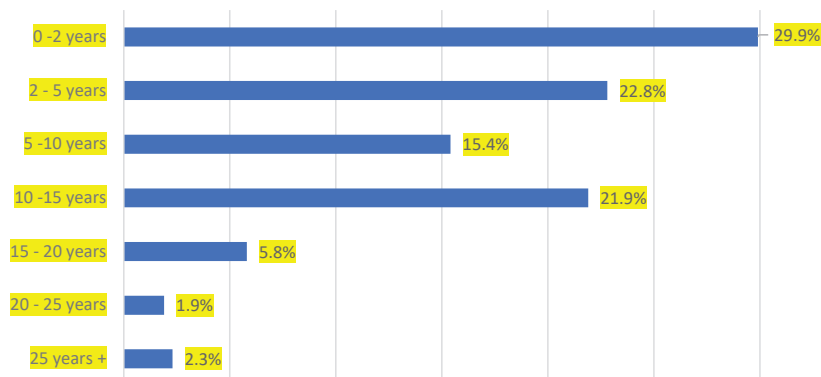## FISCAL YEAR 2020 WORKFORCE BY OCCUPATIONAL CATEGORY (2ND QUARTER)



- Information/Communiation - 2.6%
- Other - 1%
- Finance/Acccounting/Procurement - 4.2%
- Administrative - 26.8%
- Program Management - 25.5%
- Information Technology - 6.2%
- Legal - 15.8%
- Inspectors/Investigators - 17.9%

| Age | Percent of Workforce |
|---|---|
| Under the age of 30 | 4.7% |
| 30 to 39 years of Age | 17.8% |
| 40 to 49 | 29.6% |
| 50 to 59 | 33.8% |
| Above 60 years of age | 14.1% |

Due to TDLR's growth, over 52 percent of employees have worked for the agency for less than five years. While many of these employees have experience in programs regulated by TDLR, they also offer a fresh perspective that complements the critical knowledge transferred to them by more tenured staff.

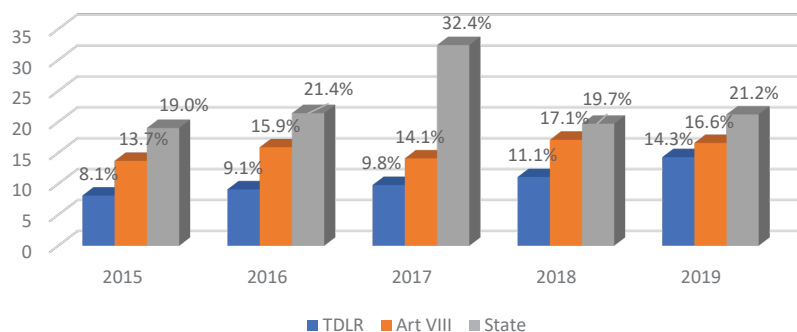## LENGTH OF AGENCY SERVICE FISCAL YEAR 2020



- 0 -2 years: 29.9%
- 2 - 5 years: 22.8%
- 5 -10 years: 15.4%
- 10 -15 years: 21.9%
- 15 - 20 years: 5.8%
- 20 - 25 years: 1.9%
- 25 years +: 2.3%

## EMPLOYEE TURNOVER

While TDLR's turnover rate has remained lower than the state and regulatory average, since Fiscal Year 2015 the agency's turnover rate has been steadily rising. While 28 percent of those employees transferred from TDLR to another state agency, 34 percent left state employment. In addition, retirements accounted for 26 percent of agency separations, more than double from the previous year. 30 percent of those completing the State of Texas Employee Exit Survey listed better pay as the reason for departure, with 60 percent indicating the new positions provided better pay. Although separations have increased, 80 percent of surveyed employees leaving the agency stated they would want to work for TDLR in the future.

### Comparison of Turnover Rates



|  | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| TDLR | 8.1% | 9.1% | 9.8% | 11.1% | 14.3% |
| Art VIII | 13.7% | 15.9% | 14.1% | 17.1% | 16.6% |
| State | 19.0% | 21.4% | 32.4% | 19.7% | 21.2% |

## SELECTED POSITIONS AND TURNOVER

In Fiscal Year 2019, employees in the attorney, manager and purchaser classifications comprised 10.2 percent of TDLR's employees yet accounted for 17.7 percent of the agency's turnover. Retirements accounted for only 2.9 percent of separations in these three classifications.

| Classification | Percent of Total FTEs | Percent of Agency Turnover |
|---|---|---|
| Attorney | 4.1 | 7.4 |
| Manager | 5.4 | 7.4 |
| Purchaser | 0.7 | 2.9 |

## GENDER AND TURNOVER

In Fiscal Year 2019, TDLR's workforce was composed of 63 percent female and 37 percent male. Turnover in the male demographic was slightly higher than the agency composition for that demographic.

| Gender | Headcount | Separations | Percent of Separations |
|---|---|---|---|
| Female | 300.0 | 40 | 58.8 |
| Male | 176.0 | 28 | 41.2 |

## ETHNICITY AND TURNOVER

In Fiscal Year 2019, separations were proportionate in relation to the agency composition for each ethnicity.

| Ethnicity | Headcount | Separations | Percent of Separations |
|---|---|---|---|
| Asian | 32.0 | 6 | 8.8% |
| Black | 81.25 | 11 | 16.2% |
| Hispanic | 163.75 | 22 | 32.4% |
| White | 195.25 | 29 | 42.6% |

**PROJECTED TURNOVER**

TDLR projects its turnover rate for the next five fiscal years will fluctuate due to the current global economic uncertainty but anticipates separations will remain below that of state and Article VIII averages. During this unprecedented time, TDLR has maintained our commitment to a supportive work culture which promotes flexibility, employee recognition, career progression and growth, and extracurricular programs and activities, factors that have contributed to increased retention and our low turnover rate.

**INCREASED RETENTION**

TDLR successfully recruits and retains diverse and highly qualified employees who are skilled to carry-out TDLR's mission, vision and goals. We attribute our low turnover rate to our leadership and employees embodying our Core Values, transparency in agency initiatives, organizational cohesion, and opportunities for professional growth and advancement. TDLR's active recruitment and retention of veterans resulted in TDLR earning the "We Hire Vets" designation from the Texas Workforce Commission, recognizing at least 10 percent of our workforce are veterans.

**Flexibility:**

- Remote and telecommuting work opportunities;
- Adapting to COVID-19 pandemic by modifying TDLR work environments that include  locations, technology adjustments and responsibilities;
- Work life balance encouraged with hours flexible and compressed work schedules; and
- Business casual environment.

**Employee Recognition:**

- Peer recognition notices in weekly agency newsletter;
- "You Can Count on Me" peer recognition program that rewards exceptional core value driven performance by granting employees administrative leave;
- Agency length of service awards;
- Town Hall recognition from Leadership for exceptional work performance; and
- Merit increases, retention contracts, and bonuses, salary adjustments, and sign-on bonuses.

**Career Progression and Growth:**

- Peer and management mentoring;
- Cross-training opportunities to advance skills and knowledge;
- Professional growth through bill analysis and implementation, cost estimate, and strategic planning special projects;
- Trainings provided by HR staff on application process and interviewing skills;
- Internal-only job postings; and
- Robust personal and professional development platform through LinkedIn Learning.

**Extracurricular Programs and Activities:**

- Variety of Wellness Program initiatives to promote healthy behaviors, physical activity, and work life balance;
- Employee Recognition Team (ERT) that regularly hosts events and activities to promote employee morale, culminating in a biennial agency luncheon;
- TDLR's Veterans' Day luncheon and recognition program;
- Veterans' Association provides resources and support for TDLR veteran members and their families;
- TDLR Chapter of Toastmasters International, teaching public speaking and leadership skills, held on-site at no cost to employee for membership;
- TDLR's State Employee Charitable Campaign Committee that promotes activities to raise funds and generate camaraderie among staff.

## TDLR'S FUTURE WORKFORCE PROFILE

TDLR employs a highly qualified workforce, performing complex and diverse duties in a variety of program and technical areas. Our future workforce must continue to be intelligent, innovative, multi-talented, culturally competent, customer-focused, and solution-centered. Further developing the technological competence of all staff emerged as a focus for the future workforce to ensure seamless continuity of operations in the wake of critical and emergency events such as the global COVID-19 pandemic.

Maintaining TDLR's workforce and broadening the skillset of current employees is vital to TDLR continuing to achieve our vision of providing low-cost licensing and regulatory services and an exceptional customer experience. TDLR has demonstrated the ability to effectively align transferred programs, seamlessly implement new programs and innovate processes to maximize efficiencies in existing programs. Our success shows that efficient regulatory oversight at the lowest cost possible can be achieved through the strategic allocation of employees, appropriations, and other resources. TDLR's responsibilities have consistently increased through population growth and legislative action, although TDLR's staff allocation has grown at a lower rate. In consideration of the economic impact of the COVID-19 pandemic, even greater efforts are being directed toward effectively training and developing current staff to adapt to evolving responsibilities. Maintaining appropriations to properly compensate and retain staff with increased workloads will enable TDLR to continue to provide and enhance the quality of service citizens of Texas deserve.

### FUTURE WORKFORCE SKILL NEEDS

Over the next five years, TDLR anticipates a gap in technical experience and institutional knowledge due to increased workloads, the alignment of new and current programs, and retirements. Organizational development efforts to train and mentor our current workforce along with recruitment and retention strategies will enable us to attract and maintain a diverse and highly skilled workforce.

## TDLR WILL REQUIRE:

- Employees with technological competence and analytical skills to create a virtual work process throughout the agency.
- Information Technology professionals with knowledge in information security, technology support, web development, accessibility, and software applications.
- Technical experts whose unique professional skills and industry knowledge ensure an understanding of state regulatory requirements.
- Customer Service staff with strong written and oral communication; technological, bilingual, and problem-solving abilities to match the volume and complexity of inquiries.
- Employees with analytical skills to process and review license applications.
- Inspectors with strong communication, technological, bilingual and critical thinking skills to meet the complexity of inspections and educate licensees across multiple industries.
- Investigators, prosecutors and legal assistants with skills to timely and efficiently resolve an increasing number and variety of complaints.
- Project management professionals to streamline and implement process innovations and programs.
- Experienced professionals with procurement, contract review, and management expertise.

## EXPECTED WORKFORCE CHANGES

### ADAPTING TO GROWING AND SHIFTING RESPONSIBILITIES

As the population of Texas and the number of programs TDLR regulates continue to grow, TDLR anticipates an increase in the agency's workload. To continue to deliver cost-effective customer service, safeguard the public, and ensure an efficient regulatory environment, TDLR must maintain our current workforce and retain skilled staff. TDLR's commitment to developing multi-functional employees for interdivisional sharing of responsibilities will continue to be vital to our success. The COVID-19

pandemic significantly impacted the work of employees, increasing the workload for some divisions, and affecting the fluidity of operations. TDLR is addressing this by distributing the workload throughout multiple divisions, a collaboration which promotes cross-training, contributes to the transfer of institutional and technical knowledge, and increases the efficiency of operations. Employees must remain skilled at adapting to changing tasks and priorities and develop a range of program knowledge.

TDLR is currently undergoing a review by the Sunset Advisory Commission. We anticipate some program changes will occur and may contribute to an adjustment of employee responsibilities which will align with existing efforts. In addition, the ongoing transition of the Motor Fuel Metering and Quality and the Motorcycle Operator Training and Safety Program will expand the scope and breadth of the TDLR's responsibilities into new areas. While many of the critical skills needed to properly oversee these programs are possessed by staff, subject-matter expertise in this area must be developed. While TDLR has successfully recruited subject matter experts to join its workforce, the agency must respond to retention challenges such as retirement eligibility to ensure the transfer of program knowledge to all employees. To meet these growing and shifting responsibilities, the agency must continue to utilize staff across functional areas and programs, while maintaining current full-time equivalent allocations.

## TECHNOLOGY

The COVID-19 pandemic response requires a well-functioning, adaptive workforce who can perform virtually and readily serve licensees and the public with the same degree of excellence in customer service absent face-to-face interaction or in-office resources. TDLR's response to this ongoing challenge is to modify internal processes and policies to allow work-from-home. Information Technology staff has moved quickly to equip employees to telework. In this unprecedented circumstance, we continue to evaluate the technical viability of an adaptive workforce based on our network capacity and resources. We also continue to assess internal processes for carrying out agency functions through a virtual work environment. To prepare for future critical and emergency events, all staff must be technologically competent and able to proficiently use databases, software applications and technical hardware.

## RETIREMENTS AND SEPARATIONS

Nearly one-third of employees will be eligible for retirement in the next five years. The potential loss of these employees with vital institutional and technical knowledge requires continued careful succession planning.

# AGENCY WORKFORCE PLAN

**TDLR**
**TEXAS DEPARTMENT OF
LICENSING & REGULATION**

## GAP ANALYSIS

### ANTICIPATED SHORTAGE IN KEY STAFF

The following gaps between anticipated needs and current workforce have been identified:

- A significant number of employees who possess institutional knowledge are eligible for retirement. 31 percent of TDLR's workforce will be eligible for retirement within the next five years, including nearly 47 percent of our directors and managers.
- TDLR has an aging workforce which impacts succession planning. The agency's workforce does not reflect the growing number of members of Generations Y and Z entering the workplace with these generations accounting for one-third of the country's workforce but less than 23 percent of TDLR's current workforce.

### ANTICIPATED SHORTAGE OF SKILLS

TDLR aggressively recruits, trains, and retains a diversely skilled staff, but continues to see a shortage of technology and technical program skills. TDLR needs staff capable of maximizing the use of available technology and information systems. Additionally, the agency has been challenged, due to competition from the private sector, in recruitment of employees with experience in regulated technical areas such as air-conditioning and refrigeration, boilers, elevators, electrical and industrialized housing and buildings.

## 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:** TDLR's Office of Project Management and Transformation (OPTM) has begun evaluating divisions for transformation opportunities. OPTM and Human Resources will formalize efforts to identify divisions where career progression tracks can be defined through promotion and reclassification opportunities, allowing staff to take on additional responsibilities and leadership to develop staff. In addition, we will formalize documentation of processes and procedures for core functions and produce guidance documents to record the protocol used for decision-making. We will also assign backups to positions where gaps are identified and continue efforts for 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. Less than five percent of TDLR's 519 FTEs are filled by employees under 30.

**Action:** TDLR will continue recruitment efforts to identify qualified individuals who have more recently entered the workforce and possess critical knowledge and skills. TDLR has significantly increased outreach efforts at job fairs but must broaden the scope of our efforts to identify applicants with experience in skilled technical trades regulated by TDLR. TDLR's existing internship program is also being refined to expand the eligibility for students and recent graduates to experience TDLR.

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

**Goal:** Provide tactical training that strengthens skillsets and abilities of all employees to contribute to TDLR's vision, mission, and goals.

**Rationale:** The agency's responsibilities require employees to expand their knowledge of programs, use multiple systems, and develop additional technological competencies to create efficiencies and maximize productivity.

**Action:** TDLR will carefully curate training to meet division-specific technological needs, program requirements, and fill knowledge gaps.

**Issue:   TDLR has been challenged, due to competition from the private sector, in prospective employees with experience in regulated technical areas.**

**Goal:**  Attract employees with experience in regulated technical areas.

**Rationale:**  TDLR has had minimal success in recruiting qualified applicants to fill vacancies in our regulated technical areas**.**

**Action:**  Offer competitive salaries, benefits, and recruitment contracts; and promote awareness of TDLR's flexible work schedules, telecommuting opportunities, employee recognition and the wellness program to attract qualified applicants.