

**Department of Licensing and Regulation
Summary of Recommendations - Senate**

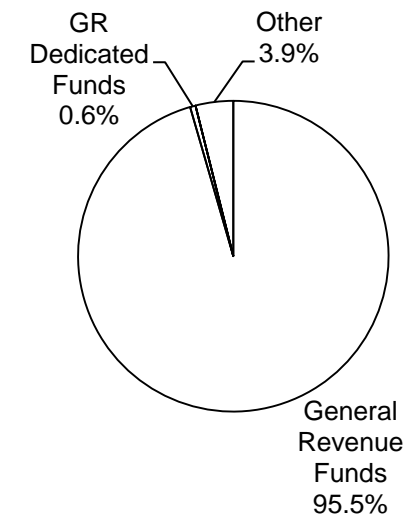
VIII-30

Bill Kuntz, Executive Director

Clifford Sparks, LBB Analyst

Method of Financing	2010-11 Appropriations	2010-11 Base	2012-13 Recommended	Biennial Change	% Change
General Revenue Funds	\$47,278,619	\$46,573,109	\$43,787,369	(\$2,785,740)	(6.0%)
GR Dedicated Funds	\$156,040	\$262,081	\$262,081	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$47,434,659</i>	<i>\$46,835,190</i>	<i>\$44,049,450</i>	<i>(\$2,785,740)</i>	<i>(5.9%)</i>
Federal Funds	\$0	\$0	\$0	\$0	0.0%
Other	\$1,077,268	\$1,795,764	\$1,795,764	\$0	0.0%
All Funds	\$48,511,927	\$48,630,954	\$45,845,214	(\$2,785,740)	(5.7%)

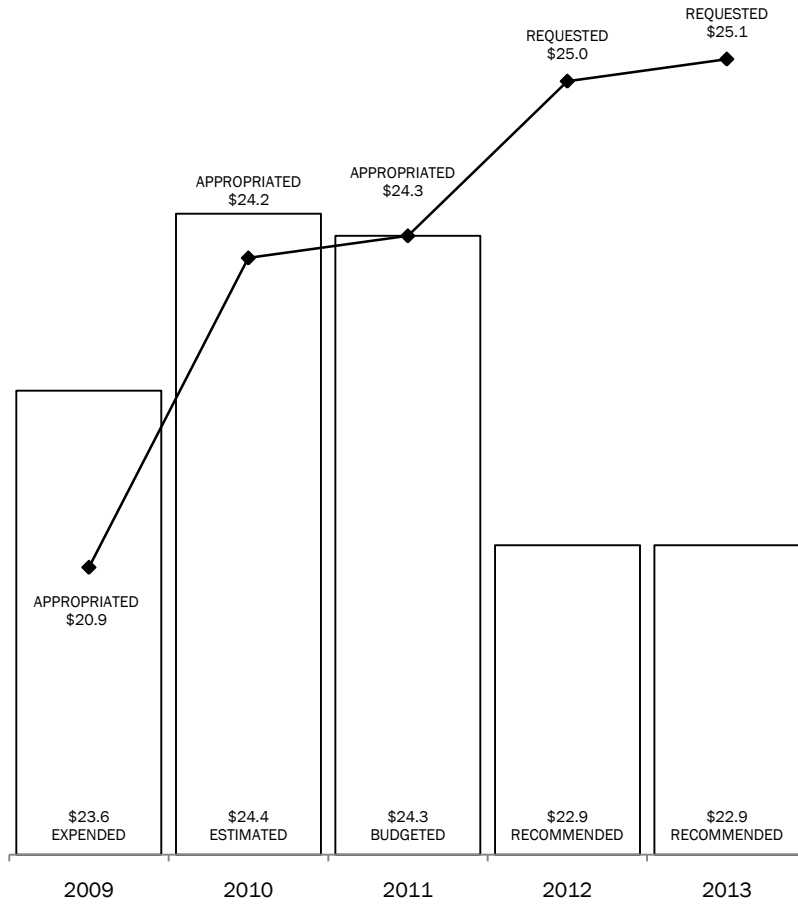
RECOMMENDED FUNDING
BY METHOD OF FINANCING



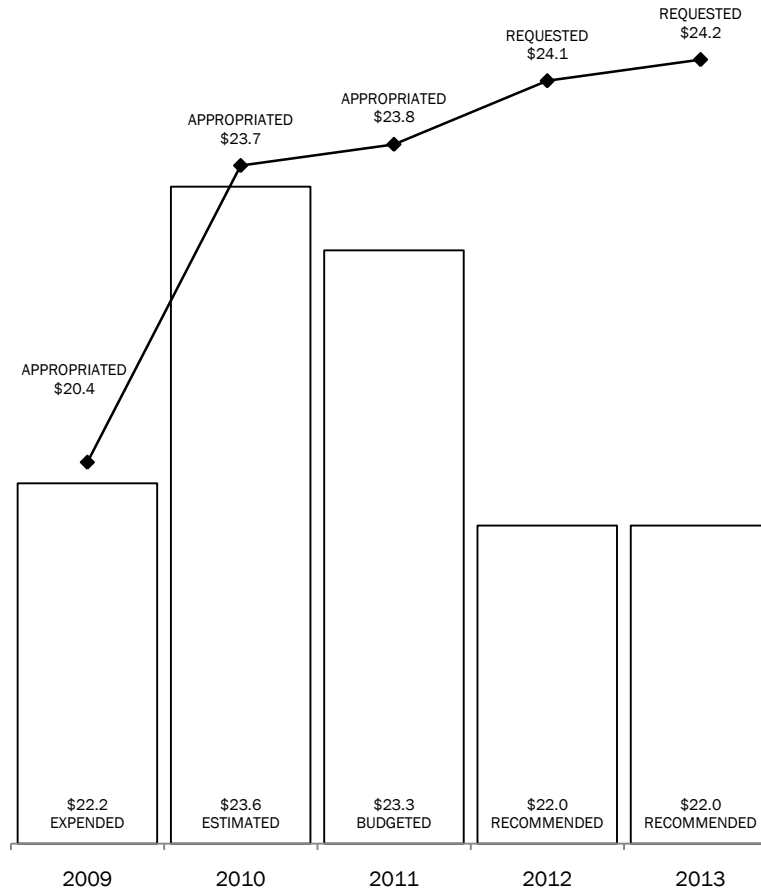
	FY 2011 Appropriations	FY 2011 Budgeted	FY 2013 Recommended	Biennial Change	% Change
FTEs	413.2	393.2	382.2	(11.0)	(2.8%)

The bill pattern for this agency (2012-13 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2012-13 biennium.

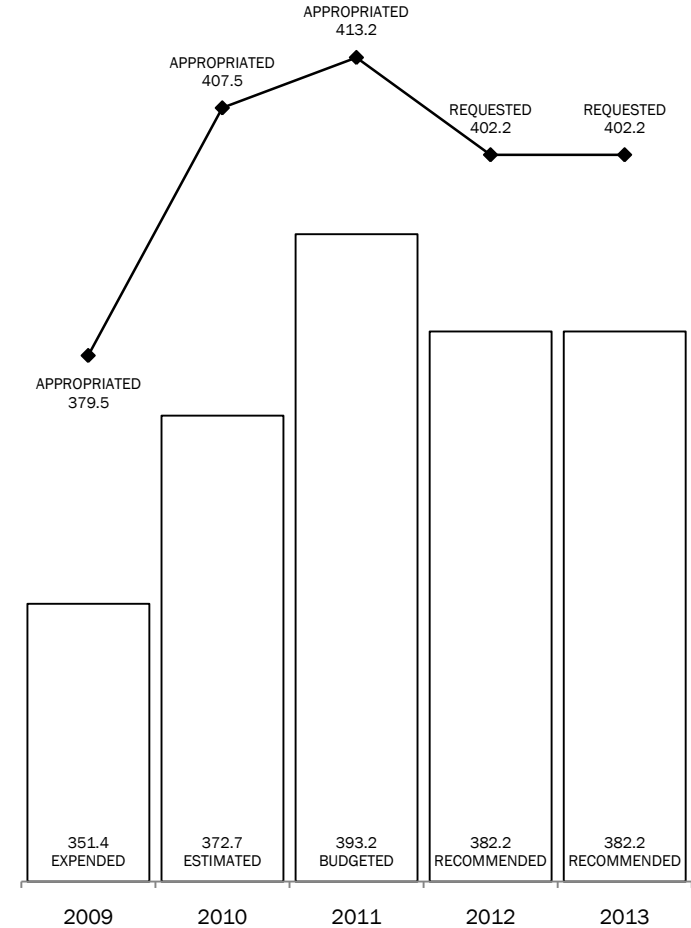
ALL FUNDS



**GENERAL REVENUE AND
 GENERAL REVENUE-DEDICATED FUNDS**



FULL-TIME-EQUIVALENT POSITIONS



Department of Licensing and Regulation
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
LICENSE, REGISTER AND CERTIFY A.1.1	\$4,730,543	\$4,784,226	\$53,683	1.1%	
LICENSE BUSINESSES AND FACILITIES A.1.2	\$1,755,582	\$1,771,912	\$16,330	0.9%	
EXAMINATIONS/CONTINUING EDUCATION A.1.3	\$1,545,829	\$1,346,762	(\$199,067)	(12.9%)	
CUSTOMER SERV. A.1.4	\$3,199,742	\$2,658,524	(\$541,218)	(16.9%)	
TEXASONLINE A.1.5	\$934,400	\$934,400	\$0	0.0%	
Total, Goal A, LICENSING	\$12,166,096	\$11,495,824	(\$670,272)	(5.5%)	
CONDUCT INSPECTIONS B.1.1	\$12,688,092	\$12,165,698	(\$522,394)	(4.1%)	
BUILDING PLAN REVIEWS B.1.2	\$2,193,650	\$2,217,794	\$24,144	1.1%	
RESOLVE COMPLAINTS B.1.3	\$6,067,104	\$5,948,680	(\$118,424)	(2.0%)	
INVESTIGATION B.1.4	\$5,685,363	\$5,587,116	(\$98,247)	(1.7%)	
Total, Goal B, ENFORCEMENT	\$26,634,209	\$25,919,288	(\$714,921)	(2.7%)	
CENTRAL ADMINISTRATION C.1.1	\$5,271,658	\$4,718,358	(\$553,300)	(10.5%)	
INFORMATION RESOURCES C.1.2	\$3,706,929	\$3,004,682	(\$702,247)	(18.9%)	
OTHER SUPPORT SERVICES C.1.3	\$852,062	\$707,062	(\$145,000)	(17.0%)	
Total, Goal C, INDIRECT ADMINISTRATION	\$9,830,649	\$8,430,102	(\$1,400,547)	(14.2%)	
Grand Total, All Strategies	\$48,630,954	\$45,845,214	(\$2,785,740)	(5.7%)	<ul style="list-style-type: none"> • Decrease General Revenue funding by \$207,740 for the scheduled replacement of Information Resource Technologies and the replacement of 2 vehicles (See Selected Fiscal and Policy Issues #1). • Decrease General Revenue funding by \$1,448,560 in funding for 11.0 FTEs (See Selected Fiscal and Policy Issues #2). • Decrease General Revenue funding by \$956,000 for HB4586 appropriations (See Selected Fiscal and Policy Issues #4). • Decrease General Revenue funding by \$73,440 for HB 2310 related to Dog and Cat Breeders and Commercial Dealers (See Selected Fiscal and Policy Issues #6). • Decrease General Revenue funding by \$100,000 for HB 2571 (See Selected Fiscal and Policy Issues #7).

Department of Licensing and Regulation
Selected Fiscal and Policy Issues

1. **Capital Budget.** Recommendations decrease capital budget authority and General Revenue funding by \$207,740. Reductions include \$59,200 for the replacement of two vehicles which the agency replaced in fiscal year 2010 and a reduction of \$148,540 for the scheduled replacement of desktops, laptops and monitors. Recommendations continue \$597,488 in funding and authority at the 2010-11 spending levels for the Data Center Consolidation project (See item #5 below and Rider Highlights #2).
2. **Staffing Levels.** Recommendations decrease General Revenue by \$1,448,560 and reduce the FTE cap by 11.0 FTEs compared to the 2011 staffing level. The State Auditor's Office (SAO) reports the agency is 38.0 FTEs below the 407.5 cap in 2010. The agency's Legislative Appropriations Request (LAR) includes 35.5 of those potential 38.0 FTEs in the 10 percent reduction schedule. The agency reports for 2012-13 that 11.0 out of the 35.5 FTEs would not impact revenue if reduced. The agency reduced 20.0 FTEs in response to the 5 percent reduction requirement in 2010-11. Eleven of those FTEs were from HB 2310 (the regulation of dog and cat breeders and dealers) which the agency was not given authority to license or regulate (See Item #6).
3. **New Program Rider.** Recommendations add a rider requiring the agency to provide a program expenditure report at the end of each fiscal year in a format prescribed by the Legislative Budget Board and a requirement that the Governor's Office and Legislative Budget Board approve additional appropriations above amounts from the same source of funding already included in the agency's budget for the Elimination of Architectural Barriers and Elevators, Escalators and Related Equipment. The agency is able to receive excess funding from both programs over the estimated amounts included in the agency's budget and identified by rider. The agency is also directed to expend any excess appropriations administering and enforcing laws and acts by the riders and continue the estimated appropriation authority for the Elimination of Architectural Barriers and Elevators, Escalators and Related Equipment programs (See Rider Highlights #5, #6 and #12).
4. **HB 4586 Appropriations.** Recommendations reduce General Revenue funding by \$956,000 for appropriations made in the supplemental appropriations bill (HB4586) in 2009 for agency operations. The supplemental bill appropriation extended for two years from the enactment date of the bill, the amount was lapsed at the end of fiscal year 2009 and subsequently reappropriated during the 81st legislative session to the agency. To date, the agency has not identified programs or functions that the funds are paying for, nor has the agency provided a time line for expenditures of the funds. The Comptroller has identified expenditures made by the agency as of 8/31/2010 from these appropriations in the amount of \$424,232 for the following:
 - \$296,696 for salaries
 - \$62,580 for consultant services
 - \$44,182 for computer software
 - \$12,336 for educational/training services
 - \$4,700 longevity pay
 - \$3,738 for computer consultant services
5. **Data Center Consolidation Contract.** The agency has stated that the Data Center Consolidation is running behind schedule and has requested additional funding due to the escalating costs of the project. To date, TDLR has transformed four of its original servers to the Consolidated Data Center; an additional four new servers have also been brought online at the Data Center. The agency claims that the time to bring the new servers online at the Data Center has extended

from approximately four weeks for the agency to specify, procure, install and place into production to 10 months when this occurs through the Data Center. This leaves a total of six remaining servers that are still to be transformed to the Data Center. The last server transformation occurred in April of 2010, and since that date the agency states that they have had little to no correspondence from the Transformation Project Manager. DIR has also restructured the process from a server based model to an application transformation model based on prioritization. This model puts the non-application servers to the back of the queue and four of the six remaining servers are non-application servers, leaving the agency to run its non-application servers on hardware that dates back to 2001 (See Items Not Included in Recommendations #3).

6. **Dog and Cat Breeders and Commercial Dealers (HB 2310).** Recommendations reduce General Revenue funding by \$73,440 for the regulation of Dog and Cat Breeders and Dealers. The contingency for HB 2310 appropriated the agency \$1,447,994 (\$763,097 for 2010 and \$684,897 for 2011) and 13.0 FTEs each year for the Department of Licensing and Regulation to issue emergency orders and temporary and emergency licenses for the regulation of Dog and Cat Breeders and Commercial Dealers. The appropriation included \$754,247 (\$680,807 for 2010 and \$73,440 for 2011) and 11.5 FTEs from HB 2310 for regulation of the Dog and Cat Breeders and Commercial Dealers. The agency used \$681,932 in fiscal year 2010 to meet the 5 percent reduction requirement, which it reports to be associated with the appropriation for Dog and Cat Breeders and Dealers regulation. Concerning the 11.5 FTEs, TDLR has utilized the ability to have one or more FTEs move fluidly between licensee populations and programs to achieve maximum efficiency in servicing the numerous licensee populations that it regulates (See Item #2).
7. **Licensing and Regulation of Towing Companies (HB 2571).** Recommendations decrease General Revenue funding by \$100,000 for the agency to conduct a study on the drop fees of Tow Truck Companies. The bill required the Texas Commission of Licensing and Regulation to adopt rules and set fees that could be charged for private towing, the maximum amount for other fees associated with private towing, and the maximum fees for towing certain types of motor vehicles. The bill also requires TDLR to contract out a study to examine existing private property towing fee studies conducted by municipalities in Texas and to analyze private property towing cost of services by company, consumer price index, geographic area, and individual cost components in order to adopt appropriate fee rates. The agency completed the study on August 9, 2010 and established the statewide maximum amounts for private property tows and specified that a drop fee may also be charged which can be found on the agency's website (See Items Not Included in Recommendations #2).
8. **Combative Sports Regulation.** The agency is requesting a new rider to fund the regulation of combative sport events in which gross receipts exceed \$2,000,000. The requested rider would authorize \$30,000 out of the fees collected to administer each of these "mega" events to be appropriated to the agency to cover costs such as staffing (temporary workers) per event. Events that fall into this category include the Ultimate Fighting Championship, Boxing Title Bouts and other "mega" events held at the Dallas Cowboys Stadium in Arlington Texas. Recommendations do not include this rider due to the indeterminate number of events the agency will regulate in the future and because the agency is currently regulating these events under its current budget funding (See Items Not Included in Recommendations #4).
9. **Strategic Plan Changes.** Recommendations align strategies with agency functions to more accurately reflect the way the agency is currently operating. The recommendations merge the continuing education function with strategy A.1.3. Examinations because budget personnel have to split the appropriation for this strategy between the two divisions to come up with division operating budgets each year under the 2010-11 budget structure. The strategies now read: Strategy A.1.3 Examinations/Continuing Education and Strategy A.1.4 Customer Service in alignment with the agency's request.

Department of Licensing and Regulation
Performance Review and Policy Report Highlights

Reports & Recommendations	GEER Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Is included in the Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

**Department of Licensing and Regulation
Rider Highlights**

2. **(revised) Capital Budget Authority.** Recommendations reduce capital budget funding and authority to delay the replacement of desktops, laptops, servers, monitors and printers for two years and continue funding for data center consolidation costs (See Selected Fiscal and Policy Issues #1).
5. **(former) Elimination of Architectural Barriers.** Recommendations delete the rider and consolidate its funding authority with former rider 6 into new rider 12 below (See Selected Fiscal and Policy Issues # 3).
6. **(former) Elevators, Escalators, and Related Equipment.** Recommendations delete the rider and consolidate its funding authority with former rider 5 into new rider 12 below (See Selected Fiscal and Policy Issues # 3).
10. **(revised) Reimbursement of Advisory Committee members for Travel expenses.** Recommendations update the rider to reflect legislation that affected the agency during the 81st legislative session adding Polygraph Advisory Committee, Texas Tax Professional Advisory Committee, Storage and Booting Advisory Board, and Used Automotive Parts Recycling Advisory Board in the rider text.
12. **(new) Additional General Revenue.** Recommendations add a rider requiring the agency to provide an expenditure report and receive approval to expend appropriations collected above the rider amounts on the Elimination of Architectural Barriers and Elevators, Escalators and Related Equipment programs (See Selected Fiscal and Policy Issues #3).
14. **(former) Contingent Revenue.** Recommendations delete this rider. Additional revenues were generated and appropriations were increased during the 2010-11 biennium for the purposes of this rider. These amounts were also included in the agency's 2010-11 base.
15. **(former) Fees Established.** Recommendations delete this rider to make the setting of fees for Tax Professionals consistent with the other programs and professions regulated by the Department of Licensing and Regulation.
16. **(former) Polygraph Examiner Fee Rates.** Recommendations delete this rider to make the setting of fees for Polygraph Examiners consistent with the other programs and professions regulated by the Department of Licensing and Regulation.

**Department of Licensing and Regulation
Items not Included in Recommendations**

	2012-13 Biennial Total	
	GR & GR- Dedicated	All Funds
1. Increase General Revenue funding and the FTE cap by 4.0 FTEs each year for 4.0 Investigator positions. a. Salaries and wages \$423,024 (\$52,878 each year per position) b. Other operating expenses \$23,940	\$ 446,964	\$ 446,964
2. Restoration of General Revenue funding for a tow truck drop fee study required by HB 2571 for the Licensing and Regulation of Towing Companies. The study authorizes the Department of Licensing and Regulation to assess the maximum amount of fees charged for towing (See Selected Fiscal and Policy Issues #7).	\$ 80,000	\$ 80,000
3. Increase General Revenue to provide for additional Data Consolidation Service Contract costs (See Selected Fiscal and Policy Issues #5 and Rider Highlights #2).	\$ 428,455	\$ 428,455
4. Add a rider and increase General Revenue funding by \$30,000 for each event generating gross receipts in excess of \$2,000,000 for an undetermined number of events for Combative Sports Regulation to offset costs of regulating combative sports events (See Selected Fiscal and Policy Issues #8).	\$ -	\$ -
Total, Items Not Included in the Recommendations	\$ 955,419	\$ 955,419