

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

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Brian Francis, Executive Director

Daniela Fragoso, LBB Analyst

Method of Financing	2018-19 Base	2020-21 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$60,524,808	\$62,702,691	\$2,177,883	3.6%
GR Dedicated Funds	\$153,835	\$170,000	\$16,165	10.5%
<i>Total GR-Related Funds</i>	<i>\$60,678,643</i>	<i>\$62,872,691</i>	<i>\$2,194,048</i>	<i>3.6%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$10,545,764	\$10,545,764	\$0	0.0%
All Funds	\$71,224,407	\$73,418,455	\$2,194,048	3.1%

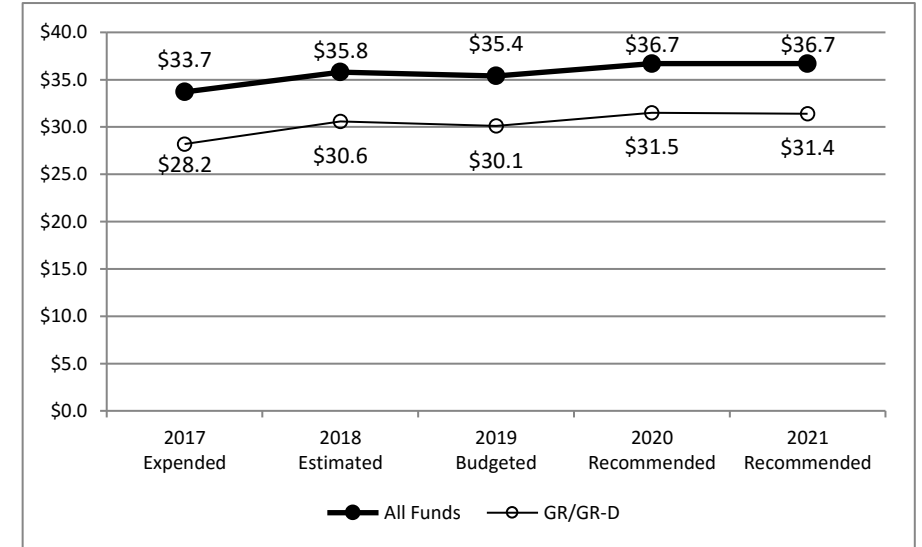
	FY 2019 Budgeted	FY 2021 Recommended	Biennial Change	Percent Change
FTEs	471.2	474.2	3.0	0.6%

Agency Budget and Policy Issues and/or Highlights

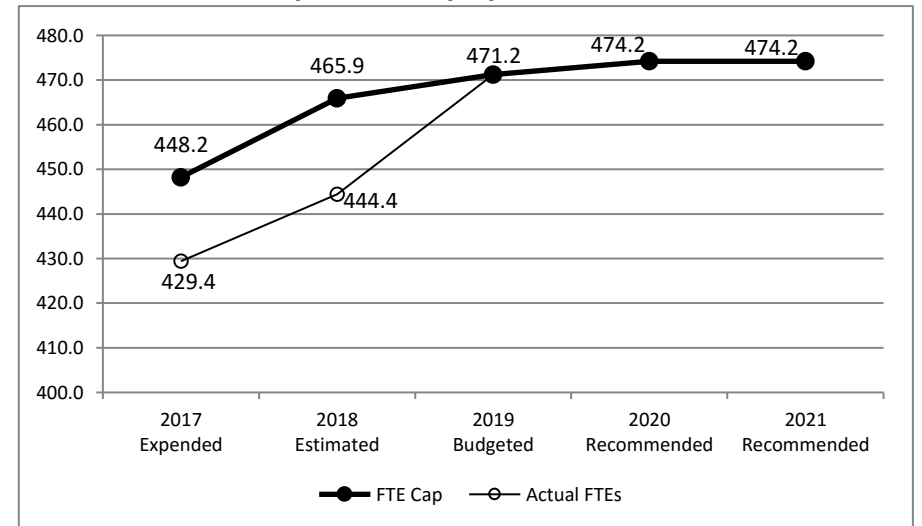
The Texas Department of Licensing and Regulation (TDLR) provides oversight for a broad range of occupations, businesses, facilities, and equipment. TDLR is under Strategic Fiscal Review (SFR) for the Eighty-sixth Legislative Session.

The bill pattern for this agency (2020-21 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2020-21 biennium.

Historical Funding Levels (Millions)



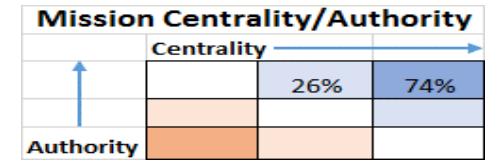
Historical Full-Time-Equivalent Employees (FTEs)



**Department of Licensing and Regulation
Strategic Fiscal Review Program Summary - Senate**

Department of Licensing and Regulation

Agency Mission: To earn the trust of Texans every day by delivering innovative regulatory solutions for our licensees and those they serve.



					2018-19 Base Funding	2020-21 Recommendations	Percent Change from Base	GR-Related Percentage of Rec. Total	2020-21 Agency Total Request
Total Budget	100%	Budget, Ordered by Mission Centrality and Authority	Strategy	Agency Ranking	\$71,224,407	\$73,418,455	3%	86%	\$74,372,933
		<i>Indirect Administration</i>	3.1.1 Central Administration						
			3.1.2 Information Resources						
			3.1.3 Other Support Services	9	\$17,324,347	\$19,056,578	10%	78%	\$19,276,347
74%		Resolve Complaints	2.1.3 Resolve Complaints	8	\$7,979,526	\$7,977,684	-0%	99%	\$7,979,526
63%		Investigation	2.1.4 Investigation	7	\$6,227,089	\$6,227,089	0%	99%	\$6,433,023
55%		Customer Service	1.1.4 Customer Serv.	6	\$5,027,648	\$5,018,099	-0%	66%	\$5,109,742
48%		Conduct Inspections	2.1.1 Conduct Inspections	5	\$16,180,756	\$16,683,188	3%	96%	\$16,915,850
25%		Building Plan Reviews	2.1.2 Building Plan Reviews	4	\$2,750,854	\$2,750,854	0%	99%	\$2,750,854
21%		License Businesses and Facilities	1.1.2 License Businesses And Facilities	3	\$2,451,370	\$2,451,370	0%	80%	\$2,451,370
18%		Examinations/Continuing Education	1.1.3 Examinations/continuing Education	2	\$3,273,190	\$3,263,291	-0%	86%	\$3,273,190
14%		License, Register and Certify	1.1.1 License, Register And Certify						
			1.1.5 Texas.gov	1	\$10,009,627	\$9,990,302	-0%	72%	\$10,183,031

Note: Indirect administration program names are italicized, and not included in the Mission Centrality / Authority Matrix.

Department of Licensing and Regulation
Summary of Funding Changes and Recommendations - Senate

Funding Changes and Recommendations for the 2020-21 Biennium Compared to the 2018-19 Base Spending Level		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A	Detail in SFR Appendix 5
SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A and SFR Appendices, when applicable):								
A)	Funding for creation of a Human Trafficking Team - 1 Program Specialist, 1 Management Analyst, and 2 Inspectors.	\$512,734	\$0.0	\$0.0	\$0.0	\$512,734	B.1.1	N/A
B)	Funding for Phase I of a consolidated licensing system that will allow incorporation of individual and business licensees into one system.	\$1,952,000	\$0.0	\$0.0	\$0.0	\$1,952,000	C.1.2	N/A
C)	Decrease of one-time expenses for implementation of Centralized Accounting and Payroll/Personnel System (CAPPS) and legislation from the Eighty-fifth Legislature, 2017.	(\$270,686)	\$0.0	\$0.0	\$0.0	(\$270,686)	7 strategies	N/A
OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A and SFR appendices, when applicable):								
B)	Increase of \$16,165 in estimated payouts from the Private Beauty Culture School Tuition Protection General Revenue-Dedicated Fund (Account 108).	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	A.1.3	N/A
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$2,194,048	\$0.0	\$0.0	\$0.0	\$2,194,048	As Listed	As Listed

NOTE: Totals may not sum due to rounding.

**Department of Licensing and Regulation
Selected Fiscal and Policy Issues - Senate**

1. **Strategic Fiscal Review.** The Texas Department of Licensing and Regulation (TDLR) is under Strategic Fiscal Review (SFR) for the Eighty-sixth Legislative Session. Significant observations and considerations include:
 - Nine programs at the agency, including Indirect Administration, were analyzed. The agency has strong authority and mission centrality for six of the programs reviewed, excluding the Indirect Administration program. The remaining programs have strong authority and moderate mission centrality. None of the current TDLR programs have weak authority or mission centrality.
 - As of the beginning of fiscal year 2019, TDLR regulates 39 license programs with 219 license types and holds more than 800,000 total licenses.
 - TDLR estimates generating \$85.0 million in revenue from fees, taxes, and administrative penalties for the 2020-21 biennium, \$14.0 million more than the recommended appropriations to the agency for the biennium.
 - The Texas Commission of Licensing and Regulation is TDLR's governing board and policymaking body. The Commission focuses on eliminating impediments for businesses and reducing regulatory burdens for licensees.
 - TDLR Advisory Boards, consisting of volunteer licensees, representatives from regulated industries, public members and other professionals, provide important technical knowledge and industry expertise. TDLR's Office of Strategic Communication serves the 31 advisory bodies, supporting 256 volunteer advisory board members across the state.
 - The agency reports an increased efficiency ratio from one employee for every 732 licensees in 2001 to one employee for every 1,766 licensees in 2017.

2. **Human Trafficking Team.** The Introduced Bill includes \$0.5 million in General Revenue Funds for the agency's request to develop a specialized team with expertise and skills related to the prevention of human trafficking. The team, consisting of one Program Specialist, one Management Analyst, and two Inspectors, will:
 - Foster relationships between statewide entities and local law enforcement;
 - Allow for rapid response to TDLR-regulated businesses that demonstrate signs of trafficking;
 - Develop and integrate best practices to eradicate repeat offenders who use state licensure to legitimize businesses serving as fronts for human trafficking;
 - Provide training to law enforcement on how to identify trafficking in the setting of a regulated establishment and how TDLR can assist and support them;
 - Gather and analyze statistical data on trends in TDLR licensed industries as it relates to trafficking; and,
 - Research grant opportunities to ensure pursuit of all avenues for resources.

3. **License Systems.** Recommendations include \$2.0 million in General Revenue Funds to implement a consolidated licensing system. The agency currently uses nine separate systems for licensing and registrations. During the interim, the agency used DIR’s Application Development Decision Framework to analyze their licensing and regulatory system needs and developed a plan for a new licensing system that would be non-proprietary and could be modified and maintained by agency staff after initial deployment to meet changing business needs. This would be a multi-year project and recommendations fund Phase I to incorporate more than 77 percent of individual and business licenses – including cosmetologists, barbers, electricians and massage therapists – into the system in the biennium. The agency will request an additional \$1.6 million in funding for Phase II of the project in the 2022-23 biennium to complete transition of the other 23 percent of licenses. The current systems would run concurrently during the project to ensure no break in service for licensees.

License Systems and Licensees as of August 31, 2017			
System	Description	Proprietary	Licensees/ Registrations
Tulip	Air Conditioning and Refrigeration Contractors, Auctioneers, Barbers, Behavior Analysts, Boiler Inspectors, Combative Sports, Continuing Education Providers, Cosmetologists, Electricians, Elevators, Escalators and Related Equipment, For-Profit Legal Service Contracts, Licensed Breeders, Polygraph Examiners, Professional Employer Organizations, Property Tax Consultants, Property Tax Professionals, Registered Accessibility Specialists, Service Contract Providers, Towing Operators, Used Automotive Parts Recyclers, Vehicle Storage Facility Employees, Water Well Drillers and Pump Installers	N	552,204
Versa	Athletic Trainers, Code Enforcement Officers, Dietitians, Dyslexia Practitioners and Therapists, Hearing Fitters and Dispensers, Laser Hair Removal, Massage Therapy, Midwives, Mold Assessors and Remediators, Offender Education Programs, Orthotists and Prosthetists, Sanitarians, Speech-Language Pathologists and Audiologists, Transportation Network Companies	Y	18,855
TOOLS	Towing Companies and Truck Registrations, Vehicle Storage Facilities	Y	17,257
Jurisdiction Online	Boiler Equipment	Y	4,822
FileMaker Pro	Podiatric Medicine	Y	1,706
DES Access	Driver Education and Safety	Y	3,528
IHB Database	Industrialized Housing and Buildings	Y	539
Weather Modification	Weather Modification	Y	7
HP3000	Elimination of Architectural Barriers Project Registrations	Y	147,073

4. **One-Time Expenses.** TDLR was appropriated \$270,686 in the 2018-19 biennium related to one-time operating expenses for the following items. The Introduced Bill includes a corresponding decrease in General Revenue Funds (See Section 5, Agency Base Requests Not Included #1).
- **Centralized Accounting and Payroll/Personnel System (CAPPS)** \$108,336 and authority for 1.0 FTE
 - **House Bill 100, Transportation Network Companies** \$51,134 for software changes and computer equipment for new FTEs
 - **House Bill 3029, A/C & Refrigeration Technicians** \$14,888 for computer equipment and cubicles for new FTEs
 - **House Bill 3078, Podiatrists** \$62,024 for computer equipment for new FTEs and staff augmentation to transfer podiatry data into TDLR licensing system
 - **Senate Bill 589, Behavior Analysts** \$24,405 for computer equipment and cubicles for new FTEs
 - **Senate Bill 2065, Certain Occupations** \$9,899 for computer equipment and cubicles for new FTEs

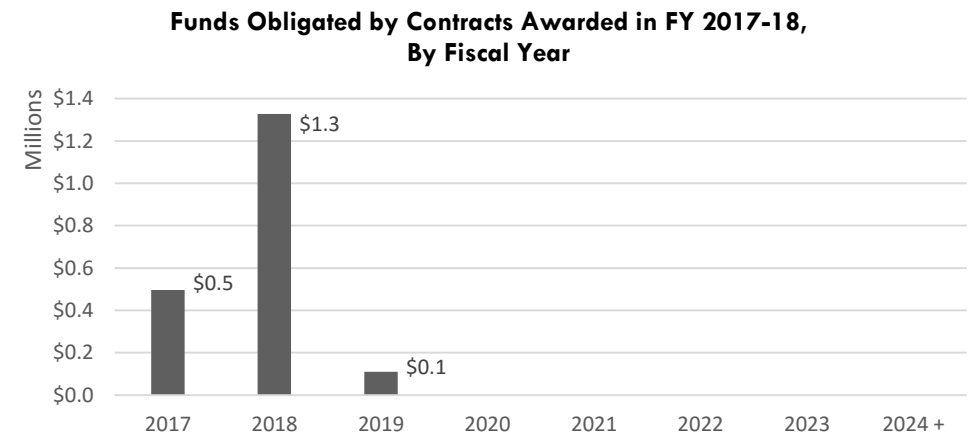
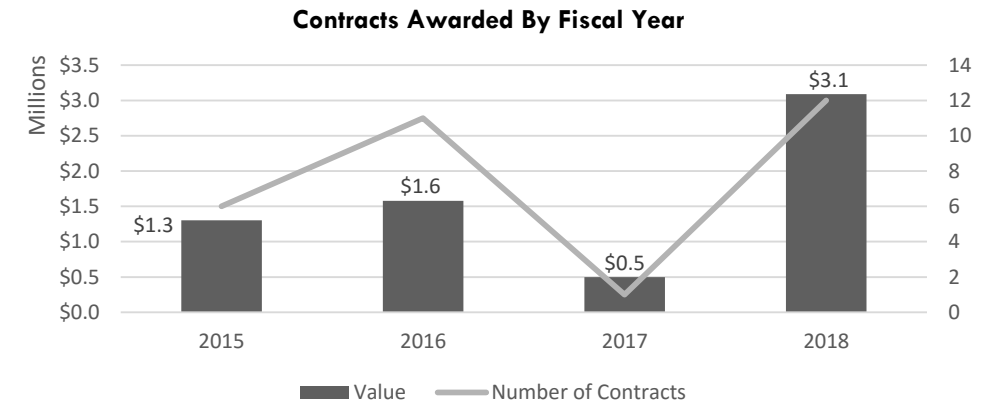
Department of Licensing and Regulation
Contracting Highlights - Senate

As of 8/31/2018, the Department of Licensing and Regulation had four active procurement contracts valued at a total of \$13.2 million and one revenue-generating contract worth \$113,442.

Summary of Contracts Awarded in Fiscal Years 2017-2018 and Reported to LBB Contracts Database¹

(Dollar values rounded to the nearest tenth of a million)

	Number	Total Value	Average Value	% of total
Procurement Contracts	13	\$ 3.6	\$ 0.3	100%
Award Method				
Competitive	8	\$ 1.5	\$ 0.2	41.5%
Interagency	5	\$ 2.1	\$ 0.4	58.5%
Procurement Category				
Information Technology	7	\$ 1.2	\$ 0.2	33.2%
Lease	1	\$ 0.1	\$ 0.1	1.5%
Management Services	1	\$ 0.1	\$ 0.1	2.4%
Consulting	1	\$ 0.3	\$ 0.3	8.4%
Other Services	3	\$ 1.9	\$ 0.6	54.4%
Revenue Generating Contracts	0	\$ -	-	-



¹These figures reflect the total value of reported contracts awarded in FY 17-18 and reported to the LBB contracts database. Values can include planned expenditures for subsequent years and represent the amounts contracted which may include funds from sources other than appropriated or General Revenue Funds.

Department of Licensing and Regulation

Contracting Highlights - Senate

(Dollar values rounded to the nearest tenth of a million)

Largest Active Contracts from Previous Fiscal Years	Award Method	Total Value	% Change*	Award Date	Length	Renewals	Vendor
1 Lease of Office Space	Competitive	\$ 6.3	16.5%	08/29/08	13 years	-	Omninet Twin Towers Lp
2 Information Technology Services	Interagency	\$ 0.1	-	10/01/08	Indefinite	-	Texas Commission On The Arts
Largest Competitive Contracts Awarded in FY 2017-18							
1 SB202 (84th-R) Phase 2 Program Migration Services	Competitive	\$ 0.5	-	07/05/17	1 year	-	Micropact Global, Inc.
2 Pre-sort Mail Services through CPA	Competitive	\$ 0.3	-	09/13/17	1 year	-	Pitney Bowes
3 Unreserved Garage Parking	Competitive	\$ 0.2	-	09/01/17	1 year	1	Premier Parking Of Tennessee Llc
4 Staff Augmentation Services	Competitive	\$ 0.1	-	10/31/17	1 year	-	Prolim Global Corp
5 Versa Software Maintenance	Competitive	\$ 0.1	-	07/24/18	1 year	-	Micropact Global Inc
Largest Non-Competitive Contracts Awarded in FY 2017-18							
1 DIR Shared Services	Interagency	\$ 1.6	-	05/10/18	Indefinite	-	Department Of Information Resources
2 Criminal Background Checks	Interagency	\$ 0.2	-	09/01/17	2 years	-	Texas Department Of Public Safety
3 Cosmo Book Mail Fulfillment Svcs	Interagency	\$ 0.1	-	12/01/17	1 year	-	University Of Texas At Austin
4 Mold Program Inspections & Inv	Interagency	\$ 0.1	-	01/17/18	1 year	-	Department Of State Health Services
5 EOT 11th Floor Renovations	Interagency	\$ 0.1	-	08/14/18	1 year	-	Texas Facilities Commission

*Note: The percent change is the difference in contract value between the initial award amount and the current contract value. This calculation includes contract amendments and renewals.

**Department of Licensing and Regulation
Rider Highlights - Senate**

Modification of Existing Riders

2. **Capital Budget.** The Introduced Bill includes capital budget authority and funding totaling \$4.2 million in General Revenue Funds to continue with scheduled PC replacements (\$0.1 million), improve licensee service capabilities (\$2.0 million), and maintain current obligations for Data Center Services (\$2.1 million) as identified by the Department of Information Resources.

10. **Reimbursement of Advisory Committee Members for Travel Expenses.** The Introduced Bill updates the name of the Towing and Storage Advisory Board (removes Booting from the name).

12. **Combative Sports Regulation.** The rider allows the agency to access additional revenue to cover the travel and contract costs for managing certain combative sports events. Under provisions of the rider, TDLR is appropriated \$30,000 in General Revenue each fiscal year for each combative sports event with gross ticket sales exceeding \$2.0 million, subject to the assessment of fees and taxes above the Biennial Revenue Estimate and certification by the Comptroller of Public Accounts (CPA). The Introduced Bill continues the rider and updates the assessment threshold to reflect amounts estimated in the Comptroller's Biennial Revenue Estimate.

**Department of Licensing and Regulation
Items Not Included in Recommendations - Senate**

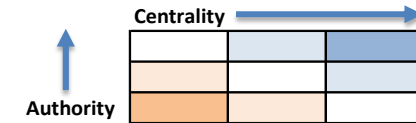
		2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
		GR & GR-D	All Funds	FTEs			
Agency Exceptional Items - In Agency Priority Order							
1)	Request to add the advisory committees related to new and transferred programs to Rider 10, Reimbursement of Advisory Committee Members for Travel Expenses.	\$0	\$0	0.0	-	-	\$0
TOTAL Items Not Included in Recommendations		\$0	\$0	0.0			\$0

**Department of Licensing and Regulation
Strategic Fiscal Review Appendices - Senate**

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Department of Licensing and Regulation
Strategic Fiscal Review Appendix 1 Program Listing -- Services and Administration - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority



Agency Submission		LBB Staff Review and Analysis								
Agency Ranking	Program Name	Year Implemented	State Authority	Federal Authority	Authority	Mission Centrality	State Service	Service Area	Significant Audit and/or Report Findings	Contracts for Outsourced Services
1	License, Register and Certify	2000	Statute	Public Law	Strong	Strong	Business & Workforce Development & Regulation	Statewide	Yes	Partial
2	Examinations/Continuing Education	1994	Statute	No Federal Requirement	Strong	Strong	Business & Workforce Development & Regulation	Statewide	N/A	Partial
3	License Businesses and Facilities	2006	Statute	No Federal Requirement	Strong	Strong	Business & Workforce Development & Regulation	Statewide	No	Partial
4	Building Plan Reviews	2006	Statute	No Federal Requirement	Strong	Strong	Business & Workforce Development & Regulation	Statewide	N/A	Partial
5	Conduct Inspections	1994	Statute	No Federal Requirement	Strong	Strong	Business & Workforce Development & Regulation	Statewide	N/A	Partial
6	Customer Service	2006	Statute	No Federal Requirement	Strong	Strong	Business & Workforce Development & Regulation	Statewide	N/A	Partial
7	Investigation	1992	Statute	No Federal Requirement	Strong	Moderate	Business & Workforce Development & Regulation	Statewide	N/A	Partial
8	Resolve Complaints	2000	Statute	No Federal Requirement	Strong	Moderate	Business & Workforce Development & Regulation	Statewide	N/A	Partial
Indirect Administration Programs										
9	Indirect Administration	1992	Statute	No Federal Requirement	N/A	N/A	State Government Administration & Support	Statewide	N/A	Partial

Note: *Significant Audit and/or Report Findings.* Qualified indicates that there may be issues relating to agency operations that have not been documented in formal audits, reviews or reports, or LBB Staff cannot verify whether recommendations have been implemented.

Department of Licensing and Regulation
Strategic Fiscal Review Appendix 2: Program Listing -- Fiscal - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Agency Submission				LBB Staff Review and Analysis							
Agency Ranking	Program Name	2014-15 Expended	2016-17 Expended	2018-19 Est / Budg	2019 FTEs Budg	2020-21 Recommended	2021 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?	Appropriate Use of Constitutional and GR-Dedicated Funds?
1	License, Register and Certify	\$ 5,829,425	\$ 8,732,323	\$ 10,009,627	65.0	\$ 9,990,302	65.0	-0.2%	0.0	Yes	N/A
2	Examinations/Continuing Education	\$ 1,074,458	\$ 2,589,672	\$ 3,273,190	19.0	\$ 3,263,291	19.0	-0.3%	0.0	Yes	Compliant
3	License Businesses and Facilities	\$ 1,756,298	\$ 2,300,451	\$ 2,451,370	19.0	\$ 2,451,370	19.0	0.0%	0.0	Yes	N/A
4	Building Plan Reviews	\$ 2,124,677	\$ 2,924,685	\$ 2,750,854	15.0	\$ 2,750,854	15.0	0.0%	0.0	Yes	N/A
5	Conduct Inspections	\$ 13,027,713	\$ 14,215,267	\$ 16,180,756	114.7	\$ 16,683,188	118.7	3.1%	4.0	Yes	Compliant
6	Customer Service	\$ 3,240,341	\$ 4,642,460	\$ 5,027,648	51.5	\$ 5,018,099	51.5	-0.2%	0.0	Yes	N/A
7	Investigation	\$ 5,948,992	\$ 6,131,570	\$ 6,227,089	49.0	\$ 6,227,089	49.0	0.0%	0.0	Yes	Compliant
8	Resolve Complaints	\$ 5,978,480	\$ 7,561,459	\$ 7,979,526	56.0	\$ 7,977,684	56.0	0.0%	0.0	Yes	N/A
Indirect Administration Programs											
9	Indirect Administration	\$ 11,927,358	\$ 17,830,054	\$ 17,324,347	82.0	\$ 19,056,578	81.0	10.0%	-1.0	Yes	N/A
Total		\$ 50,907,742	\$ 66,927,941	\$ 71,224,407	471.2	\$ 73,418,455	474.2	3.1%	3.0		

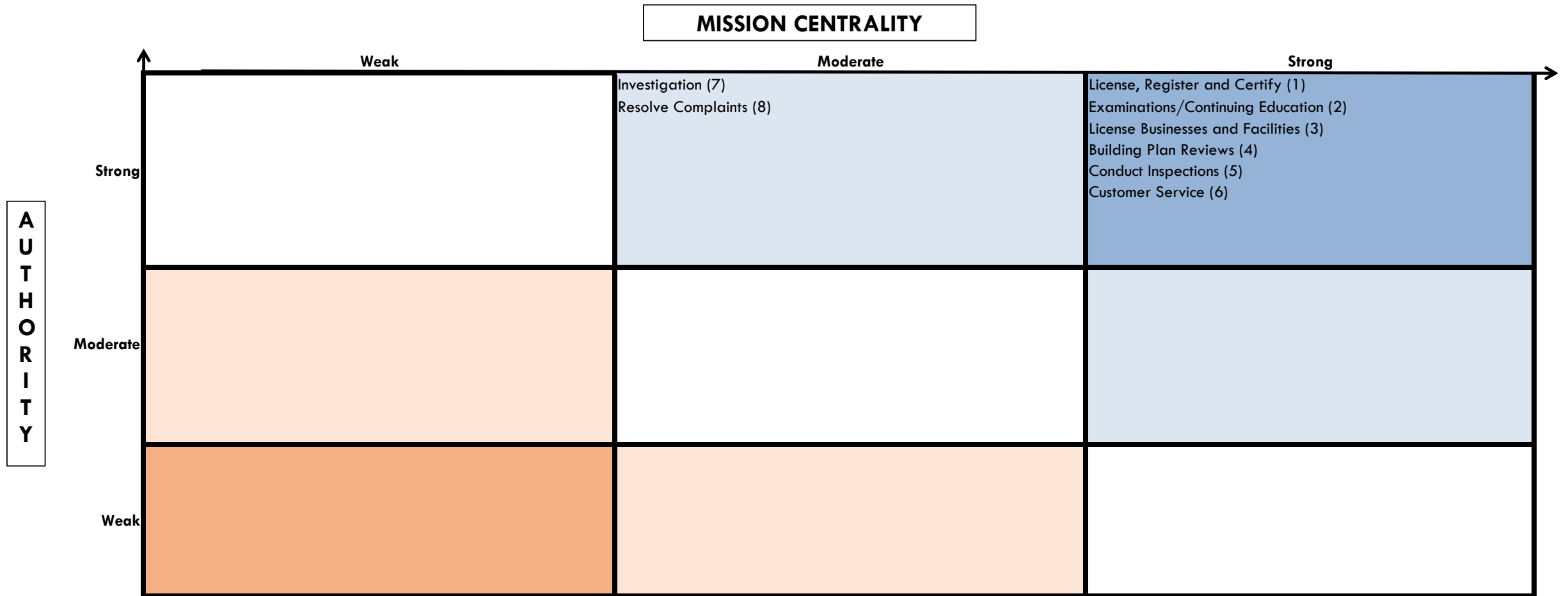
	2018-19 Est/Budg	2020-21 Recommended
Inside the Treasury	\$ 71,224,407	\$ 73,418,455
Outside the Treasury	\$ -	\$ -
Total	\$ 71,224,407	\$ 73,418,455

Notes: **Qualified** indicates that the agency may be using the funds for the purpose(s) intended or for similar purposes which are not specifically authorized by the constitution or statute, or that there may be conflicts within authorizing laws.

Revenue Supported includes fees, tuition set asides and donations.

Department of Licensing and Regulation
Strategic Fiscal Review Appendix 3: Assessment of Mission Centrality and Authority - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission centrality is a judgment of how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other documents.
Authority is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it.



Notes: Agency program rankings included after the program name. The matrix does not include Indirect Administration programs.

Department of Licensing and Regulation
Strategic Fiscal Review Appendix 4: Constitutional, General Revenue Dedicated Accounts, and Funds Outside the Treasury - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

1	Account No: 108	Account Type: GR DEDICATED
	Account Name: Private Beauty Culture School Tuition Protection	
	Legal Cite(s): TEX. OCC. CODE ANN sec. 1602.464	
	Authorized Use: Expenses incurred to train a student who was enrolled in a closed school and placed in a school under this section shall be paid from the account. If the student cannot be placed, tuition and fees shall be refunded, up to \$35,000.	
	Revenue Source: At the time a private beauty school pays its annual renewal fee, the department shall collect additional annual fee, not-to-exceed \$200, for deposit into this account. The department shall determine the amount of the fee by applying a percentage to each school's annual renewal fee at a rate that will bring the balance to \$200,000.	

Ranking:	Program Name	2018-19 Est/Budg	2020-21 Recommended	In Compliance with Authorized Use?
2	Examinations/Continuing Education	\$ 133,835	\$ 150,000	Yes
Total		\$ 133,835	\$ 150,000	

Notes/Comments:

2	Account No: 5081	Account Type: GR DEDICATED
	Account Name: Barber School Tuition Protection	
	Legal Cite(s): TEX. OCC. CODE ANN sec. 1601.3571	
	Authorized Use: Used to refund unused tuition if a barber school ceases operation before its course of instruction is complete.	
	Revenue Source: Account in the General Revenue Fund consists of additional renewal fees collected from barber schools if, on January 1 of any year the amount in the account is less than \$25,000. Collected by applying a percentage to the school's renewal fee at a rate that will bring the balance of the account to \$25,000.	

Ranking:	Program Name	2018-19 Est/Budg	2020-21 Recommended	In Compliance with Authorized Use?
2	Examinations/Continuing Education	\$ 20,000	\$ 20,000	Yes
Total		\$ 20,000	\$ 20,000	

Notes/Comments:

Department of Licensing and Regulation
Strategic Fiscal Review Appendix 4: Constitutional, General Revenue Dedicated Accounts, and Funds Outside the Treasury - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

	2018-19 Est/Budg	2020-21 Recommended
Inside the Treasury	\$ 153,835	\$ 170,000
Outside the Treasury	\$ -	\$ -
Total	\$ 153,835	\$ 170,000

Department of Licensing and Regulation
Strategic Fiscal Review Appendix 5a: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority		
	Centrality	Authority
		X
Authority		

Program: License, Register and Certify

Agency Ranking 1 out of 9

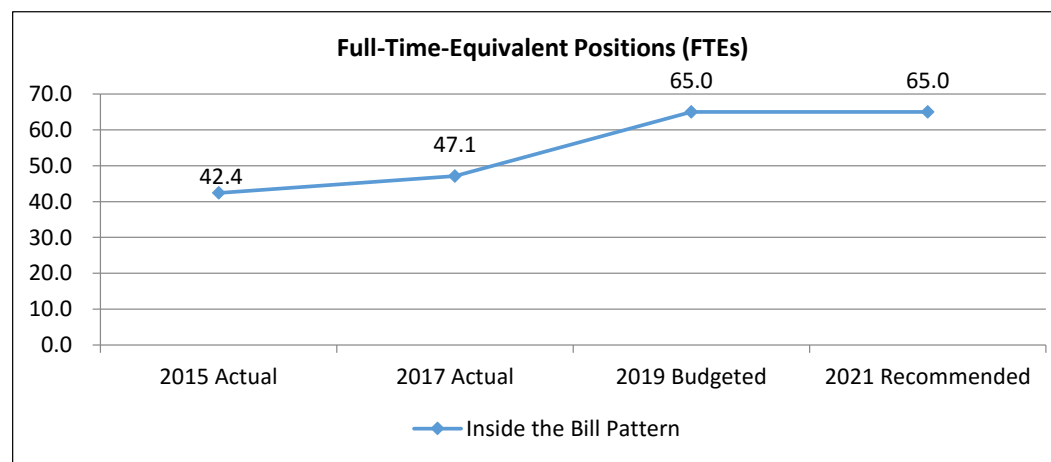
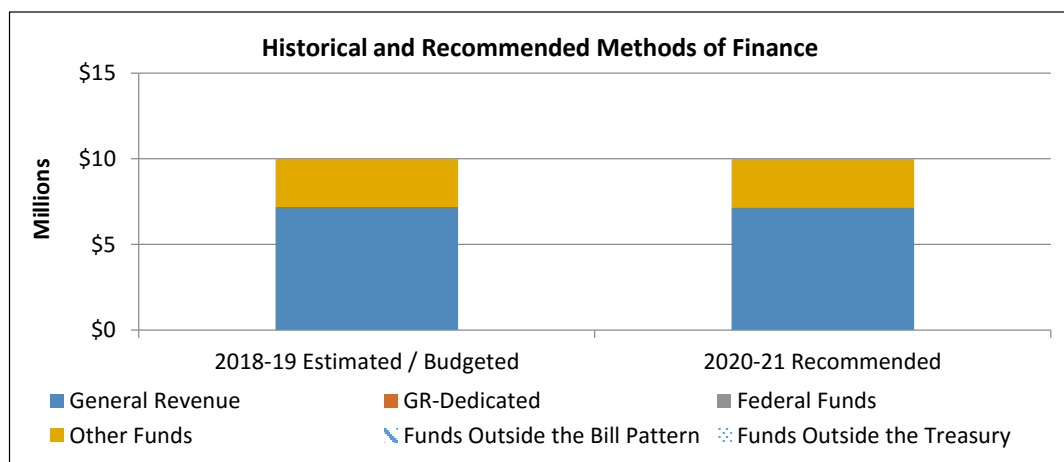
Issue licenses to individuals who have demonstrated competency to hold a license.

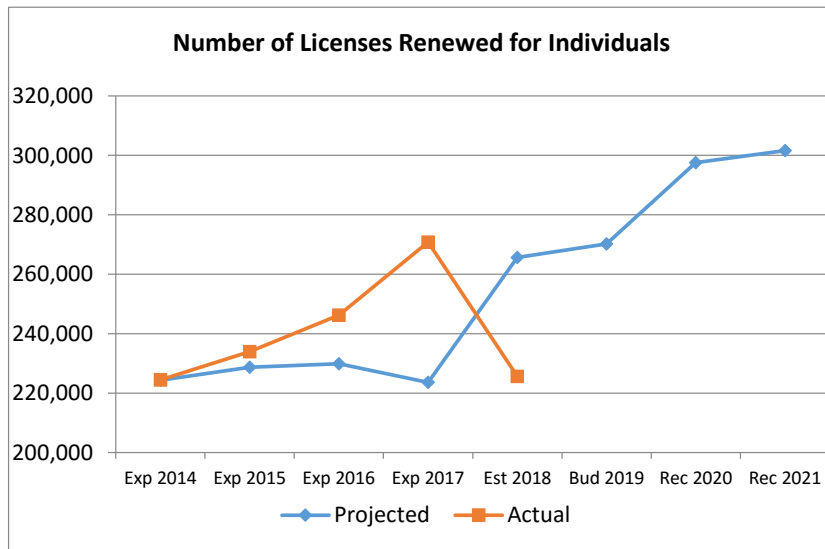
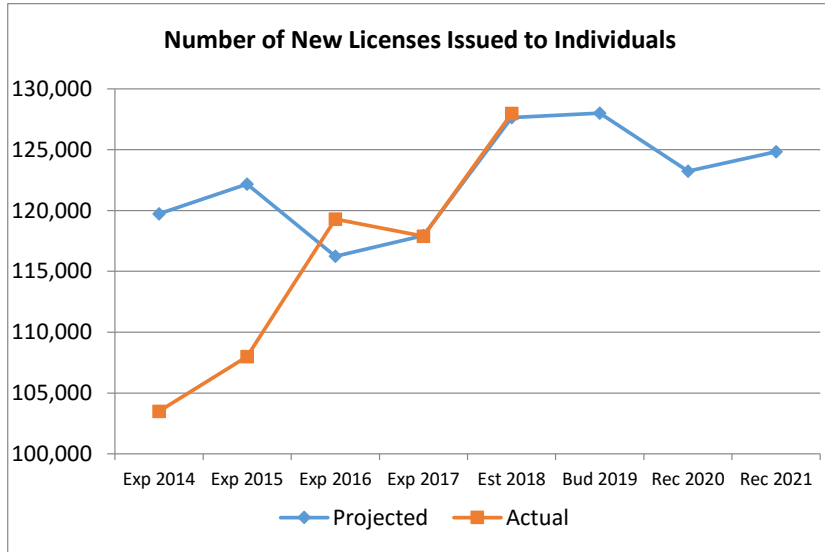
Legal Authority: Occ. Code 202, 203, 401, 402, 403, 451, 455, 506, 605, 701, 953, 1151, 1152, 1202, 1302, 1305, 1601, 1602, 1603, 1703, 1802, 1952, 1953, 1958, 2052, 2303, 2308, 2309; Health & Safety Code 401,754, 755; Educ. Code 1001; Gov't Code 469; Alco. Bev. Code 106; Trans. Code 521; Crim. Proc. 42A;15 U.S.C. § 6305(b)(1)

Year Implemented	2000	Performance and/or	Yes
Authority	Strong	Operational Issues	Qualified
Centrality	Strong	Outsourced Services	Partial
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation
		Revenue Supported	Yes
		Appropriate Use of Constitutional and General Revenue-Dedicated Funds	N/A

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 6,551,288	\$ 6,676,290	66.8%
Operating Costs	\$ 3,455,691	\$ 3,314,013	33.2%
Capital Costs	\$ 2,648	\$ -	0.0%
Total	\$ 10,009,627	\$ 9,990,303	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 9,990,303	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 9,990,303	100.0%





Summary of Recommendations and Fiscal and Policy Issues

- 1 The License, Register and Certify program at TDLR is responsible for evaluating applicant experience and education; issuing, renewing, upgrading licenses; sending licensing notices; and performing initial criminal history checks.
- 2 TDLR uses a functionally aligned business model to eliminate redundancies across programs. Staff within the License, Register and Certify program are cross-trained and collaborate to serve the 34 programs that TDLR administers that contain at least one licensing, registration, or certification provision for individuals.
- 3 Knowledge of licensing requirements outlined in program statutes and their corresponding administrative rules is required to issue 133 license types to a licensee population of more than 589,000 individuals. The ratio of FTEs in this program to licenses is 1: 11,232.
- 4 The Introduced Bill includes a total decrease of \$19,325 from the 2018-19 base related to one-time expenses for the implementation of legislation from the Eighty-fifth Legislature.

Recommended Statutory Changes for Program Improvement

- 1 A statutory change that could improve the License, Register and Certify program overall is to standardize license terms and continuing education requirements in Chapter 51 from a one-year term to a two-year term to ease administrative burdens on staff and licensees.
- 2 The agency also identified various potential statutory changes that could improve various occupational licenses, including:
 - Massage Therapy: allow fingerprint background checks, issue student permits, standardize school reporting, determine examination eligibility, remove the five-year sit-out period.
 - Midwifery: remove the limitation on the initial term of a license.
 - Hearing Instrument Fitters & Dispensers: remove the statutorily set passing score.
 - Court-Ordered Programs: create a unified statute.
 - Cosmetology: correct statutory references to reflect the scope of each license type.
 - Audiology: remove requirement that an audiologist register with TDLR their intention to fit and dispense hearing instruments.

Challenges and Enhancement Opportunities

- 1 Challenges include the increase in population due to influx of new residents to the state, growth in businesses, creation of new occupational licenses and transfer of programs from other agencies to TDLR, and the use of nine separate licensing systems.
- 2 The agency reports additional resources in this area would be used for filling FTE positions reduced during the Eighty-fifth Legislative Session, 2017, to ensure timely and accurate processing of license applications. The agency has also requested an exceptional item for the development of a Licensing System to combine the nine systems currently in use.

Alternative Funding Options

- 1 The agency reports they anticipate no fiscal impact if statute is amended to standardize license terms across all programs to a two-year term. The statute change would authorize the license term changes by Commission rule, and the agency would implement the changes over time to keep revenues per year as close to current as possible. No IT costs are anticipated. The changes would be for efficiency's sake and would allow those FTEs to keep current with workload.

TDLR OCCUPATIONAL LICENSING

In 2017, the 85th Legislature created **new occupational license programs for three occupations.**

Since 2013, **15 regulated occupations have been transferred to TDLR.** These transfers resulted from legislation following a recommendation from the Sunset Advisory Commission.

LBB staff reviewed occupational licensing in six other states (**California, Florida, Louisiana, New Mexico, New York, and Oklahoma**). None of the other selected states offer dyslexia therapy licenses, and only two other states, Florida and Oklahoma, offer licenses or permits for orthotists or prosthetists. All six states require licenses or certificates for

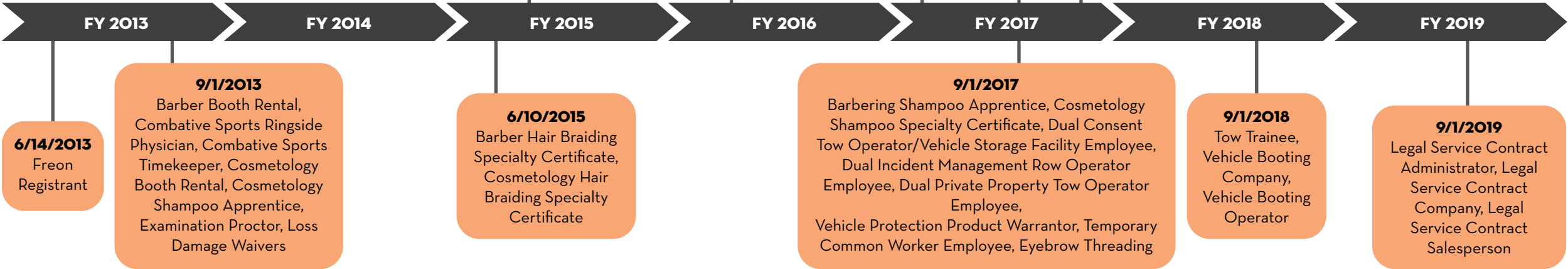
other recently transferred occupations.

Of the **24 occupational licenses deregulated by TDLR** since 2013, 22 were deregulated directly through legislation, while TDLR deregulated the remaining two through an administrative rule change following legislation. TDLR recommended deregulation of these occupations.

LBB's staff review of other selected states found that several (Florida, Louisiana, New York, and Oklahoma) still require a license or certification for hair braiding. All six states also require a license for combative sports timekeepers. However, these states **generally did not require licenses or certifications for other deregulated occupations at the state level.**

TIMELINE of TDLR MILESTONES

- Occupations* TRANSFERRED TO TDLR
- NEWLY REGULATED *Occupations*
- DEREGULATED *Occupations*



NEWLY REGULATED OCCUPATIONS IN SELECT *other states*

STATE-LEVEL LICENSE OR PERMIT REQUIRED IN OTHER STATES

	BEHAVIOR ANALYSTS	RESPONSIBLE PET OWNER COURSES	TRANSPORTATION NETWORK COMPANIES
CALIFORNIA	✗	✗	✓
FLORIDA	✗	✗	✗
LOUISIANA	✓	✗	✓
NEW MEXICO	✗	✓	✓
NEW YORK	✓	✗	✓
OKLAHOMA	✓	✗	✓

TDLR OCCUPATIONAL PROGRAMS IN *other states*

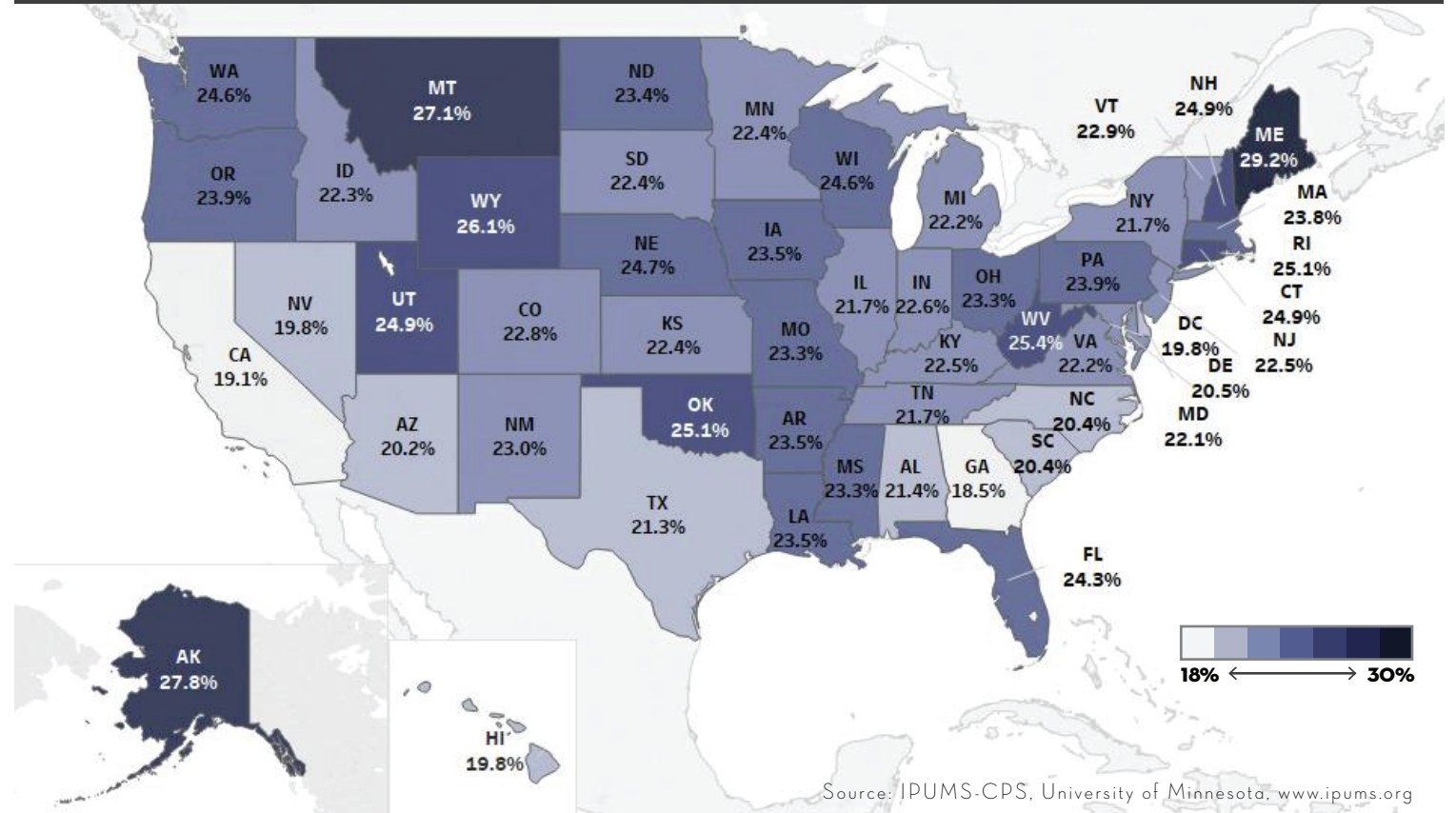
Texas regulates the occupational license programs under TDLR's management similarly to most other states. However, an LBB staff review of all 50 states found that only **18 other states** require state-level licenses, permits, or certifications for tow truck operators or vehicle storage facilities. **Texas is one of 27 states** that require a state-level license for auctioneers and **one of 24 states** that require licenses for polygraph examiners.

TDLR *in texas*

Nationwide, from January 2015 through July 2018, about **22.1%** of workers had an occupational license. **21.3%** of employed Texans had a government-issued occupational license, which means Texas had the **eighth lowest percentage** of licensed workers.

Most workers with government-issued licenses in Texas are not licensed through TDLR. Approximately 600,000 individuals and businesses had one or more TDLR licenses during fiscal year 2017. During fiscal year 2017, there were approximately **13 million people employed** in Texas. In 2016, there were over **2.8 million business establishments** in Texas.

PERCENTAGE OF EMPLOYED PEOPLE WITH A GOVERNMENT-ISSUED LICENSE: January 2015 to July 2018



Source: IPUMS-CPS, University of Minnesota, www.ipums.org

Department of Licensing and Regulation
Strategic Fiscal Review Appendix 5b: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority		
	Centrality	Authority
		X
Authority		

Program: Examinations/Continuing Education

Agency Ranking 2 out of 9

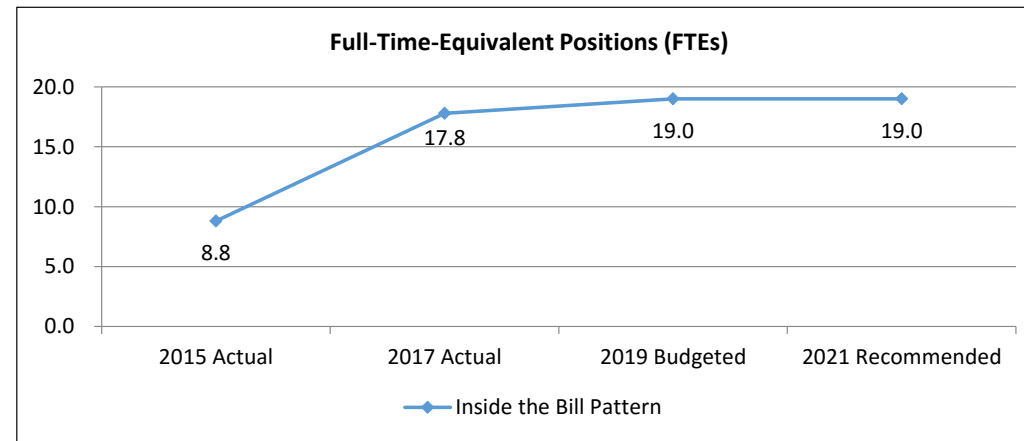
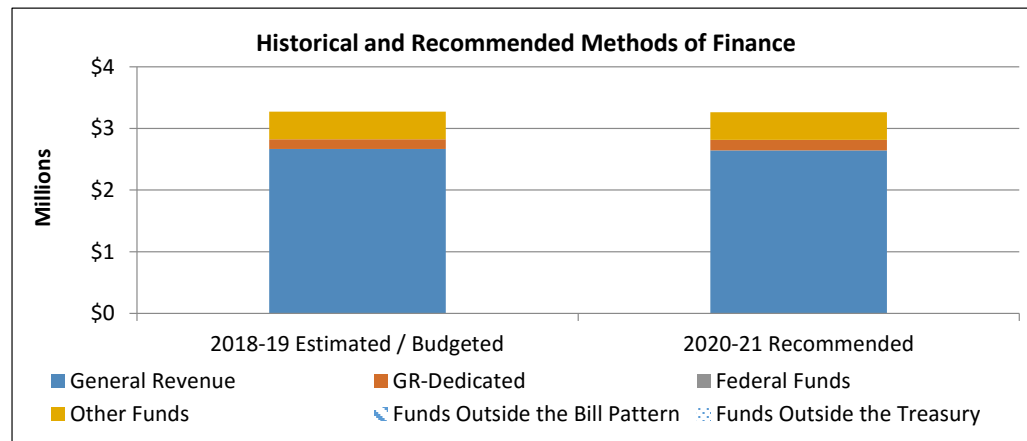
Test all applicants applying for those licenses, certifications, or registrations which require an examination to ensure that applicants have the minimum level of competency.

Legal Authority: Health & Safety Code Chapters 401, 755; Government Code, Chapter 469; and Occupations Code Chapters 202, 203, 401, 402, 403, 451, 455, 605, 701, 1302, 1305, 1601, 1602, 1603, 1703, 1802, 1901, 1902, 1952, 1953, 1958

Year Implemented	1994	Performance and/or		Revenue Supported	No
Authority	Strong	Operational Issue:	N/A	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	Partial	General Revenue-Dedicated Funds	Compliant
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 2,215,746	\$ 2,357,828	72.3%
Operating Costs	\$ 1,057,444	\$ 905,464	27.7%
Total	\$ 3,273,190	\$ 3,263,292	100.0%

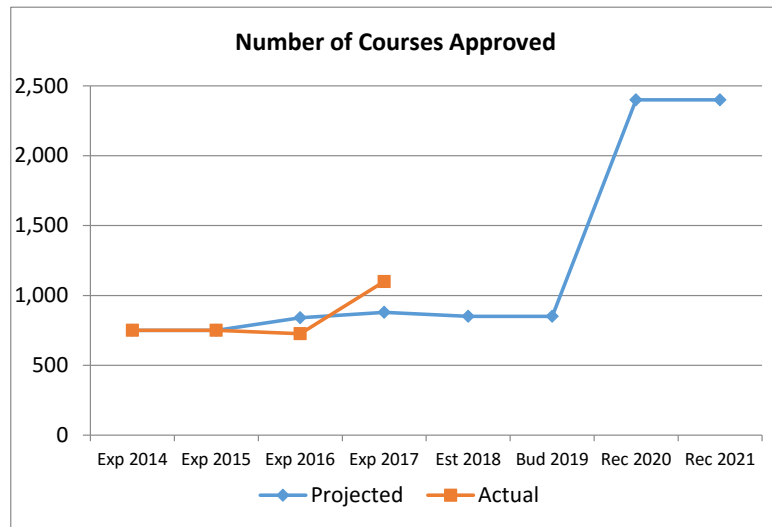
	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 3,263,292	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 3,263,292	100.0%



Program: Examinations/Continuing Education

**Agency
Ranking**

2 out of 9



Summary of Recommendations and Fiscal and Policy Issues

- 1** The Examinations/Continuing Education program responsibilities include approval of schools, continuing education (CE) providers, curricula, courses, examinations; and exam administration.
- 2** TDLR contracts with a third-party vendor that conducts about 60,000 exams per year, offering computer-based exams at 22 locations, and barber and cosmetology practical exams at eight locations. Some applicants can get a temporary license at the testing site to begin work that day.
- 3** The Introduced Bill includes a total decrease of \$9,899 from the 2018-19 base related to one-time expenses for the implementation of legislation from the Eighty-fifth Legislature.
- 4** Pre-licensure education requirements exist for: Auctioneers, Barbering, Cosmetologists, Driver Education and Safety, Laser Hair Removal, Massage Therapy, Midwives, Mold Assessors and Remediators, Offender Education, Polygraph Examiners, Property Tax Consultants, Property Tax Professionals, Elimination of Architectural Barriers. TDLR approves all pre-license education providers and curricula.
- 5** Continuing education (CE) requirements exist for: Air Conditioning and Refrigeration Contractors, Athletic Trainers, Auctioneers, Code Enforcement Officers, Cosmetologists, Dietitians, Driver Education and Safety, Electricians, Elevators, Hearing Instrument Fitters and Dispensers, Laser Hair Removal, Midwives, Mold Assessors and Remediators, Offender Education, Orthotists and Prosthetists, Polygraph Examiners, Property Tax Consultants, Property Tax Professionals, Elimination of Architectural Barriers, Sanitarians, Speech-Language Pathologists and Audiologists, Towing Operators, Water Well Drillers and Pump Installers. TDLR approves all CE providers and curricula, except for Property Tax Professionals, whose content is approved by the Comptroller of Public Accounts.
- 6** The "Number of Courses Approved" performance measure target increases from 850 in 2019 to 2,400 in 2020 due to the transfer of programs from DSHS and TEA and a change in methodology to ensure pre-license curricula are also counted.

Recommended Statutory Changes for Program Improvement

- 1** The agency identified various potential statutory changes that could improve the examinations and continuing education of occupational licenses within this program, including:
 - Authorize TDLR to approve barber and cosmetology schools to conduct the practical portion of the barber and cosmetology exams to provide more alternative locations for practical exams and expedite issuing of licenses.
 - Reinstate the continuing education requirement for the Laser Hair program licensees that was inadvertently removed from statute when the program was transferred to TDLR.

Challenges and Enhancement Opportunities

- 1 The agency contracts with private third-party companies to administer a majority of exams to potential licensees. Increasing the use of these public-private partnerships will increase availability for potential licensees to take their exams and begin work in their profession.

Alternative Funding Options

- 1 If the agency was authorized to approve barber and cosmetology schools to conduct the practical portion of the barber and cosmetology exams, the agency anticipates a cost of \$276,368, including:
 - \$166,368 for one FTE, a Program Specialist III, to review the schools' requests to conduct the practical examination and monitor them once approved to ensure the examinations are being administered correctly and legally
 - \$60,000 for IT staff augmentation to build the portal for schools to report examination results
 - \$50,000 for a part-time project manager

Department of Licensing and Regulation
Strategic Fiscal Review Appendix 5c: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality		
			X
Authority			

Program: License Businesses and Facilities

Agency Ranking 3 out of 9

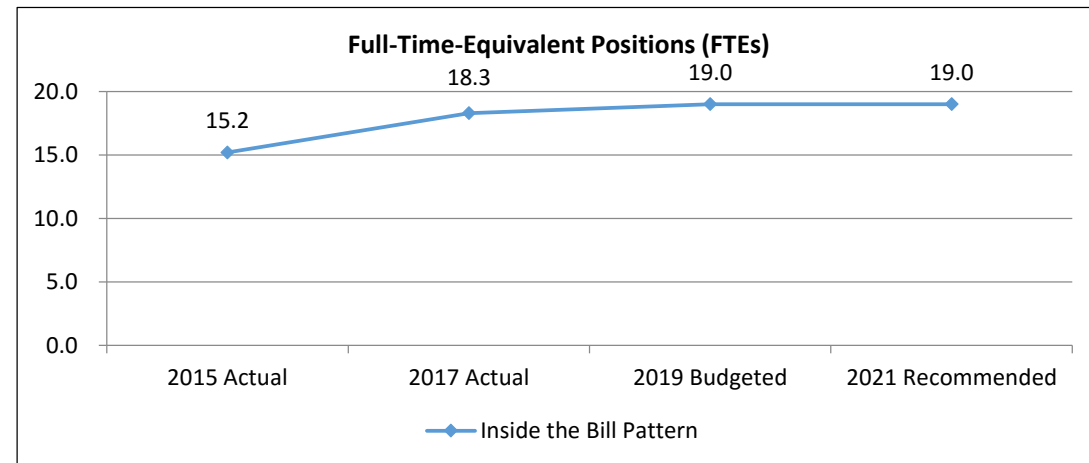
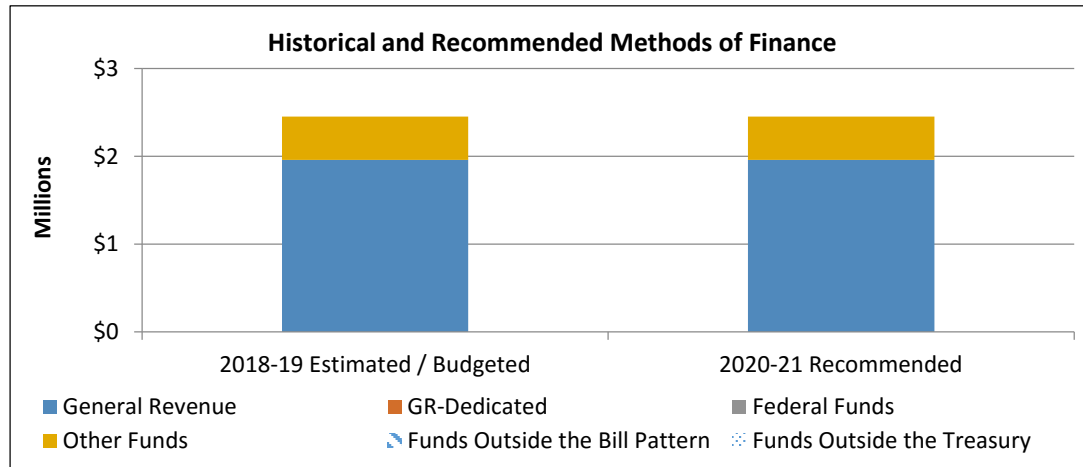
Issue licenses to businesses who have demonstrated they have met requirements to hold a license, and for facilities and equipment for which it has been demonstrated are safe for the public.

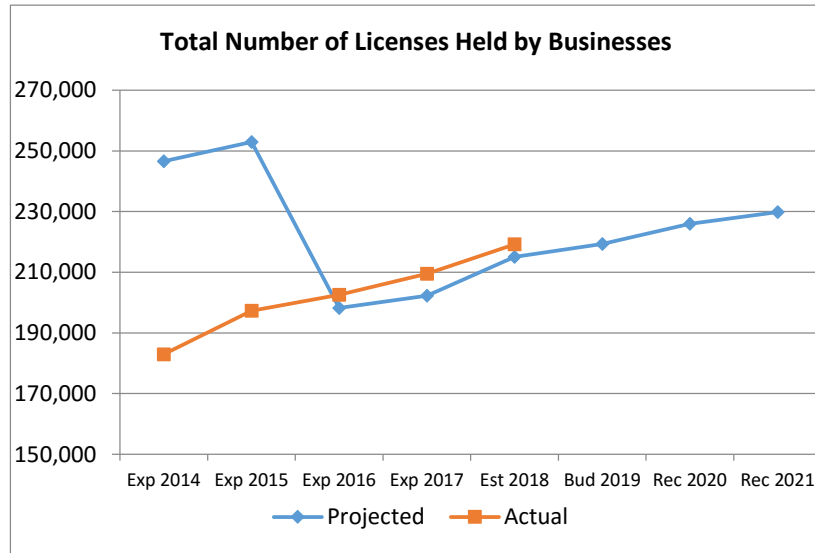
Legal Authority: Gov't Code 469; Occ. Code 203, 402, 455, 605, 802, 953, 1151, 1202, 1304, 1305, 1601, 1602, 1958, 2052, 2303, 2308, 2309, 2402; Health & Safety 401, 754, 755; Educ. Code 1001; Lab. Code 91; Agric. Code 301, 302; Alco. Bev. Code 106; Transportation Code 521; Crim. Proc. 42A

Year Implemented	2006	Performance and/or		Revenue Supported	Yes
Authority	Strong	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	Partial	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 1,634,350	\$ 1,339,820	54.7%
Operating Costs	\$ 817,020	\$ 1,111,550	45.3%
Total	\$ 2,451,370	\$ 2,451,370	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 2,451,370	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 2,451,370	100.0%





Summary of Recommendations and Fiscal and Policy Issues

- 1 Twenty-five of the 39 programs administered by TDLR contain at least one licensing, registration, or certification provision for businesses. Knowledge of licensing requirements outlined in program statutes and their corresponding administrative rules is required to issue 84 business and facility license types to a licensee population of more than 207,000 facilities. The ratio of FTEs in this program to licenses is 1: 11,447.
- 2 The Introduced Bill includes a total decrease of \$9,899 from the 2018-19 base related to one-time expenses for the implementation of legislation from the Eighty-fifth Legislature.

Recommended Statutory Changes for Program Improvement

- 1 Allow for establishments that provide both cosmetology and massage therapy services to obtain one license instead of two.

Challenges and Enhancement Opportunities

- 1 Challenges include the increase in population due to influx of new residents to the state, growth in businesses, creation of new occupational licenses and transfer of programs from other agencies to TDLR, and the use of nine separate licensing systems.
- 2 Agency reports additional resources in this area would be used for filling FTE positions removed during the Eighty-fifth Legislative Session, 2017, to ensure timely and accurate processing of license applications. The agency has also requested an exceptional item for the development of a Licensing System to combine the nine systems currently in use.

Alternative Funding Options

- 1 If statute was amended to allow businesses that provide both cosmetology/barbering and massage therapy services to obtain one license instead of two, the agency anticipates a cost of \$290,276, including:
 - \$214,276 for one FTE, a Systems Analyst V, to develop and maintain the importation of the massage license types from Versa to Tulip, as well as the creation of the new license type in Tulip
 - \$50,000 for IT staff augmentation of a part-time project manager
 - \$26,000 in temporary contract worker costs to transcribe the data from Versa to Tulip

Department of Licensing and Regulation
Strategic Fiscal Review Appendix 5d: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
			X
Authority			

Program: Building Plan Reviews

Agency Ranking

4 out of 9

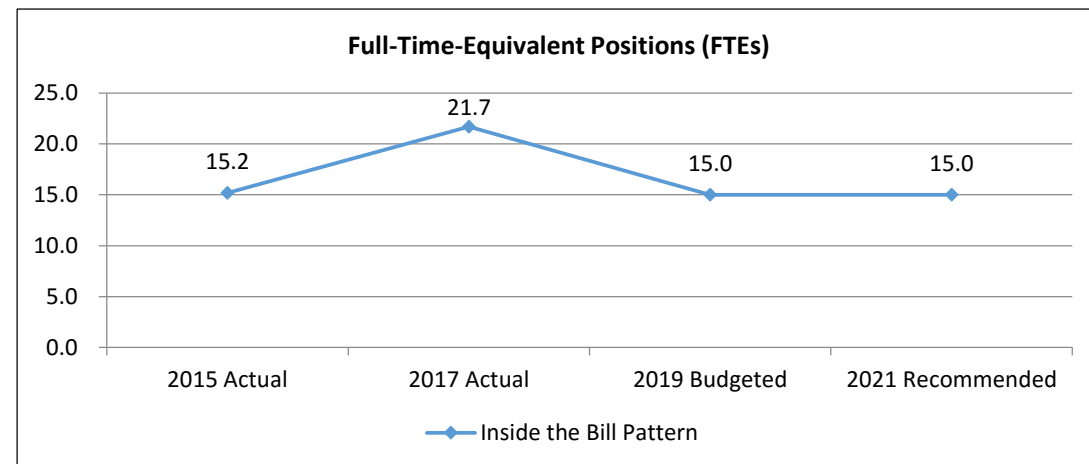
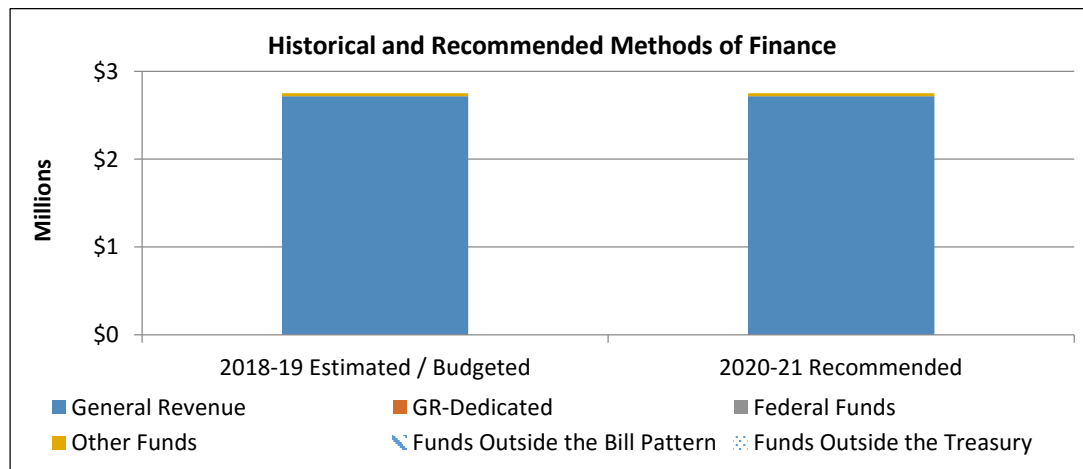
Review all plans for new and renovated equipment, facilities, and housing to ensure they meet all safety codes and legal requirements.

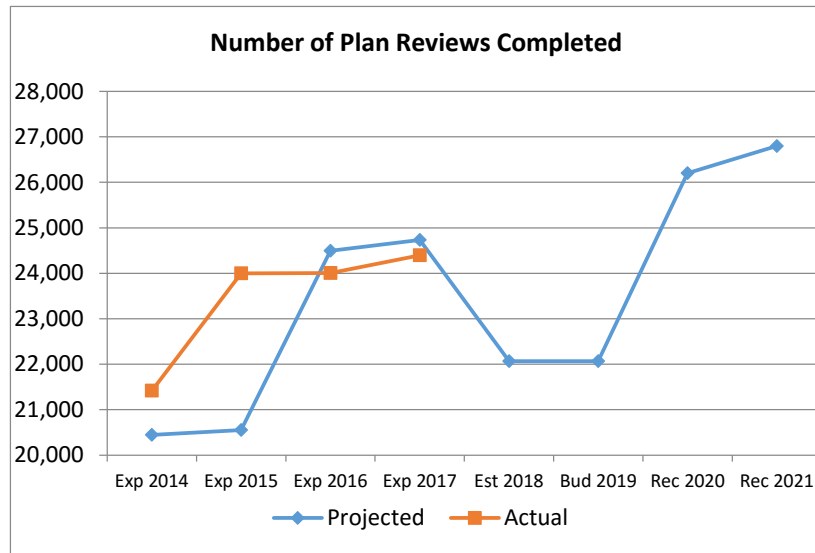
Legal Authority: Elimination of Architectural Barriers (Govt. Code 469); Elevators, Escalators, and Related Equipment (Health and Safety Code, Chapters 754); Industrialized Housing and Buildings (Occ. Code 1202)

Year Implemented	2006	Performance and/or		Revenue Supported	Yes
Authority	Strong	Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	Partial	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 2,103,186	\$ 1,790,922	65.1%
Operating Costs	\$ 647,668	\$ 959,932	34.9%
Total	\$ 2,750,854	\$ 2,750,854	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 2,750,854	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 2,750,854	100.0%





Summary of Recommendations and Fiscal and Policy Issues

- 1 Three TDLR statutes require review of construction plans prior to construction or installation: Elimination of Architectural Barriers (EAB); Industrialized Housing and Buildings (IHB); and Elevators, Escalators and Related Equipment (ELE).
- 2 EAB plan reviews ensure buildings and facilities are designed and built in compliance with accessibility standards to ensure accessibility and usability by persons with disabilities.
- 3 IHB plan reviews ensure modular structures are designed and built to comply with applicable building and life safety codes to protect the investments and safety of citizens using and residing in these structures.
- 4 ELE plan reviews for installation of elevators, escalators and related equipment ensure equipment is designed according to safety standards, and that equipment will be installed correctly and operate safely.
- 5 The Introduced Bill maintains 2018-19 level funding for this program.

Challenges and Enhancement Opportunities

- 1 Challenges include the increase in population due to influx of new residents to the state, growth in businesses, and corresponding growth in new construction.
- 2 Given additional resources, the agency reports opportunities for additional outreach to design professionals, building officials, building owners, registered accessibility specialists, and the public.

Department of Licensing and Regulation
Strategic Fiscal Review Appendix 5e: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
			X
↑			
Authority			

Program: Conduct Inspections

Agency
Ranking

5 out of 9

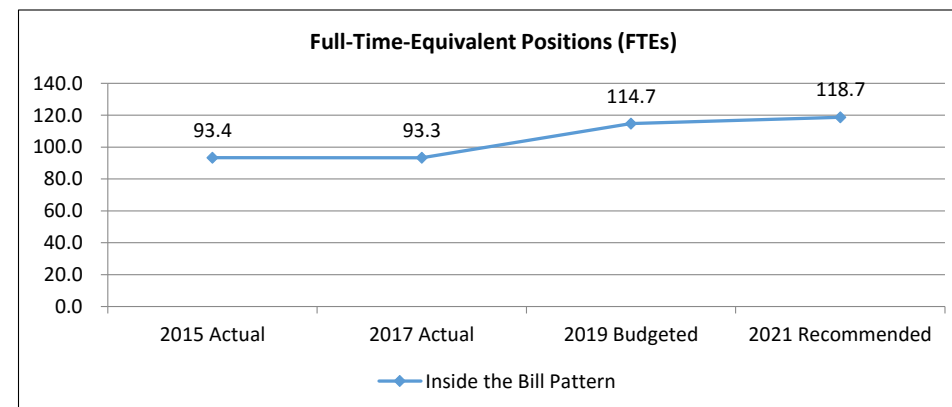
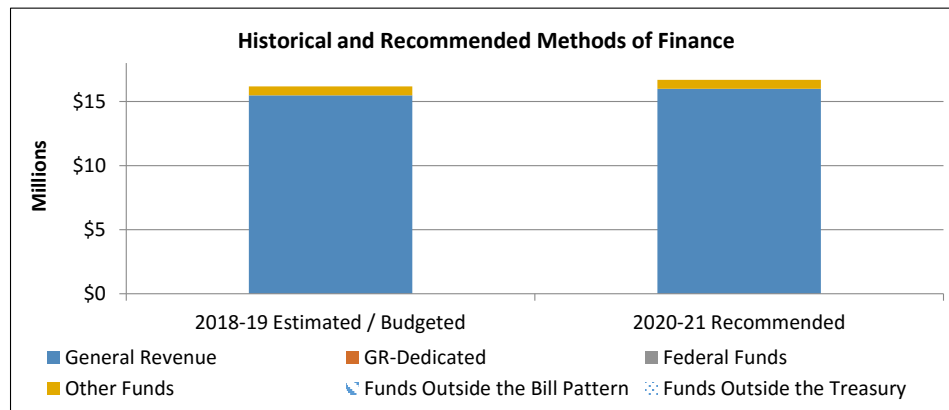
Inspect facilities, businesses, and equipment through routine, complex, and special inspections, including a specialized Human Trafficking team, as needed to ensure the safety and health of Texans who use them.

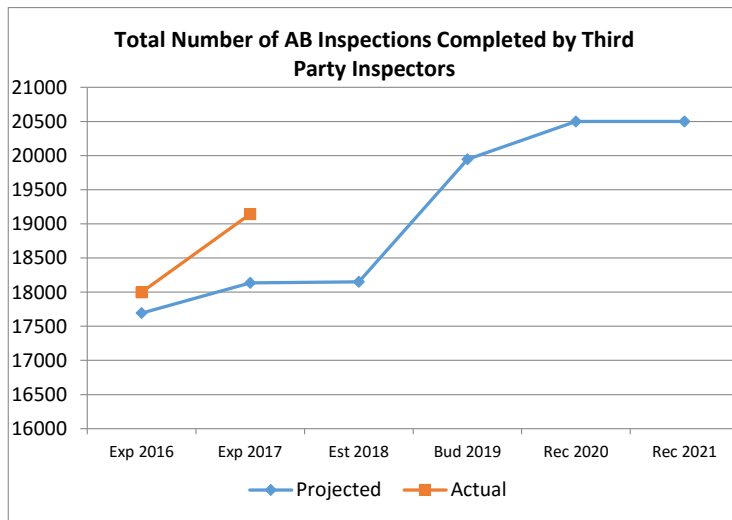
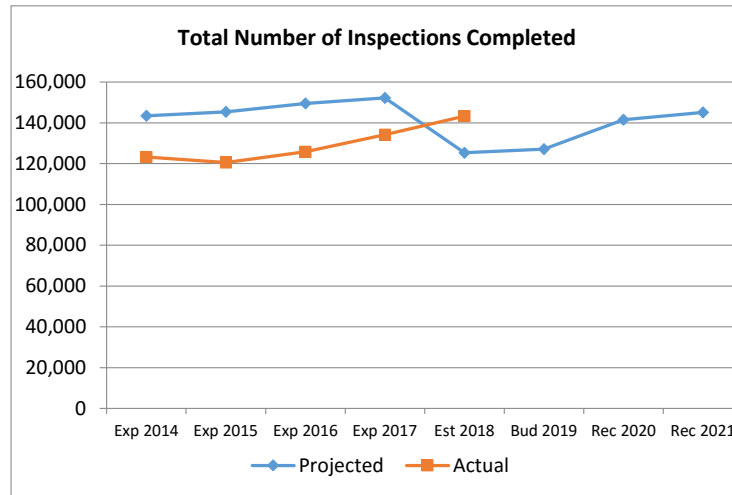
Legal Authority: Occ. Code 51, 203, 455, 605, 802, 1601, 1602, 1603, 1958, 2303, 2308, 2309; Educ. Code 1001

Year Implemented	1994	Performance and/or		Revenue Supported	Yes
Authority	Strong	Operational Issue	N/A	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	Partial	General Revenue-Dedicated Funds	Compliant
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 12,569,961	\$ 13,425,190	80.5%
Operating Costs	\$ 3,604,853	\$ 3,257,998	19.5%
Capital Costs	\$ 5,942	\$ -	0.0%
Total	\$ 16,180,756	\$ 16,683,188	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 16,683,188	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 16,683,188	100.0%





Summary of Recommendations and Fiscal and Policy Issues

- 1 Sixteen TDLR programs require onsite inspections, including: Barbering and Cosmetology, Boilers, Combative Sports, Driver Education, Elevator and Escalator Safety, Elimination of Architectural Barriers, Industrialized Housing and Buildings, Licensed Breeders, Massage Therapy, Midwifery, Mold Assessors and Remediators, Orthotists and Prosthetists, Tow Trucks and Vehicle Storage Facilities, and Used Automotive Parts Recyclers.
- 2 The Introduced Bill includes a decrease of \$10,302 from the 2018-19 base related to one-time expenses for the implementation of legislation from the Eighty-fifth Legislature and an increase of \$512,734 for the creation of a new Human Trafficking Team.

Recommended Statutory Changes for Program Improvement

- 1 According to the agency, programs with inspection components contain inconsistent timeframes and have the possibility of imposing excessive and burdensome regulation and regulatory costs on licensees. A recommended statutory change is to provide TDLR with general authority to extend facility inspection timeframes based on public health and safety criteria to focus inspection resources on activity to protect the public health and safety, rather than meeting fixed periodic inspection cycles.
- 2 The agency reports loopholes exist in the Massage Therapy statute and recommend amending the definition of "Massage Therapy" for clarity and to provide TDLR to address all modalities and variants of massage therapy to prevent people from exploiting loopholes in the law to conduct illicit activities. The agency reports human traffickers use massage therapy facilities to conduct criminal activity and recommends amending the Massage Therapy statute to require posting of human trafficking awareness signs in licensed massage establishments and licensed massage schools.
- 3 The agency recommends removing the requirement that a certificate of operation must be posted under glass in a conspicuous place on or near the boiler for which it is issued to provide flexibility for business owners.
- 4 The agency recommends repealing the statewide licensing requirement for Mold Remediators or transferring the program back to the Department of State Health Services.

Challenges and Enhancement Opportunities

- 1 Challenges include the increase in population due to influx of new residents to the state, growth in businesses, creation of new occupational licenses and transfer of programs from other agencies to TDLR, and the use of nine separate licensing systems.
- 2 The agency reports additional resources in this area would be used to fill the Field Inspections Division position reduced during the Eighty-fifth Legislative Session, 2017.

Alternative Funding Options

- 1 The agency anticipates no fiscal impact for authorizing TDLR to extend facility inspection timeframes based on public health and safety criteria. The agency would inspect low-risk establishments on a less frequent basis but establishments prone to violations would be inspected more frequently.
- 2 Repealing the mold remediator's license would result in a loss of revenue of \$351,182 as the agency would no longer license just over 6,000 individuals and companies which assess and remediate mold, accredit the training providers, or enforce the statutes and rules. The agency also would no longer contract with the Department of State Health Services to conduct the inspections of mold company business practices.

Department of Licensing and Regulation
Strategic Fiscal Review Appendix 5f: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
			X
Authority			

Program: Customer Service

Agency Ranking

6 out of 9

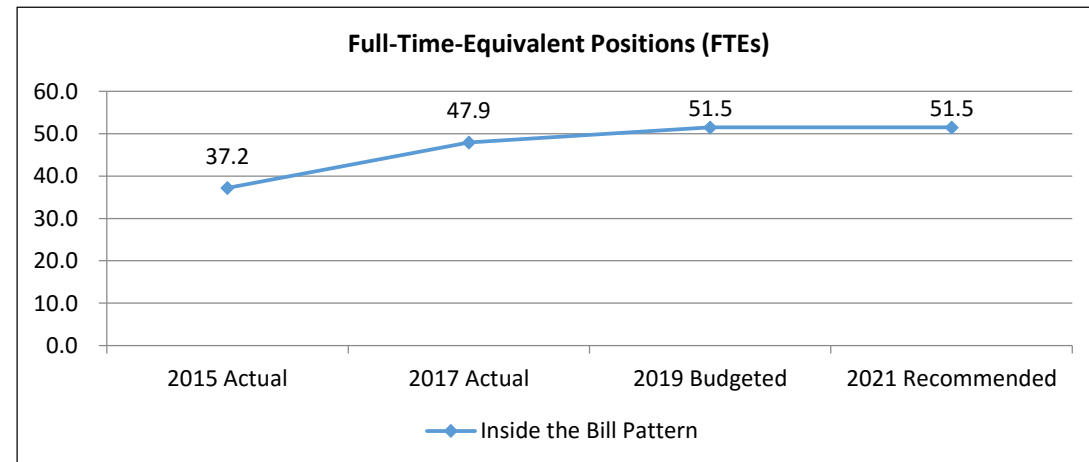
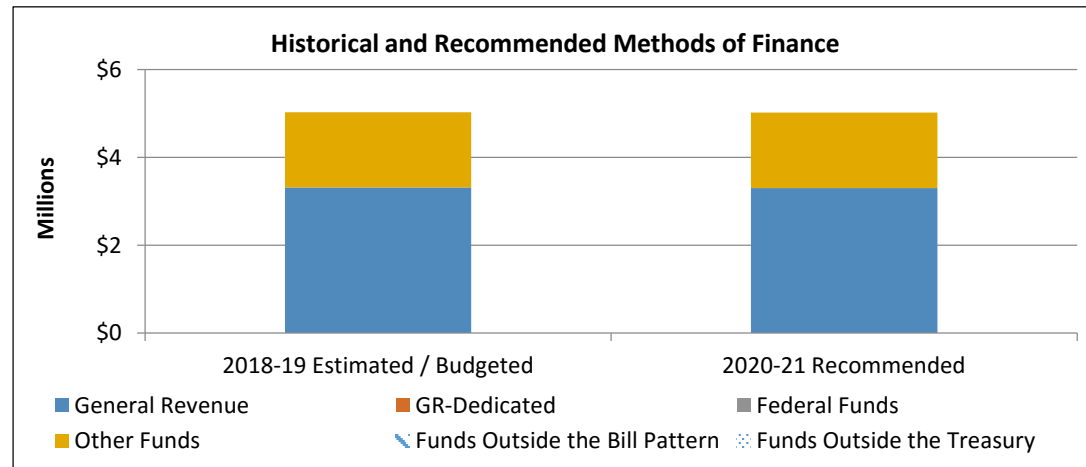
Deliver information and service to all who contact the agency.

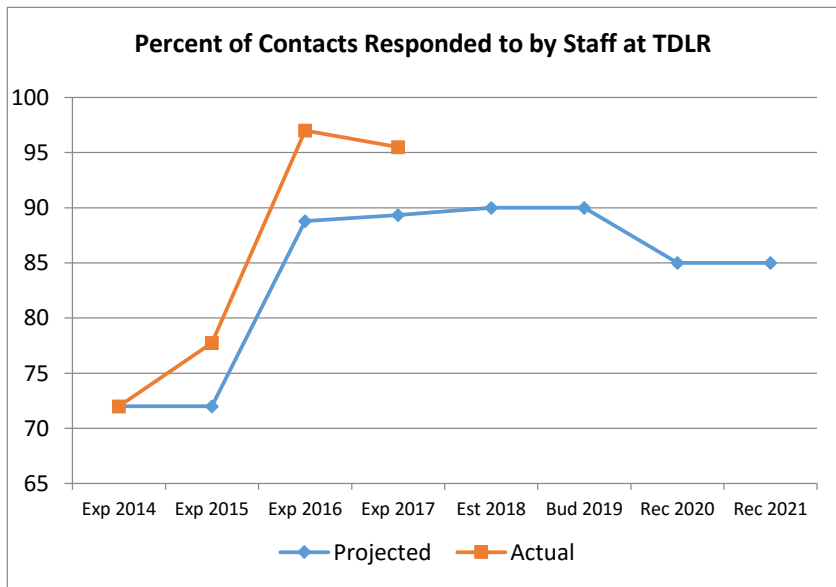
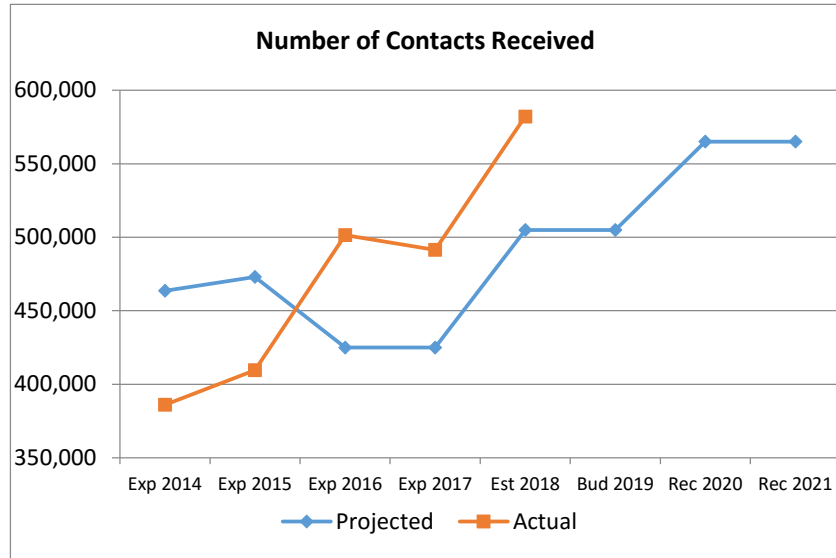
Legal Authority: Agric 301/302; Educ. 1001 Health & Safety 401, 754, 755 Gov't 469 Lab 91 Occ 202, 203, 401, 402, 403, 451, 455, 506, 605, 701, 802, 953, 1151, 1152, 1202, 1302, 1304, 1305, 1601/1602/1603, 1703, 1802, 1901/1902, 1952, 1953, 1958, 2052, 2303, 2308, 2309, 2402 Alco Bev 106 Trans 521 Crim Proc 42A

Year Implemented	2006	Performance and/or		Revenue Supported	No
Authority	Strong	Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	Partial	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 4,190,053	\$ 4,316,526	86.0%
Operating Costs	\$ 837,595	\$ 701,574	14.0%
Total	\$ 5,027,648	\$ 5,018,100	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 5,018,100	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 5,018,100	100.0%





Summary of Recommendations and Fiscal and Policy Issues

- 1 The Customer Service Division serves as TDLR’s main point of contact for licensees and customers. Customer service representatives respond to phone calls, emails, social media, walk-in visits, faxes and general questions from the public. Customer service representatives are responsible for responding to inquiries regarding TDLR’s 39 programs.
- 2 The Introduced Bill includes a total decrease of \$9,549 from the 2018-19 base related to one-time expenses for the implementation of legislation from the Eighty-fifth Legislature.

Recommended Statutory Changes for Program Improvement

- 1 The following statutory changes identified to improve the occupational licenses within the License, Register and Certify program would also improve the Customer Service program:
 - Court-Ordered Programs: Create a unified statute.
 - Cosmetology: Correct references to reflect the scope of each license type.

Challenges and Enhancement Opportunities

- 1 Challenges include the increase in population due to influx of new residents to the state, growth in businesses, creation of new occupational licenses and transfer of programs from other agencies to TDLR, and the use of nine separate licensing systems.
- 2 The agency reports additional resources in this area would be used to fill the Customer Service position reduced during the Eighty-fifth Legislative Session, 2017.

Department of Licensing and Regulation
Strategic Fiscal Review Appendix 5g: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
		X	
Authority			

Program: Investigation

Agency Ranking

7 out of 9

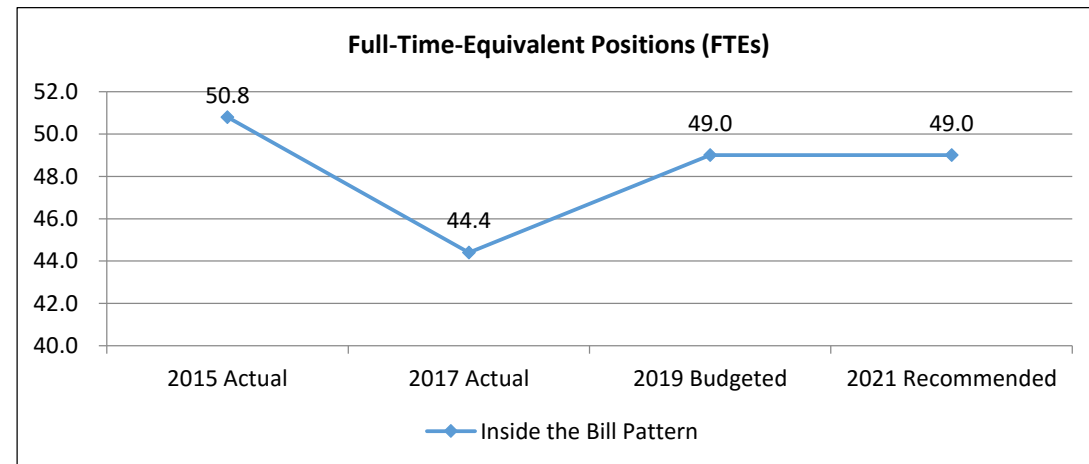
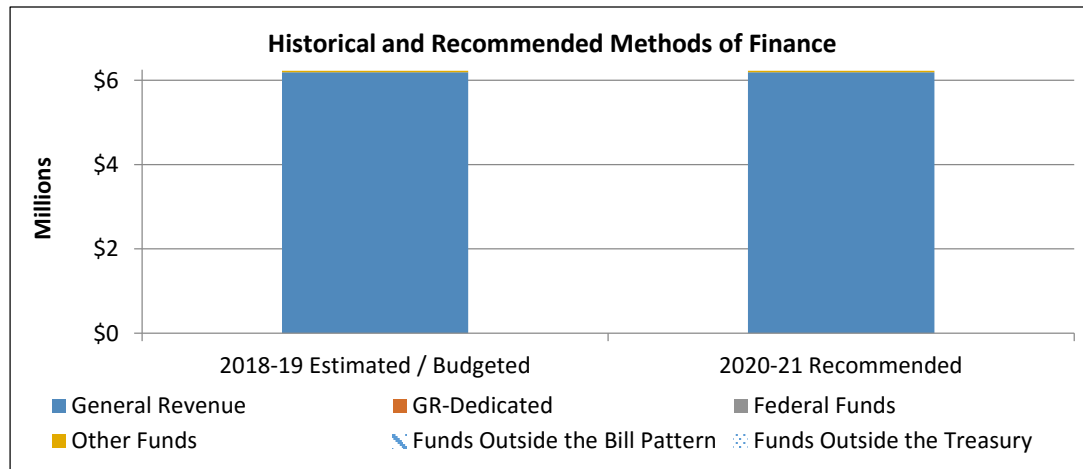
Review all complaints submitted to the agency to determine if the complaint alleges a violation of the laws or rules; investigate all jurisdictional complaints to identify and document all violations of the laws or rules.

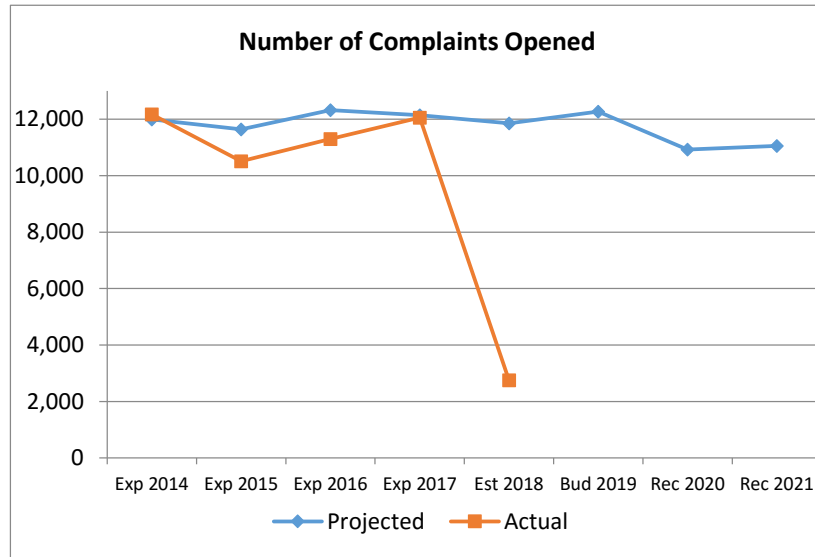
Legal Authority: Agric 301/302; Educ. 1001 Health & Safety 401, 754, 755 Gov't 469 Lab 91 Occ 202, 203, 401, 402, 403, 451, 455, 506, 605, 701, 802, 953, 1151, 1152, 1202, 1302, 1304, 1305, 1601/1602/1603, 1703, 1802, 1901/1902, 1952, 1953, 1958, 2052, 2303, 2308, 2309, 2402 Alco Bev 106 Trans 521 Crim Proc 42A

Year Implemented	1992	Performance and/or		Revenue Supported	Yes
Authority	Strong	Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	Partial	General Revenue-Dedicated Funds	Compliant
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 5,148,851	\$ 5,053,028	81.1%
Operating Costs	\$ 1,078,238	\$ 1,174,061	18.9%
Total	\$ 6,227,089	\$ 6,227,089	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 6,227,089	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 6,227,089	100.0%





Summary of Recommendations and Fiscal and Policy Issues

- 1 The Enforcement Division is responsible for investigating complaints about all industries regulated by TDLR. Complaints are filed by consumers, industry, other governmental agencies, and other divisions within TDLR. Investigators follow standardized procedures to establish the facts of each case, including witness interviews, collection of evidence, and on-site investigations of facilities or job sites. In addition to investigating complaints, investigators use sting operations and other proactive techniques to identify and prevent unlicensed activity. They also investigate the criminal histories of license applicants to determine license eligibility.
- 2 The Introduced Bill maintains 2018-19 level funding for this program.
- 3 TDLR's 2019-2023 Strategic Plan narrows the focus of enforcement activities on violations that involve consumer harm or a threat to public safety. This significantly reduced the number of inspection violations that are subject to enforcement action beginning in late fiscal year 2017. Additionally, in response to Hurricane Harvey, the agency halted periodic inspections of facilities in the 60 affected counties until December 2017, resulting in fewer enforcement cases/complaints opening based on inspection results.

Recommended Statutory Changes for Program Improvement

- 1 The agency recommends amending the Massage Therapy and Podiatry statutes to ensure enforcement provisions are consistent across all programs at TDLR.

Challenges and Enhancement Opportunities

- 1 Challenges include the increase in population due to influx of new residents to the state, growth in businesses, creation of new occupational licenses and transfer of programs from other agencies to TDLR, and the use of nine separate licensing systems.
- 2 The agency reports additional resources in this area would be used to fill the Enforcement Division position reduced during the Eighty-fifth Legislative Session, 2017.

Department of Licensing and Regulation
Strategic Fiscal Review Appendix 5h: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
		X	
Authority			

Program: Resolve Complaints

Agency Ranking

8 out of 9

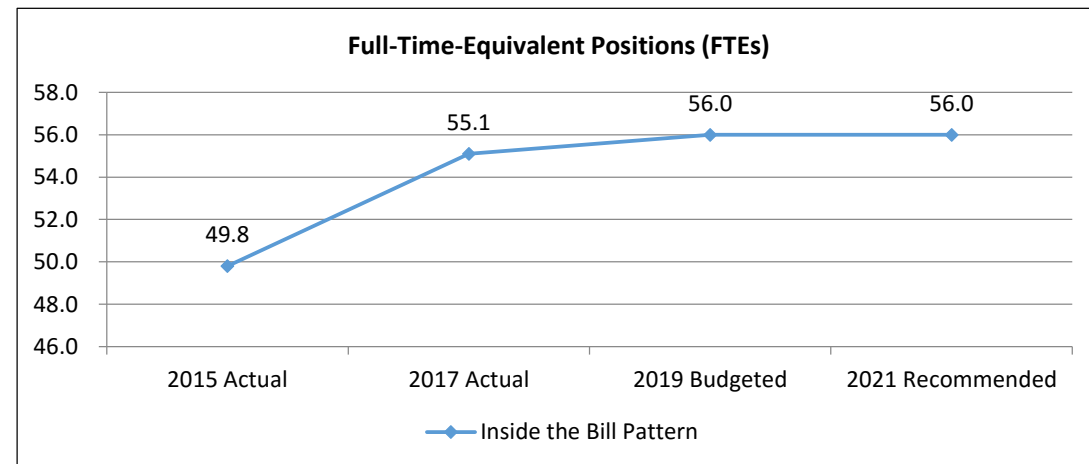
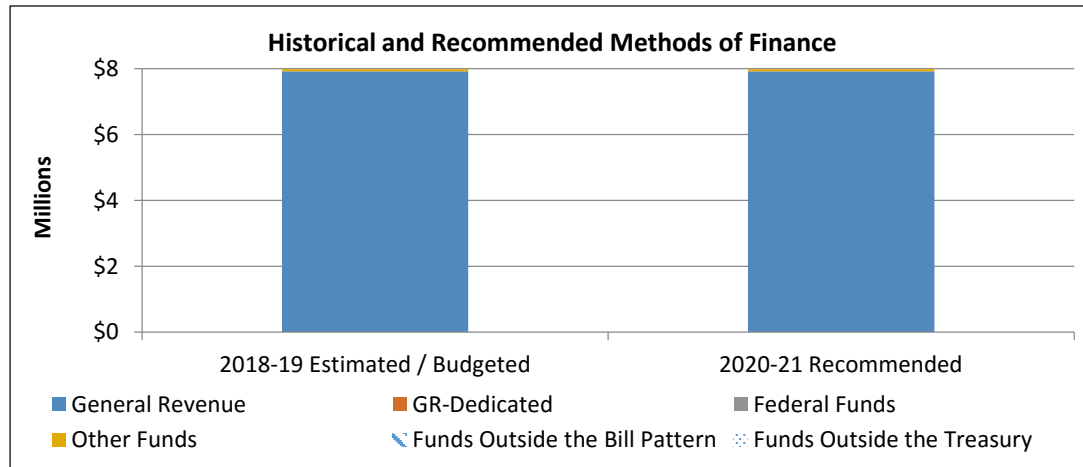
Resolve all complaints through fast, fair, and efficient prosecution or settlement of cases, assessing penalties and sanctions when warranted.

Legal Authority: Agric 301/302; Educ. 1001 Health & Safety 401, 754, 755 Gov't 469 Lab 91 Occ 202, 203, 401, 402, 403, 451, 455, 506, 605, 701, 802, 953, 1151, 1152, 1202, 1302, 1304, 1305, 1601/1602/1603, 1703, 1802, 1901/1902, 1952, 1953, 1958, 2052, 2303, 2308, 2309, 2402 Alco Bev 106 Trans 521 Crim Proc 42A

Year Implemented	2000	Performance and/or		Revenue Supported	Yes
Authority	Strong	Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	Partial	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 6,727,795	\$ 6,916,988	86.7%
Operating Costs	\$ 1,251,731	\$ 1,060,696	13.3%
Total	\$ 7,979,526	\$ 7,977,684	100.0%

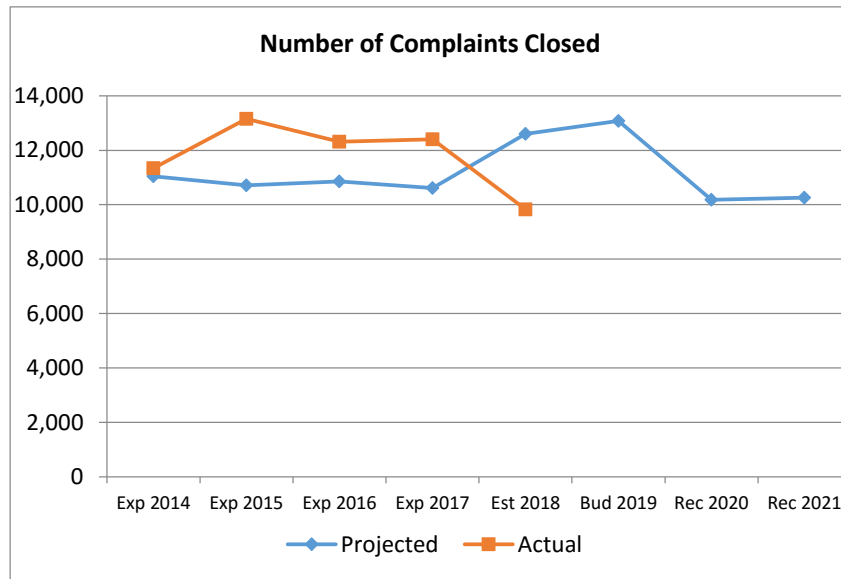
	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 7,977,684	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 7,977,684	100.0%



Program: Resolve Complaints

**Agency
Ranking**

8 out of 9



Summary of Recommendations and Fiscal and Policy Issues

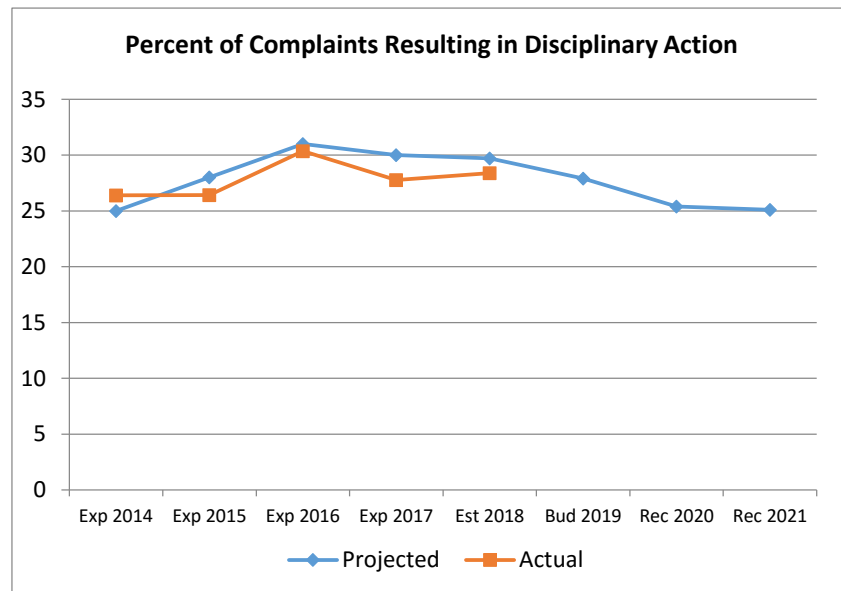
- 1 The Introduced Bill includes a total decrease of \$1,842 from the 2018-19 base related to one-time expenses for the implementation of legislation from the Eighty-fifth Legislature.
- 2 TDLR's 2019-2023 Strategic Plan narrows the focus of enforcement activities on violations that involve consumer harm or a threat to public safety. This significantly reduced the number of inspection violations that are subject to enforcement action beginning in late fiscal year 2017.

Recommended Statutory Changes for Program Improvement

- 1 The agency recommends amending the Massage Therapy statute to clarify that Section 455.251(b)(1) is an operation of law provision that requires the agency to expeditiously revoke a license for those who have been convicted of sexual offenses.

Challenges and Enhancement Opportunities

- 1 Challenges include the increase in population due to influx of new residents to the state, growth in businesses, creation of new occupational licenses and transfer of programs from other agencies to TDLR, and the use of nine separate licensing systems.
- 2 Providing TDLR general rulemaking authority to establish uniform complaint confidentiality and removing all program specific confidentiality statutes outside of Chapter 51, Occupations Code would allow the agency to keep complaints and investigations containing patient information in certain health professions regulated by the agency from being subject to disclosure, discovery, subpoena, or other means of obtaining information.



Department of Licensing and Regulation
Strategic Fiscal Review Appendix 5i: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
Authority			

Program: Indirect Administration

Agency Ranking

9 out of 9

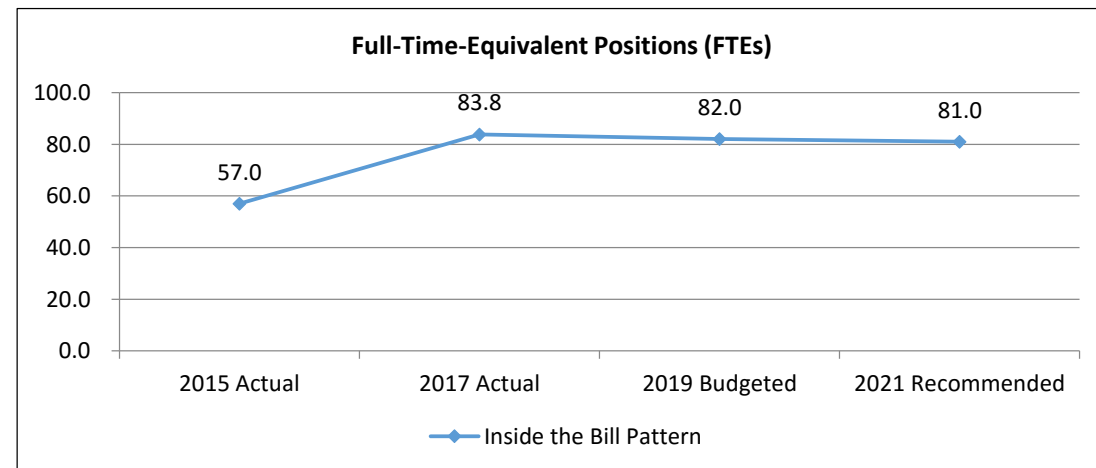
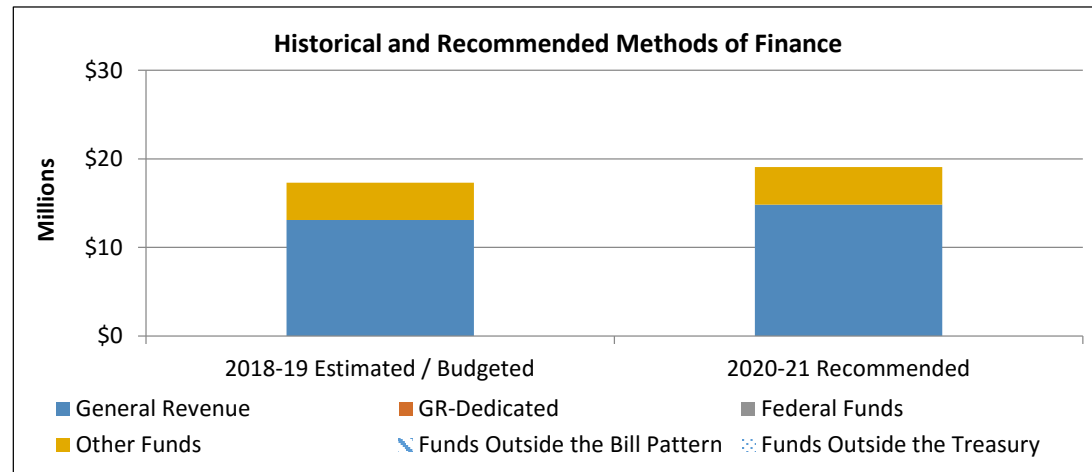
Provides financial services, human resources, electronic infrastructure, leadership, direction, oversight, support, mail services, purchasing, contract administration, risk management, vehicle fleet compliance, and management of agency programs.

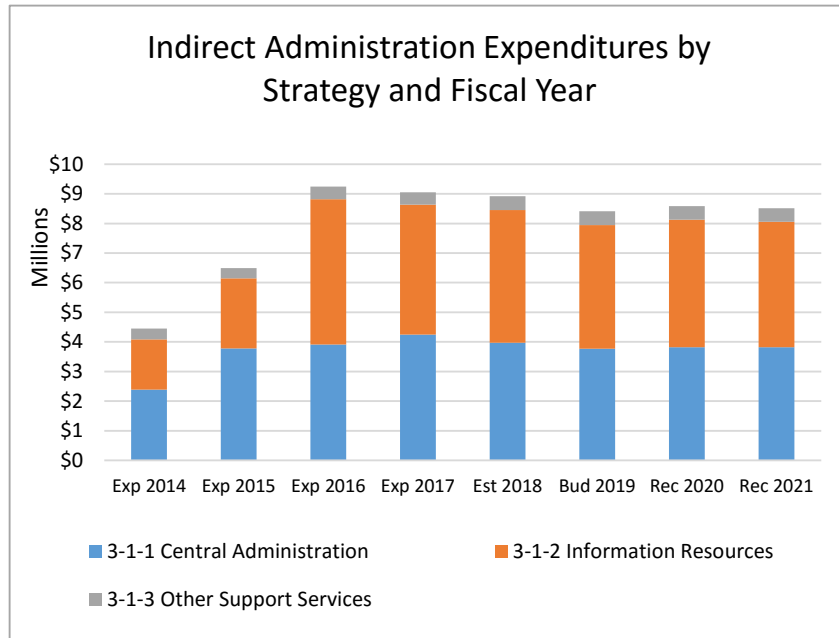
Legal Authority: Various Chapters of the Occupations Code; Health & Safety Code Ch. 401, 754-55; Government Code Ch. 57, 469, 771, 2110; Labor Code, Ch. 91-92; Educ. Code, Ch.1001; Ag. Code, Ch. 301, 302; Trans. Code, Ch. 521

Year Implemented	1992	Performance and/or		Revenue Supported	No
Authority		Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality		Outsourced Services	Partial	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	State Government Administration & Support		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 12,257,658	\$ 12,319,982	64.6%
Operating Costs	\$ 5,066,689	\$ 6,736,596	35.4%
Total	\$ 17,324,347	\$ 19,056,578	100.0%

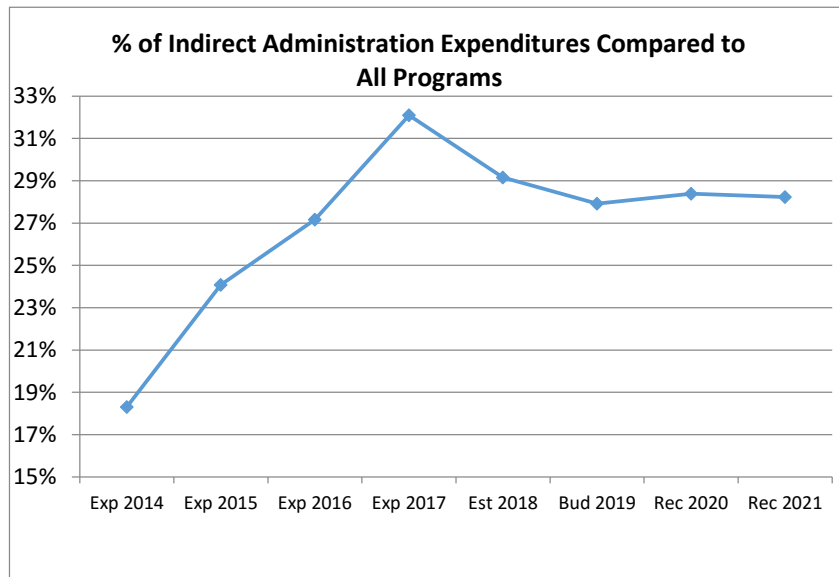
	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 19,056,578	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 19,056,578	100.0%





Summary of Recommendations and Fiscal and Policy Issues

- 1 Indirect Administration includes Central Administration, Information Resources, and Other Support Services.
- 2 The Introduced Bill includes a decrease of \$219,769 from the 2018-19 base related to one-time expenses for the implementation of CAPPs and legislation from the Eighty-fifth Legislature and an increase of \$1,952,000 for the development of a new Licensing System.
- 3 In fiscal year 2014, DIR identified several areas of improvement for TDLR's Information Resources and the legislature appropriated additional funds starting in the 2016-17 biennium to address these vulnerabilities. The agency created a cybersecurity team and purchased equipment and software to address their needs. Additionally, the transfer of programs from DSHS came with 10 additional IT FTEs, the data migration and maintenance costs of the Versa system, and increased DIR Data Center Services obligations.



Department of Licensing and Regulation
Strategic Fiscal Review Appendix 6: Program and Strategies Crosswalk - Senate

Agency Ranking	Program	Strategy
1	License, Register and Certify	1.1.1 License, Register And Certify 1.1.5 Texas.gov
2	Examinations/Continuing Education	1.1.3 Examinations/continuing Education
3	License Businesses and Facilities	1.1.2 License Businesses And Facilities
4	Building Plan Reviews	2.1.2 Building Plan Reviews
5	Conduct Inspections	2.1.1 Conduct Inspections
6	Customer Service	1.1.4 Customer Serv.
7	Investigation	2.1.4 Investigation
8	Resolve Complaints	2.1.3 Resolve Complaints
9	<i>Indirect Administration</i>	3.1.1 Central Administration
		3.1.2 Information Resources
		3.1.3 Other Support Services

Note: Indirect administration program names are italicized.

**Department of Licensing and Regulation
Appendices - Senate**

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B	Summary of Federal Funds	*
C	FTE Highlights	*
D	Performance Measure Highlights	*
E	Summary of Ten Percent Biennial Base Reduction Options	40

* Appendix is not included - no significant information to report

**Department of Licensing and Regulation
Funding Changes and Recommendations - Senate, by Strategy -- ALL FUNDS**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
LICENSE, REGISTER AND CERTIFY A.1.1	\$8,709,627	\$8,690,302	(\$19,325)	(0.2%)	Decrease of one-time expenses for implementation of new legislation
LICENSE BUSINESSES AND FACILITIES A.1.2	\$2,451,370	\$2,451,370	\$0	0.0%	
EXAMINATIONS/CONTINUING EDUCATION A.1.3	\$3,273,190	\$3,263,291	(\$9,899)	(0.3%)	Decrease of one-time expenses for implementation of new legislation
CUSTOMER SERV. A.1.4	\$5,027,648	\$5,018,099	(\$9,549)	(0.2%)	Decrease of one-time expenses for implementation of new legislation
TEXAS.GOV A.1.5	\$1,300,000	\$1,300,000	\$0	0.0%	
Total, Goal A, LICENSING	\$20,761,835	\$20,723,062	(\$38,773)	(0.2%)	
CONDUCT INSPECTIONS B.1.1	\$16,180,756	\$16,683,188	\$502,432	3.1%	Decrease of \$10,302 for one-time expenses for new legislation. Increase of \$512,734 for new Human Trafficking Team.
BUILDING PLAN REVIEWS B.1.2	\$2,750,854	\$2,750,854	\$0	0.0%	
RESOLVE COMPLAINTS B.1.3	\$7,979,526	\$7,977,684	(\$1,842)	(0.0%)	Decrease of one-time expenses for implementation of new legislation
INVESTIGATION B.1.4	\$6,227,089	\$6,227,089	\$0	0.0%	
Total, Goal B, ENFORCEMENT	\$33,138,225	\$33,638,815	\$500,590	1.5%	
CENTRAL ADMINISTRATION C.1.1	\$7,746,344	\$7,638,008	(\$108,336)	(1.4%)	Decrease of one-time expenses for CAPPs implementation
INFORMATION RESOURCES C.1.2	\$8,656,306	\$10,496,873	\$1,840,567	21.3%	Decrease of \$111,432 for one-time expenses for new legislation. Increase of \$1,952,000 for new Licensing System.
OTHER SUPPORT SERVICES C.1.3	\$921,697	\$921,697	\$0	0.0%	
Total, Goal C, INDIRECT ADMINISTRATION	\$17,324,347	\$19,056,578	\$1,732,231	10.0%	
Grand Total, All Strategies	\$71,224,407	\$73,418,455	\$2,194,048	3.1%	

**Department of Licensing and Regulation
Summary of Ten Percent Biennial Base Reduction Options - Senate**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
1)	Program Layoffs	Eliminate 6.0 FTEs from Conduct Inspections	\$500,000	\$500,000	6.0	\$0	3%	\$16,180,756	No
		Eliminate 2.0 FTEs from Building Plan Reviews	\$92,000	\$92,000	2.0	\$0	3%	\$2,750,854	
		Eliminate 1.0 FTE from Resolve Complaints	\$152,000	\$152,000	1.0	\$0	2%	\$7,979,526	
	Program Operating	Decrease number of inspections of barber and cosmetology shops, salons and schools, towing companies and vehicle storage facilities, driver education and midwifery schools, and orthotics and prosthetics facilities	\$180,800	\$180,800	0.0	\$0	1%	\$16,180,756	
		Increase backlog of plan reviews	\$37,000	\$37,000	0.0	\$0	1%	\$2,750,854	
		Increase time to close out complaints	\$60,000	\$60,000	0.0	\$0	1%	\$7,979,526	
	Administrative Layoff	Eliminate 3.0 FTEs from Central Administration	\$413,566	\$413,566	3.0	\$0	5%	\$7,746,342	
	Administrative Operating	Cut to Central Administration service delivery processes and data analytics	\$113,600	\$113,600	0.0	\$0	1%	\$7,746,342	
2)	Program Layoffs	Eliminate 2.0 FTEs from Examinations/Continuing Education	\$214,656	\$214,656	2.0	\$0	7%	\$3,278,842	No
		Eliminate 3.0 FTEs from Conduct Inspections	\$276,288	\$276,288	3.0	\$0	2%	\$16,180,756	
		Eliminate 1.0 FTE from Resolve Complaints	\$134,000	\$134,000	1.0	\$0		\$7,979,526	
	Program Operating	Decrease number of approvals for continuing education courses, driver education curricula	\$74,000	\$74,000	0.0	\$0	2%	\$3,278,842	
		Decrease number of inspections	\$157,000	\$157,000	0.0	\$0	1%	\$16,180,756	
		Increase time to close out complaints	\$37,000	\$37,000	0.0	\$0	0%	\$7,979,526	
	Administrative Layoff	Eliminate 1.0 FTE from Information Resources	\$138,000	\$138,000	1.0	\$0	2%	\$8,656,305	
		Eliminate 2.0 FTEs from Central Administration	\$241,584	\$241,584	2.0	\$0	3%	\$7,746,342	
		Eliminate 1.0 FTE from Other Support Services	\$105,838	\$105,838	1.0	\$0	11%	\$921,698	
	Administrative Operating	Cut to Central Administration	\$65,000	\$65,000	0.0	\$0	1%	\$7,746,342	
		Cut to Information Resources services	\$30,000	\$30,000	0.0	\$0	0%	\$8,656,305	
Cut to Other Support Services		\$37,000	\$37,000	0.0	\$0	4%	\$921,698		
3)	Program Layoffs	Eliminate 1.0 FTE from License Individuals	\$96,000	\$96,000	1.0	\$0	1%	\$8,711,084	No
		Eliminate 1.0 FTE from Examinations/Continuing Education	\$130,000	\$130,000	1.0	\$0	4%	\$3,278,842	
		Eliminate 3.0 FTEs from Conduct Inspections	\$352,564	\$352,564	3.0	\$0	2%	\$16,180,756	
		Eliminate 2.0 FTEs from Investigations	\$196,000	\$196,000	2.0	\$0	3%	\$6,219,982	
	Program Operating	Decrease number of licenses processed	\$36,000	\$36,000	0.0	\$0	0%	\$8,711,084	

**Department of Licensing and Regulation
Summary of Ten Percent Biennial Base Reduction Options - Senate**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
		Decrease number of exams administered to applicants	\$43,000	\$43,000	0.0	\$0	1%	\$3,278,842	
		Decrease number of inspections	\$140,800	\$140,800	0.0	\$0	1%	\$16,180,756	
		Increase time to close out complaints	\$94,000	\$94,000	0.0	\$0	1%	\$7,979,526	
	Administrative Layoff	Eliminate 2.0 FTEs from Central Administration	\$346,000	\$346,000	2.0	\$0	4%	\$7,746,342	
	Administrative Operating	Cut to Central Administration	\$72,000	\$72,000	0.0	\$0	1%	\$7,746,342	
4)	Program Layoffs	Eliminate 1.0 FTE from License Individuals	\$104,000	\$104,000	1.0	\$0	1%	\$8,711,084	No
		Eliminate 3.0 FTEs from Conduct Inspections	\$338,368	\$338,368	3.0	\$0	2%	\$16,180,756	
		Eliminate 1.0 FTE from Resolve Complaints	\$102,000	\$102,000	1.0	\$0	1%	\$7,979,526	
		Eliminate 1.0 FTEs from Investigations	\$106,000	\$106,000	1.0	\$0	2%	\$6,219,982	
	Program Operating	Decrease number of licenses processed	\$40,000	\$40,000	0.0	\$0	0%	\$8,711,084	
		Decrease number of inspections	\$135,800	\$135,800	0.0	\$0	1%	\$16,180,756	
		Increase time to close out complaints	\$48,000	\$48,000	0.0	\$0	1%	\$7,979,526	
		Decrease number of investigations completed	\$48,000	\$48,000	0.0	\$0	1%	\$6,219,982	
	Administrative Layoff	Eliminate 2.0 FTEs from Central Administration	\$296,000	\$296,000	2.0	\$0	4%	\$7,746,342	
		Eliminate 1.0 FTE from Information Resources	\$164,000	\$164,000	1.0	\$0	2%	\$8,656,305	
	Administrative Operating	Cut to Central Administration	\$80,001	\$80,001	0.0	\$0	1%	\$7,746,342	
Cut to Information Resources services		\$40,000	\$40,000	0.0	\$0	0%	\$8,656,305		

TOTAL, 10% Reduction Options			\$6,067,865	\$6,067,865	40.0	\$0			
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