



Schedule F: Agency Workforce Plan

SECTION 1: 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 (the Code).

TABC regulates all phases of the alcoholic beverage industry in Texas, including sales, taxation, importation, manufacturing, transportation, and advertising of alcoholic beverages. Of the 620 full-time equivalent (FTE) positions, approximately one third or 200 are commissioned peace officers (CPOs), known as TABC agents. Agents inspect businesses licensed or permitted by the agency and investigate alleged violations of the Alcoholic Beverage Code and other state laws. Agents and auditors also provide a day-to-day public safety presence at more than 66,000 licensed businesses across the state. License and Permit Specialists (LPSs) work to ensure applicants for licenses and permits are properly vetted and have no disqualifying properties, such as prohibited ownership interest in another tier of the industry, criminal history, or indebtedness to the state for taxes. Agency auditors ensure compliance with regulatory and tax requirements authorized by the Code. Compliance analysts review and approve alcoholic beverage registrations for products sold in Texas. Regulatory Compliance Officers (RCOs) ensure persons importing alcoholic beverages and cigarettes at ports of entry along the Texas-Mexico border comply with importation laws and pay required 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 health and human services programs.



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, Commissioner Deborah Gray Marino of San Antonio, Commissioner Jason S. Adkins of El Paso, and Commissioner Hasan K. Mack of Austin. As of May 2024, one position remains vacant.

Thomas W. Graham was appointed by the commission as TABC Executive Director in July 2022. The Executive Director directs the daily operations of TABC in a line-item exempt position and 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:

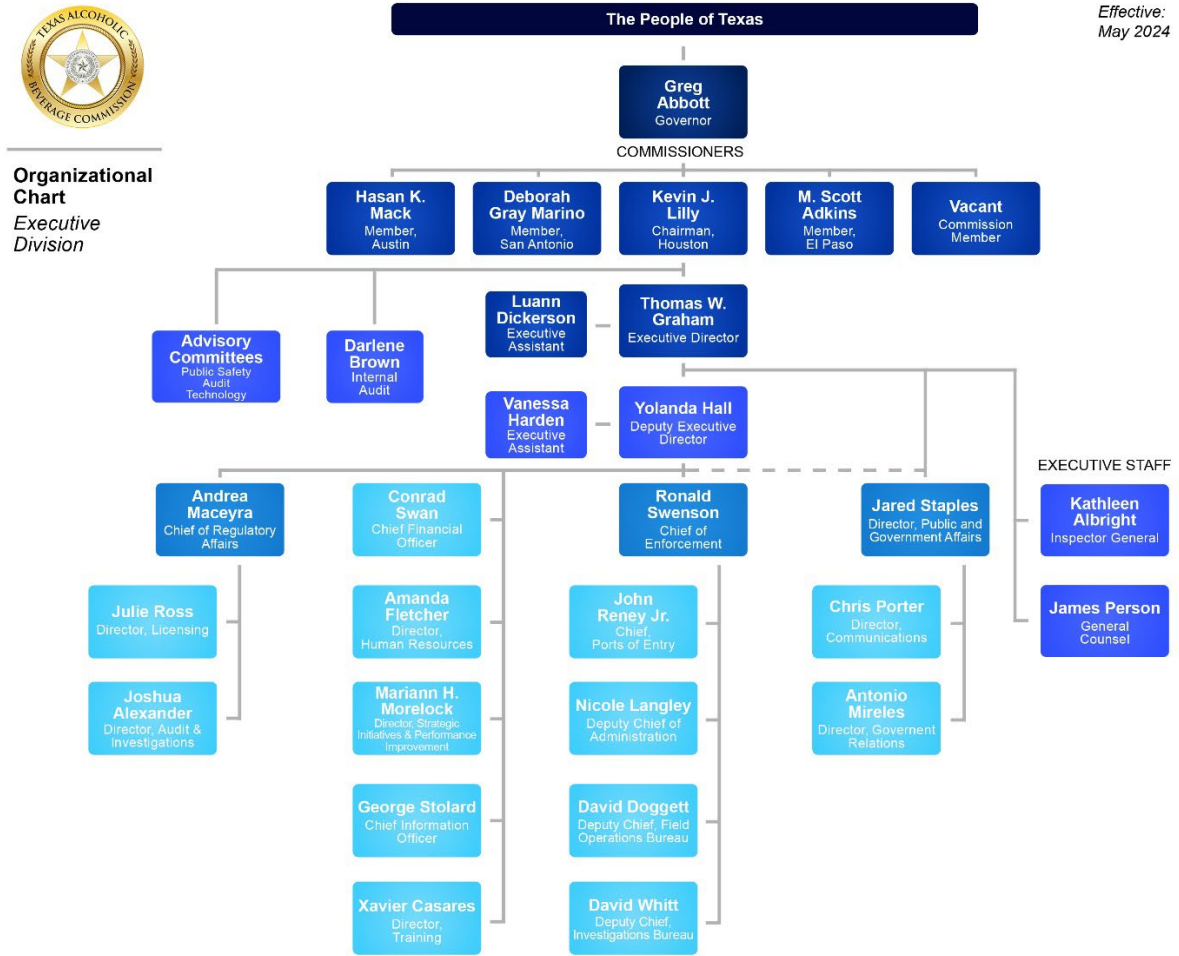
- Deputy Executive Director
- General Counsel
- Chief of Enforcement
- Chief of Regulatory Affairs
- Inspector General
- Director of Public and Government Affairs



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An independent audit firm performs internal audit functions for TABC, reporting directly to the commissioners. TABC’s organizational structure is illustrated in Figure 1.

Figure 1. Organizational Chart



Effective: May 2024



CORE BUSINESS FUNCTIONS

1. REGULATORY AFFAIRS DIVISION

The Regulatory Affairs Division assesses and collects approximately \$300 million annually for the State of Texas. This division makes up 23 percent of the TABC workforce and includes Licensing, Excise Tax, Marketing Practices, and Audit personnel who are responsible for interfacing directly with tens of thousands of Texans doing business in the alcoholic beverage industry or applying to begin their operations.

Licensing Department

The Licensing Department investigates and processes applications for all phases of the industry, including the manufacture, sale, purchase, transportation, storage, and distribution of alcoholic beverages. This department makes up 10 percent of the TABC workforce with employees across all regions in Texas. Customer service is a priority for this department, as they are often the first contact 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, the Licensing Department approves more than 45,000 licenses and permits annually for businesses in Texas and internationally.

Audit and Investigations Department

The Audit and Investigations Department also makes up 10 percent of the TABC workforce. Most employees are classified as auditors who conduct investigations, financial reviews, and inspections during the initial phases of the licensing process, in addition to subsequent audits (both routine and as part of larger investigations) which take place throughout the life of the permit. Auditing staff regularly assists the Enforcement Department 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. Presentations are also given to civic organizations to promote a better understanding of the law and TABC's roles and responsibilities. In addition, TABC is authorized to test any alcoholic beverage to prevent fraud and ensure public safety. TABC has a chemist and laboratory to conduct such examinations.



Product Registration, Excise Tax, and Marketing Practices

The Product Registration Bureau, Excise Tax Bureau, and Marketing Practices Office are charged with carrying out the agency's specialized authorities. Each are relatively small, with 11 positions total located at TABC's headquarters. Staff 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. Staff are also responsible for monitoring the advertising of alcoholic beverage products as well as the registration of those products. Marketing Practices promotes the alcoholic beverage industry's voluntary compliance with marketing practices regulations. This includes adopting and amending the official guidance of the agency, known as Marketing Practices Advisories, by soliciting feedback and making necessary changes.

2. ENFORCEMENT DIVISION

Texas has the largest alcohol law enforcement group in the nation and is recognized as a national leader of alcohol enforcement. TABC provides innovative programs to combat not only public safety issues but regulatory issues within the industry. The Enforcement Division is charged with executing the agency's law enforcement and investigations operations in support of public safety. The Ports of Entry Department also falls under the Enforcement Division with a focus on enforcing personal importation laws and collecting taxes and fees. Enforcement is TABC's largest division, totaling 56 percent of the workforce. With a robust and growing alcoholic beverage industry, Enforcement constantly adapts as needed by reprioritizing, restructuring, and reorganizing. The Enforcement Department employs the majority of TABC's commissioned peace officers (CPOs), including agents serving in the Field Operations Bureau and the Investigations Bureau. A third Administration Bureau oversees a Management Analyst, warehouse operations, honor guard, and Special Response Team (SRT).

Field Operations Bureau

Agents within the Field Operations Bureau perform both enforcement and compliance functions, which involve criminal and administrative enforcement of the state's alcoholic beverage laws. Agents inspect premises licensed by TABC and investigate alleged violations of the Code. 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, agents collaborate with and give presentations to other law



enforcement agencies, municipalities, and government offices across the state to promote a better understanding of the law and the roles and responsibilities of TABC.

Investigations Bureau

The Investigations Bureau contains three separate units: the Special Investigations Unit (SIU), the Intelligence Services Unit (ISU), and the Target Responsibility for Alcohol-Connected Emergencies (TRACE) Unit. The 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 operations thanks to its skill in long-term investigations with a focus on organized criminal activity.

The ISU focuses on the detection, investigation, and prevention of finance-related crimes by people and entities with a TABC-issued license or permit. Investigations may focus on money laundering, prohibited tier relationships, tax fraud, business and corporate fraud, and other organized financial crimes. This unit is also responsible for gathering digital forensics and criminal intelligence and serves as a crucial tool for identifying human trafficking operations and related crimes. There are also two grant-funded FTEs that facilitate victim services.

The TRACE Unit conducts investigations of alcohol-related incidents involving serious bodily injury or death when there is a reasonable expectation that 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.

Ports of Entry Department

The Ports of Entry Department makes up 18 percent of the TABC workforce. The department is responsible for overseeing more than 90 RCOs 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, RCOs are critical in protecting public health and safety by stopping illicit products, which may be harmful for consumption, from entering the Texas market. RCOs are strategically stationed at all major bridges along the Texas-Mexico border.



TABC began manning the Galveston seaport cruise lines in 2014, while the agency has had a presence at the land ports since 1936. However, effective September 30, 2023, TABC moved from having RCOs be physically present at the Galveston seaport cruise lines to having them collect taxes online through a system called Texas PortPass. Texas PortPass allows travelers entering the Galveston Seaport terminals to pay their fees for importing alcohol and cigarettes into Texas online, through the Alcohol Industry Management System (AIMS). Currently, Texas is the only state that collects personal importation taxes on cruise lines.

3. SUPPORT SERVICES

TABC's indirect administration and support staff amount to about 20 percent of the workforce. Divisions overseen by the Deputy Executive Director include Business Services, Human Resources, Innovation and Technology, Strategic Initiatives and Performance Improvement (SIPI), and Training. Support divisions overseen by the Executive Director include General Counsel, Office of Inspector General, Public and Government Affairs, and Communications. Employees in these divisions provide the support services necessary to ensure that 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 requests and annual financial report. The division's general services section is responsible for contracting, purchasing, asset management, facilities leasing, fleet management, and mail center operations.

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 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 includes enterprise data solutions and establishes and supports the technology infrastructure to facilitate agency operations. ITD is charged with researching and analyzing new technologies to solve business problems and increase efficiencies across the agency. ITD is also responsible for ensuring the confidentiality, integrity, and availability of the agency's information assets. They are responsible for developing and implementing security policies, procedures, and controls to protect against cyber threats, comply with regulations, and mitigate risks to sensitive data and critical systems. Additionally, they oversee security awareness training, incident response, and continuous monitoring to safeguard the agency's digital infrastructure and maintain public trust in its operations.

Strategic Initiatives and Performance Improvement

The Strategic Initiatives and Performance Improvement (SIPI) Division oversees and coordinates implementation of legislation, performance measures, strategic planning, policy and procedure reviews, rule reviews, data governance efforts, external audit reviews, and management responses. SIPI evaluates structures, processes, and programs for efficiency and effectiveness.

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 is also responsible for administering the TABC Law Enforcement Academy Advisory Board. The board is responsible for advising on curriculum development for the TABC Law Enforcement Academy, which provides training to TABC's authorized force of 220 Texas peace officers.



Office of General Counsel

The Office of General Counsel 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 Office of General Counsel manages the agency's records management program and provides legal counsel on ethics and litigation for the agency.

Office of Inspector General

The Office of Inspector General (OIG) is responsible for ensuring fair and impartial investigations of alleged employee misconduct. In addition to investigating employee misconduct, the OIG conducts reviews aimed at assessing the efficiency and effectiveness of policies, procedures, directives, and processes. These evaluations may lead to recommendations for improvement to leadership.

Public and Government Affairs Division

The Public and Government Affairs division is responsible for managing industry relations, holding meetings, making presentations, and communicating key feedback from industry members and TABC stakeholders. This division is also the agency's liaison between agency leadership and the Texas Legislature and local governments.

Communications

The Communications Department 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 department's personnel provide agencywide support with editorial services, video production, graphic design, web development, and social media. The Director of Communications acts as the agency's spokesperson and handles all media relations.



SECTION II: CURRENT WORKFORCE PROFILE

EMPLOYEE DEMOGRAPHICS FISCAL YEAR 2024

TABC has 620 authorized FTE positions for the FY 2024-2025 biennium. Due to turnover, the agency’s actual FTEs fluctuate. To illustrate, TABC’s workforce as of February 29, 2024, had a total headcount of 536. This included five part-time employees and 531 full-time employees equaling 534.1 FTEs. TABC augments its workforce with contractors in the ITD division. The five commissioners and contractors are excluded from this headcount and demographics data to follow.

Gender and Age

As seen in Figure 2, the TABC workforce comprises 58 percent males and 42 percent females. Figure 3 shows the ages of TABC employees grouped in categories; 80 percent 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.

Figure 2. Gender Profile, FY 2024

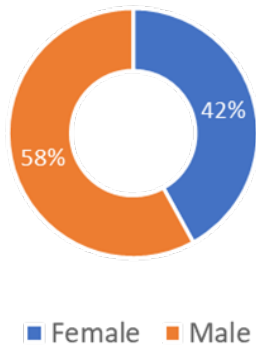
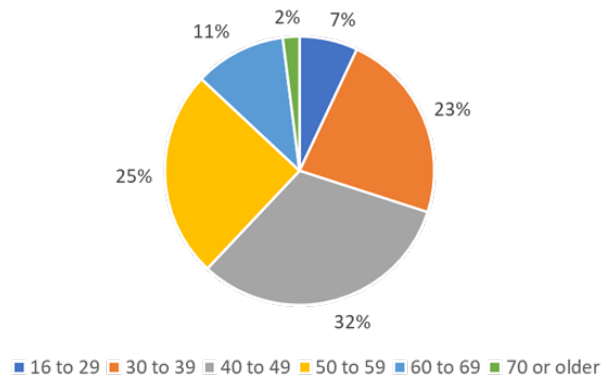


Figure 3. TABC Age Profile, FY 2024

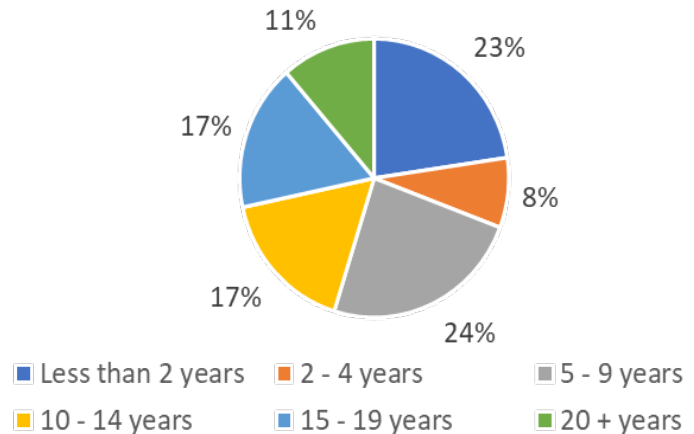




Length of Service

Figure 4 represents the workforce by length of service with TABC. The percentage of employees with 5-9 years and 15-19 years of service has remained the same over the past two years, while the percentage of employees with 10-14 years has increased 3 percent and the employees with over 20 years of service has nearly doubled from 6 percent to 11 percent. The smallest group, with 2-4 years of service, is in part due to TABC's self-imposed hiring freeze from FYs 2020–2021 due to budget reductions associated with the COVID-19 pandemic. Employees with less than 10 years of service with TABC make up 55 percent of the workforce.

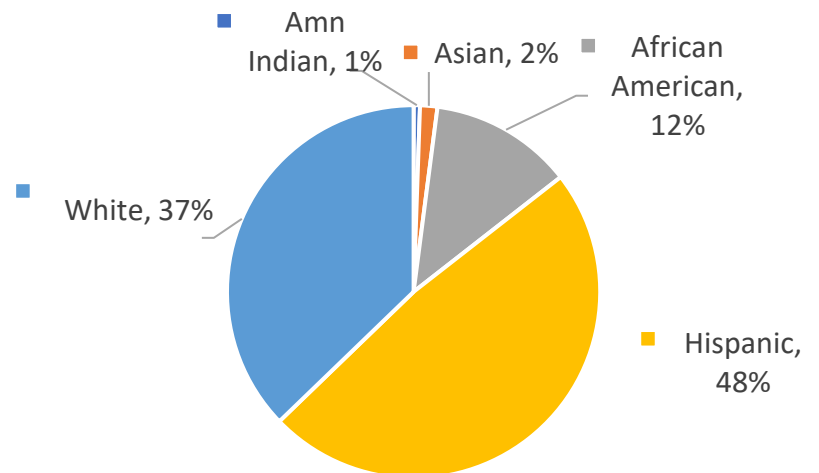
Figure 4. Length of Service, FY 2024



Ethnicity

Figure 5 represents the workforce categorized by ethnicity. In FY 2024, African Americans accounted for 12 percent of the TABC workforce, a 2 percent increase since FY 2022, while 48 percent of the agency's workforce is Hispanic, an increase of 1 percent. Asians and American Indians accounted for 3 percent. There has been no change in either of these categories from FY 2016.

Figure 5. Ethnic Group, FY 2024

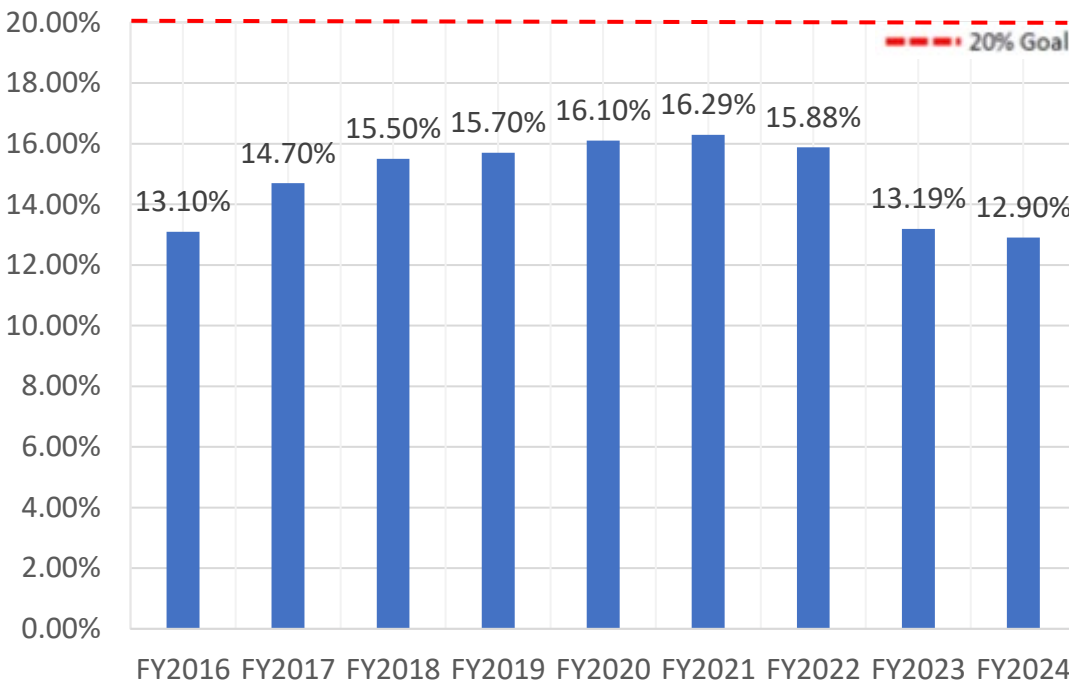




Veteran Representation

Section 657.004 of the Texas Government Code sets a goal for state agencies of employing veterans in full-time positions equal to at least 20 percent of the total workforce. As of the end of the second quarter of FY 2024, TABC employed 72 veterans, equaling nearly 13 percent of the workforce. Although TABC has seen a decrease in veteran employment since our peak in FY 2021, the agency’s total percentage of veterans employed has been consistently higher than the statewide average which has been between 5-7 percent over the last five years. 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 percent goal set by the Legislature. To assist in the recruiting and hiring of veterans, TABC has a designated veteran’s liaison in Human Resources who partners with the Texas Veterans Commission’s employment liaison to identify and participate in veteran hiring initiatives.

Figure 6. Veteran Employment



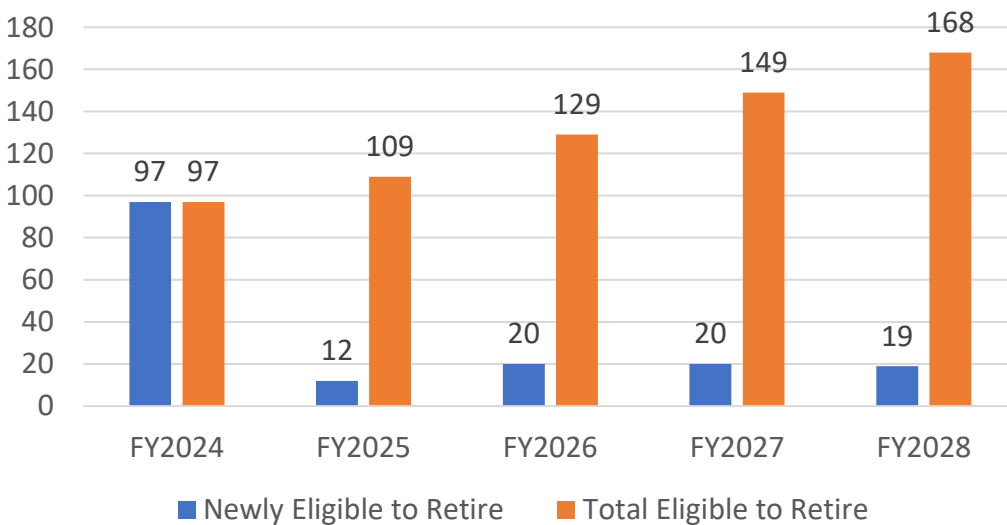


Retirees

Human Resources estimates that by FY 2028, 168 employees or 31 percent of TABC’s workforce will be eligible to retire. 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. In addition, as of February 29, 2024, the agency employed 21 return-to-work retirees who offer exceptional state and organizational knowledge and have subsequently resumed state service.

In FY 2022, 18 of the 80 estimated employees eligible to retire actually retired. In FY 2023, only 9 of the 96 estimated employees eligible to retire actually retired. This last year was unusually low in part due to the across the board pay increase granted by the 88th Legislature taking effect during the FY 2024-2025 biennium.

Figure 7. Projected Retirement Eligibility



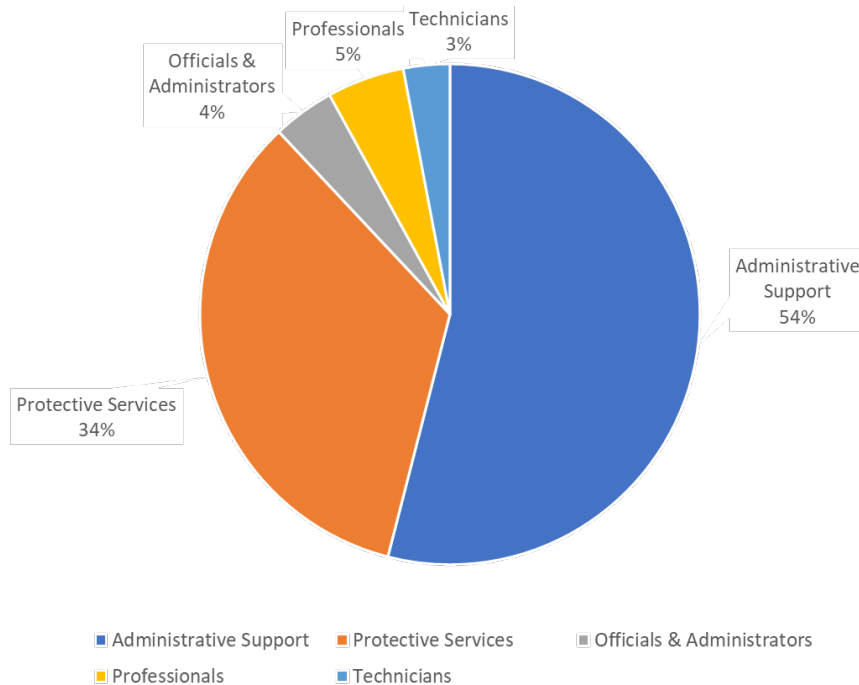
Licensing, Enforcement, Ports of Entry, and the Office of General Counsel are projected to have the greatest loss of employees due to retirements. A large number of senior leaders in the Enforcement Department could retire in the next five years. Historically, TABC employees have continued to work well 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.



POSITIONS BY EQUAL EMPLOYMENT OPPORTUNITY (EEO) JOB CATEGORY

Figure 8 illustrates positions within TABC by EEO job category as of March 2024.

Figure 8. Positions by EEO Job Category



Officials/administrators make up 4 percent of the workforce, including the Executive Director, Deputy Executive Director, General Counsel, as well as 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 one 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.



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More than 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 Department. 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.

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. Analysis indicates that TABC has underrepresentation of females and minorities in positions in the Professionals, Technical, and Protective Services EEO job categories.

Figure 9. EEO Category by Ethnicity and Gender, FY 2023
Texas Alcoholic Beverage Commission

EEO Category	Black	Hispanic	White	Other	Female	Male
Officials/Administrators	17%	21%	62%	0%	32%	68%
Professionals	14%	8%	75%	3%	45%	55%
Technician	18%	18%	47%	17%	3%	97%
Service/Maintenance	0%	0%	0%	0%	0%	0%
Administrative Support	17%	53%	28%	2%	61%	39%
Skilled Craft Workers	0%	0%	0%	0%	0%	0%
Protective Services	5%	49%	45%	1%	15%	85%

All state agencies

EEO Category	Black	Hispanic	White	Other	Female	Male
Officials/Administrators	13%	21%	62%	4%	55%	45%
Professionals	34%	31%	30%	5%	73%	27%
Technician	19%	36%	40%	5%	52%	48%
Service/Maintenance	26%	32%	38%	4%	47%	53%
Administrative Support	20%	34%	40%	6%	83%	17%
Skilled Craft Workers	7%	25%	65%	3%	5%	95%

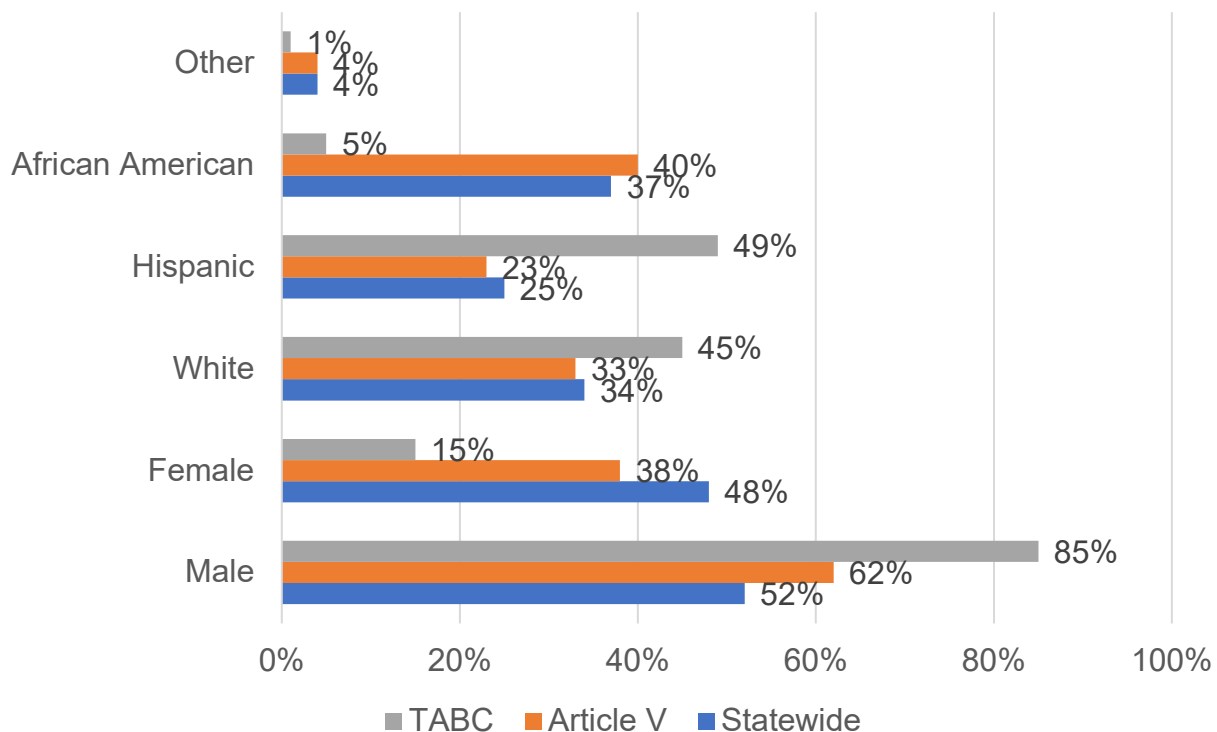


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Professionals and Technician positions require specialized education and skills and combined only make up 8 percent of TABC’s workforce. Considering that one-third of TABC’s workforce falls in the Protective Services EEO category, this group is at the highest risk of potential underutilization for females and minorities. Ensuring TABC has diversity in the Enforcement division 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.

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 percent fewer females in Protective Services compared to Article V agencies and even lower compared to the statewide percentage is an area needing particular attention.

Figure 10. Protective Services EEO Job Category

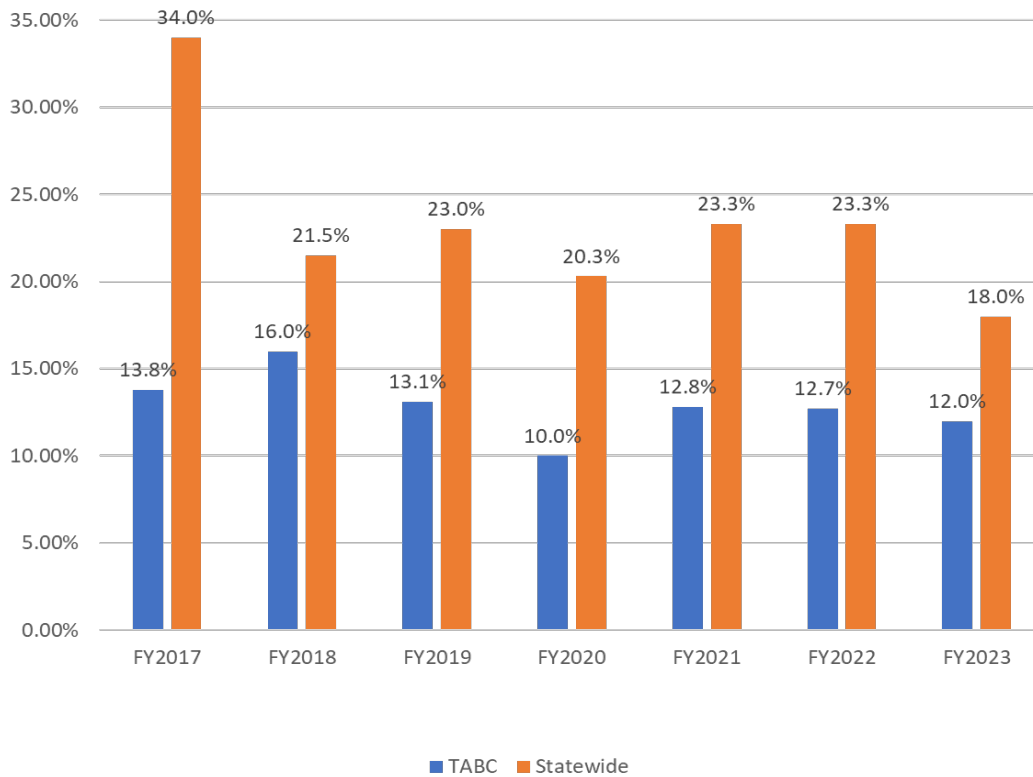




TURNOVER

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 several years of 16 percent, which was after a senior leadership transition. In FY 2020, TABC experienced its lowest turnover rate over the time period of 10 percent, with only 63 employee separations at the start of the pandemic.

Figure 11. Turnover Comparison





FTEs and VACANCIES

The alcoholic beverage industry continues to grow at a rapid pace, and TABC will need to continue to grow to keep up with industry demands. The agency's appropriations cap of FTEs increased from 635 to 671 for the FY 2020-2021 biennium, the highest authorized number over the last decade. The agency dedicated 29 of these new FTEs to combating human trafficking and organized crime within the Enforcement Department. However, the agency's appropriations cap of FTEs decreased from 671 to 640 for the FY 2022-2023 biennium. TABC experienced a further decrease for the FY 2024-2025 biennium, as the 88th Legislature lowered the FTE cap from 640 to 620, resulting in the lowest authorized number over the last decade. As TABC's employee base number fluctuates, recruiting strategies and hiring managers must focus on sourcing quality candidates.

The number of filled positions decreased significantly over the FY 2020-2021 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. After the internal hiring freeze was lifted in FY 2022, TABC started to make progress filling vacancies. By the last quarter in FY 2023, TABC's new hire rate finally exceeded the turnover rate. By February 2024, 536 of the 620 FTEs were filled, leaving 84 positions, or 14 percent vacant.



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 hindrance. 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 with a more diverse team to infiltrate suspected 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 a diverse group of agents whose skillset enables them to effectively investigate human trafficking and related crimes.

TECHNOLOGY CHANGES

TABC is developing and incorporating more information technology (IT) applications into its toolkit and working with the private sector to expand business operations. In accordance with the statutory direction given to TABC, and to meet the needs of a growing alcoholic beverage industry, the agency deployed AIMS to efficiently process the increasing number of applications and manage compliance reporting.

Fiscal year 2024 marked the start of year five of a six-year buildout of AIMS and the Enterprise Data Solution (EDS). These two projects are the remaining items to be completed as part of the TABC technology transformation initiative that began in FY 2020. AIMS is the online hub for businesses to complete common TABC activities, such as applying for, renewing, and managing licenses or permits; product registration (formerly called label approval); filing excise tax reports; and more. In the past biennium, the AIMS project focused on industry enhancements such as compliance reporting, payment cart, and updates to principal party functionality. Additional internal functions such as Enforcement updates and Legal case management were also implemented. EDS is the agency's data warehouse for business analytics and reporting.



The EDS project will continue to support legacy data and AIMS data simultaneously until AIMS is complete.

The Ports of Entry Department has also transitioned to a new point-of-sale system to modernize, automate, and improve the transaction times for issuing tax receipts and collecting taxes at the border.

GEOGRAPHIC CHANGES

TABC leases most of its facilities, partnering with other local, state, and federal governmental entities for shared office space. To be mindful of taxpayer money, TABC seizes opportunities to consolidate offices to conserve resources. Small outpost offices continue to merge with larger regional offices. Leadership is reassessing physical presence of office locations, particularly in areas with larger numbers of licensed and permitted locations and along the southern border.

CRITICAL FUNCTIONS

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

- Conducting enforcement and compliance activities such as investigations, inspections, monitoring of human trafficking and organized crime, and public education programs.
- 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.
- 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 the general public.
- Maintaining current tax security and performance bonds to avoid the potential loss of revenue due to nonpayment of taxes.
- Processing all financial transactions in an efficient and timely manner and preparing necessary reports for management and as statutorily required.
- Managing appropriations, budgeting, and grant programs effectively.
- Attracting and retaining qualified and diverse applicants and employees.
- Developing and cross-training employees for growth and leadership opportunities.
- 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-focused 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 and attorney 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 and public service loan forgiveness, industry stability, flexible schedules, and teleworking arrangements.

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. ITD and SIPI have also collaborated to formalize and enhance the TABC Data Governance Program, which promotes a data-centric approach that supports agency-wide initiatives to ensure data used for operations, analytics, reporting, and decision making is clearly defined, accurate, and of high quality. However, the agency must strengthen its skillset regarding data literacy, analysis, and data mining to prepare for maximizing technology innovations and the future state of machine and artificial intelligence.

Implementing the technology transformation initiative is ongoing and will continue to cause significant changes to the way many employees perform their jobs. These system and process changes will allow TABC to shift job tasks from heavy data entry to more automation, system analysis, and customer service centric. Changes will also elevate the complexity of the analysis and investigation skills required of employees in the Licensing Department. Other departments, such as Audit and Investigations, will require process changes resulting in more data analysis versus data entry skills of employees.

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 recruitment



of employees who are technically proficient and can leverage information technology. While TABC maintains a skilled workforce, the critical skillsets and demands upon employees are evolving alongside changes and improvements in technology. Recognizing that employees will need training to operate the new systems, TABC is developing training programs for its current workforce as technology is acquired and deployed while also strengthening recruitment efforts to attract candidates who demonstrate technical and analytical competencies. Building and improving on processes for quality assurance and integrity of data in agency systems and ensuring new functionality and appropriate timing for transition from legacy systems will be essential for continuity of operations.

The ITD, Training, Human Resources, 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 forced many employees to become more technologically savvy and adept in 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 Department has also identified a shortfall of agents to properly investigate complaints and investigations. Although the agency has improved procedures to triage and prioritize complaints based on their public safety risks, recruitment and retention of agents to minimize the agent vacancy levels is a priority for leadership.

As technology systems continue to transform and change the way TABC captures data and streamline processes to meet Legislative Budget Board (LBB) performance measures, leadership will continue to evaluate the methodology for determining agent workload and future FTE needs. Historically, information from the agency's ARTS and AIMS databases has been used to project the workload for agents using the number of licensed locations and number of complaints investigations conducted by region. Enforcement will continue to evaluate workload and implement process improvements to meet goals outlined in LBB performance measures and keep up with population/industry growth.



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A general lack of knowledge of the Code has always been a concern for new hires in many areas of the agency. Due to the complexity of the Code, competency usually does not come until year four with the agency. Therefore, it's essential to enhance the new employee onboarding program and in-service training for employees, especially those in the Audit and Investigations, Enforcement, and Licensing departments.

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. Another consideration to fill this need is to allow for external lateral transfers into the "Agent" classification on Schedule C. The current agency policy and State Classification Plan structure for TABC agents requires external hires to be hired at entry-level Probationary Agent 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. Changing this would require 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 TABC's recommendation; however, the addition was not approved by either the 87th or 88th 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, Ports of Entry, Training, and Human Resources areas. 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 that leadership training is available to management teams and employees who have demonstrated leadership potential. TABC will continue to enhance training offered to all employees to develop personal and professional soft skills (such as communication, change management, and conflict resolution) and technical skills (like writing for reports, policies, and procedures), as well as provide training focused on safety and mental



health topics such as suicide awareness, alcohol and substance abuse awareness, active shooter response, and CPR.

SECTION IV: STRATEGIC DEVELOPMENT

EMPLOYEE TRAINING, EDUCATION, AND RECOGNITION

The Training Division provides employees with fundamental training, growth opportunities, and resources that allow them 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 departments. 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 training to share best practices in customer service. The course covers the design of service processes, how the agency's 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 (EAP) vendor offers extensive personal and professional development resources to employees and managers. Beginning in 2020, the agency partnered with the Texas State Guard (TXSG) through the Texas Military Department to establish the Chaplaincy Program. TXSG chaplains are available to provide spiritual guidance and counseling to all employees. The program provides an additional dimension and avenue for TABC employees to call upon in times of need beyond the EAP.

TABC values higher education and offers financial support to employees who want to further their education through the Tuition Reimbursement Program. This program has not been utilized in recent years due to funding limitations; however, TABC continues to reevaluate funding options as the program benefits retention and recruitment efforts.



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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.

TABC's Training Advisory Board is established pursuant to Chapter 1701 of the Texas Occupations Code. This board is comprised of three TABC members, two public members, and at least four ex-officio non-voting members from the Training Division. The goal and responsibility as a TCOLE training provider is to conduct research, create curricula, coordinate, and facilitate effective training that will help develop our TABC personnel and external law enforcement partners so that they may provide the best level of service to the citizens of Texas. Examples of specific training offered include new agent school, undercover school for CPOs in the Investigations Bureau, new auditor academy, supervisor training, and various annual in-service training sessions for Enforcement, Audit, Licensing and POE staff.

In order to continue meeting the needs of a complex and growing alcoholic beverage industry, TABC will continue to leverage the Training Division and broaden the scope of resources available to develop and retain a highly skilled workforce. In FY 2023 an E-Learning Developer position was established to support accessibility, scalability, and customization of training courses. 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. In 2023, Human Resources expanded the Employee Recognition Program beyond Service Awards to include a Peer-to-Peer Recognition Program and Employee of the Year Awards. Service Awards are intended to recognize loyalty and dedication and are given to current employees to celebrate every five years of cumulative service with the agency. The Peer-to-Peer Recognition Program is a way for an employee to publicly recognize another when they observe or experience a co-worker providing excellent customer service or collaborative support that is above and beyond what would normally be expected. The Employee of the Year Awards are designed to recognize employees for exceptional work, outstanding performance, and contributions toward TABC's mission and vision.



TABC recognizes that employee recognition programs can have significant value to and impact on organizational culture by boosting morale, enhancing retention, and improving motivation and performance. Employee recognition programs are intended to help foster a culture of appreciation and encourage innovation and creativity. Overall, employee recognition programs play a crucial role in shaping the organizational culture of excellence by promoting positivity, engagement, and a sense of belonging among employees. Leaders are evaluated on their ability and effectiveness in empowering employees to successfully perform their job duties and better themselves professionally, in recognizing the hard work and dedication of the team, and in making employees feel valued for their accomplishments and skill. TABC will continue to evaluate ways to recognize and 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 currently has a Basic Leadership Course that is a requirement for new supervisors and is expanding the program to include intermediate and executive-level leadership courses.

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 roughly 30 percent 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.



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Leaders are expected to identify opportunities that allow employees seeking new challenges and advancement to cross-train and work on stretch or developmental assignments. TABC established a Leader Development Rotational Assignment policy in 2022. 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.

HIRING AND RECRUITMENT

TABC is enhancing overall communication and branding efforts using the public website and social media outlets that support recruitment plan goals. Since TABC does not have a full-time employee dedicated to recruitment, recruiting responsibilities are shared agency-wide between Human Resources and leadership. TABC must leverage current resources by collaborating and synchronizing recruitment efforts across divisions to improve TABC branding and targeted recruiting. Specific recruitment efforts will vary by job vacancy and TABC's current needs and resources. Human Resources collaborates with division management prior to posting job vacancies to ensure unique needs are considered and the best recruiting strategies are executed.

Some of TABC's standard recruitment efforts include coordinating with the Texas Workforce Commission (TWC), TCOLE, Texas Veterans Commission (TVC), and state networks such as the Texas State Agency Business Administrators' Association (TSABAA), State Agency Coordinating Council, and Texas State Human Resource Association (TSHRA). TABC currently uses job boards such as WorkInTexas.com, Indeed.com, linkedin.com, and handshake.com. Human Resources procured an enhancement to the current applicant tracking system, NEOGOV, that integrates with GovernmentJobs.com to automatically advertise job postings and direct applicants to our website to apply. Human Resources maintains a database of professional organizations, schools, and local law enforcement association contacts that are used



case-by-case depending on the nature of the job vacancy. 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.

Enforcement leadership plans to continue offering two new agent schools each fiscal year along with a separate undercover training school. Human Resources, Enforcement, and Training are collaborating to make improvements to the hiring process for a more efficient and effective hiring timeline.

To address the high volume of vacancies in law enforcement positions, TABC will continue to perpetuate and stagger Probationary Agent hiring processes and the Field Training Officer (FTO) program. This allows for new Probationary Agents to be hired and placed directly in the FTO program as opposed to having to wait to start at the beginning of a new agent school. The hiring process for filling Probationary Agent positions consists of a job posting that is open to applicants for a period of time. At the close of the job posting, all qualified candidates are invited to complete a physical readiness test and written assessment at their nearest regional office. Passing candidates advance to interview and then to the background investigation phase for final consideration. Selected candidates are extended conditional offers of employment to be hired directly into the next scheduled new agent school or placed directly into the FTO program, depending on timing.

INTERNSHIP PROGRAM

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.

While TABC has offered informal internship opportunities for many years, Human Resources is evaluating and establishing a more structured and formal program. The overall goal is to establish a talent pipeline for TABC to identify and recruit promising candidates early in their careers. By nurturing relationships with interns, leaders can potentially hire them as full-time employees upon graduation, which will save time and resources on recruitment efforts. Interns have the opportunity to develop and refine their technical abilities, soft skills, and industry knowledge, making them more competitive in



the job market. Offering a formalized internship program will enhance TABC's brand and reputation as an employer of choice.

NEW EMPLOYEE ONBOARDING

Effective onboarding processes are essential for fostering a strong organizational culture. Setting clear expectations, integrating new hires into the team, and immersing them into the TABC culture will improve relationships, and help with retention, engagement, and performance. Furthermore, TABC has implemented surveys and established an onboarding workgroup comprised of divisional representatives charged with improving internal communication and implementing process improvements. A new TABC Essentials Training Course was established in 2024 that will be held on a quarterly basis in an effort to continue improving the onboarding process. By investing resources to improve onboarding, TABC expects to achieve outcomes that align with having a more engaged, motivated, and equipped workforce that contributes to TABC's success.

CULTURE

The leadership team is devoted to fostering an employee-centric culture that ensures staff have the resources needed to perform their essential job functions. With a new Executive Director being appointed in July 2022, the agency refined goals and priorities and reorganized its organizational structure with a focus on optimizing efficiencies. By strengthening and supporting a highly skilled, effective, accountable, and motivated workforce, TABC will achieve a culture of excellence.

The agency is committed to improving work/life balance, strengthening communication and transparency, being deliberate and strategic, and remaining focused on industry-friendly compliance approaches and heightened public safety enforcement efforts.

SURVEY OF EMPLOYEE ENGAGEMENT (SEE), FY 2024 SUMMARY

The last Survey of Employee Engagement was administered in November 2023. The summary survey results begin on the following page.



Employee Engagement

73.6%

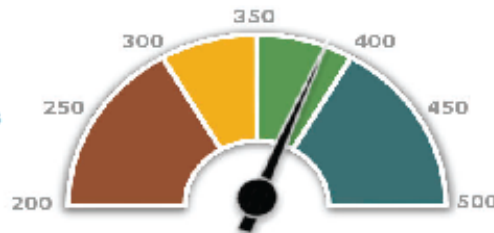
Up 3.5%

Response Rate

The response rate to the survey is your first indication of the level of employee engagement in your organization. Of the 537 employees invited to take the survey, 395 responded for a response rate of 73.6%. As a general rule, rates higher than 50% suggest soundness, while rates lower than 30% may indicate problems. At 73.6%, 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.

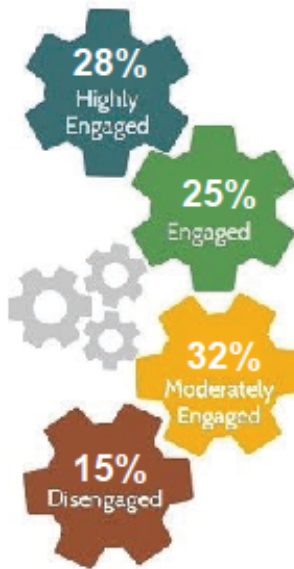
Overall Score

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 373.



Overall Score: 385

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, 28% of employees are Highly Engaged, 25% are Engaged, 32% are Moderately Engaged, and 15% are Disengaged.

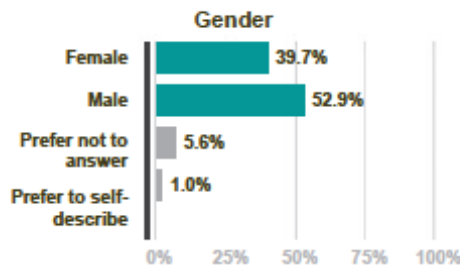
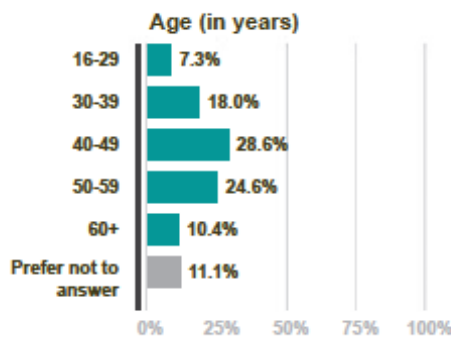
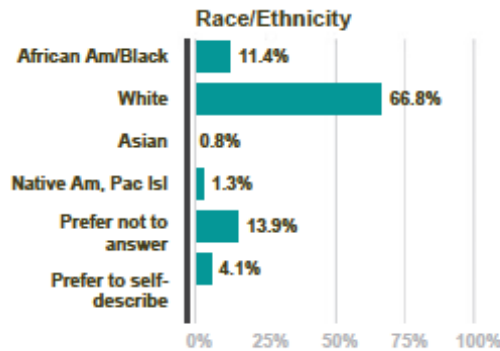
Highly Engaged employees are willing to go above and beyond in their employment. Engaged employees are more present in the workplace and show an effort to help out. Moderately Engaged employees are physically present, but put minimal effort towards accomplishing the job. Disengaged employees are disinterested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



FOCUS FORWARD >>>

5% INTEND TO LEAVE

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

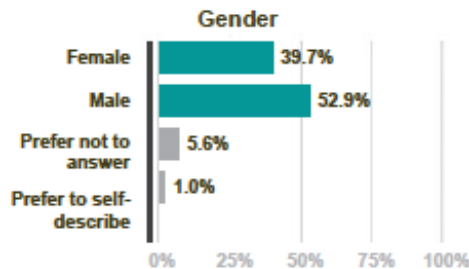
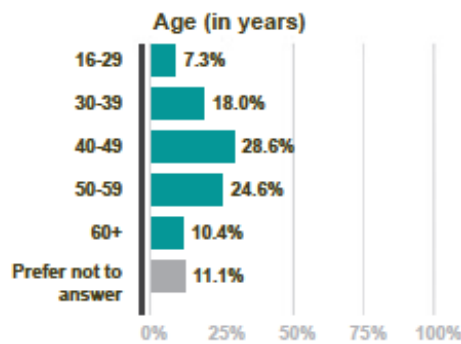
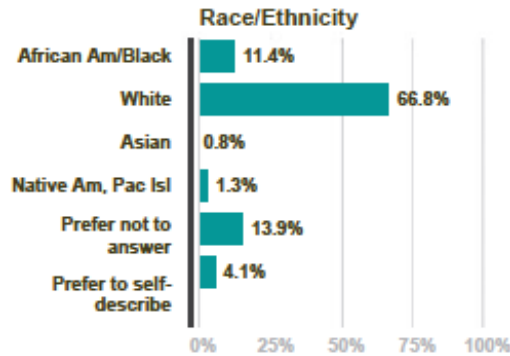
19% CAN RETIRE

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



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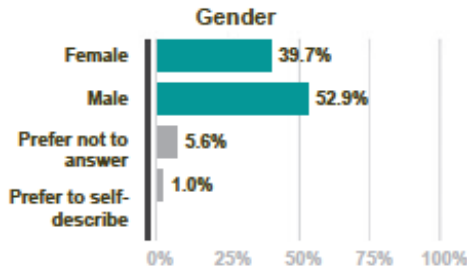
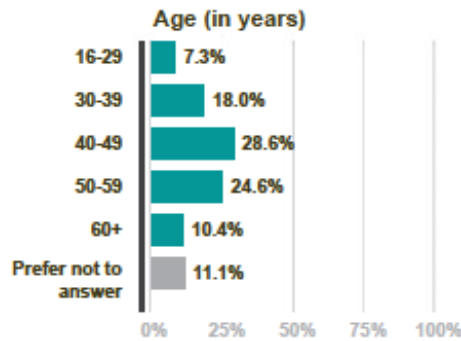
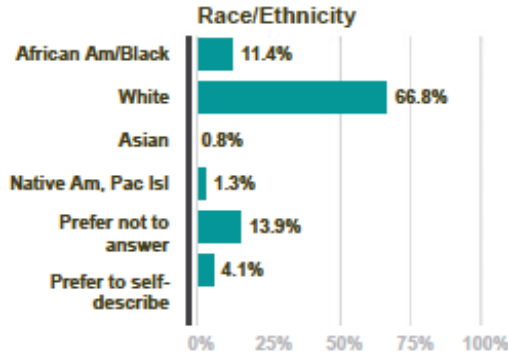
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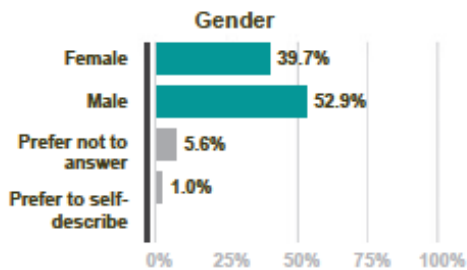
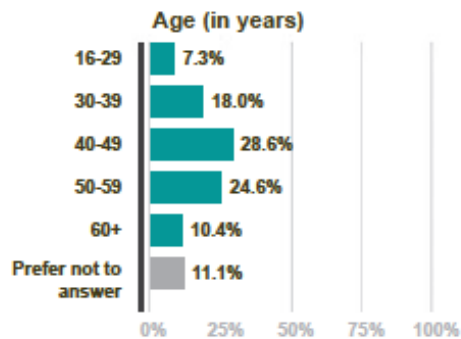
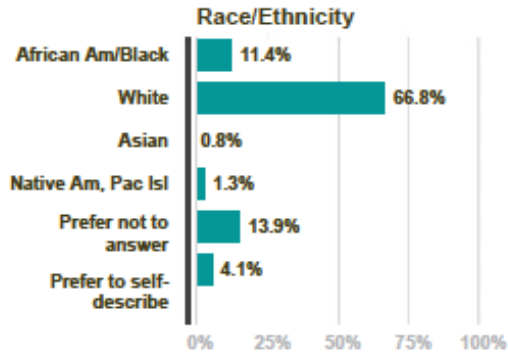
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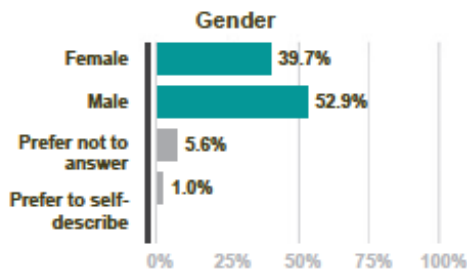
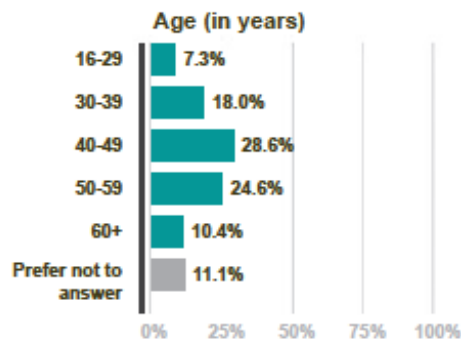
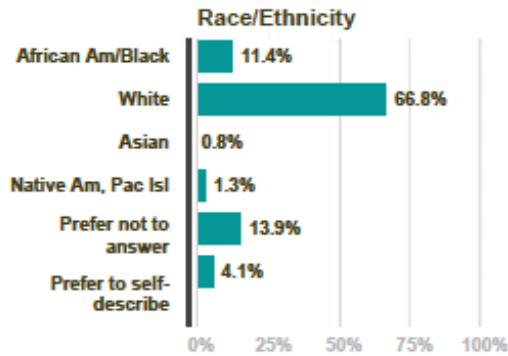
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