



Agency Workforce Plan

Section I: Overview

The mission of TABC 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 (Code).

TABC regulates all phases of the alcoholic beverage industry in Texas, including sales, taxation, importation, manufacturing, transportation, and advertising of alcoholic beverages. Some TABC employees are commissioned peace officers (CPOs), known as TABC agents. They inspect businesses licensed or permitted by the agency and investigate alleged violations of the Alcoholic Beverage Code and other state laws. TABC agents provide a day-to-day public safety presence at more than 58,000 licensed businesses across the state. Other employees work to ensure applicants for licenses and permits have no disqualifying properties, such as prohibited ownership interest in another tier of the industry, criminal history, or current indebtedness to the state for taxes. Agency auditors ensure compliance with regulatory and tax requirements authorized by the Code. Regulatory Compliance Officers (RCOs) ensure persons importing alcoholic beverages and cigarettes at ports of entry along the Texas-Mexico border comply with the legal requirements for the importation of alcoholic beverages and cigarettes and pay the appropriate taxes. RCOs are also responsible for stemming the personal importation of hazardous alcoholic beverages through the ports of entry to ensure public health.

TABC's operations typically result in the collection of approximately \$300 million annually in taxes and fees, which aids in financing the state's public schools, local governments, and human services.



The Code directs TABC to:

1. Protect the public safety by educating license and permit holders and investigating alleged public safety offenses in licensed locations.
2. Grant, deny, suspend, or cancel licenses and permits in all phases of the alcoholic beverage industry.
3. Supervise, inspect and regulate the manufacturing, importation, exportation, transportation, sale, storage, distribution and possession of alcoholic beverages.
4. Assess and collect fees and taxes.
5. Investigate potential violations of the Code and assist in the prosecution of violators.
6. Seize illicit beverages.
7. Adopt standards of quality and register alcoholic beverages to be sold in Texas.
8. Pass rules to assist TABC in all the aforementioned actions.

Organizational Structure

The policymaking body of TABC is a five-member governing board appointed by the Governor with the advice and consent of the Senate. Commissioners hold office for staggered terms of six years, with the term of one or two members 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. Commissioners serve without salary.

The commission consists of Chairman Kevin J. Lilly of Houston, the Honorable Jason Boatright of Dallas, Commissioner Deborah Gray Marino of San Antonio, Commissioner Jason S. Adkins of El Paso, and Commissioner Hasan K. Mack of Austin.

An Executive Director, appointed by the five-member governing board, directs the daily operations of TABC in a line-item exempt position. A. Bentley Nettles retired as Executive Director in FY 2022. The commission posted the position in May and hopes to fill the position by the end of the fiscal year. As part of his role as Deputy Executive Director and Chief of Staff, Matthew Chaplin has assumed the duties of the Executive Director until the position is filled. 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.



The executive management team consists of the:

- Deputy Executive Director and Chief of Staff.
- Deputy Executive Director of Enforcement.
- Deputy Executive Director of Business and Revenue Operations.
- Inspector General.
- General Counsel and Chief Deputy General Counsel.
- Director of Strategic Initiatives and Performance Improvement.
- Director of Communications.
- Director of External Relations.
- Director of Government Relations.
- Director of Recruiting.

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

TABC's organizational structure is illustrated in Figure 1 (next page).

Figure 1. Organizational Chart



Organizational Chart

Executive Division





The executive management team helps ensure employees have the equipment, resources, and leadership support required to function effectively. TABC's remaining workforce is distributed between the three Deputy Executive Directors, empowering them to engage and manage the agency's 500-plus employees effectively. These three components of TABC's core business functions ensure its goals and strategies are accomplished:

- Business and revenue operations
- Enforcement
- Support services

To effectively lead the employees spread across the state, TABC has divided its offices into five geographic regions. A Regional Leadership Team has been entrusted with the responsibilities and accountability for the staff in offices under their leadership.

Core Business Functions

1. BUSINESS AND REVENUE OPERATIONS

The agency's Business and Revenue Operations divisions typically assess and collect approximately \$300 million annually for the State of Texas. These divisions make up almost 30% of the TABC workforce and include Licensing, Excise Tax and Marketing Practices, and Ports of Entry. Employees in these divisions interface directly with tens of thousands of Texans who are currently doing business in the alcoholic beverage industry or are applying to begin their operations.

Licensing Division

The Licensing Division investigates and processes applications for all phases of the industry including the manufacture, sale, purchase, transportation, storage, and distribution of alcoholic beverages. This is one of the larger divisions within TABC, making up 10% of the TABC workforce with employees across all TABC regions in Texas. Customer service is a priority for this division, as they are often the first contact a member of the public has with TABC. Licensing staff must ensure that each applicant qualifies to hold a TABC license or permit and adheres to all applicable regulatory



requirements. Licenses and permits are issued for a period of two years. On average, 78,000 licenses and permits are issued each year by the Licensing Division.

Excise Tax and Marketing Practices Division

The Excise Tax and Marketing Practices Division is charged with carrying out the taxing authority of the agency. This division is relatively small, with 12 positions located at TABC's headquarters. Division personnel receive, process, and audit monthly excise tax reports to ensure appropriate taxes have been paid and that other reporting requirements are met in accordance with the Code. The division is also responsible for monitoring the advertising of alcoholic beverage products as well as the testing and registration of those products in Texas.

Ports of Entry Division

The Ports of Entry Division is the largest division within Business and Revenue Operations, making up 15% of the TABC workforce. The division oversees more than 80 regulatory compliance officers who are responsible for enforcing personal importation laws and collecting taxes and fees on alcoholic beverages and cigarettes brought into Texas from other countries. Cigarette taxes are collected on behalf of the Texas Comptroller of Public Accounts. In addition to tax collection, regulatory compliance officers play a vital role in protecting public health and safety by stopping illicit products, which may be harmful for consumption, from entering the Texas market. The officers are stationed at all major bridges along the Texas-Mexico border and at the Galveston seaport. TABC began manning the Galveston seaport cruise lines in 2014, while the agency has had a presence at the land ports since 1936. Currently, Texas is the only state that collects import tax on cruise lines.

2. ENFORCEMENT

TABC's Enforcement Division is charged with executing the agency's law enforcement and investigations missions in support of public safety. Enforcement is TABC's largest group, totaling 44% of the workforce. Importantly, Enforcement is the tip of the spear in the agencywide effort to disrupt and dismantle organized criminal activity, including human trafficking, in Texas. With a robust and growing alcoholic beverage industry, Enforcement constantly adapts by reprioritizing, restructuring and reorganizing. Enforcement employs the majority of TABC's commissioned peace officers (CPOs), including those serving in the Law Enforcement Division, the Special Investigations Unit,



the Financial Crimes Unit and the Target Responsibility for Alcohol-Connected Emergencies (TRACE) unit.

Law Enforcement Division

Staff perform both enforcement and compliance functions, which involve criminal and administrative enforcement of the state's alcoholic beverage laws. CPOs inspect premises licensed by TABC and investigate alleged violations of the Code. Enforcement agents also provide training to permit holders and their employees by request and as a remedial measure in response to violations by permit holders. In addition, CPOs collaborate with and give presentations to other law enforcement agencies to promote a better understanding of the law and the roles and responsibilities of TABC.

Investigative Units

The Special Investigations Unit (SIU), through undercover operations, identifies and investigates habitual patterns of at-risk behavior of people and entities with TABC-issued licenses or permits. The SIU exercises administrative and criminal powers to ,disrupt and dismantle organized criminal activity on licensed premises. This unit continues to see increased demands with its particularly useful skillset for combating human trafficking.

The Financial Crimes Unit (FCU) focuses on the detection, investigation, and prevention of finance-related crimes by people and entities with a TABC-issued license or permit. FCU investigations include money laundering, prohibited tier relationships, tax fraud, business and corporate fraud, and other organized financial crimes. FCU is also a crucial tool for identifying human trafficking operations and related crimes.

The TRACE Unit conducts thorough investigations of alcohol-related incidents involving serious bodily injury or death when there is a reasonable expectation evidence can be obtained as to the source of the alcohol. TRACE collaborates with local and state law enforcement agencies in these investigations. The most common investigations involve two types of incidents: Motor Vehicle Crashes and Aggravated Breaches of the Peace.



3. SUPPORT SERVICES

TABC's indirect administration and support division staff amount to less than a quarter of the workforce. Divisions overseen by the Chief of Staff, who also serves as a Deputy Executive Director, include Business Services, Human Resources, Innovation and Technology, Audit and Investigations, External Affairs, and Government Relations. Other support divisions are overseen by the Executive Director, including Legal Services, Strategic Initiatives and Performance Improvement, and Communications. The Training Division is overseen by the Office of Inspector General. Employees in these divisions provide the critical foundational support services necessary for operations to ensure the right people and resources are in place to accomplish TABC's mission and ensure that licensed businesses adhere to the regulatory requirements of the Code.

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, research and planning, as well as preparation and oversight of TABC's legislative appropriations request, annual financial report, and performance reports. The division's general services section is responsible for purchasing, records retention, real and personal property management, facilities leasing, fleet management, mail center operations, and warehousing.

Human Resources

The Human Resources Division manages employment-related policies and programs, including recruitment, selection, benefits and compensation, classification, employee relations, and risk management. Human Resources also manages the ethics and equal employment opportunity programs.

Innovation and Technology

The Innovation and Technology Division (ITD) is responsible for developing and maintaining the core technology applications for the agency. ITD establishes and supports the technology infrastructure that facilitates agency operations and is charged with researching and analyzing new technologies to solve business problems and increase efficiencies across the agency.



Audit and Investigations

The Audit and Investigations Division is the largest support division, making up 10% of the TABC workforce. Most employees in this division are classified as auditors who conduct investigations, financial reviews, and inspections during the initial phases of the licensing process. This team also assists Enforcement with its investigations and assists in monitoring seller/server training schools to ensure compliance with TABC standards and the Code.

Auditors also provide training to permit holders and their employees by request and in response to violations by the permit holder. In addition, auditors promote education and prevention of underage drinking to students through presentations at middle schools, high schools, and universities. Presentations are also given to civic organizations to promote a better understanding of the law and TABC's roles and responsibilities.

Training

The Training Division is charged with staff development for all TABC employees. The division provides required training in compliance with Texas Commission on Law Enforcement (TCOLE) standards for commissioned peace officers, state-mandated training for all employees, and additional training to develop and enhance the skills of TABC employees. The division hosts an agent academy each spring to onboard certified peace officers as probationary agents and an SIU academy for employees in the investigative units.

The Training Division also educates the public, retailers, and their employees about Texas laws associated with selling and consuming alcoholic beverages. The division leads the agency's efforts to prevent underage drinking and prevent making alcohol available to minors, as well as driving while intoxicated. Staff works with multiple statewide and local agencies, community coalitions, and other groups to share information and participate in various programs to prevent underage drinking.

Legal Services

The Legal Services Division provides legal counsel and leads prosecution efforts for violations of the Code. Legal staff represent TABC in administrative hearings, draft rules, and advise agency leadership on rule and policy making. The division manages all open records and litigation for the agency.



Communications

The Communications Division provides robust, engaging, and informative internal and external communications to TABC's wide-ranging audience — including industry members, agency staff, legislators, news media and the general public. The division's specialists provide agencywide support with editorial services, video production, graphic design, web development and social media. The agency's public information officer acts as the agency's spokesperson and handles all media relations.

The division is responsible for numerous support tasks including, but not limited to:

- Strategic communications planning and advisory.
- Overseeing the agency's public website.
- Coordinating live video and audio broadcasts of commission meetings.
- Executing communications campaigns to educate businesses and promote public safety.
- Overseeing employee communications on the agency's intranet.
- Maintaining the agency's mass communication tools.
- Writing and developing internal and external newsletters, notices, and updates.
- Writing executive talking points and designing legislative briefing publications.
- Organizing and designing presentations.
- Issuing news releases and providing interviews to news media.
- Supporting development of training and educational materials.

External Affairs

The External Affairs director is the agency's specialist in industry relations, holding meetings, making presentations and providing key feedback from industry members and TABC stakeholders.

Government Relations

The Government Relations director is the agency's liaison between the Texas Legislature, local governments, and agency leadership. Like External Affairs, the director holds meetings, makes presentations and provides key feedback.



Strategic Initiatives and Performance Improvement

In September 2019, the Office of Strategic Initiatives and Performance Improvement (SIPI) was formed to oversee implementation of legislation, such as the Sunset bill, including rules and policies as well as strategic planning and special projects. SIPI is responsible for implementation of legislation, including project management, planning, rulemaking, and policy and procedure development and review. SIPI is also charged with the evaluation of structures, processes, and programs for efficiency and effectiveness.

Section II: Current Workforce Profile

EMPLOYEE DEMOGRAPHICS FISCAL YEAR (FY) 2022

TABC has 640 authorized FTE positions for the FY 2022-2023 biennium. Due to turnover, the agency's actual FTEs fluctuate. To illustrate, TABC's workforce as of April 30, 2022, had a total headcount of 536. This included 10 part-time employees and 526 full-time employees equaling 532 FTEs. The five commissioners are excluded from this headcount and demographics data to follow.

Gender and Age

As seen in Figure 2, the TABC workforce comprises 60% males and 40% females. Figure 3 shows the ages of TABC employees grouped in categories; 81% of the workforce is between the ages of 30 and 59. Age and gender statistics have remained stable with only a few percentages of variance since 2017.

Figures on next page.



Figure 2. TABC Gender Profile, FY 2022

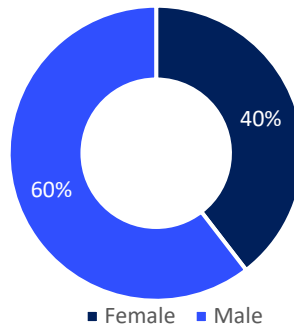


Figure 3. TABC Age Profile, FY 2022

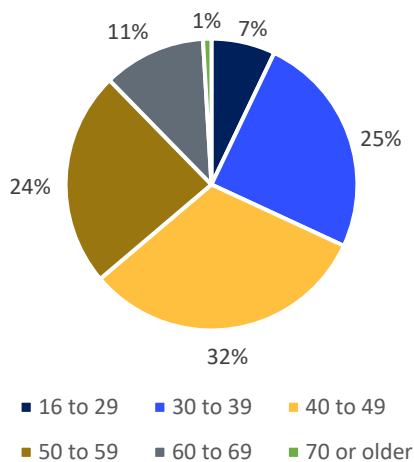
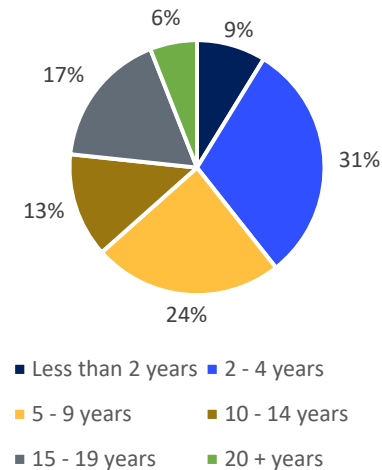


Figure 4. Length of Service, FY 2022



Length of Service

Figure 4 represents the workforce by length of service with TABC. TABC experienced a self-imposed hiring freeze beginning in FY 2020 through FY 2021 related to budget reductions due to the COVID-19 pandemic. This resulted in a significantly smaller percentage of employees with less than two years of service compared to 23% in 2019. The group of employees with two to four years of experience nearly doubled and the group of employees with five to nine years of service increased by 6%. Employees with

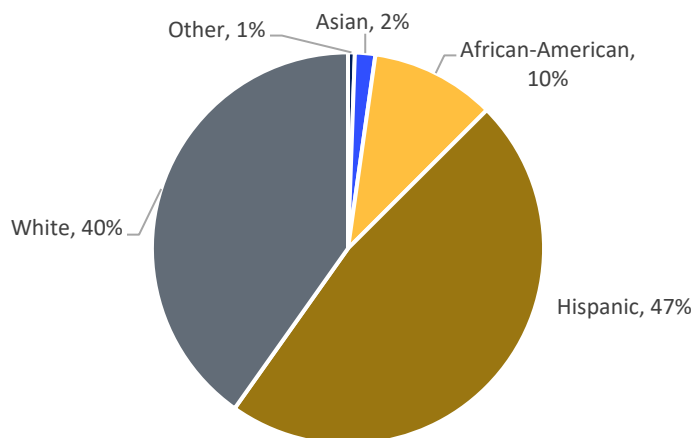


less than 10 years of service with TABC make up 63% while the number of employees with 10 or more years of service has decreased by 4%.

Ethnicity

Figure 5 represents the workforce categorized by ethnicity. In FY 2022, African Americans accounted for 10% of the TABC workforce, a 3% decrease since FY 2019, while 47% of the agency's workforce is Hispanic, an increase of 3%. Asian and other minority categories accounted for 3%. There has been no change in either of these categories from FY 2016.

Figure 5. Ethnic Group, FY 2022

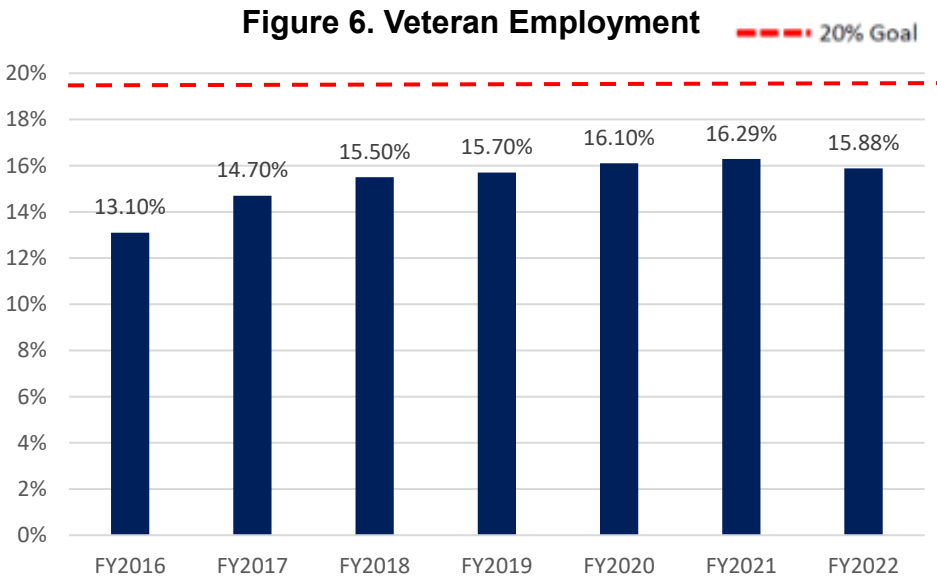


Veteran Representation

Effective FY 2016, Section 657.004 of the Texas Government Code sets for state agencies a goal of employing veterans in full-time positions equal to at least 20% of the total workforce. As of the end of the second quarter of FY 2022, TABC's employs 91 veterans, equaling 15.88% of the workforce. The average statewide veteran percentage has remained 7% since FY 2016. As illustrated in Figure 6, TABC's number of veterans is more than double the statewide average, although the agency still falls below the 20% goal set by the Legislature. To assist in the recruiting and hiring of veterans, TABC has a designated veterans liaison in Human Resources who partners with the Texas



Veterans Commission's employment liaison to identify and participate in veteran hiring initiatives.



Retirees

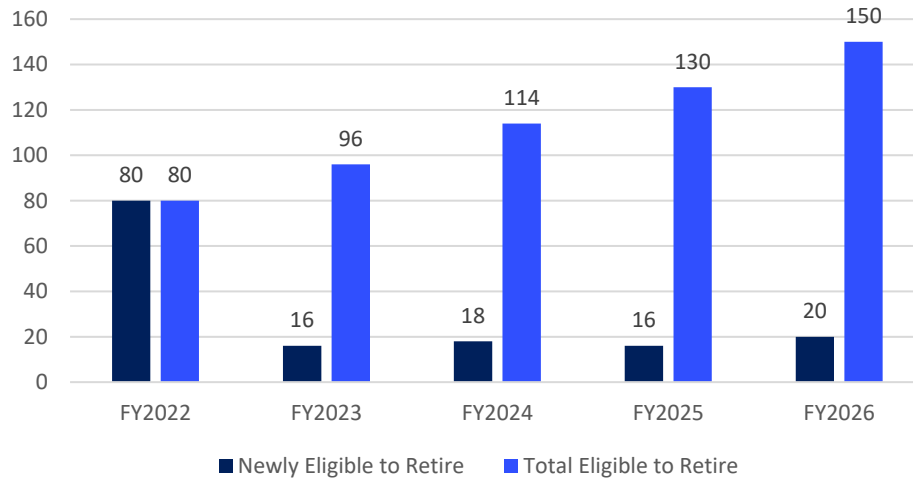
Human Resources estimates that by fiscal year 2026, 28% of TABC's workforce will be eligible to retire. In addition to that, the agency currently employs 22 return-to-work retirees who offer exceptional state and organizational knowledge and have subsequently resumed state service.

The Legal Services, Licensing, Law Enforcement and Ports of Entry divisions are projected to have the greatest loss of employees due to retirements. A large number of senior leaders could retire in the next five years. Figure 7 shows the forecast for the number of current TABC employees who are projected to be eligible for retirement over the next five years. Historically, TABC employees have continued to work well beyond their immediate retirement eligibility year. The agency is preparing for these retirements by identifying critical positions and preparing high performers and potential leaders for growth opportunities as they arise. Leaders recognize the need to ensure that critical knowledge and procedures are documented to avoid significant loss of historical and organizational knowledge.



TABC Strategic Plan FY2023-2027

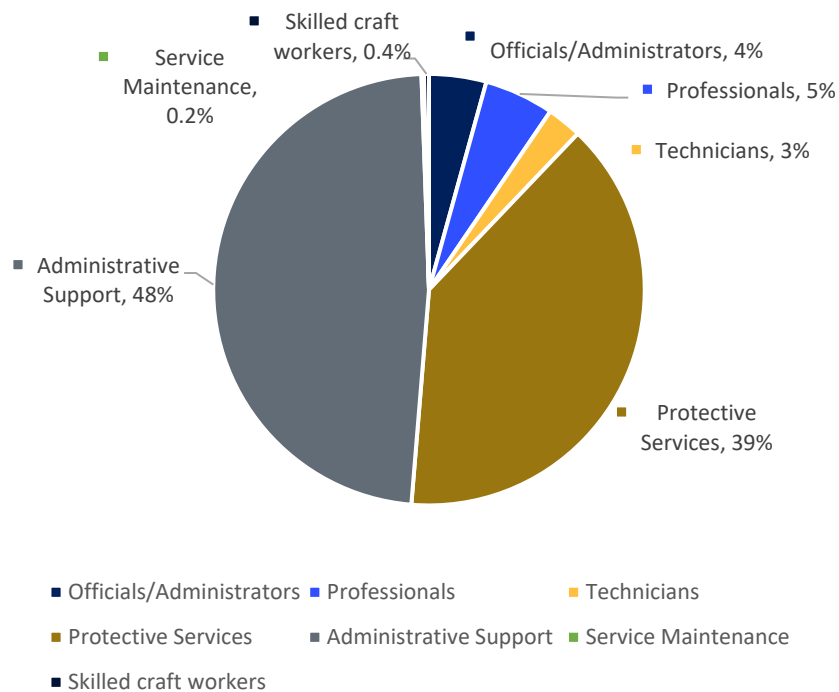
Figure 7. Projected Retirement Eligibility



POSITIONS BY EQUAL EMPLOYMENT OPPORTUNITY (EEO) JOB CATEGORY

Figure 8 illustrates positions within TABC by EEO job category as of April 2022.

Figure 8. Positions by EEO Job Category





TABC Strategic Plan FY2023-2027

Officials/administrators make up 4% of the workforce, including the Executive Director, Deputy Executive Directors, General Counsel positions, and all other positions in the Director classification.

Approximately one-third of TABC's workforce is categorized as Protective Services, including the majority of the certified peace officers classified as entry-level Probationary Agent to Agent VI, Investigator, Sergeant, and Lieutenant.

The Professionals category is made up of enforcement majors, attorneys, criminal intelligence and compliance analysts, purchasers, and the chemist position. Information technology positions make up the entire Technician category. The Service Maintenance category is limited to three positions in the Business Services Division, specifically the mail clerk positions and the inventory and store specialist.

Almost half of the positions at TABC are currently classified as Administrative Support, including most of the positions in support services divisions and in the Ports of Entry division. Examples of classifications of these positions include accountant, human resources specialist, manager, management analyst, information specialist, auditor, licensing and permit specialist, program specialist, training specialist, administrative and executive assistant, and regulatory compliance officer.

Human Resources conducted a workforce analysis to update TABC's Recruitment Plan in FY 2022. Analysis indicated that TABC has underrepresentation of females and minorities in positions in the Professionals, Technical, and Protective Services EEO job categories. Figure 9 shows TABC's workforce according to ethnicity and gender by EEO category compared to all state agencies. Note that someone who identifies with two or more races is captured in the Other category.



Figure 9. EEO Category by Ethnicity and Gender, FY 2021 Texas Alcoholic Beverage Commission						
EEO Category	African American	Hispanic	White	Other	Female	Male
Officials/Administrators	8%	16%	72%	4%	35%	65%
Professionals	7%	6%	86%	1%	43%	57%
Technician	19%	18%	37%	26%	13%	87%
Service/Maintenance	50%	50%	0%	0%	0%	100%
Administrative Support	16%	51%	31%	2%	62%	38%
Skilled Craft Workers	0%	100%	0%	0%	0%	100%
Protective Services	6%	46%	47%	1%	16%	84%
All State Agencies						
EEO Category	African American	Hispanic	White	Other	Female	Male
Officials/Administrators	13%	21%	63%	4%	54%	46%
Professionals	17%	24%	52%	7%	60%	40%
Technician	19%	35%	42%	4%	51%	49%
Service/Maintenance	25%	32%	40%	3%	46%	54%
Administrative Support	21%	34%	42%	4%	84%	16%
Skilled Craft Workers	7%	24%	66%	2%	5%	95%
Protective Services	36%	25%	37%	3%	47%	53%

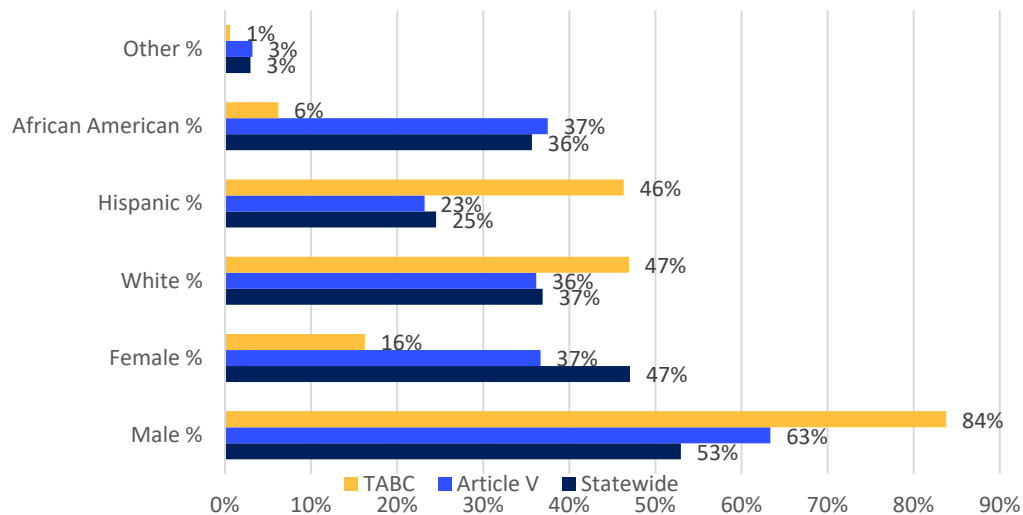
Professionals and Technician positions require specialized education and skills and combined only make up 8% of TABC's workforce. Considering that one-third of TABC's workforce falls in the Protective Services EEO category, this group is at the highest risk of potential underutilization for females and minorities. Ensuring TABC has diversity in Enforcement is essential to maintaining effective undercover operations and carrying out TABC's mission and priorities. With the growing number of minority-owned businesses in the alcoholic beverage industry, TABC must continue to improve its recruiting efforts to mirror its workforce with the population it serves. Enforcement has added a Director of Recruitment to assist in these efforts.

Figure 10 shows TABC's workforce by ethnicity and gender specific to the Protective Services EEO job category compared to all Public Safety and Criminal Justice (Article V) agencies and all agencies combined statewide. TABC employs almost double the



percentage of Hispanic employees in Protective Services, while the amount of African American employees constitutes a significantly lower percentage of that category. The fact that TABC employs over 50% fewer females in Protective Services compared to Article V agencies and even lower than the statewide percentage is an area needing particular attention.

Figure 10. Protective Services EEO Job Category

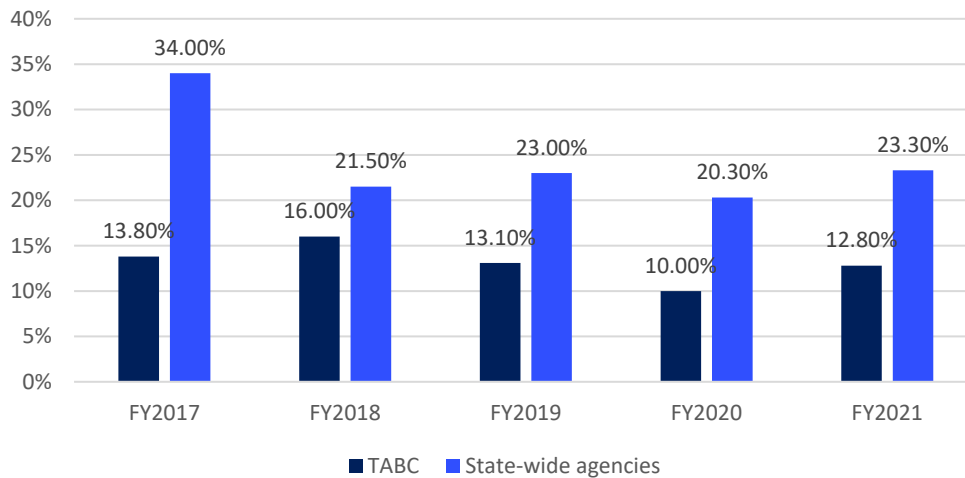


TURNOVER

As illustrated in Figure 11, TABC's turnover rates remain significantly lower than statewide turnover rates. The top three reasons employees have reported leaving TABC include better pay and benefits, poor working conditions or management, and retirement. In FY 2018, TABC experienced its highest turnover rate in the last five years of 16%, which was after a senior leadership transition. In FY 2020, TABC experienced its lowest turnover rate over the time period of 10%, with only 63 employee separations at the start of the pandemic.



Figure 11. Turnover Comparison



VACANCIES

The alcoholic beverage industry grows at a rapid pace, and TABC will need to continue to grow to keep up with industry demands. The agency's current appropriations cap of FTEs increased from 635 to 671 for the 2020-21 biennium. The agency dedicated 29 of these new FTEs to combating human trafficking within the Enforcement Division.

However, the agency's current appropriations cap of FTEs decreased from 671 to 640 for the 2022-23 biennium. The number of filled positions decreased significantly over the 2020-21 biennium in part due to the self-imposed internal hiring freeze while the agency continued to experience turnover. For example, as of April 30, 2022, TABC employed 532 FTEs with more than 100 vacancies. Leadership anticipates filling more positions in FY 2022. As TABC's employee base number fluctuates, recruiting strategies and hiring managers must focus on sourcing quality candidates.



Section III: Future Workforce Profile

LEGISLATIVE CHANGES

TABC is focusing on building its future workforce to better meet its mission. The agency may face the loss of significant institutional knowledge as more employees reach retirement eligibility over the next five years. Further, the alcohol industry has demonstrated remarkable growth and diversification in recent years. TABC intends to meet the regulatory and enforcement needs of Texas to help ensure this growth continues in a responsible way and without undue hinderance. TABC expects to be better able to meet these challenges with a workforce that is both more diverse and more adept with contemporary information technology.

Enforcement will be better equipped to combat organized criminal activity, including human trafficking, with a more diverse team to infiltrate criminal enterprises through undercover operations. If human traffickers are able to identify agents as law enforcement officers, TABC is likely to be less effective in gathering evidence and reaching human trafficking victims. Thus, the agency seeks to recruit certified peace officers whose presence is less likely to alert human traffickers.

TECHNOLOGY CHANGES

In accordance with the statutory direction given to TABC, and to meet the needs of a growing alcoholic beverage industry, the agency deployed new technology called the Alcohol Industry Management System (AIMS) to efficiently process the increasing number of applications and manage compliance reporting. TABC is developing and incorporating more information technology applications into its toolkit and working with the private sector as it also uses IT to expand business operations. New agency systems will improve automation so that TABC's workforce skillsets will shift from heavy data entry to more emphasis on data and investigative analysis and customer service. The Ports of Entry Division is also transitioning to a new point-of-sale IT system to modernize, automate, and improve the transaction times for issuing tax receipts and



collecting taxes at the border. Although TABC has improved the knowledge base of its workforce to better adapt to these new technologies, leaders anticipate the need for further training and additions of employees who are proficient and leverage information technology.

This technology transformation initiative is changing procedures and the focus of the work for many positions agencywide. While TABC maintains a skilled workforce, the critical skillsets are evolving to keep up with improvements in technology. Recognizing that employees will need training to operate the new systems, TABC is developing training programs for the current workforce as technology is acquired and deployed while also strengthening recruitment efforts to attract candidates who demonstrate technical and analytical competencies.

GEOGRAPHIC CHANGES

TABC leases most of its facilities, partnering with other local, state, and federal governmental entities for shared office space. Always mindful of being good stewards of taxpayer money, TABC seizes opportunities to consolidate offices and conserve resources. Small outpost offices continue to merge with larger regional offices.

A major cruise-line company is opening a new terminal in Galveston in November 2022. This may require TABC to either expand contracting services or increase the FTEs required to maintain operations at the seaport.

CRITICAL FUNCTIONS

The following critical functions have been identified in determining the agency's workforce needs:

1. Conducting enforcement and compliance activities such as investigations, inspections, monitoring of human trafficking, and public education programs.
2. Processing and reviewing applications for all phases of the alcoholic beverage industry including determining each applicant's qualifications to be issued permits, certificates, and approvals through stronger collaboration across the workforce.



3. Maintaining complete and accurate information on all permit holders and providing this information in a timely manner to agency personnel, members of the industry, other law enforcement and state agencies, and to the general public.
4. Maintaining current tax security and performance bonds to avoid the potential loss of revenue due to nonpayment of taxes.
5. Processing all financial transactions in an efficient and timely manner and preparing necessary reports for management and as statutorily required.
6. Managing agency appropriations and budgeting and administering grant programs effectively.
7. Attracting and retaining qualified and diverse applicants and employees.
8. Developing and cross-training current employees for internal growth and leadership opportunities.
9. Continuing to explore and implement cost-effective changes using the most current technology platforms.

GAP ANALYSIS

An examination of the challenges in recruitment and retention of skilled employees revealed growing competition from the private sector and other state and local governmental agencies that offer more competitive salaries. With larger technology and other global companies moving into Texas job markets, TABC is facing direct competition for highly qualified candidates who may find better financial incentives working in the private sector, particularly for information technology positions. Many private sector employers can offer higher salaries and unique benefits. This, combined with a perceived lack of job advancement opportunities in the public sector, discourages many qualified and educated employees from making long-term commitments to the agency. Due to funding restraints, it can be difficult to offer the competitive pay needed to keep high-quality staff. TABC continues to seek additional legislative appropriations for salaries and wages to mitigate some of these concerns while also being creative in recruitment by highlighting non-fiscal benefits such as the fulfillment of public service, industry stability, flexible schedules, and teleworking arrangements.

Fiscal year 2022 marked the implementation of a major license and permit consolidation, along with other changes outlined in HB 1545 (86R), also known as the Sunset bill. To adopt these changes and empower the agency's workforce to keep up



with a growing industry, the agency released the Alcohol Industry Management System (AIMS) on Sept. 1, 2021. AIMS is now the online hub for businesses to complete common TABC activities, such as applying for, renewing, and managing licenses or permits; registering products (formerly called label approval); filing excise tax reports; and more. The AIMS system is also used by the agency's Enforcement division to track investigations, and the agency will be expanding this online solution to further centralize TABC tasks into this singular portal for industry and staff.

ITD is leading a formal change management program and involving employees in the business process analysis, configuration, testing, and implementation of various new and upgraded systems.

Implementing all the technology transformation initiative will continue to cause significant changes to the way many employees perform their jobs. These system and process changes will allow TABC to shift to more automation and elevate the complexity of the analysis and investigation skills required of employees in the Licensing Division. Other divisions, such as Excise Tax and Marketing Practices and Audit and Investigations, will require process changes resulting in more data analysis versus data entry skills of employees.

The Training Division and leadership teams are preparing to help employees develop skills for additional transitions in technology. However, Human Resources anticipates a skills gap in technical and analytical competencies with the new systems. Even though TABC has made progress in hiring candidates with strong information technology skills in key positions, supply has yet to catch up to demand and growth in the division. ITD supplements staff with contractors and management continues to have difficulty attracting and retaining skilled employees in the division. The worldwide coronavirus pandemic has forced many employees to become more technologically savvy and adept in the capabilities of video conferencing and online document collaboration, in turn enabling employees to be more technically proficient, but also increasing the demand for information technology support by the entire workforce.

The Enforcement division has also identified a shortfall of 62 agents needed to properly investigate complaints it receives. The current number of agents in each region is not sufficient to keep up with the volume of complaints submitted to TABC. Although the agency has improved procedures to triage and prioritize complaints based on their



public safety risks, maintaining total agent hours at a level below what is needed to investigate complaints puts Texans at greater risk.

As shown in Figure 12a and 12b, which are based on FY 2019 data, the number of hours needed to investigate all public safety complaints is well above the number of hours available at current staffing levels. To identify this need, TABC first analyzed data for the number of complaints in each region and the average number of hours it takes to investigate a complaint in each region to find the total number of hours needed to investigate complaints (Figure 13). Then, the agency examined the total number of hours available by taking the number of agents (excluding SIU) assigned to each region and multiplying by the estimated number of hours an agent has available each year for operations and inspections (1,050 hours). The remaining hours are used for travel, working special events, required training, field employee training, training retailers, public education, cooperative retail operations, assisting other agencies, natural disaster response, funeral details, vacation, and sick leave. In addition to the above, there are normally about three agents out for long term military assignments. For the purposes of this analysis, that equates to 3,150 complaint hours or 100 complaints that must be worked by someone else. These agents are also not available to participate in operations in their area of assignment. FY 2019 data was used because pandemic impacts spanned parts of FY 2021 and FY 2020.

Figure 12a.
Investigative Resource
Shortfall
(In Hours , FY 19)

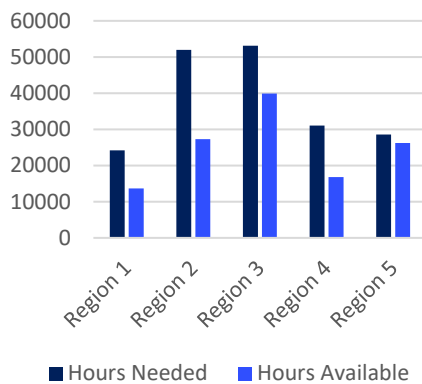
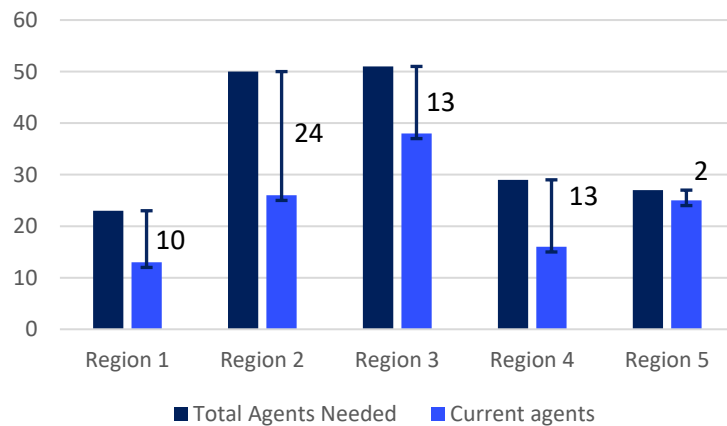


Figure 12b. Investigative Resource
Shortfall
(In Agents, FY 19)





TABC Strategic Plan FY2023-2027

Figure 13a. Complaint Hours Analysis FY 19 (Estimated Agent Hours Needed)

Region	Complaints Received	Average Hours / Complaint	Total Hours Needed
1	692	35	24,220
2	1,575	33	51,975
3	1,563	34	53,142
4	913	34	31,042
5	1,100	26	28,600

Figure 13b. Complaint Hours Analysis FY 19 (Estimated Agent Hours Available)

Region	Number of Agents (Excluding SIU)	Total Hours Available
1	13	13,650
2	26	27,300
3	38	39,900
4	16	16,800
5	25	26,250

A general lack of knowledge of the Code has always been a concern for new hires in many areas of the agency. Therefore, it's essential to develop an onboarding program and enhance in-service training for employees, especially those in the Audit and Investigations, Enforcement, and Licensing divisions.

TABC is seeing the desired skillset of Enforcement employees evolve to focus more on undercover operations and criminal analysis to effectively combat organized criminal activity, including human trafficking. Maintaining employee diversity remains a priority to ensure successful undercover operations. In addition to diversity, Enforcement needs to recruit and hire more experienced certified peace officers. TABC has successfully leveraged the Investigator classification series on Schedule B to attract and hire more experienced certified peace officers in the Special Investigations Unit. Another consideration to fill this need is to allow for external lateral transfers into the Agent classification on Schedule C. The current agency practice and State Classification Plan structure for TABC agents requires external hires to be hired at entry level pay, regardless of the amount of law enforcement experience the candidate brings with them. TABC-specific years of experience and time and grade as a TABC agent determine employee eligibility for step-pay increases on Schedule C for the Agent classification. To change this requires legislative action, additional funding, and updates



to the State Classification Plan. Human Resources proposed a new Senior Agent classification and the State Auditor's Office (SAO) concurred with our recommendation; however, the addition was not approved by the 87th Legislature. Human Resources will continue to work with the SAO and senior leadership to propose changes to the State Classification Plan, with the goal of reducing barriers to recruitment and competitive pay. Remaining competitive and attracting qualified candidates is vital to accomplishing the agency's public safety mission.

TABC seeks to enhance the fundamental competencies as well as interpersonal and leadership skills of all employees. Exceptional customer service is a leadership priority and critical soft skill that every employee must demonstrate, particularly in the Licensing, Training, and Human Resources divisions. Employees and leaders need the flexibility to successfully adapt to an ever-changing work environment while making sound business decisions. TABC will continue to ensure leadership training is available to management teams and employees who have demonstrated leadership potential.

Section IV: Strategic Development

EMPLOYEE TRAINING AND EDUCATION

The Training Division provides employees with fundamental training and growth opportunities and resources required to perform their essential job functions and prepare them for advancement opportunities. TABC leaders will continue to identify, provide, and encourage employee participation in training opportunities and continuing education courses required to maintain job-related licenses and certifications. Employees are encouraged to network with others in their profession and engage in professional organizations to stay informed of best practices and changing legal requirements.

TABC continues to provide annual in-service training programs for the Audit and Investigations, Licensing, Ports of Entry, and Enforcement divisions. The in-service



training curriculum is designed to address unique division needs by reinforcing core competencies and processes while emphasizing interpersonal skills (for example, the integration of the 7 Life Languages curriculum). The Training Division also developed a Constituent Relationship Management Course in FY 2021 that has been incorporated into in-service to share best practices in customer service. The course covers the design of service processes, how the agency purpose defines roles and relationships within service delivery and how to utilize touchpoint mapping to increase service standards. Training staff maintain a Learning Management System that serves as a library for on-demand, computer-based training and houses both mandatory and elective training content for all employees. The agency's Employee Assistance Program vendor also offers extensive personal and professional development resources to employees and managers.

TABC values higher education and offers financial support to employees who want to further their education through the Tuition Reimbursement Program. However, this program has not been utilized in recent years due to funding limitations.

TABC also ensures certified peace officers that hold a TABC commission meet their training requirements to maintain their commission based on TCOLE standards. Certified peace officers are provided salary supplements through stipends for holding varying degrees of higher education or TCOLE certificate levels and dual-language skill abilities.

In order to continue meeting the needs of a complex and growing alcoholic beverage industry, TABC will continue to build the capacity of the Training Division and broaden the scope of resources available to develop and retain a highly skilled workforce. Training efforts will focus on improving communication and collaboration among employees at all levels throughout the organization, while leveraging technology to increase reach and maximize the return on investment. Since 2021, the agency has inducted retired employees who represent the best of the agency's values to its Hall of Honor program — and continues to evaluate ways to award top performers and teams.



LEADERSHIP DEVELOPMENT

The TABC LEADS training program targets current leaders in the agency and those with leadership potential, emphasizing building a culture of leadership based on communication, recognition, empowerment, and work-life balance.

TABC supports employee participation in the Governor's Management Development Program, the Governor's Executive Development Program, and other local in-person and online training programs. Management will continue to identify high performers with leadership potential and adequately train and prepare them to take on key organizational roles.

SUCCESSION PLANNING

TABC is fortunate to have many long-term employees with a great deal of institutional knowledge, much of which will be lost without effective succession planning, proper documentation, and improved employee developmental programs. TABC leaders recognize the need for succession planning and retaining organizational knowledge in preparation for retirements, considering that at least 20% of the workforce will be eligible to retire in the next five years.

Leaders also recognize the importance of knowledge transfer. Institutional knowledge and lessons learned can be lost as employees retire or leave the agency. Documenting current and past practices, including the basis for decisions regarding policy and procedural changes, and cross training will continue to be a high priority.

Leaders are expected to identify opportunities that allow employees seeking new challenges and advancement to cross-train and work on stretch or developmental assignments. Employees are encouraged to network and seek mentors and advice from leaders to help identify career goals and career development plans.

Human Resources will continue to work with senior leaders to identify critical positions and the knowledge, skills, and abilities required for each. Leaders will identify high performers with leadership potential and technical expertise in the current workforce and make efforts to mentor and develop these employees, so they are prepared to fill critical vacancies when opportunities arise. The Human Resources and Training



divisions will provide training and developmental support for current employees and management. When skills gaps are identified that cannot be reasonably met internally, TABC will shift focus to implement recruitment strategies to source external candidates with the desired skillset.

RECRUITMENT

TABC is enhancing overall communication and branding efforts using the public website and social media outlets that support recruitment plan goals. A public website redesign in FY 2020 included modernizing the job opportunities webpage to enhance the job applicant experience.

A Director of Recruiting position was established in FY 2022 to focus on more active and targeted recruitment efforts. Specific recruitment efforts will vary by job vacancy and TABC's current needs and resources. Human Resources will work closely with division management prior to posting job vacancies to ensure the best recruiting strategies are executed. TABC will continue to explore ways to improve recruitment and retention of minorities and females, particularly for positions in Enforcement. High turnover in this area threatens the agency's ability to timely and effectively perform critical operations.

Historically, there has been a limited opportunity to onboard new agents because the TABC Agent Academy is only held once per calendar year, typically in the spring. In FY 2021, the agency delayed the TABC Agent Academy. Newly hired Probationary Agents were placed directly into the Field Training Program and joined the academy held in spring of 2022. Leadership will evaluate the effectiveness of this change in process and performance of the group of new hires. For the FY 2022-2023 biennium, leadership will also explore advertising and hiring Probationary Agent positions regionally instead of statewide.

TABC leverages the mutual benefit of interns to supplement staffing needs and accomplish special assignments while allowing students to gain a better understanding and appreciation for public service. Some employees currently serving in leadership and critical roles throughout TABC were first introduced to the organization through



internship opportunities, demonstrating the potential return on investment an effective internship program can have.

NEW EMPLOYEE ONBOARDING

TABC leaders recognize the need to improve the onboarding process and experience for new employees and supervisors. TABC will strive to improve the onboarding program that emphasizes integrating new employees into the culture to improve employee engagement and retention. The agency will continue to emphasize leadership development and equip new supervisors with the skills and resources to be effective leaders.

CULTURE

Significant changes in senior leaders and agency priorities have sparked a shift in the organizational culture at TABC over the last four years. The leadership team is fostering an environment supportive of creative communication and rebranding initiatives, industry-friendly compliance approaches, and heightened public safety enforcement efforts. These compounded efforts are causing an incremental shift in perspective among the internal workforce, industry stakeholders, and the general public. TABC seeks to continue strengthening its partnership with industry stakeholders and has taken extraordinary steps to better serve the veteran community with its Veteran's Empowerment Initiative, which works with outside state agencies and industry members to pair proteges with mentors willing to assist veterans in their quest to be successful entrepreneurs in the state's alcoholic beverage industry.

SURVEY OF EMPLOYEE ENGAGEMENT (SEE), 2022 SUMMARY

The summary survey results begin on the following page.



SEE

SURVEY OF EMPLOYEE ENGAGEMENT

Texas Alcoholic Beverage Commission
Executive Summary
2022



The Survey

48
Primary
Items

Primary Items

The Survey of Employee Engagement (SEE) consists of a series of 48 primary items used to assess essential and fundamental aspects of how the organization functions. The items are on a 5-point scale from Strongly Disagree (1) to Strongly Agree (5).

Demographic Items

Also included on the SEE instrument are a series of items to ascertain the demography of the respondents.

Constructs

Similar items are grouped together, and their scores are averaged to produce twelve construct measures. These constructs capture the concepts most utilized by leadership and drive organizational performance and engagement.

12
Constructs



2
Key
Scores

Overall Score

The Overall Score is an average of all survey items and represents the overall score for the organization. It is a broad indicator for comparison purposes with other entities.

Levels of Employee Engagement

Twelve items crossing several survey constructs have been selected to assess the level of engagement (high, moderate, or low) among individual employees.

13 Breakout
Categories

Organizations can use breakout categories to get a cross-sectional look at specific functional or geographic areas. Your organization had a total of 13 breakout categories.

19 Additional
Items

Organizations can customize their survey with up to 20 additional items. These items can target issues specific to the organization. Your organization added 19 additional items.





Employee Engagement

70.1%



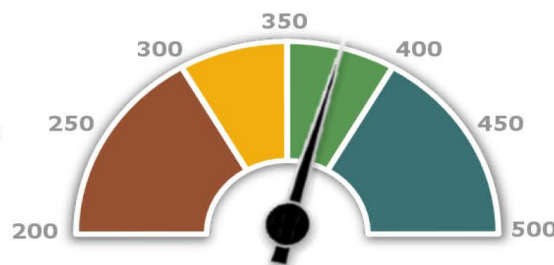
Down 12.4%

Response Rate

The response rate to the survey is your first indication of the level of employee engagement in your organization. Of the 529 employees invited to take the survey, 371 responded for a response rate of 70.1%. As a general rule, rates higher than 50% suggest soundness, while rates lower than 30% may indicate problems. At 70.1%, your response rate is considered high. High rates mean that employees have an investment in the organization and are willing to contribute towards making improvements within the workplace. With this level of engagement, employees have high expectations from leadership to act upon the survey results.

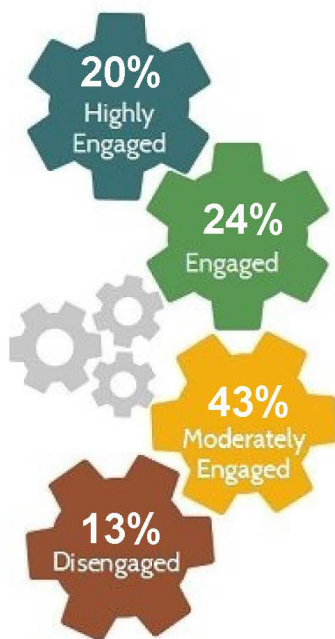
Overall Score

The overall score is a broad indicator for comparison purposes with other entities. Scores above 350 are desirable, and when scores dip below 300, there should be cause for concern. Scores above 400 are the product of a highly engaged workforce. **Your Overall Score from last time was 368.**



Overall Score: 373

Levels of Employee Engagement



Twelve items crossing several survey constructs have been selected to assess the level of engagement among individual employees. For this organization, 20% of employees are Highly Engaged, 24% are Engaged, 43% are Moderately Engaged, and 13% are Disengaged.

Highly Engaged employees are willing to go above and beyond in their employment. Engaged employees are more present in the workplace and show an effort to help out. Moderately Engaged employees are physically present, but put minimal effort towards accomplishing the job. Disengaged employees are disinterested in their jobs and may be actively working against their coworkers.

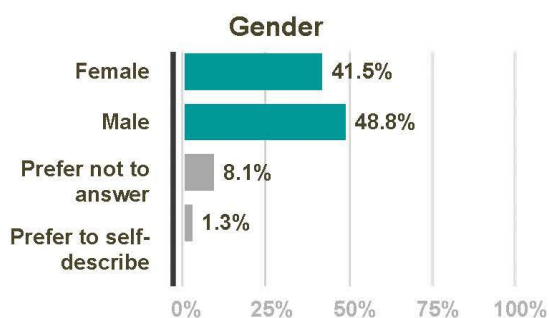
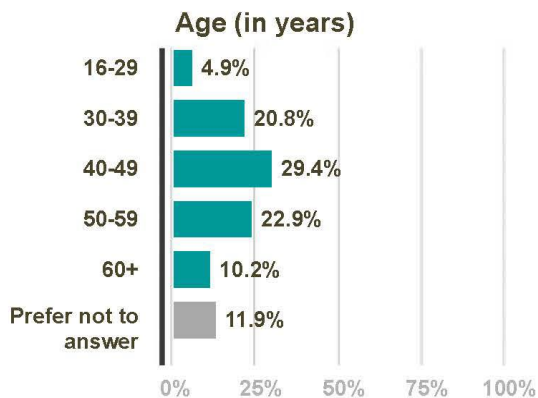
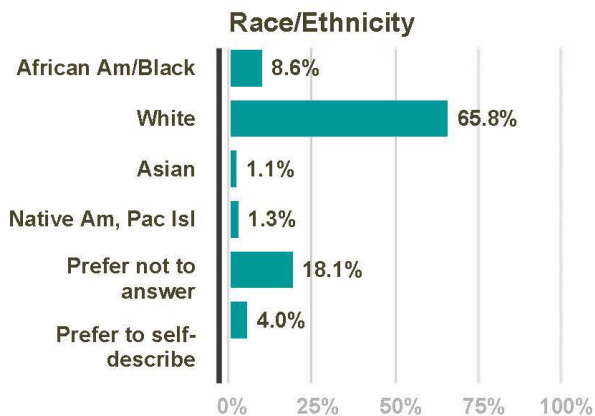
For comparison purposes, according to nationwide polling data, about 30% of employees are Highly Engaged or Engaged, 50% are Moderately Engaged, and 20% are Disengaged. While these numbers may seem intimidating, they offer a starting point for discussions on how to further engage employees. Focus on building trust, encouraging the expression of ideas, and providing employees with the resources, guidance, and training they need to do their best work.





People

Examining demographic data is an important aspect of determining the level of consensus and shared viewpoints across the organization. A diverse workforce helps ensure that different ideas are understood, and that those served see the organization as representative of the community. Gender, race/ethnicity, and age are just a few ways to measure diversity. While percentages can vary among different organizations, extreme imbalances should be a cause for concern.



YEARS OF SERVICE With this Organization



12% New Hires (0-2 years)
44% Experienced (3-10 years)
35% Very Experienced (11+ years)
9% Prefer not to answer

Each figure represents about 4.1 employees.

FOCUS FORWARD >>>

6% INTEND TO LEAVE

Understand why people are leaving your organization by examining retention factors such as working conditions, market competitiveness, or upcoming retirement.

15% CAN RETIRE

This percentage of respondents indicated that they are or will be eligible for retirement within two years.





Constructs

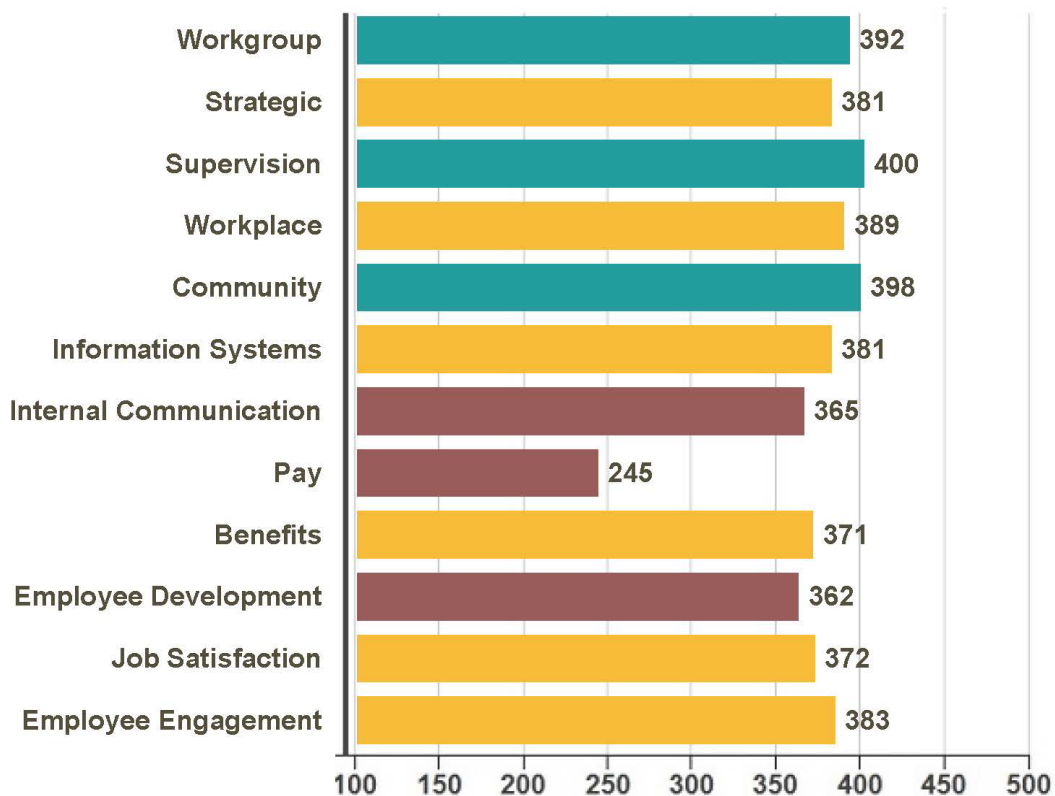
Similar items are grouped together and their scores are averaged and multiplied by 100 to produce 12 construct measures. These constructs capture the concepts most utilized by leadership and drive organizational performance and engagement.

Each construct is displayed below with its corresponding score. Constructs have been coded below to highlight the organization's areas of strength and concern. The three highest are green, the three lowest are red, and all others are yellow. Scores typically range from 300 to 400, and 350 is a tipping point between positive and negative perceptions. The lowest score for a construct is 100, while the highest is 500.

FOCUS FORWARD >>>

Every organization faces different challenges depending on working conditions, resources, and job characteristics. On the next page, we highlight the constructs that are relative strengths and concerns for your organization. While it is important to examine areas of concern, this is also an opportunity to recognize and celebrate areas that employees have judged to be strengths. All organizations start in a different place, and there is always room for improvement within each area.

Construct Scores





Constructs Over Time

One of the benefits of continuing to participate in the survey is that over time data shows how employees' views have changed as a result of implementing efforts suggested by previous survey results.

Positive changes indicate that employees perceive the issue as having improved since the previous survey.

Negative changes indicate that the employees perceive that the issue has worsened since the previous survey. Negative changes of greater than 40 points and having 8 or more negative construct changes should be a source of concern for the organization and should be discussed with employees and organizational leadership.

Has Change Occured?

Variation in scores from year to year is normal, even when nothing has changed. Analyzing trend data requires a bringing patterns into focus, digging deeper into data, and asking questions about issues surrounding the workplace.

Pay close attention to changes of more than 15 points in either direction. Were there any new policies or organizational changes that might have affected the scores? Were these areas a point of focus for your change initiatives?

Constructs Scores Over Time

