

**Alcoholic Beverage Commission
Summary of Budget Recommendations - House**

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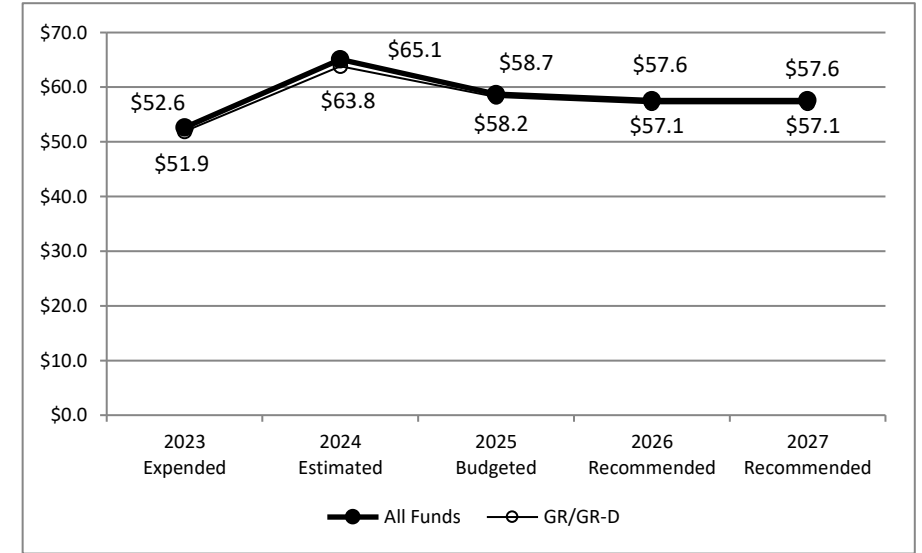
Thomas Graham, Executive Director

Anne Fine, LBB Analyst

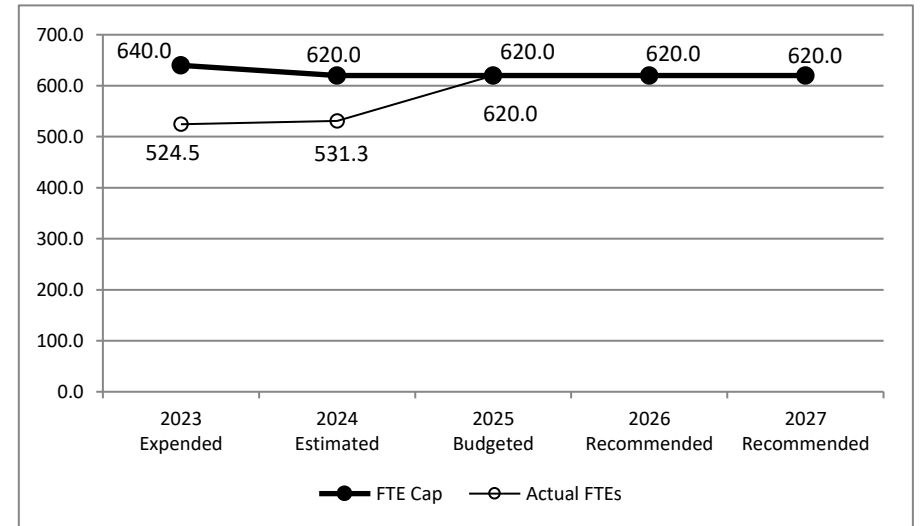
Method of Financing	2024-25 Base	2026-27 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$122,058,384	\$114,142,823	(\$7,915,561)	(6.5%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$122,058,384</i>	<i>\$114,142,823</i>	<i>(\$7,915,561)</i>	<i>(6.5%)</i>
Federal Funds	\$1,315,968	\$800,000	(\$515,968)	(39.2%)
Other	\$437,431	\$200,000	(\$237,431)	(54.3%)
All Funds	\$123,811,783	\$115,142,823	(\$8,668,960)	(7.0%)

	FY 2025 Budgeted	FY 2027 Recommended	Biennial Change	Percent Change
FTEs	620.0	620.0	0.0	0.0%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2026-27 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2026-27 biennium.

**Alcoholic Beverage Commission
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):						
A) Removal of one-time funding for the Alcohol Industry Management System (AIMS) project.	(\$10.0)	\$0.0	\$0.0	\$0.0	(\$10.0)	D.1.2
B) Increase in funding for ongoing AIMS costs.	\$2.6	\$0.0	\$0.0	\$0.0	\$2.6	D.1.2
OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):						
C) Increase in funding to biennialize the statewide salary adjustments included in the 2024-25 appropriations.	\$1.7	\$0.0	\$0.0	\$0.0	\$1.7	A.1.1, B.1.1, C.1.1, C.2.1, D.1.1, D.1.2, D.1.3
D) Increase in funding for the Wine Marketing Assistance Program transfer to the Department of Agriculture.	\$0.5	\$0.0	\$0.0	\$0.0	\$0.5	D.1.1
E) Removal of one-time vehicle costs.	(\$2.7)	\$0.0	\$0.0	\$0.0	(\$2.7)	A.1.1
F) Decrease of Federal Funds due to expiration of grants.	\$0.0	\$0.0	(\$0.5)	\$0.0	(\$0.5)	A.1.1
G) Decrease in Appropriated Receipts due to variance in actual collected amounts.	\$0.0	\$0.0	\$0.0	(\$0.2)	(\$0.2)	A.1.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	(\$7.9)	\$0.0	(\$0.5)	(\$0.2)	(\$8.7)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$4.8	\$0.0	\$0.0	\$0.0	\$4.8	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	(\$12.7)	\$0.0	(\$0.5)	(\$0.2)	(\$13.4)	As Listed

NOTE: Totals may not sum due to rounding.

**Alcoholic Beverage Commission
Selected Fiscal and Policy Issues - House**

- Alcohol Industry Management Information Technology System (AIMS).** House Bill 1545, Eighty-sixth Legislature, Regular Session, 2019, restructured the alcoholic beverage licensing and permit matrix to reduce the number of licenses and permits from 75 to 36. The Eighty-sixth Legislature appropriated \$7.4 million in General Revenue and 5.0 FTEs to the agency in the 2020-21 biennium for Phase I of a three-phase project to create a centralized, cloud-based system to facilitate and streamline the required statutory changes. To build out the new system, the agency contracted with a third-part vendor to develop all phases of the project.

According to the agency, Phase I of the Alcohol Industry Management System (AIMS) was completed and implemented in fiscal year 2021 allowing public users to apply, renew, and pay for licenses online, submit excise tax reports, and register products digitally. House Bill 2, Eighty-seventh Legislature, Regular Session, 2021, appropriated an additional \$4.3 million in General Revenue and 5.0 FTEs for Phase II to expand the system’s functionality to allow businesses to digitally file required annual self-inspection reports, process and pay taxes and fees from a mobile device, and pay for multiple applications at once using a single payment method.

According to the agency, several components of Phase II have launched, and several are still in progress. The development and implementation of AIMS has reduced the average time to process a new license application from 51.8 days in fiscal year 2018 to 25.9 days in fiscal year 2024, or 50.0 percent. The Eighty-eighth Legislature, Regular Session, 2023, appropriated \$11.5 million in General Revenue for Phase III and ongoing costs for subscriptions and licensing relating for AIMS. According to the agency, Phase III of the project is in progress as well, with an anticipated completion date of August 31, 2025.

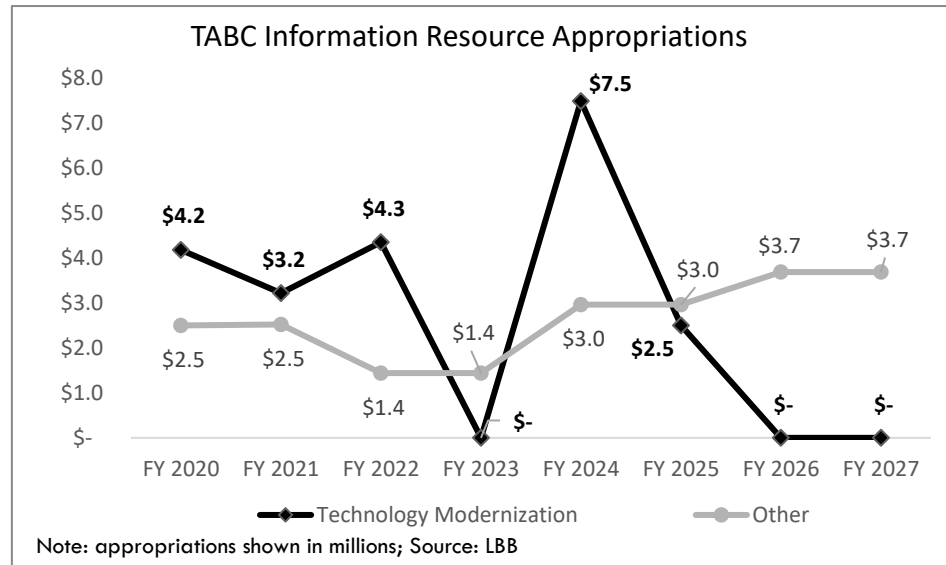
Recommendations include \$2.5 million per fiscal year in General Revenue Funds for continued AIMS licensing and support.

- Technology and Data Overview.** The Eighty-sixth Legislature, Regular Session, 2019 instructed TABC to restructure their licensing, permitting, and data collection processes and appropriated funds to develop AIMS. The appropriation specifically for AIMS is a large portion of their technology and information resources funding. Other capital budget items include PC replacement, hardware and software acquisitions, licensing and support, cybersecurity enhancements, and data center consolidation.

The agency’s information technology capital budget request and subsequent appropriations remain consistent since the Eighty-sixth Legislature, apart from technology modernization project and licensing requests.

Recommendations do not include two related Exceptional Item requests:

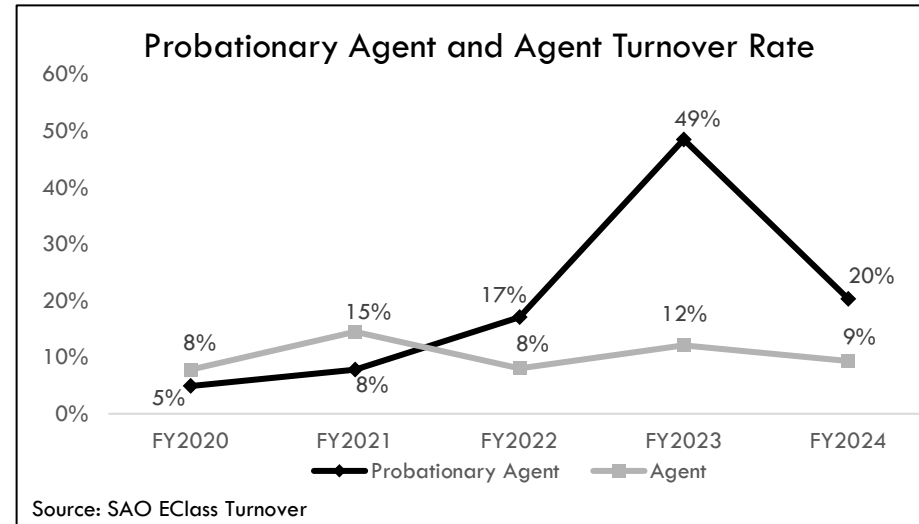
- \$1.9 million in General Revenue and 4.0 FTEs to establish a Business Intelligence Office. Funding would be used to acquire data management and analytics tools and necessary professional services to build and support a data management program.
- \$3.0 million in General Revenue and 5.0 FTEs to obtain necessary tools within the Innovation and Technology Division and address data demands and user issues.



3. **Staffing, Salaries, and Turnover.** Voluntary turnover at TABC has increased consistently since fiscal year 2020, with a voluntary turnover rate of 5.5% to fiscal year 2023 at 10.5%. The agency reports its greatest areas of concern are within the probationary agent and peace officer positions, and administration positions including accountants, programmers, and purchasers. According to the agency, more than 80.0% of voluntary separations were due to compensation. The agency's total turnover rate has increased from 9.1% in fiscal year 2020 to 15.1% in fiscal year 2023.

Recommendations do not include two related Exceptional Item requests:

- \$5.0 million in General Revenue Funds to compensate peace officers for up to four years of service under Salary Classification Schedule C to enable the agency to pay experienced peace officers a competitive salary rather than start them as a Probationary Agent.
- \$1.2 million in General Revenue Funds to increase the salaries of staff critical to supporting agency operations. The agency specifically named accounting, procurement, human resources, technology, and programming responsibilities.



**Alcoholic Beverage Commission
Rider Highlights - House**

Modification of Existing Riders

The following riders include recommendations to remove obsolete language, make conforming changes such as updating fiscal years and amounts to reflect funding recommendations, and clarify deadlines: Rider 1, Performance Measure Targets; Rider 2, Capital Budget; Rider 7, Appropriations Limited to Revenue Collections; Rider 9, Appropriation: Seized Assets; Rider 10, Clothing Provisions; Rider 11, Texas Wine Marketing Assistance Program

13. **Limit on Travel Activities.** Recommendations include modifying the rider language to allow the Texas Alcoholic Beverage Commission, with written notification to the Legislative Budget Board, to spend money appropriated by the Legislature for travel to participate in an event, training, conference, class or similar activity outside the state.

New Riders

16. **Unexpended Balances Information Technology Transformation.** Recommendations include new rider authorizing the agency to carry forward into the 2026-2027 biennium any unexpended or unobligated funds appropriated in 2024-2025 for its Technology Transformation Project.

Deleted Riders

16. **Winery Permit Study.** Recommendations delete the rider as the report was only mandated for fiscal year 2024.

**Alcoholic Beverage Commission
Items Not Included in Recommendations - House**

	2026-27 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2028-29
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	Expand Data Governance to Support Operations and Industry Needs: Funding to establish a Business Intelligence Office, hire four new FTEs, and obtain data management and analytics tools.	\$1,961,226	\$1,961,226	4.0	Yes	Yes	\$961,226
2)	Hire and Retain Experienced Peace Officers: Funding to compensate experienced peace officers under Salary Classification C.	\$5,000,000	\$5,000,000	0.0	No	No	\$5,000,000
3)	Retain Critical Operations Staff: Funding for salary increases for employees under Indirect Administration.	\$1,272,928	\$1,272,928	0.0	No	No	\$1,272,930
4)	Integrate and Support Technology Solutions for Quality Service: Funding for five additional FTEs and to obtain necessary IT tools to implement software solutions and provide user support.	\$3,059,176	\$3,059,176	5.0	Yes	Yes	\$1,059,176
5)	Return Enforcement Fleet Replacement Base: Funding to replace up to 40 vehicles and keep up with the state's vehicle fleet replacement schedule.	\$1,399,050	\$1,399,050	0.0	No	No	\$0

Agency Rider Requests Not Included

5)	Add Rider: Request to add rider to allow the agency to determine an enforcement agent's salary under Salary Classification Schedule C by counting up to four years of prior peace officer experience.	\$0	\$0	0.0	No	No	\$0
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TOTAL Items Not Included in Recommendations		\$12,692,380	\$12,692,380	9.0			\$8,293,332
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**Alcoholic Beverage Commission
Appendices - House**

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* Appendix is not included - no significant information to report

**Alcoholic Beverage Commission
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
ENFORCEMENT A.1.1	\$60,724,075	\$59,024,010	(\$1,700,065)	(2.8%)	<p>Recommendations include the following decreases:</p> <ul style="list-style-type: none"> a) in General Revenue Funds of \$2,699,050 due to removal of supplemental motor vehicle purchase appropriation; b) in Federal Funds of \$515,968 from the Crime Victims Assistance Grant and the Human Trafficking Grant from the U.S. Department of Justice; and c) in Appropriated Receipts of \$237,431 due to lower than estimated collected amounts. <p>Recommendations include an increase of \$1,157,366 in General Revenue Funds to biennialize statewide salary adjustments included in the 2024-25 appropriations and an increase of \$595,018 due to FTE and salary fluctuations that changed the basis calculation and/or any occasions where the agency returned one-time transfers to their original strategy.</p>
Total, Goal A, ENFORCEMENT	\$60,724,075	\$59,024,010	(\$1,700,065)	(2.8%)	
LICENSING B.1.1	\$11,164,445	\$11,960,774	\$796,329	7.1%	<p>Recommendations include a General Revenue Fund increase of \$264,698 to biennialize statewide salary adjustments included in the 2024-25 appropriations and an increase of \$531,631 due to FTE and salary fluctuations that changed the basis calculation and/or any occasions where the agency returned one-time transfers to their original strategy.</p>
Total, Goal B, LICENSING	\$11,164,445	\$11,960,774	\$796,329	7.1%	
COMPLIANCE MONITORING C.1.1	\$14,183,605	\$15,059,156	\$875,551	6.2%	<p>Recommendations include a General Revenue Fund increase of \$261,232 to biennialize statewide salary adjustments included in the 2024-25 appropriations and an increase of \$614,319 due to FTE and salary fluctuations that changed the basis calculation and/or any occasions where the agency returned one-time transfers to their original strategy.</p>

**Alcoholic Beverage Commission
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
PORTS OF ENTRY C.2.1	\$11,455,688	\$11,573,968	\$118,280	1.0%	<p>Recommendations include a General Revenue Fund increase of \$215,861 to biennialize statewide salary adjustments included in the 2024-25 appropriations.</p> <p>Recommendations include a General Revenue Fund decrease of \$97,581 due to FTE and salary fluctuations that changed the basis calculation and/or any occasions where the agency returned one-time transfers to their original strategy.</p>
Total, Goal C, COMPLIANCE AND TAX COLLECTION	\$25,639,293	\$26,633,124	\$993,831	3.9%	
CENTRAL ADMINISTRATION D.1.1	\$5,113,182	\$5,937,391	\$824,209	16.1%	<p>Recommendations include a General Revenue Fund increase of \$500,000 for the Texas Wine Marketing Assistance Program transfer to the Texas Department of Agriculture, an increase of \$100,082 to biennialize statewide salary adjustments included in the 2024-25 appropriations, and an increase of \$224,127 due to FTE and salary fluctuations that changed the basis calculation and/or any occasions where the agency returned one-time transfers to their original strategy.</p>
INFORMATION RESOURCES D.1.2	\$20,227,249	\$10,642,250	(\$9,584,999)	(47.4%)	<p>Recommendations include a General Revenue Fund increase of \$82,937 to biennialize statewide salary adjustments included in the 2024-25 appropriations.</p> <p>Recommendations include a General Revenue Fund increase of \$2,250,000 for on-going AIMS licensing and support.</p> <p>Recommendations include a decrease of \$9,975,000 in General Revenue Funds due to removal of one-time Alcohol Industry Management System appropriation and a decrease of \$1,942,936 General Revenue Funds due to FTE and salary fluctuations that changed the basis calculation and/or any occasions where the agency returned one-time transfers to their original strategy.</p>

Alcoholic Beverage Commission
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
OTHER SUPPORT SERVICES D.1.3	\$943,539	\$945,274	\$1,735	0.2%	Recommendations include a General Revenue Fund increase of \$20,412 to biennialize statewide salary adjustments included in the 2024-25 appropriations. Recommendations include a General Revenue Fund decrease of \$18,677 due to reallocation of the budget to reflect a reduction in temporary contract workers.
Total, Goal D, INDIRECT ADMINISTRATION	\$26,283,970	\$17,524,915	(\$8,759,055)	(33.3%)	
Grand Total, All Strategies	\$123,811,783	\$115,142,823	(\$8,668,960)	(7.0%)	

**Alcoholic Beverage Commission
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2023	Estimated 2024	Budgeted 2025	Recommended 2026	Recommended 2027
Cap	640.0	620.0	620.0	620.0	620.0
Actual/Budgeted	524.4	531.3	620.0	NA	NA

Schedule of Exempt Positions (Cap)					
Administrator, Group 7	\$200,000	\$203,743	\$203,743	\$230,000	\$230,000

Notes:

- a) State Auditor's Office annual FTE report is the source for fiscal year 2023 annual average (actual) FTE level.
- b) The State Auditor's Office Report, Executive Compensation at State Agencies (Report No. 25-702, October 2024) indicates a market average salary of \$212,509 for the Executive Director position at the Texas Alcoholic Beverage Commission.
- c) Legislative Budget Board leadership approved an increase in authority for the salary of the Executive Director for fiscal year 2025.