

**Alcoholic Beverage Commission
Summary of Recommendations - Senate**

Page V-1

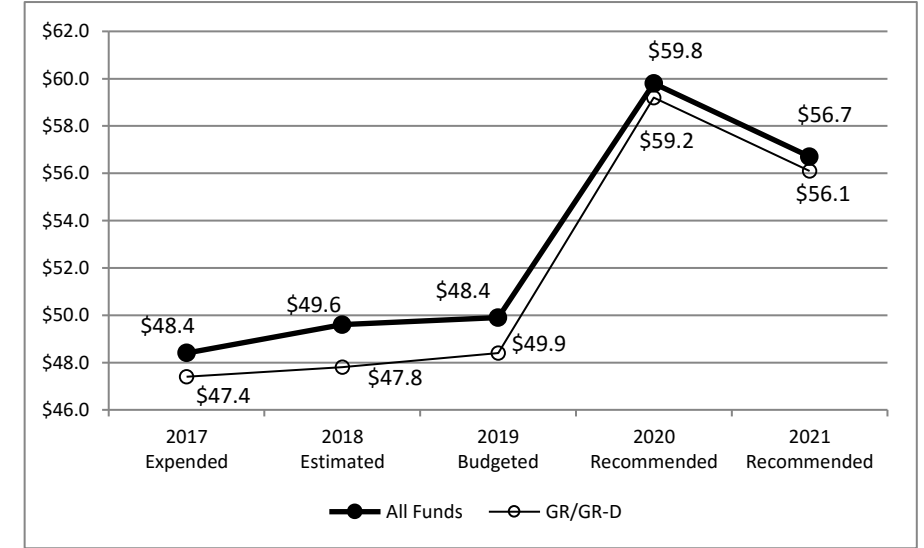
Bentley Nettles, Administrator

Kelsey Vela, LBB Analyst

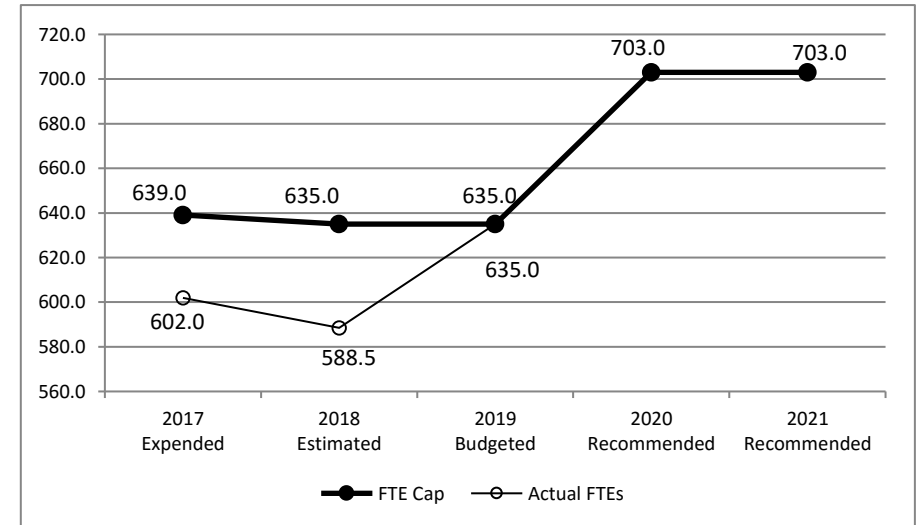
Method of Financing	2018-19 Base	2020-21 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$96,241,820	\$115,299,968	\$19,058,148	19.8%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$96,241,820</i>	<i>\$115,299,968</i>	<i>\$19,058,148</i>	<i>19.8%</i>
Federal Funds	\$1,083,515	\$1,000,000	(\$83,515)	(7.7%)
Other	\$2,167,055	\$205,876	(\$1,961,179)	(90.5%)
All Funds	\$99,492,390	\$116,505,844	\$17,013,454	17.1%

	FY 2019 Budgeted	FY 2021 Recommended	Biennial Change	Percent Change
FTEs	635.0	703.0	68.0	10.7%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



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.

**Alcoholic Beverage Commission
Strategic Fiscal Review Program Summary - Senate**

Alcoholic Beverage Commission

The mission of the Texas Alcoholic Beverage Commission is to serve the people of Texas, and protect the public health and safety, through the consistent, fair and timely administration of the Alcoholic Beverage Code.

Mission Centrality/Authority		
	Centrality	
	<1%	2%
		95%
Authority	1%	

					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	\$99,492,390	\$116,505,844	17%	82%	\$124,043,845
		<i>Other Support Services</i>	4.1.3 Other Support Services	10	\$1,047,798	\$872,134	-17%	100%	\$872,134
	99%	<i>Information Resources</i>	4.1.2 Information Resources	8	\$5,595,155	\$12,971,205	132%	43%	\$20,139,512
	93%	<i>Central Administration</i>	4.1.1 Central Administration	7	\$4,720,903	\$4,767,962	1%	100%	\$5,213,656
	88%	Border Security - Investigations	1.1.1 Enforcement	4	\$1,184,618	\$1,184,618	0%	100%	\$1,184,618
	87%	Wine Marketing Program - Transfer to Department of Agriculture	4.1.1 Central Administration	12	\$500,000	\$500,000	0%	100%	\$500,000
	87%	Education and Prevention Division (EPD)	3.1.1 Compliance Monitoring	11	\$966,933	\$963,694	-0%	100%	\$963,694
	86%	Marketing Practices and Label Approval	3.1.1 Compliance Monitoring	9	\$378,648	\$377,550	-0%	100%	\$377,550
	85%	Excise Tax Administration	3.1.1 Compliance Monitoring	5	\$1,321,395	\$1,319,179	-0%	100%	\$1,319,179
	84%	Ports of Entry	3.2.1 Ports Of Entry	6	\$11,047,004	\$11,067,352	0%	100%	\$11,067,352
	73%	Regulatory Compliance	3.1.1 Compliance Monitoring	3	\$10,796,745	\$9,920,378	-8%	100%	\$9,920,378
	62%	Criminal Investigation	1.1.1 Enforcement	2	\$51,922,531	\$62,397,138	20%	79%	\$62,321,138
	10%	Licensing Businesses	2.1.1 Licensing	1	\$10,010,660	\$10,164,634	2%	100%	\$10,164,634

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

Alcoholic Beverage Commission
Summary of Funding Changes and Recommendations - Senate

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A	Detail in SFR Appendix 5
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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):
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A)	Enforcement agents - increase for 35 additional law enforcement officers.	\$6.5	\$0.0	\$0.0	\$0.0	\$6.5	A.1.1.	Appendix 5B
B)	Human Trafficking - increase for 6 enforcement agents and 23 Special Investigations Unit agents within the Enforcement Division.	\$5.6	\$0.0	\$0.0	\$0.0	\$5.6	A.1.1.	Appendix 5B
C)	Licensing and Tax Technology Replacement - update the license application process and automate the reconciliation of excise tax reports.	\$7.4	\$0.0	\$0.0	\$0.0	\$7.4	D.1.2.	Appendix 5A, 5E, 5H
D)	Data Center Services and CAPPs - decrease to reflect current DIR estimates for the 2020-21 biennium and decrease for one-time CAPPs funding.	(\$0.4)	\$0.0	\$0.0	\$0.0	(\$0.4)	D.1.2. and D.1.1.	Appendix 5H, 5G
E)	Hurricane Harvey - decrease for Governor's Emergency and Deficiency Grants (Other Funds) for Hurricane Harvey assistance.	\$0.0	\$0.0	\$0.0	(\$1.6)	(\$1.6)	A.1.1.	Appendix 5B

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):
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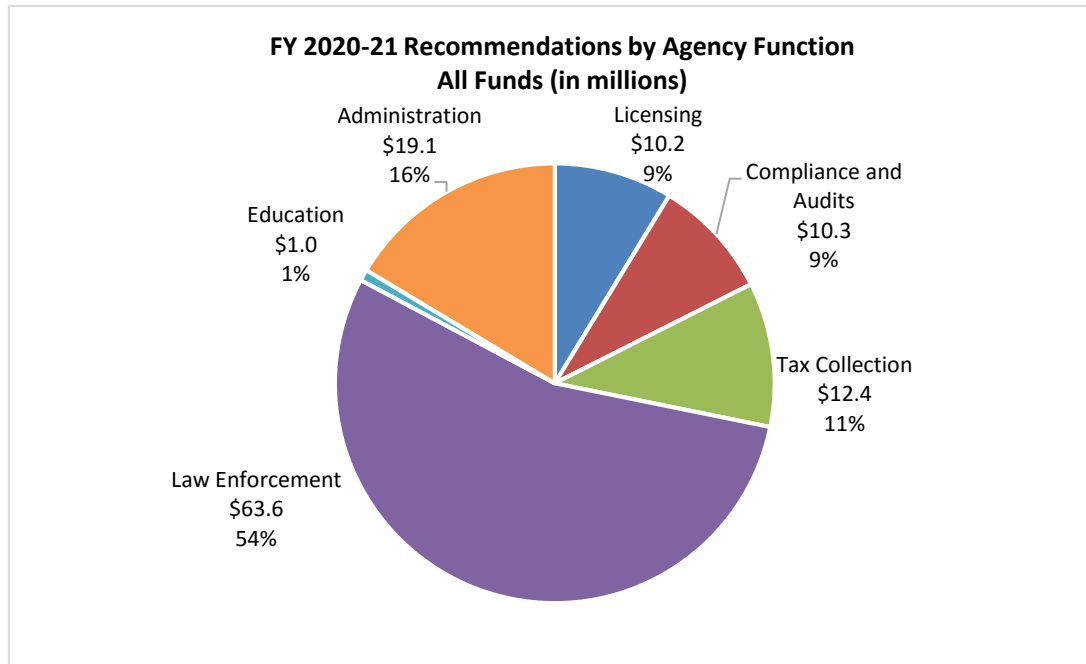
F)	Federal Funds and Appropriated Receipts - Agency anticipated decreases for the 2020–21 biennium.	\$0.0	\$0.0	(\$0.1)	(\$0.3)	(\$0.4)	A.1.1 and D.1.1.	Appendix 5B, 5A, 5C, and 5G
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TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations		\$19.1	\$0.0	(\$0.1)	(\$1.9)	\$17.1	As Listed	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$19.5	\$0.0	\$0.0	\$0.0	\$19.5	As Listed	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		(\$0.4)	\$0.0	(\$0.1)	(\$1.9)	(\$2.4)	As Listed	As Listed

NOTE: Totals may not sum due to rounding.

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

1. **Strategic Fiscal Review.** The Texas Alcoholic Beverage Commission (TABC) is under Strategic Fiscal Review (SFR) for the Eighty-sixth Legislative Session. Significant observations and considerations include:
- Twelve agency programs were reviewed under SFR; most are within statutory requirements and/or authorizations. The assessment of mission centrality and authority highlights that TABC operates one program, Border Security - Investigations, with weak mission centrality and authority. The agency ranks this program number 4 out of 8, excluding indirect administration. Four agency programs are operating under both strong authority and mission centrality and the remaining programs have strong authority and moderate mission centrality.
 - The agency faces significant challenges across multiple programs due to the complex and outdated regulations, aging legacy technology, and the rapid growth of the alcoholic beverage industry. TABC must balance its role as a regulator and law enforcement agency with the state’s interest in supporting the alcoholic beverage industry.
 - The agency operates three indirect administrative programs, which represent \$19.1 million in All Funds or 16.4 percent of the agency’s General Revenue Appropriations.
 - Six programs are revenue supported. In the 2018–19 biennium, TABC collected \$625.9 million in revenue. TABC’s revenue collections are expected to exceed the General Revenue appropriations to the agency by \$540.5 million in FY 2020–21.



See the SFR Appendices for additional information.

2. **Enforcement:** Recommendations increase funding for enforcement by \$12.1 million in General Revenue for 23 SIU agents and 41 enforcement agents for a total of \$63.6 million, which represents a 19.7 percent increase from the previous biennium.
 - **Border Security Funding:** The Eighty-fourth Legislature, 2015, appropriated \$1.2 million and 6.0 FTEs in fiscal years 2016–17 as part of the Border Security Initiative. The appropriations funded 6.0 FTEs as part of the agency’s Special Investigations Unit (SIU) within the Enforcement Division to conduct special investigations at TABC licensed establishments in border counties. The Eighty-fifth Legislature, 2017, increased the amount identified as border security funding to \$6.9 million for the 2018–19 biennium. Recommendations for the 2020–21 biennium maintain 2018–19 base funding for border security.
 - **Human Trafficking Funding:** Recommendations include \$6.1 million in General Revenue and 32 FTEs for human trafficking efforts. TABC partners with federal, state, and local law enforcement on investigations related to organized criminal activity at TABC licensed locations. According to TABC, SIU cases may involve narcotic sales, human trafficking, and other organized criminal activity. TABC requested \$12.1 million in General Revenue as an exceptional item for additional 64 enforcement agents; \$5.6 million and 29 FTEs are categorized as human trafficking.
3. **Information Technology.** Recommendations increase funding for Strategy D.1.2, Information Resources, by \$7.4 million for Licensing and Tax Collection Technology Replacement for a total of \$13.0 million in General Revenue (See Appendix A for additional detail). TABC has submitted two additional Exceptional Item requests related to information technology for Public Safety Technology Replacement and Cybersecurity, which total \$6.9 million for the 2020–21 biennium. While not formally part of Sunset’s recommendations, the report cites outdated technology, especially the legacy licensing system, which could potentially affect the successful implementation of the Sunset recommendations.
4. **Centralized Accounting and Payroll Personnel System (CAPPS).** TABC was appropriated \$0.1 million for 1.0 FTE and implementation costs for CAPPS by the Eighty-fifth Legislature, 2017. Recommendations eliminate funds and 1.0 FTE for this item in the 2020–21 biennium, as it is considered a one-time expenditure. To provide support for CAPPS upgrades and reporting requirements, TABC has submitted an Exceptional Item request for \$0.3 million in General Revenue for 1.0 Project Manager and 1.0 Business Analyst.
5. **Data Center Services.** Recommendations include a decrease of \$0.3 million for data center services estimates to maintain only current obligations.
6. **Vehicle Replacements.** Recommendations maintain 2018–19 base level funding for vehicle replacements at \$1.4 million in General Revenue for approximately 50 vehicles. TABC currently has 55 vehicles that would exceed the LBB staff replacement threshold of 150,000 miles and 10 years by fiscal year 2021, which represents 21.4 percent of the agency’s fleet. If all eligible vehicles were replaced by fiscal year 2021, it would cost an additional \$0.2 million. The agency requested \$0.9 million in its 2021–21 Exceptional Items to replace an additional 30 vehicles above the 2018–19 base levels. The agency’s requested replacement threshold is 120,000 miles and 7 years.
7. **Other Funds – Hurricane Harvey:** Recommendations include a \$1.6 million decrease in Other Funds for Governor’s Emergency and Deficiency Grants for Hurricane Harvey Recovery. TABC agents assisted local law enforcement and provided security in counties affected by Hurricane Harvey.
8. **Sunset Review.** The Sunset Advisory Commission recommends continuation of TABC for another 12 years. Sunset’s review concentrated on streamlining and modernizing the Alcoholic Beverage Code and strengthening the agency’s leadership and regulatory functions. The review identified seven issues for which it made recommendations:
 - **Commission Size and Oversight.** Sunset recommends expanding the Commission from three to five members and establishing rules to reduce potential conflicts of interest. Sunset indicates its recommendations for improvement could be implemented utilizing current resources.

- Complex Licensing System. Sunset recommends reducing the number of permit types, eliminating the distinction between beer and ale, and allowing TABC to review and establish license and permit fees. TABC currently issues over 70 types of alcoholic beverage licenses and permits to approximately 60,000 licensees.
- Number of Regulations. Sunset recommends reducing the number of regulations TABC enforces related to a licensee's business practices and streamlining TABC's process for approving alcoholic beverages for sale in Texas.
- Increased transparency, accountability, and consistency. For certain TABC processes, Sunset recommends establishing clear inspection enforcement procedures.
- Ports of Entry Locations. Sunset recommends repealing the tax on imported alcohol for personal use, and eliminating TABC's ports of entry tax collection program.
- Commission Member Training. Sunset recommends amending statute to include an across-the-board requirement for commission member training.

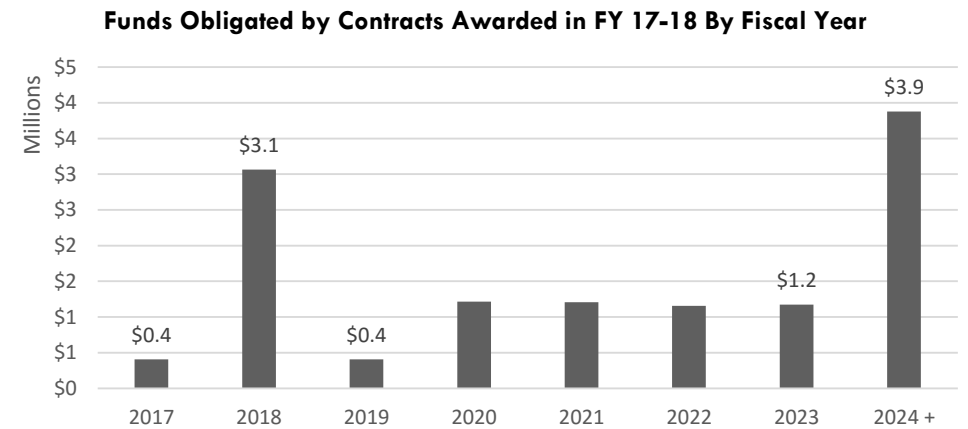
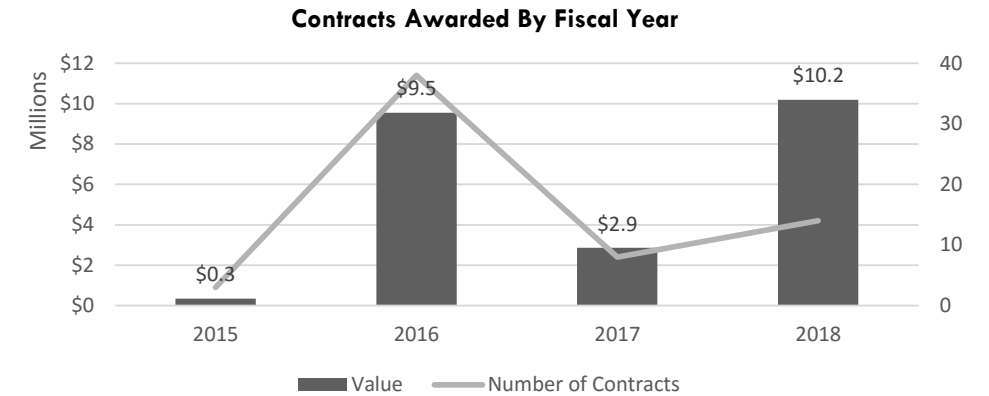
Alcoholic Beverage Commission
Contracting Highlights - Senate

As of 8/31/2018, the Alcoholic Beverage Commission had 30 active procurement contracts valued at \$17.3 million and no revenue generating contracts.

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	22	\$ 13.0	\$ 0.6	100%
Award Method				
Total Competitive Contracts	15	\$ 3.6	\$ 0.2	27.5%
Total Non-Competitive	7	\$ 9.4	\$ 1.3	72.5%
<i>Sole Source</i>	4	\$ 9.1	\$ 2.3	70.0%
<i>Interagency Agreement</i>	3	\$ 0.3	\$ 0.1	2.5%
Procurement Category				
Rental/Lease	7	\$ 11.3	\$ 1.6	87.1%
Consulting Services	4	\$ 0.7	\$ 0.2	5.1%
Information Technology	5	\$ 0.5	\$ 0.1	4.1%
Other Services	3	\$ 0.3	\$ 0.1	2.4%
Management Services	1	\$ 0.1	\$ 0.1	0.6%
Goods	1	\$ 0.1	\$ 0.1	0.4%
Legal/Financial Services	1	\$ 0.1	\$ 0.1	0.4%
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.

Alcoholic Beverage Commission
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 Data Center Services - Master Service Agreement	Interagency	\$ 2.6	376.8%	11/22/15	3 years	1	Dept. of Information Resources
2 Office Space Lease for San Antonio DO	Competitive	\$ 1.3	126.2%	08/01/12	9 years	1	Brass Centerview Holdings LLC
3 Lease of Office Space for the Houston DO	Competitive	\$ 0.9	0.0%	09/01/13	6 years	0	Heights Medical Tower LTD
4 Lease of Office Space for Austin RO	Competitive	\$ 0.7	0.0%	01/01/16	4 years	0	Omninet Chase Park LLC
5 Workers Comp Coverage & Risk Management	Interagency	\$ 0.3	369.7%	09/01/15	4 years	3	State Office of Risk Management

Largest Competitive Contracts Awarded in FY 17-18

1 Lease of Office Space - Arlington DO	Competitive	\$ 1.9	0.0%	09/01/16	7 years	0	Arlington Downs Tower
2 Contract for Outside Counsel Representing Agency	Competitive	\$ 0.5	0.0%	10/17/16	-	0	Jackson Walker LLP
3 Lease of Office Space for Waco AO	Competitive	\$ 0.2	0.0%	09/01/16	5 years	0	Texas Life Insurance Co
4 FY18 MicroPact VR-VO	Competitive	\$ 0.2	0.0%	10/10/17	1 year	0	Micropact Global Inc
5 Learning Management System Services	Competitive	\$ 0.1	0.0%	01/01/18	2 years	0	Targetsolutions Learning LLC

Largest Non-Competitive Contracts Awarded in FY 17-18

1 TABC Austin Headquarter Office Rent	Sole Source	\$ 8.9	0.0%	09/01/17	10 years	0	ASEM Properties LTD
2 Leadership Development Program	Interagency	\$ 0.2	0.0%	08/06/18	1 year	0	Texas A&M Engineering Ext. Service
3 Leased Premise - POE Booth	Sole Source	\$ 0.1	0.0%	10/01/16	9 years	0	General Services Administration
4 FY18 DIR Texan Phone	Interagency	\$ 0.1	0.0%	09/01/17	1 year	0	Dept. of Information Resources
5 FY18 Replicon Time and Leave	Sole Source	\$ 0.1	0.0%	09/01/17	1 year	0	Replicon Inc

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

**Alcoholic Beverage Commission
Rider Highlights - Senate**

14. New Riders

Estimates of Future Funds: Recommendations add a new rider requiring TABC to include estimates of future Federal Funds, Other Funds, and 100 percent federally funded full-time equivalent positions in the agency's Legislative Appropriation Request.

15. Human Trafficking Enforcement: Recommendations add a new rider listing amounts appropriated for human trafficking enforcement.

**Alcoholic Beverage Commission
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)	Public Safety Technology Replacement - Update various programs for TABC's law enforcement and legal requirements and streamline software systems.	\$6,136,120	\$6,136,120	5.0	Yes	Yes	\$2,239,908
2)	Employee Retention - Salary increases to address retention of License and Permit Specialists and Auditors.	\$3,066,996	\$3,066,996	0.0	No	No	\$3,066,996
3)	Enforcement Vehicles - Capital Expenditures to purchase 30 additional vehicles over the agency's base request to replace a total of 80 vehicles during the biennium.	\$924,000	\$924,000	0.0	No	No	\$0
4)	Cybersecurity - Salaries and Wages for 1.0 FTE and 1.0 contractor to enhance cybersecurity.	\$748,393	\$748,393	1.0	Yes	Yes	\$484,732
5)	Centralized Accounting and Payroll Personnel System (CAPPS) Support - Salaries and wages and other personnel costs for 1.0 project manager for CAPPS HR and 1.0 business analyst to support agency reporting needs.	\$300,964	\$300,964	2.0	Yes	No	\$299,464

TOTAL Items Not Included in Recommendations		\$11,176,473	\$11,176,473	8.0			\$6,091,100
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**Alcoholic Beverage Commission
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			

Significant Rider Requests Not Included

A)	Unexpended Balances within the Biennium - TABC requests a rider granting unexpended balance authority.	\$ -	\$ -	0.0	No	No	\$0
B)	Capital Budget Expenditures from Federal Awards - TABC requests a rider exempting the agency from capital budget rider limitations for Federal Funds and requires TABC to notify the LBB of capital budget expenditures.	\$ -	\$ -	0.0	No	No	\$0
C)	Potential Litigation Contingency - TABC requests a rider requiring payment of attorney and expert witness fees resulting from litigation against the Alcoholic Beverage Code or the Alcoholic Beverage Commission, defended by the Office of Attorney General or outside counsel, by the Comptroller, if the costs are in excess of \$1.0 million.	\$ -	\$ -	0.0	No	No	\$0
D)	Contingency for Removal of Public Corporation Ban on Package Store Permits - TABC requests a rider that would appropriate \$8.7 million per year and 127 FTEs contingent upon litigation or legislation that removes the public corporation ban on package store permits.	\$17,410,000	\$17,410,000	127.0	No	No	\$0

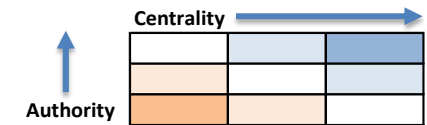
**Alcoholic Beverage Commission
Strategic Fiscal Review Appendices - Senate**

SFR Table of Contents		
SFR Appendix	Appendix Title	Page
1	SFR Program Listing – Services and Administration	13
2	SFR Program Listing – Fiscal	14
3	SFR Mission Centrality/Authority	15
4	SFR Constitutional, General Revenue-Dedicated and Funds Outside the Treasury	*
5	SFR Program Summaries	16
6	SFR Program and Strategy Crosswalk	40

* Appendix is not included - no significant information to report

Alcoholic Beverage Commission
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	Licensing Businesses	1935	Statute	No Federal Requirement	Strong	Strong	Business & Workforce Development & Regulation	Statewide	No	Partial
2	Criminal Investigation	1935	Statute	No Federal Requirement	Strong	Strong	Legal Services & Law Enforcement	Statewide	No	Partial
3	Regulatory Compliance	1935	Statute	No Federal Requirement	Strong	Strong	Business & Workforce Development & Regulation	Statewide	No	Partial
4	Border Security - Investigations	2016	Other, Statute	No Federal Requirement	Weak	Weak	Legal Services & Law Enforcement	Regional	N/A	No
5	Excise Tax Administration	1935	Statute	No Federal Requirement	Strong	Moderate	State Government Administration & Support	Statewide	No	Partial
6	Ports of Entry	1936	Statute	No Federal Requirement	Strong	Strong	Business & Workforce Development & Regulation	Statewide	N/A	Partial
9	Marketing Practices and Label Approval	1935	Statute	Public Law	Strong	Moderate	Business & Workforce Development & Regulation	Statewide	No	Partial
11	Education and Prevention Division (EPD)	1987	Statute	No Federal Requirement	Moderate	Moderate	Business & Workforce Development & Regulation	Statewide	N/A	No
12	Wine Marketing Program - Transfer to Department of Agriculture	2001	Agency Rider, Statute	No Federal Requirement	Strong	Weak	Business & Workforce Development & Regulation	NA	N/A	N/A
Indirect Administration Programs										
7	Central Administration	1996	Statute	No Federal Requirement	N/A	N/A	State Government Administration & Support	Statewide	No	Partial
8	Information Resources	1979	Statute	No Federal Requirement	N/A	N/A	State Government Administration & Support	Statewide	No	Partial
10	Other Support Services	1996	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.

Alcoholic Beverage Commission
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	Licensing Businesses	\$ 8,728,790	\$ 9,118,473	\$ 10,010,660	83.4	\$ 10,164,634	82.3	1.5%	-1.1	Yes	N/A
2	Criminal Investigation	\$ 48,322,180	\$ 52,420,124	\$ 51,922,531	283.1	\$ 62,397,138	345.5	20.2%	62.4	Yes	N/A
3	Regulatory Compliance	\$ 9,613,882	\$ 10,190,920	\$ 10,796,745	74.5	\$ 9,920,378	69.4	-8.1%	-5.1	No	N/A
4	Border Security - Investigations	\$ -	\$ 1,142,296	\$ 1,184,618	6.0	\$ 1,184,618	6.0	0.0%	0.0	No	N/A
5	Excise Tax Administration	\$ 1,059,029	\$ 1,045,555	\$ 1,321,395	8.0	\$ 1,319,179	8.0	-0.2%	0.0	Yes	N/A
6	Ports of Entry	\$ 10,302,529	\$ 10,538,133	\$ 11,047,004	119.9	\$ 11,067,352	119.8	0.2%	-0.1	Yes	N/A
9	Marketing Practices and Label Approval	\$ 184,825	\$ 340,584	\$ 378,648	3.0	\$ 377,550	3.0	-0.3%	0.0	No	N/A
11	Education and Prevention Division (EPD)	\$ 867,234	\$ 909,118	\$ 966,933	7.0	\$ 963,694	7.0	-0.3%	0.0	Yes	N/A
12	Wine Marketing Program - Transfer to Department of Agriculture	\$ 500,000	\$ 500,000	\$ 500,000	0.0	\$ 500,000	0.0	0.0%	0.0	No	N/A
Indirect Administration Programs											
7	Central Administration	\$ 4,240,652	\$ 5,025,127	\$ 4,720,903	26.9	\$ 4,767,962	31.0	1.0%	4.1	Yes	N/A
8	Information Resources	\$ 4,451,964	\$ 5,077,011	\$ 5,595,155	17.0	\$ 12,971,205	25.0	131.8%	8.0	No	N/A
10	Other Support Services	\$ 735,449	\$ 1,004,162	\$ 1,047,798	6.2	\$ 872,134	6.0	-16.8%	-0.2	No	N/A
Total		\$ 89,006,534	\$ 97,311,503	\$ 99,492,390	635.0	\$ 116,505,844	703.0	17.1%	68.0		

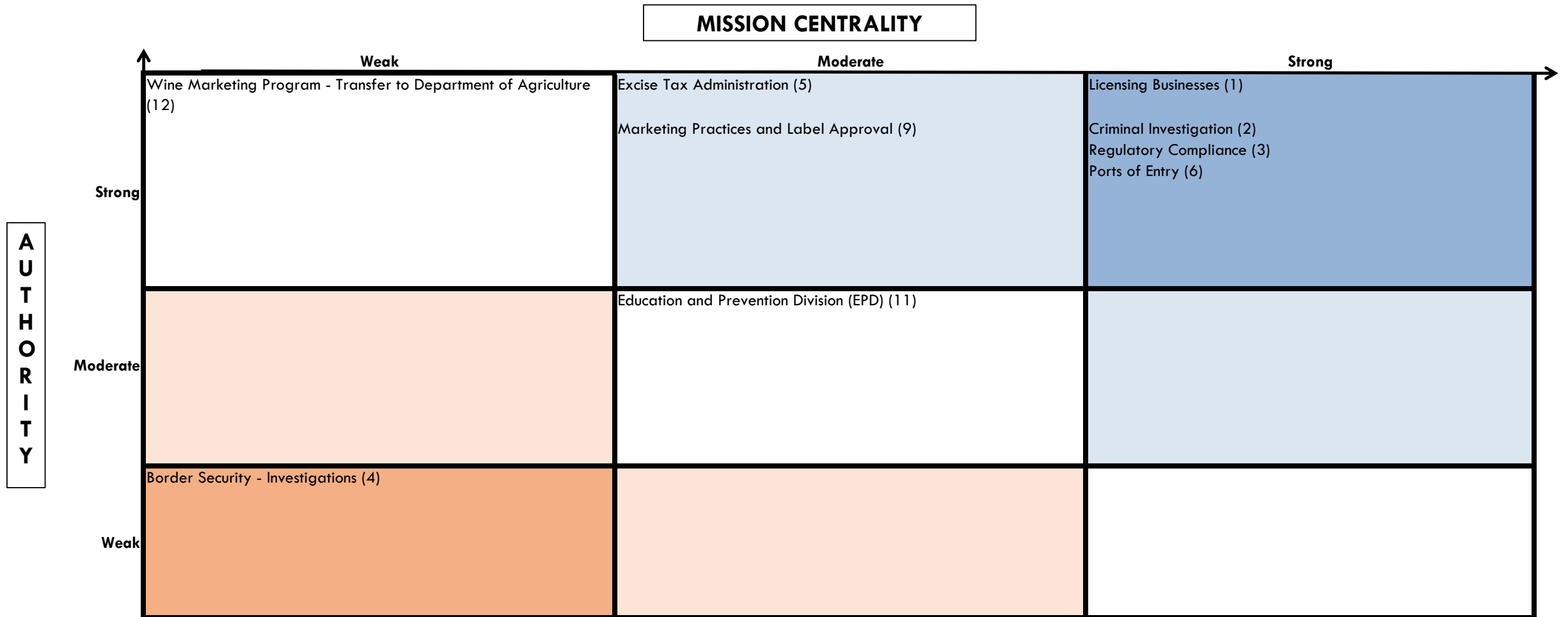
	2018-19 Est/Budg	2020-21 Recommended
Inside the Treasury	\$ 99,492,390	\$ 116,505,844
Outside the Treasury	\$ -	\$ -
Total	\$ 99,492,390	\$ 116,505,844

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.

Alcoholic Beverage Commission
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.

Alcoholic Beverage Commission
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: Licensing Businesses

Agency Ranking 1 out of 12

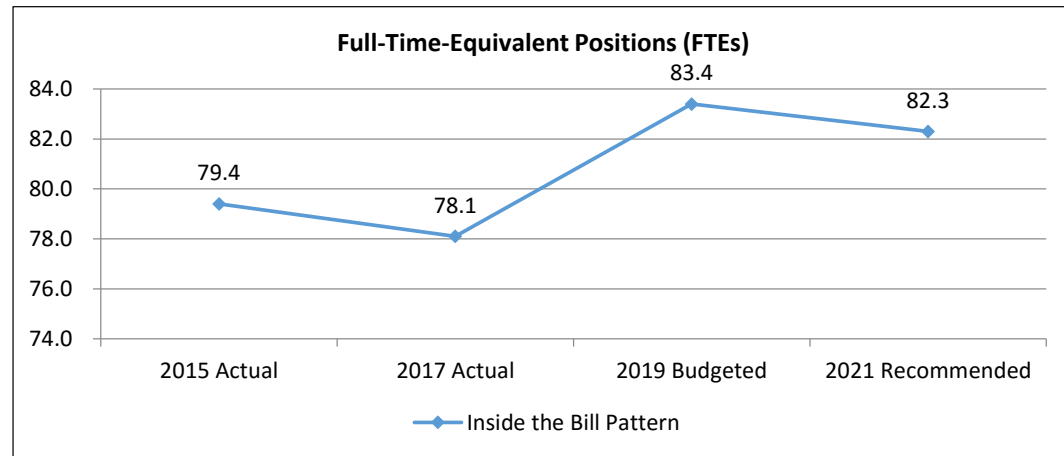
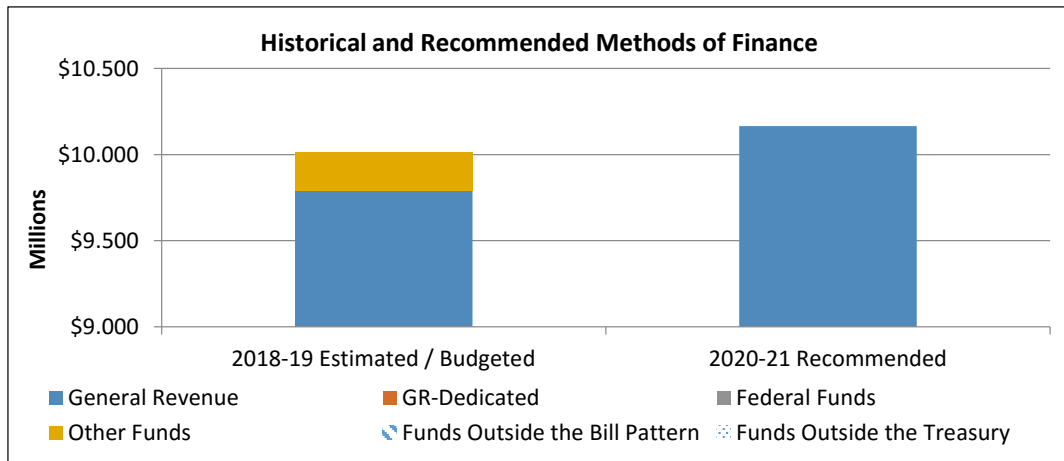
Processes and issues applications for alcoholic beverage licenses and permits and ensures all regulatory requirements and qualifications are met using an investigation process.

Legal Authority: Alcoholic Beverage Code, Secs. 5.31, 5.33, 5.35, 5.48, 5.55, 6.01, 11.01, 11.31, 61.01, and Chapter 102. There are numerous specific provisions that support each of the agency's more than 70 licenses and permits issued by TABC.

Year Implemented	1935	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	\$ 8,425,868	\$ 8,770,560	86.3%
Operating Costs	\$ 1,584,467	\$ 1,394,074	13.7%
Capital Costs	\$ 325	\$ -	0.0%
Total	\$ 10,010,660	\$ 10,164,634	100.0%

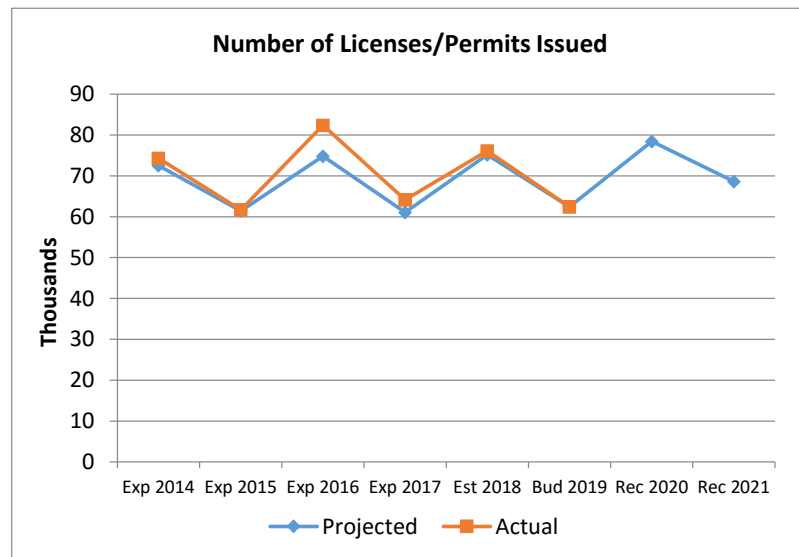
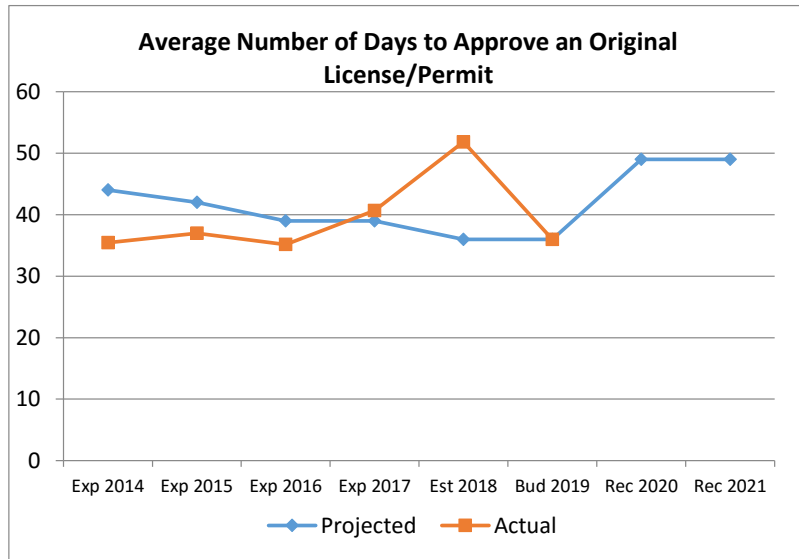
	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 10,164,634	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 10,164,634	100.0%



Program: Licensing Businesses

**Agency
Ranking**

1 out of 12



Summary of Recommendations and Fiscal and Policy Issues

1 Recommendations for the 2020-21 biennium include \$10.2 million in General Revenue, which is a \$375,426 increase or 3.8 percent from the previous biennium due to agency reallocation. Recommendations also include a \$0.2 million decrease in Appropriated Receipts. The Licensing Program faces a complex regulatory structure that is difficult for the agency to administer and for industry to understand. Currently, there are 73 different types of licenses, permits, and certificates for the three-tier system (Retail, Distribution, and Manufacturing) and for the separate categories of alcohol (beer, ale, wine, and liquors). According to TABC, this system and the divisions within have been in place since the repeal of Prohibition and place unnecessary regulations on the modern industry. Licenses are renewed every two years.

Recommended Statutory Changes for Program Improvement

- 1 Licenses and Permits:** Significant revision to the Alcoholic Beverage Code would be required to minimize the number of licenses TABC administers. According to Sunset's report, the piecemeal approach taken to changes in the alcoholic beverage industry has resulted in the number of licenses/permits tripling since 1935. Simplifying the code and consolidating the number of licenses would improve the efficiency of the Licensing Program and would reduce regulatory burdens on TABC and the industry.
- 2 Fee Structure:** According to Sunset's Report, the licensing fees assessed by TABC are set in the Alcoholic Beverage Code. TABC may collect surcharges in order to cover increased regulatory costs. According to Sunset's report, neither has been reviewed and updated comprehensively across beer, ale, wine, and liquor. Sunset's recommendations include adopting a single fee per license and requiring TABC to periodically review and update the licensing fee schedule.

Challenges and Enhancement Opportunities

- 1 Industry Growth:** As the alcoholic beverage industry continues to expand, the demand for license processing has increased. According to TABC, the number of active licenses has increased by almost 37 percent from FY 2009 to FY 2018; however, the number of FTEs have not increased with the workload.
- 2 Regulatory Structure:** According to TABC, a single business may require multiple permits and licenses in order to operate and industry members may not apply for all the appropriate permits and licenses their operation requires, which may result in administrative action. The separation between malt liquor (ale) and beer creates additional challenges for the licensing program.
- Technology:** The agency's aging technology infrastructure presents a major challenge for TABC's Licensing program as well as the alcoholic beverage industry. In FY 2018, TABC processed 16,000 original, first-time license applications. In FY 2018, TABC's Licensing Program processed 88,481 individual applications (original, renewal, supplemental and temporary applications), issuing 76,105 licenses. Current technical limitations require these applications to be submitted on paper, which is time consuming for TABC employees and the industry. Recommendations include \$7.4 million in General Revenue for Licensing and Tax Collection Technology Replacement. The updated technology will allow industry members to submit permit/license applications and fees online, eliminating a cumbersome paper process. The funding will also allow TABC employees to review and approve applications electronically, significantly reducing manual data-entry.

Alternative Funding Options

1 In FY 2018, the average number of days to approve an original primary license/permit was approximately 52 days, which was 16 days over TABC's target performance. According to TABC, decreasing the average number of days to 30 would require upgraded software and an automated approval system. TABC estimates that the licensing approval performance will begin to improve in FY 2021 once the upgrades have been completed.

Alcoholic Beverage Commission
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		
			X
Authority			

Program: Criminal Investigation

Agency
Ranking

2 out of 12

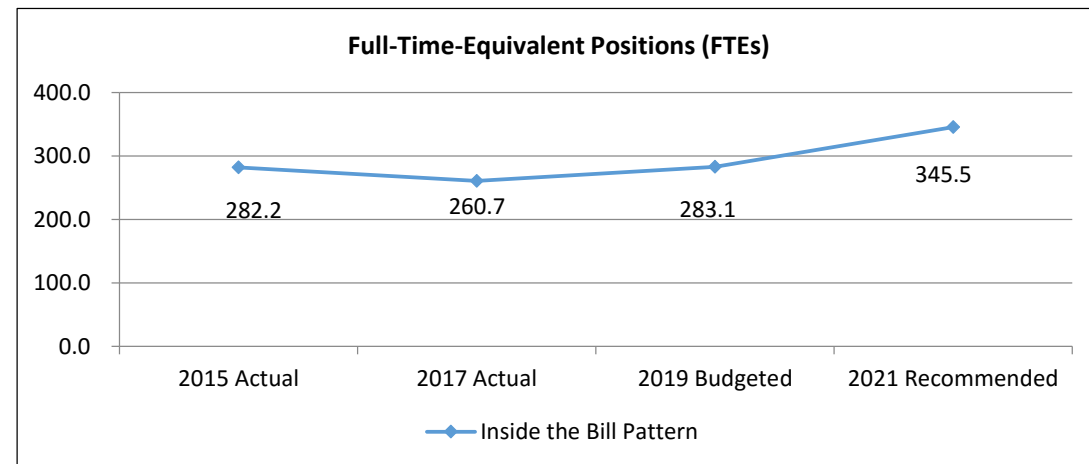
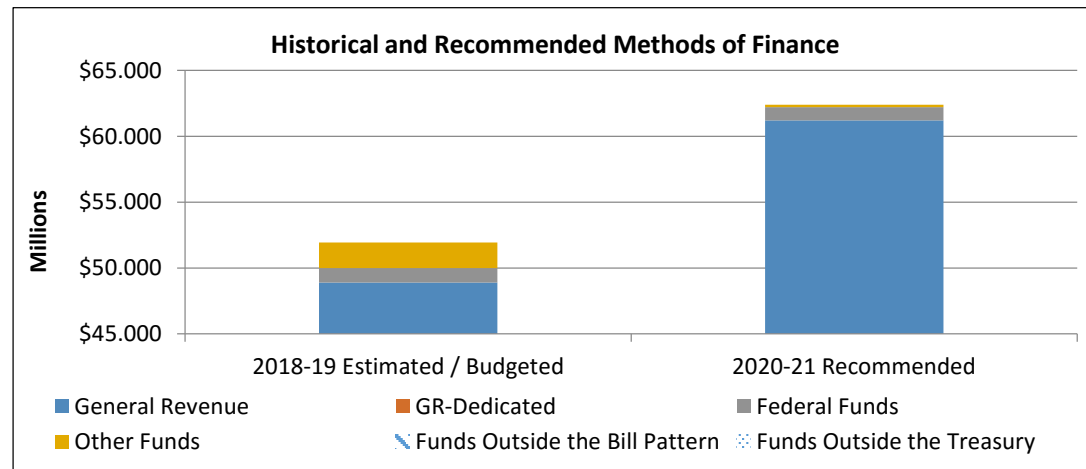
Uses a risk-based approach to investigate alleged public safety violations of the Alcoholic Beverage Code and other state laws, inspects licensed premises, and is responsible for the criminal and administrative enforcement of state laws.

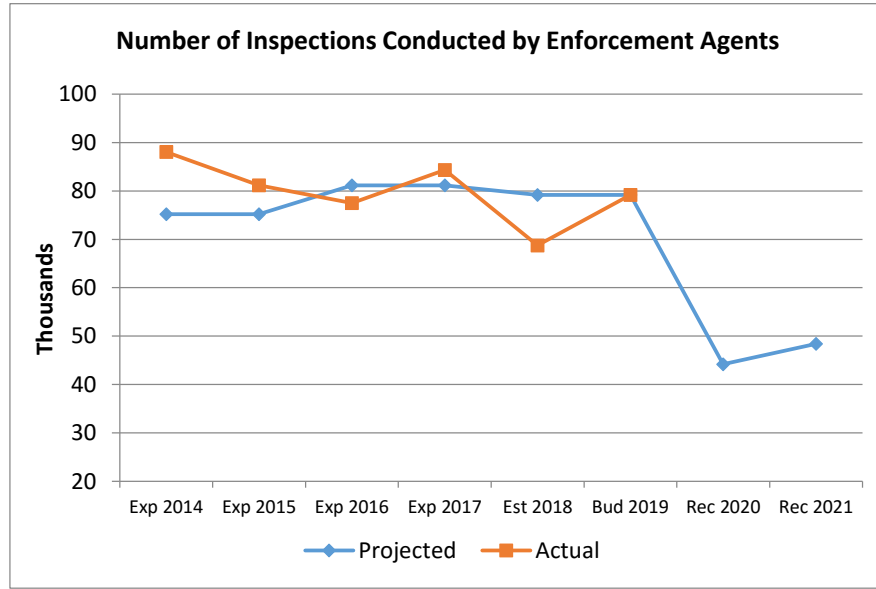
Legal Authority: Alcoholic Beverage Code Secs. 5.10, 5.31, 5.14, 5.33, 5.36, and 5.361.

Year Implemented	1935	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)	Legal Services & Law Enforcement		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 41,350,052	\$ 48,638,088	77.9%
Operating Costs	\$ 8,903,138	\$ 9,696,202	15.5%
Capital Costs	\$ 1,669,341	\$ 4,062,848	6.5%
Total	\$ 51,922,531	\$ 62,397,138	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 62,397,138	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 62,397,138	100.0%





Summary of Recommendations and Fiscal and Policy Issues

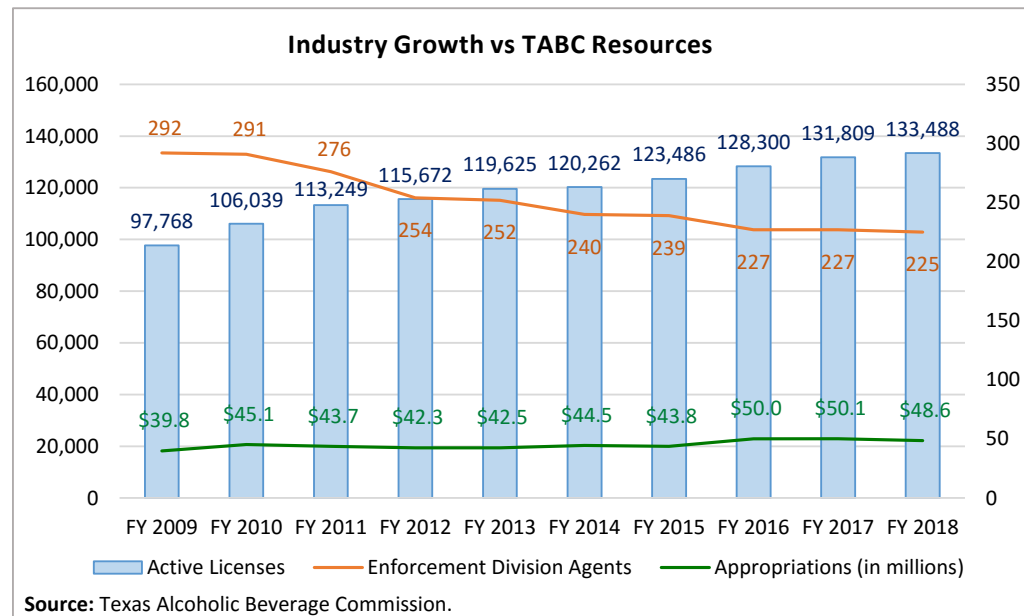
1 Recommendations include \$62.4 million in General Revenue for the Criminal Investigation Program for the 2020–21 biennium, which represents an increase of \$10.5 million from the previous biennium. Recommendations include a \$12.1 million increase for additional enforcement FTEs, \$6.1 million and 29 FTEs of which is designated for Human Trafficking Investigations, and a \$1.6 million decrease for a 2018-19 Hurricane Harvey disaster emergency grant. The Criminal Investigations Program has shifted its focus from addressing violations involving citizens (minor in possession citations) to regulating industry members at the retail level. By adopting a risk-based approach to regulating the alcoholic beverage industry, the Criminal Investigation Program can allocate resources more effectively to target licensed businesses that pose the greatest risk to public safety. Targeting inspections to high-risk business reduces the total number of inspections conducted by enforcement agents. Included in the recommendations is \$5.7 million in General Revenue for base border security expenditures.

Challenges and Enhancement Opportunities

1 According to TABC, the number of active alcoholic beverage licenses has grown by 37 percent while TABC’s law enforcement agents have been reduced by 23 percent since FY 2009.

Staffing: TABC’s shift to a risk based approach has increased the number of undercover operations conducted, which require a minimum of five agents. Agents must travel to licensed locations to perform inspections, which can be time consuming and produce wear on agency vehicles. Recommendations include an increase of \$12.1 million in General Revenue for 23 SIU agents and 41 enforcement agents to increase focus on detecting public safety violations in licensed locations, including human trafficking. Additionally, the agency requests an Exceptional Item for \$0.9 million in General Revenue to fund an additional 30 replacement vehicles.

2 **Technology:** TABC’s legacy technology systems have presented several challenges to effective program operation. According to TABC, the current systems are inadequate, unsecure, and have reached end-of-life status. The current patchwork of systems have led to systems that do not meet security protocols required by certain federal agencies. These legacy systems have prohibited TABC from accessing information maintained by those agencies. Additionally, the lack of automated technology requires staff to dedicate significant amounts of time for data entry, data reconciliation, and reporting. TABC estimates that the Criminal Investigation Program could save 4 hours per week per agent, which represents a 10 percent increase in efficiency, with newer and more modern technology. The upgraded and automated systems would meet legal requirements, eliminate duplicative software systems, and provide increased security. TABC requests an Exceptional Item for \$6.1 million in General Revenue for Public Safety Technology Replacement to improve technological capabilities.



Alcoholic Beverage Commission
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: Regulatory Compliance

Agency Ranking 3 out of 12

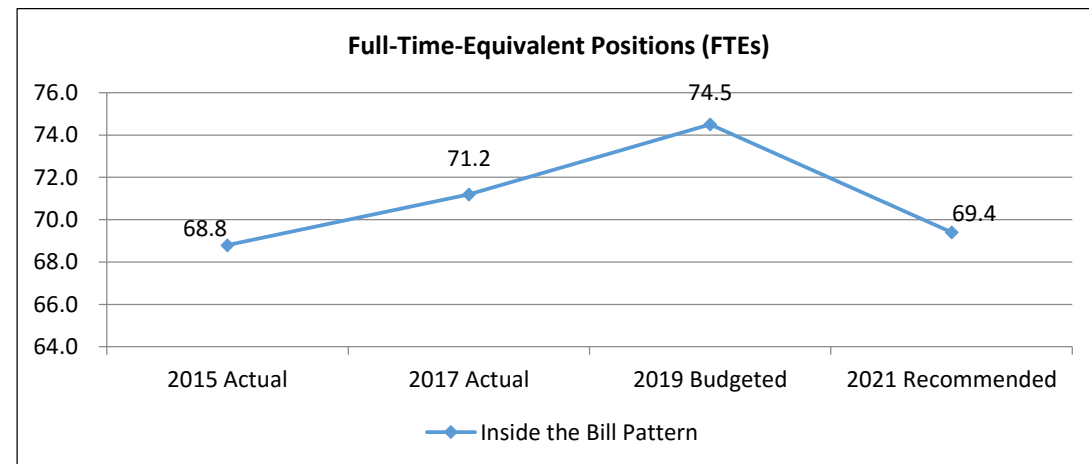
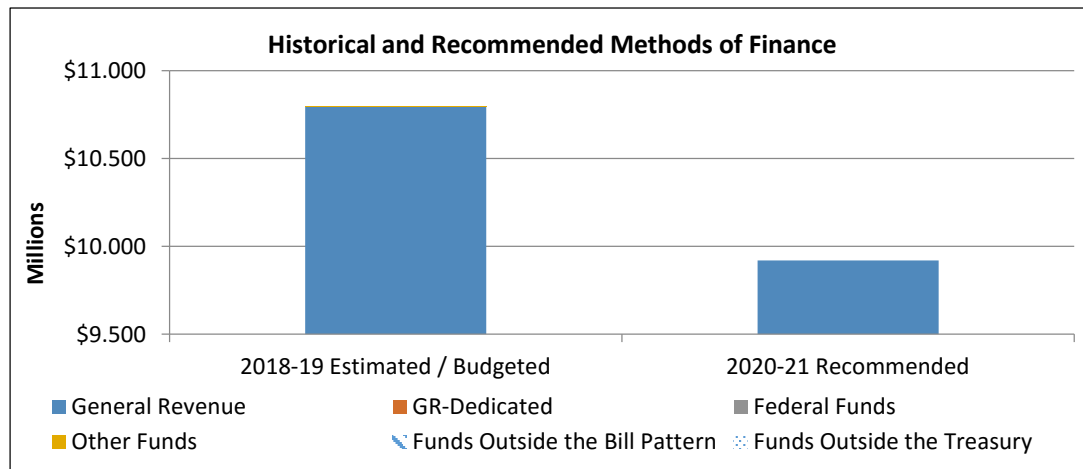
Keeps licensed locations compliant with state law through inspections, audits, education, and investigations. Activities focus on ensuring compliance with regulatory provisions of the Code including cash/credit laws, tax laws, and marketing practices.

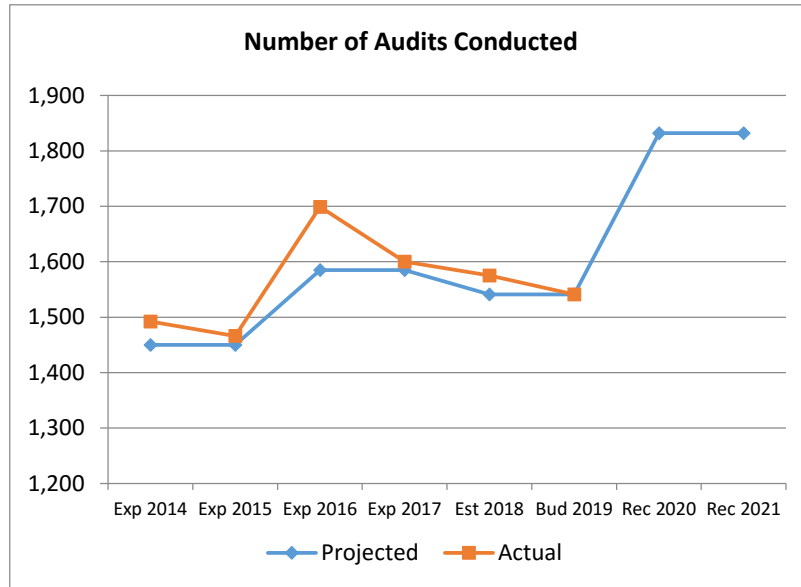
Legal Authority: Alcoholic Beverage Code, Secs. 5.31, 5.32, 5.33, 5.36, 5.44(a), 102.01(a)&(b), 102.31, 102.32, and 206.08.

Year Implemented	1935	Performance and/or		Revenue Supported	No
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	\$ 8,917,503	\$ 8,511,234	85.8%
Operating Costs	\$ 1,879,242	\$ 1,409,144	14.2%
Total	\$ 10,796,745	\$ 9,920,378	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 9,920,378	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 9,920,378	100.0%



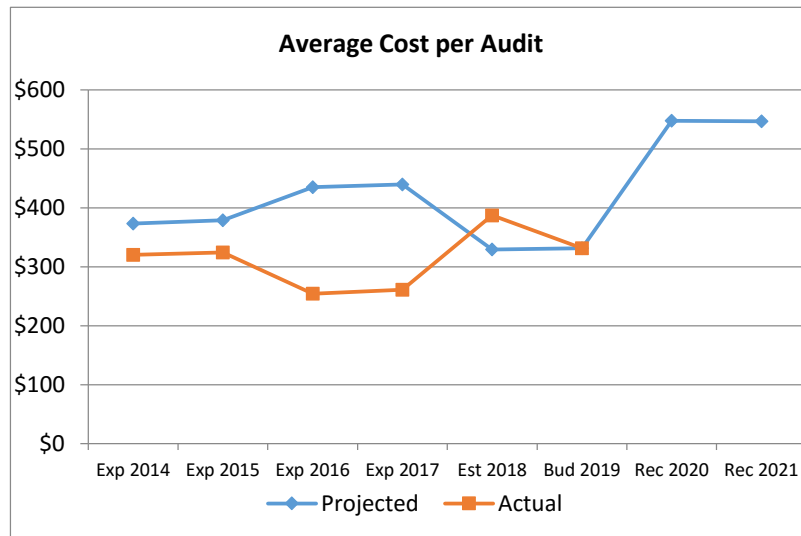


Summary of Recommendations and Fiscal and Policy Issues

1 Recommendations include \$9.9 million in General Revenue for the Regulatory Compliance Program for the 2020-21 biennium, which represents a decrease of \$0.9 million from the previous biennium. Texas regulates the alcohol industry through the three-tier system, which separates the producers, distributors, and sellers of alcoholic beverages. The Regulatory Compliance Program ensures that all three tiers follow tax and regulatory provisions in the Alcoholic Beverage Code and that the state collects required alcoholic beverage taxes and fees. The projected increase in the number of audits conducted and the average cost of audits for FY 2020-21 is related to a performance measure change that includes the remote review of records as part of audits.

Challenges and Enhancement Opportunities

- 1 Industry Growth:** As the number of permits and licenses increases, the demands on the Regulatory Compliance Program to conduct more audits, inspections, and investigations also increases.
- 2 Staffing:** According to TABC, hiring 10-20 Auditors would enhance the Regulatory Compliance Program and meet the increased workload. Due to the complex nature of audits, TABC requires new recruits to attend a month long training session and complete a six-month on-the-job training program. According to TABC recruiting and training is a priority.
- 3 Technology:** As with other TABC programs, aging technology and patchwork software systems, strain the time and resources of program staff. According to TABC, upgraded IT systems would allow staff to better analyze data and conduct risk assessments. TABC requests an Exceptional Item for \$6.1 million in General Revenue for Public Safety Technology Replacement to improve technological capabilities, including automating audit processes.



Alcoholic Beverage Commission
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	→	
Authority	X		

Program: Border Security - Investigations

Agency Ranking

4 out of 12

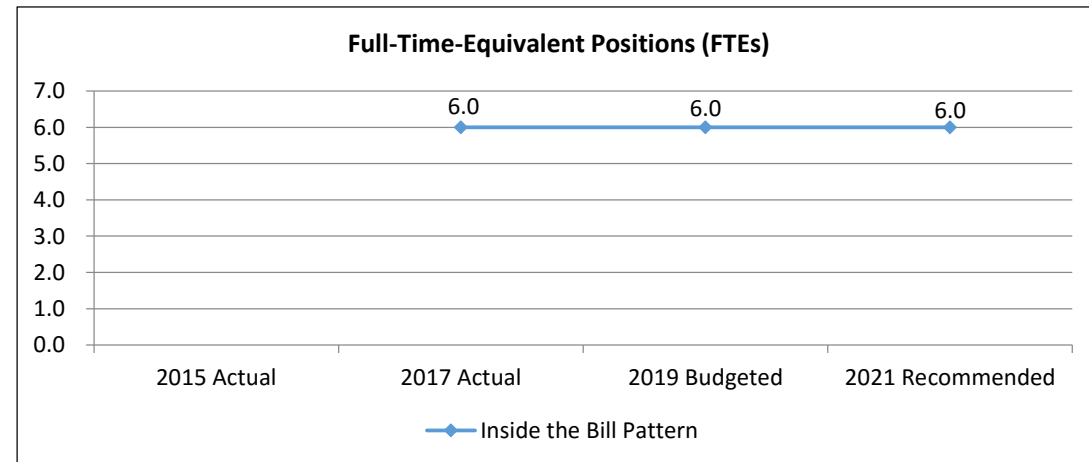
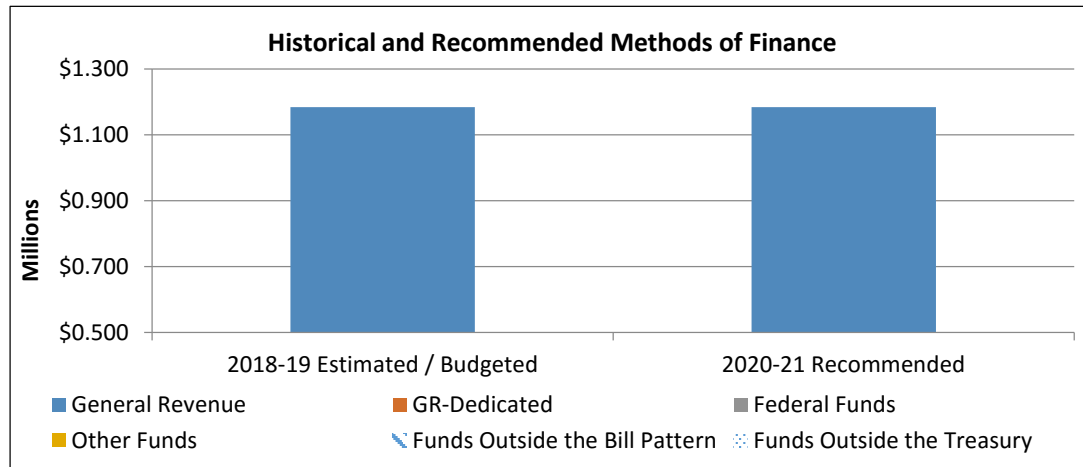
Conducts long-term investigations to identify and interdict organized criminal activity taking place at locations operating under a TABC license or permit in the border region.

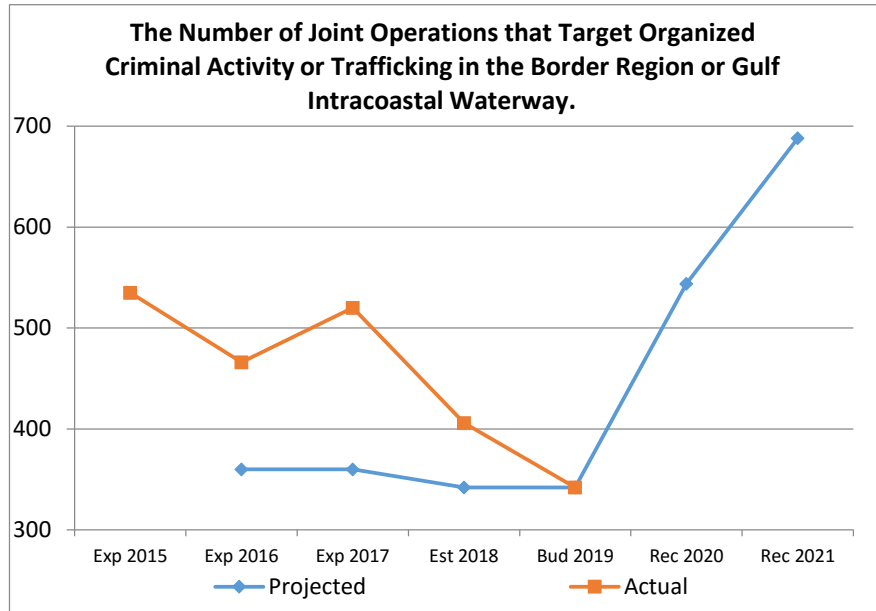
Legal Authority: General Appropriations Act, Article IX, Sec. 7.11, 2016-17 and 2018-2019;
Alcoholic Beverage Code, Ch. 5, Subch. B

Year Implemented	2016	Performance and/or		Revenue Supported	No
Authority	Weak	Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality	Weak	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Regional	State Service(s)	Legal Services & Law Enforcement		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 932,986	\$ 992,268	83.8%
Operating Costs	\$ 208,408	\$ 192,350	16.2%
Capital Costs	\$ 43,224	\$ -	0.0%
Total	\$ 1,184,618	\$ 1,184,618	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 1,184,618	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 1,184,618	100.0%





Summary of Recommendations and Fiscal and Policy Issues

1 Recommendations maintain \$1.2 million in General Revenue for the Border Security-Investigations Program in the 2020–21 biennium. The Special Investigations Unit (SIU) conducts special investigations at TABC licensed establishments in Texas’ 31 border counties. Recommendations also include an increase of \$12.1 million in General Revenue for an additional 64.0 enforcement agents, a portion of which is for human trafficking enforcement and funded in the Criminal Investigations Program (see Appendix 5B).

Challenges and Enhancement Opportunities

1 Staffing: The primary challenge for the program is a lack of investigators. The six FTEs on the Texas-Mexico border frequently travel long distances to investigation locations, taking time away from other cases. Additional investigators would promote public safety in the border region. Additional personnel and technology resources would improve TABC’s ability to identify and investigate TABC-licensed locations allegedly involved in organized criminal activity. An increase in investigations could potentially lead to increased detection of violations, narcotics seizure, and identification of human trafficking victims.

2 Technology: TABC’s legacy technology systems have presented several challenges to effective program operation. According to TABC, the current systems are inadequate, unsecure, and have reached end-of-life status. The current patchwork of systems have led to systems that do not meet security protocols required by certain federal agencies. These legacy systems have prohibited TABC from accessing information maintained by those agencies. Additionally, the lack of automated technology requires staff to dedicate significant amounts of time for data entry, data reconciliation, and reporting.

Alcoholic Beverage Commission
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: Excise Tax Administration

Agency Ranking 5 out of 12

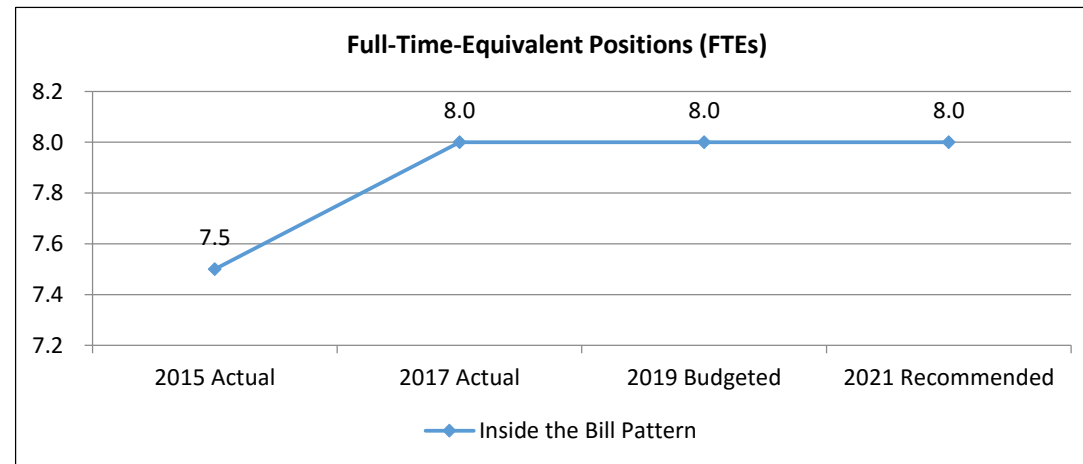
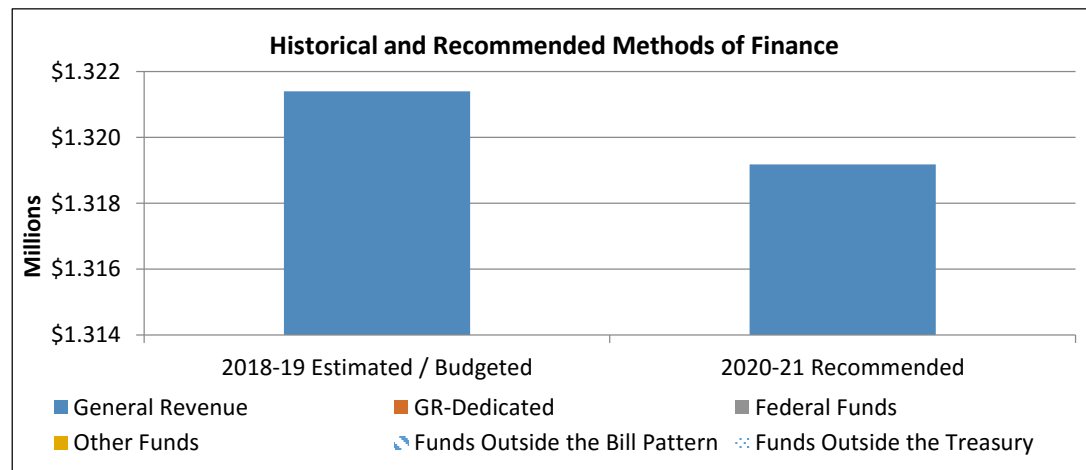
Processes monthly tax, shipping, and transport reports and is responsible for tracking state per capita consumption and gallonage thresholds set forth in the Alcoholic Beverage Code. Identification stamps and temporary membership cards for private clubs are also issued by the program.

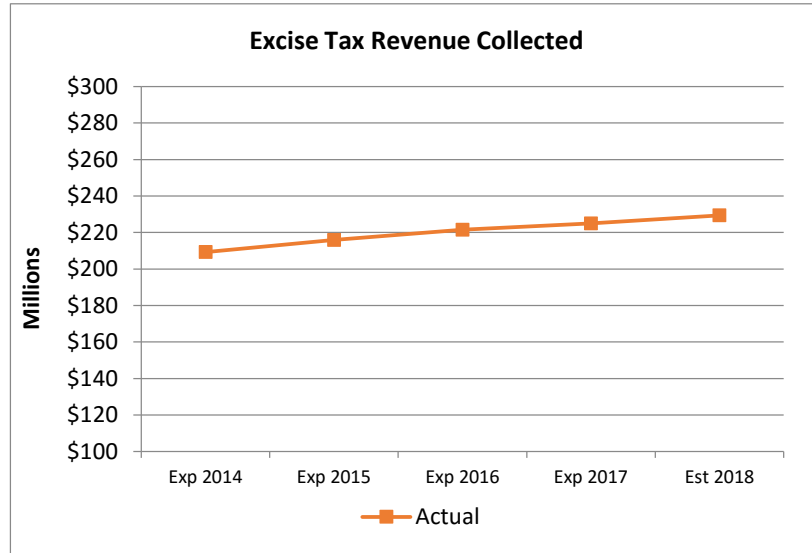
Legal Authority: Alcoholic Beverage Code Secs. 201.03, 201.42, and 203.01.

Year Implemented	1935	Performance and/or		Revenue Supported	Yes
Authority	Strong	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Moderate	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	\$ 831,387	\$ 836,084	63.4%
Operating Costs	\$ 490,008	\$ 483,095	36.6%
Total	\$ 1,321,395	\$ 1,319,179	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 1,319,179	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 1,319,179	100.0%





Summary of Recommendations and Fiscal and Policy Issues

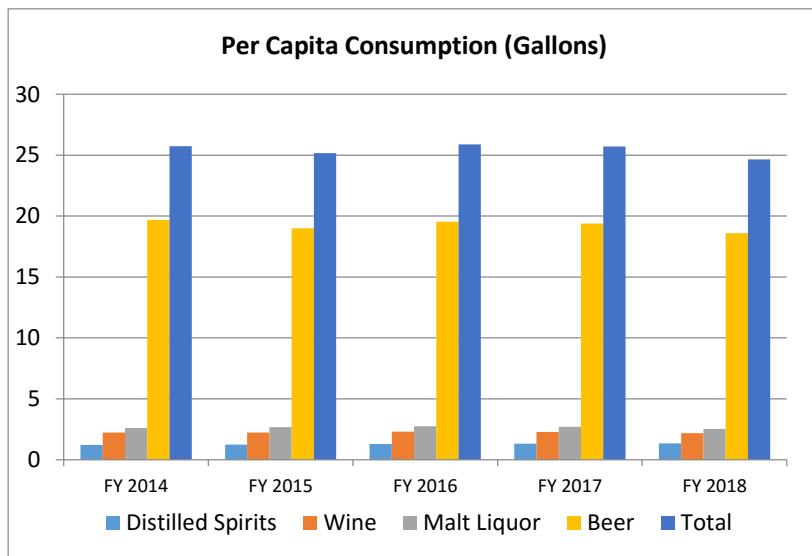
1 Recommendations include \$1.3 million in General Revenue for the Excise Tax Administration Program for the 2020–21 biennium, which represents a decrease of \$0.2 million from the previous biennium due to agency reallocation. In FY 2018, the division collected approximately \$229.4 million in excise taxes.

Challenges and Enhancement Opportunities

1 **Technology:** TABC’s legacy technology systems have presented several challenges to effective program operation. The reliance on paper reports submission and manual data entry is time consuming for both program staff and license holders. According to TABC, license holders submit approximately 60,000 paper tax reports per year. Program staff must manually compile tax reports, which are produced monthly. According to TABC, staff require approximately four weeks to produce the report. As a result, staff are unable to audit excise tax reports, leading to a decrease in the collection of underpayments. Recommendations include an increase of \$7.4 million in General Revenue for Licensing and Tax Collection technology Replacement, which is funded in the Information Resources Program (see Appendix 5H).

Alternative Funding Options

1 A \$66,070 increase, or five percent, in program funding would fund one additional Tax Examiner to assist in the processing of tax reports. According to TABC, Tax Examiner audits resulted in approximately \$180,000 in excise tax underpayment collection in FY 2018. TABC estimates that an additional FTE could result in an additional \$60,000 in underpayment collection revenue per fiscal year.



Source: Texas Alcoholic Beverage Commission.

Alcoholic Beverage Commission
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	→	
			X
Authority			

Program: Ports of Entry

Agency Ranking

6 out of 12

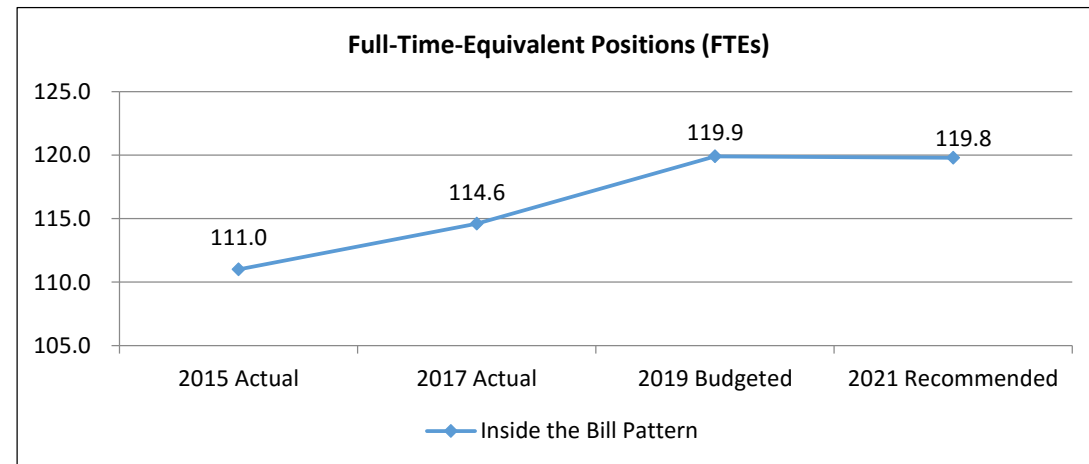
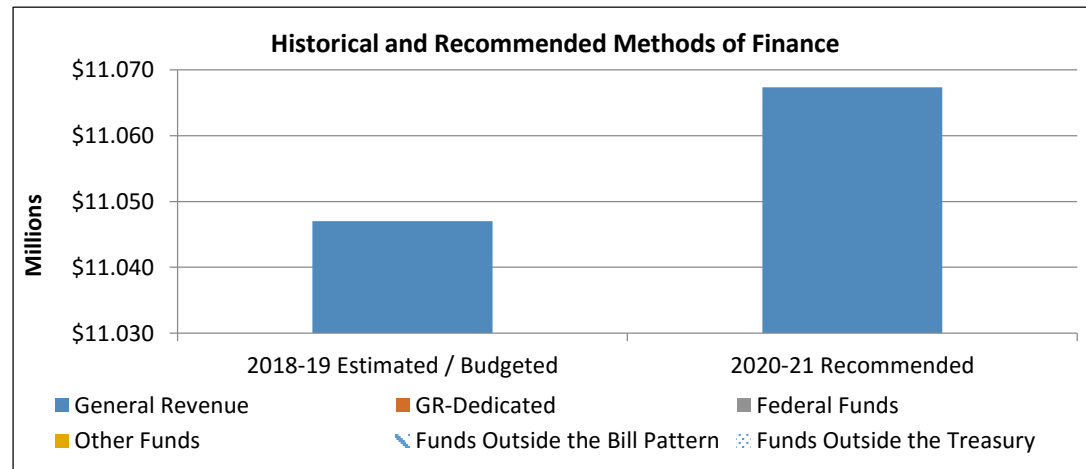
Ensures persons importing alcoholic beverages and cigarettes at international ports of entry comply with volume limitations and pay taxes as prescribed by law. The division also prevents the importation of hazardous alcoholic beverages at the ports of entry to ensure public health and safety.

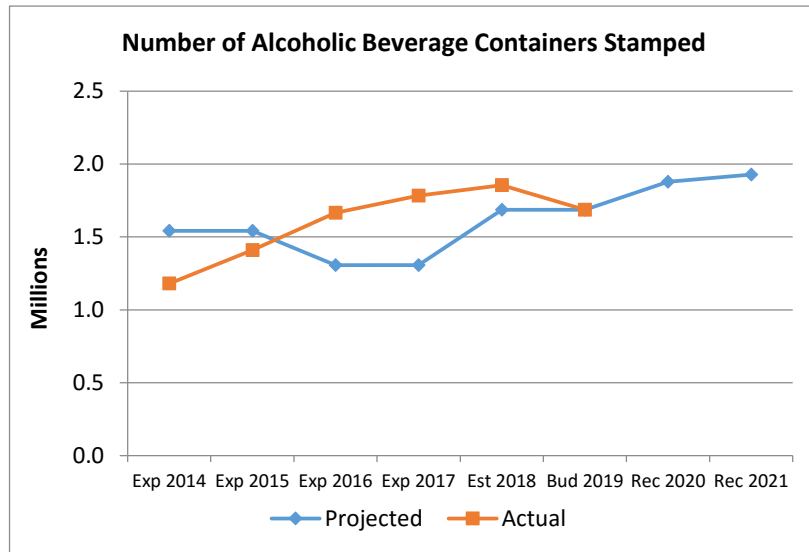
Legal Authority: Alcoholic Beverage Code, Secs. 1.04(4), 5.31, 5.37, 103.01, 107.07, 107.11 and 201.71.
 Tax Code, Secs. 154.021, 154.024, and 154.041.

Year Implemented	1936	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	\$ 9,268,045	\$ 9,585,269	86.6%
Operating Costs	\$ 1,778,959	\$ 1,482,083	13.4%
Total	\$ 11,047,004	\$ 11,067,352	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 11,067,352	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 11,067,352	100.0%





Summary of Recommendations and Fiscal and Policy Issues

1 Recommendations include \$11.1 million in General Revenue for the Port of Entry (POE) Program in the 2020-21 biennium, which represents a 0.2 percent increase from the 2018-19 biennium. POE enforces the statutory limits of personal importation of alcoholic beverages at ports of entry and promotes public safety by preventing illegally produced beverages to enter the retail market. In FY 2018, TABC collected \$7.3 million in tax and administrative fee revenue from the personal importation of alcohol and cigarettes along the Texas-Mexico border and Galveston seaport, including \$5.5 million for the \$3 administrative import fee.

Recommended Statutory Changes for Program Improvement

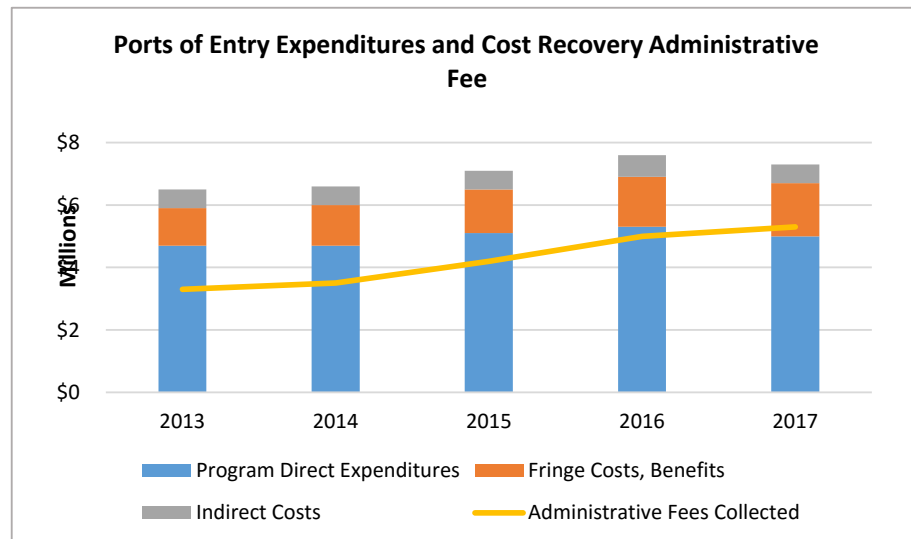
- 1 Amend Sec. 107.07 of the Alcoholic Beverage Code to grant TABC rulemaking authority to establish and set the administrative fee in order to cover the costs of enforcing the Alcoholic Beverage Code and collecting personal importation taxes at ports of entry.
- 2 Amend Chapter 154 of the Tax Code to allow TABC to establish an administrative fee to cover the costs of TABC collecting import taxes on the personal importation of cigarettes at ports of entry.
- 3 Alternatively, the Sunset Commission recommends repealing Sec. 107.07 of the Alcoholic Beverage Code to eliminate the tax on alcohol for imported use and the associated administrative fee.

Challenges and Enhancement Opportunities

- 1 **Technology:** The current Port of Entry Tax Collection System (POETCS) requires replacement as it has reached end of life status and upgrading the system is cost prohibitive. A new POETCS would allow for more efficient revenue collection along the Texas-Mexico Border and would comply with credit card security requirements.
- 2 **Operating Costs:** According to TABC, the operating costs of enforcing the personal importation of alcoholic beverages has increased since the administrative fee was raised from \$0.50 to \$3 in FY 2012. As a result, POE currently operates in a deficit. According to Sunset's report, POE operates in a deficit as the administrative fee and tax revenue collected by the program do not cover program costs. Sunset includes POE fringe and indirect costs as part of program expenditures. In FY 2017, TABC expended \$5.6 million in General Revenue on POE operations. According to TABC, the total cost to operate POE was \$7.2 million, which includes fringe and indirect costs. The total tax and fee revenue collected was \$7.1 million, including \$5.3 million for the \$3 administrative fee.

Alternative Funding Options

- 1 Grant TABC the rulemaking authority to increase or decrease the administrative fee paid by individuals importing alcoholic beverages into Texas to maximize revenue.
- 2 Amend Chapter 154 of the Tax Code to allow TABC to establish an administrative fee to cover the costs of TABC collecting import taxes on the personal importation of cigarettes at ports of entry.
- 3 According to the Sunset recommendation, repeal Sec. 107.07 of the Alcoholic Beverage Code to eliminate the tax on alcohol for imported use and the associated administrative fee, which would eliminate the Ports of Entry Program and 120 FTEs. The cigarette tax collected on behalf of the comptroller would revert back to the comptroller. Sunset estimates that the elimination of the Ports of Entry program would result in a net savings of \$0.4 million per year.



Alcoholic Beverage Commission
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: Central Administration

Agency Ranking

7 out of 12

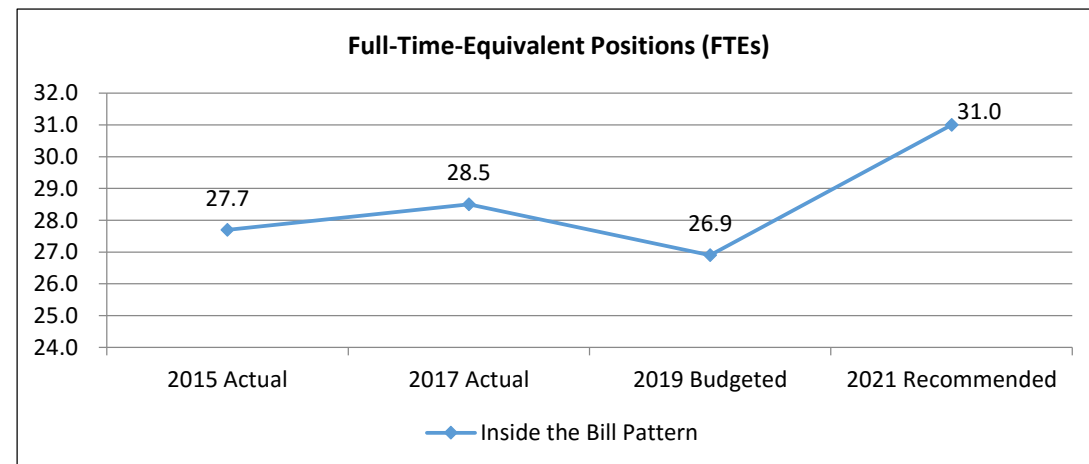
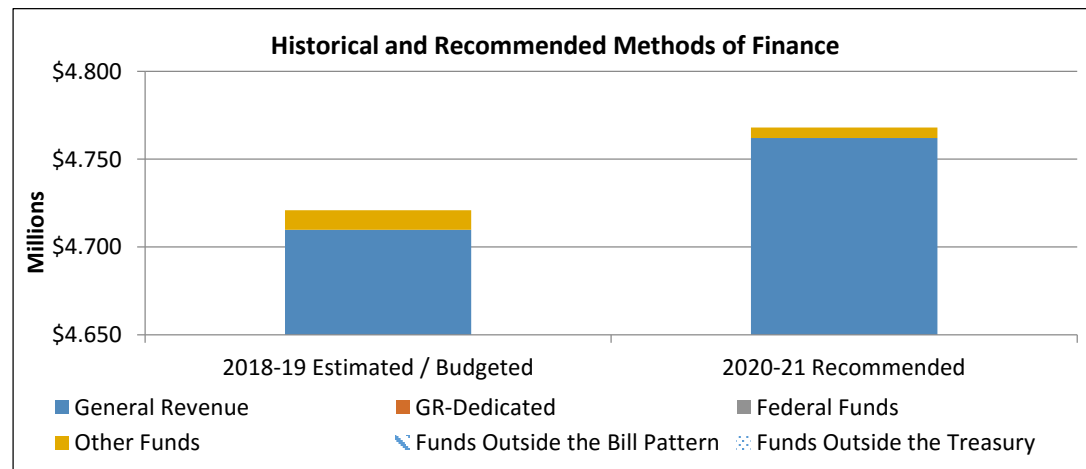
Represents core agency leadership, including executive administration, communications, governmental relations, external affairs, human resources, financial services and general counsel.

Legal Authority: Alcoholic Beverage Code, Secs. 5.10; 5.101; 5.102; and 5.103.

Year Implemented	1996	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)	State Government Administration & Support		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 3,958,656	\$ 4,013,271	84.2%
Operating Costs	\$ 761,271	\$ 754,691	15.8%
Capital Costs	\$ 976	\$ -	0.0%
Total	\$ 4,720,903	\$ 4,767,962	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 4,767,962	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 4,767,962	100.0%



Summary of Recommendations and Fiscal and Policy Issues

1 Recommendations include \$5.3 million in General Revenue for the Central Administration Program in the 2020-21 biennium, which represents a 1.0 percent decrease from the 2018-19 biennium. Recommendations decrease funding for CAPPS by \$1.0 million and 1.0 FTE. To provide ongoing support for upgrades and reporting requirements, TABC requests an Exceptional Item of \$0.3 million in General Revenue for a Project Manager and a Business Analyst. The Central Administration program consists of executive administration, communications, governmental relations, external affairs, human resources, financial services and general counsel.

Challenges and Enhancement Opportunities

- 1 **Technology:** TABC's aging, unconsolidated, and unsecured information systems impact multiple divisions within the Central Administration Program. According to TABC, the agency struggles to report accurate data and metrics on hiring and recruitment practices, financials and legal cases.
- 2 **Industry Growth:** Increased industry demands on TABC have strained the resources of the legal services division and general counsel. In addition to increased workloads and investigations, TABC has been the defendant in several expensive lawsuits. TABC has included a contingency rider in its FY 2020-2021 Legislative Appropriations Request to use funds from the fines, fees, and surcharges paid by the alcoholic beverage industry to cover litigation costs. This rider is not included in the recommendations.
- 3 **Transfer Authority:** According to TABC, the Central Administration program has several technology projects that could be funded using appropriations from other programs. However, appropriated funds cannot be transferred by the agency into this program without a rider granting transfer authority. The rider is not included in the recommendations.

Alcoholic Beverage Commission
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	→	
Authority		X	

Program: Information Resources

Agency Ranking

8 out of 12

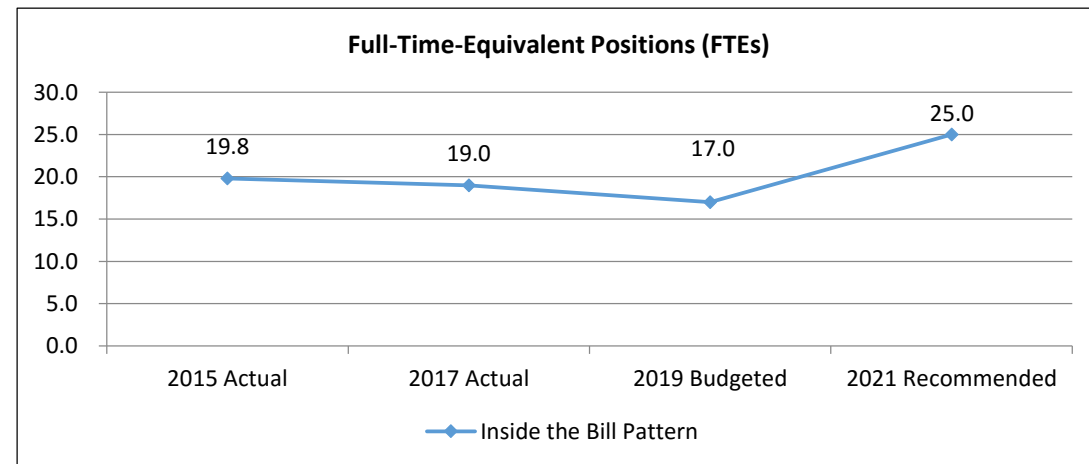
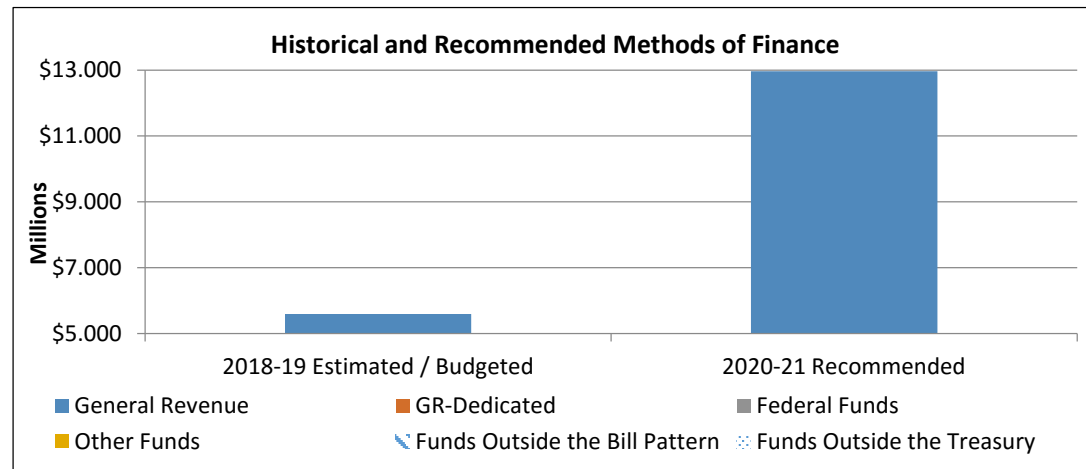
Develops and maintains TABC’s technology infrastructure and applications, maintains a cybersecurity function to protect sensitive data, and uses a project management office to oversee critical agency projects. IT also uses consolidated data center services provided through DIR contracts.

Legal Authority: Alcoholic Beverage Code, Sec. 5.10;
Government Code, Sec. 2054.0565

Year Implemented	1979	Performance and/or		Revenue Supported	No
Authority	Weak	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Moderate	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
Operating Costs	\$ 3,238,856	\$ 3,062,663	23.6%
Personnel Costs	\$ 2,329,938	\$ 9,702,842	74.8%
Capital Costs	\$ 26,361	\$ 205,700	1.6%
Total	\$ 5,595,155	\$ 12,971,205	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 12,971,205	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 12,971,205	100.0%



Summary of Recommendations and Fiscal and Policy Issues

1 Recommendations include \$13.0 million in General Revenue for the Information Resources Program in the 2020-21 biennium. This includes a \$7.4 million increase in General Revenue for Licensing and Tax Collection technology Replacement and a \$0.3 million decrease to fund data center services at DIR's 2020-21 obligation estimate. The information resources program supports TABC's internal computer and software system and provides technological services to the alcoholic beverage industry and the public.

Challenges and Enhancement Opportunities

Significant challenges include:

- 1 **Staffing:** According to TABC, Information Resources Program is limited by lack of career development and back-up support for existing staff. Several IT teams are understaffed and therefore, focus primarily on maintaining TABC legacy technology systems. According to TABC, 65 percent of the agency's systems are critical legacy systems.
- 2 **Legacy Technology:** TABC programs continue to rely on manual processes, paper-based systems, and aging/incompatible software systems that cannot communicate with each other. As a result, these systems limit staff's ability to work efficiently and accurately. As a support program, Information Resources impact the effectiveness of multiple TABC programs. The Licensing, Excise Tax Administration, Central Administration, Marketing Practices and Label Approval Programs are significantly limited by legacy systems. According to the agency, the inefficiencies hamper agency functions, and also impact the alcoholic beverage industry.
- 3 **Cybersecurity:** TABC maintains confidential data on permit applicants, criminal violation history, legal data, corporate data, and sales data. Statutorily, TABC is the custodian of this data and must prevent unauthorized access and use. According to TABC, cybersecurity threats are becoming increasingly common and complex.
- 4 **Enhancement Opportunities:** In FY 2018, TABC conducted an external review of the Information Resources Program's responsibilities, workload, and resource allocation. As a result, TABC developed a 4 - 6 year technology replacement plan to increase system efficiencies, increase levels of enforcement, audit, and legal capabilities, and create new self-service capabilities for the alcoholic beverage industry. TABC requests two additional Exceptional Items related to the information technology replacement plan: Public Safety Technology Replacement and Cybersecurity. The requests total \$6.9 million for the 2020-21 biennium and 6.0 FTEs.

Alcoholic Beverage Commission
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		
		X	
Authority			

Program: Marketing Practices and Label Approval

Agency Ranking

9 out of 12

Reviews and approves alcoholic beverage labels and tests alcoholic beverages entering the Texas market; monitors and responds to marketing issues, inquiries within the industry and provides industry/agency training regarding legal industry marketing practices.

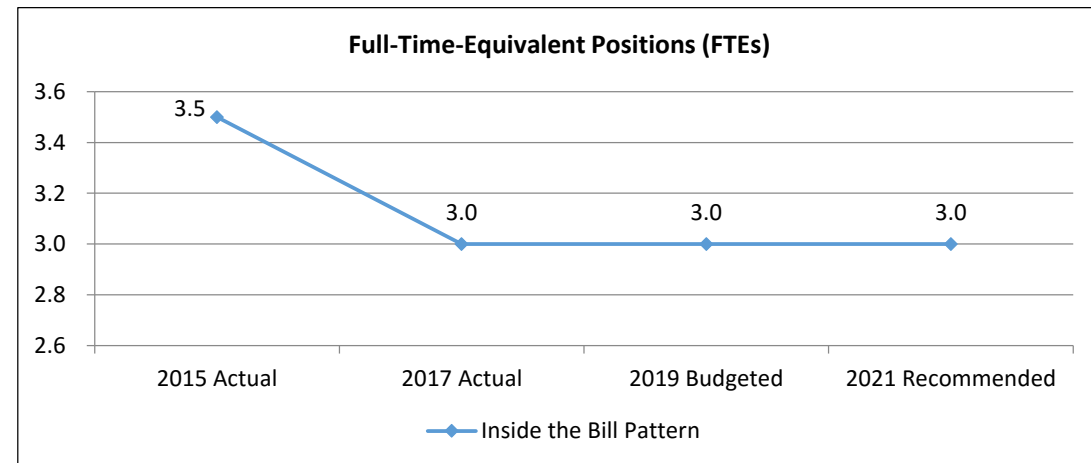
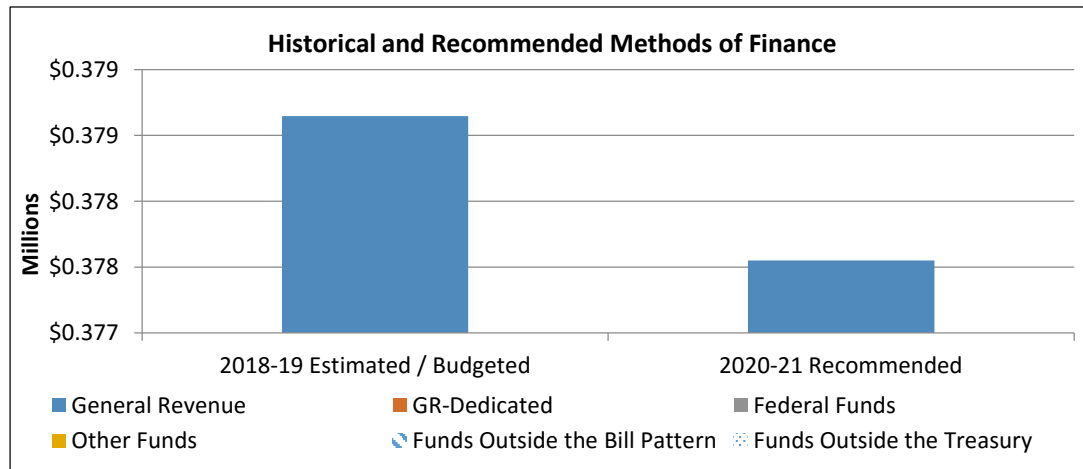
Legal Authority: Alcoholic Beverage Code Secs. 101.67 and 101.671

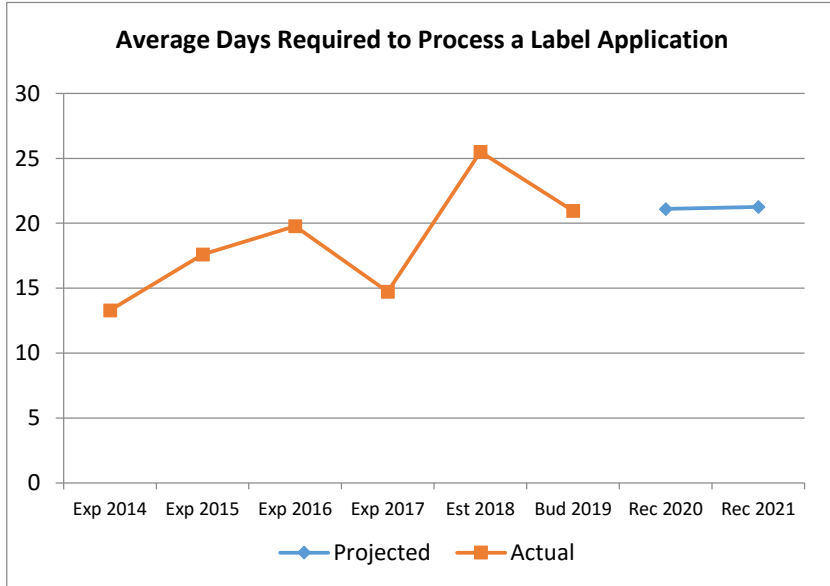
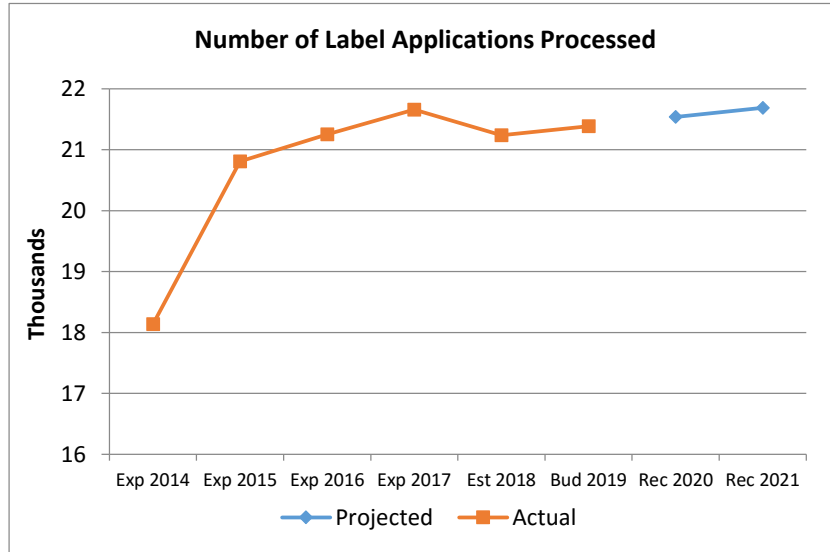
A person may not ship or cause to be shipped into the state any alcoholic beverage unless the product has received label approval from TABC. Label applications will not be accepted unless the permittee has a valid permit issued by TABC. Out-of-state wineries, distillers and importers must obtain US Tax and Trade Bureau certificate of label approval as part of their Texas application to show full compliance with applicable standards adopted under Code Sec. 5.38 regarding quality, purity and identity of a distilled spirit or wine.

Year Implemented	1935	Performance and/or		Revenue Supported	No
Authority	Strong	Operational Issues	No	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	\$ 307,500	\$ 309,236	81.9%
Operating Costs	\$ 71,148	\$ 68,314	18.1%
Total	\$ 378,648	\$ 377,550	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 377,550	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 377,550	100.0%





Summary of Recommendations and Fiscal and Policy Issues

1 Recommendations include \$0.4 million in General Revenue for the Marketing Practices and Label Approval Program (MPLA) in the 2020-21 biennium. MPLA engages with members of industry and promotes compliance with state regulations by developing and conducting marketing practices industry training sessions. Since beer and ale are taxed at two different rates, the program tests the alcoholic content of malt beverages to ensure the seller properly classifies the product and the appropriate tax rate is applied. Additionally, label approval for ale and malt liquor identifies products that are prohibited for sale in certain local communities.

Challenges and Enhancement Opportunities

1 **Industry Growth:** Texas has experienced significant growth in the alcoholic beverage industry, which has increased the workload of MPLA. The average number of days to process label applications has increased from 13 days in FY 2014 to 26 days in FY 2018. Historically, all label applications have been processed by two FTEs. Days to process label approval applications will continue to increase without sufficient FTE resources. Longer approval times delay new products entering the market. In FY 2018, TABC processed 21,239 label applications.

2 **Technology:** MPLA uses a legacy software system that requires staff to manually upload documents, navigate through multiple screens to generate a certificate of approval in addition to reviewing the initial application. The program would function more effectively without the reliance on manual processes. The time saved by the staff not having to manually enter and approve applications and upload a Texas Certificate of Label Approval (COLA) would be used to concentrate on reviewing applications for compliance and reducing application wait times.

Alternative Funding Options

1 In FY 2018, the average number of days required to process a label application was approximately 26 days, which was 5 days over TABC’s target performance. According to TABC, decreasing the average number of days to 14 would require upgraded software and an automated approval system (See Appendix 5H). TABC estimates that the label approval performance would begin to improve in FY 2021.

Alcoholic Beverage Commission
Strategic Fiscal Review Appendix 5j: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality		
Authority	X		

Program: Other Support Services

Agency Ranking 10 out of 12

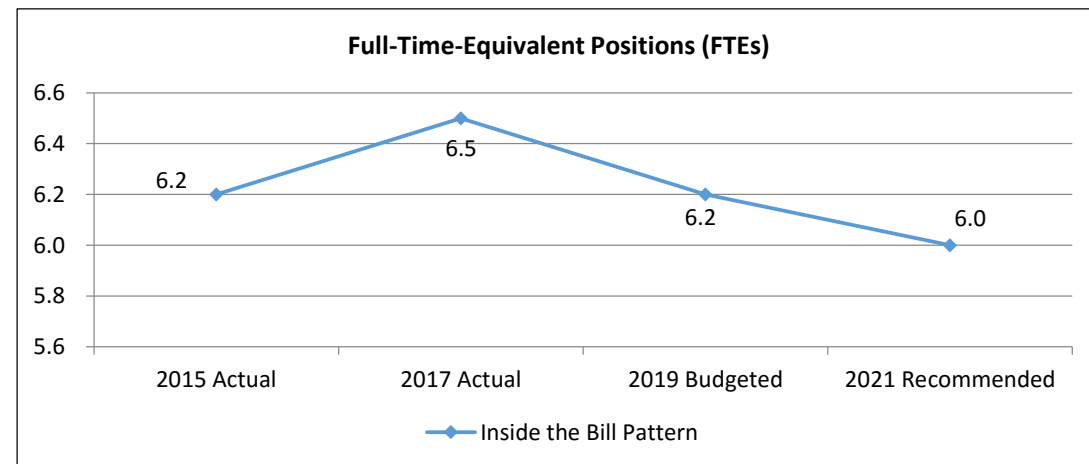
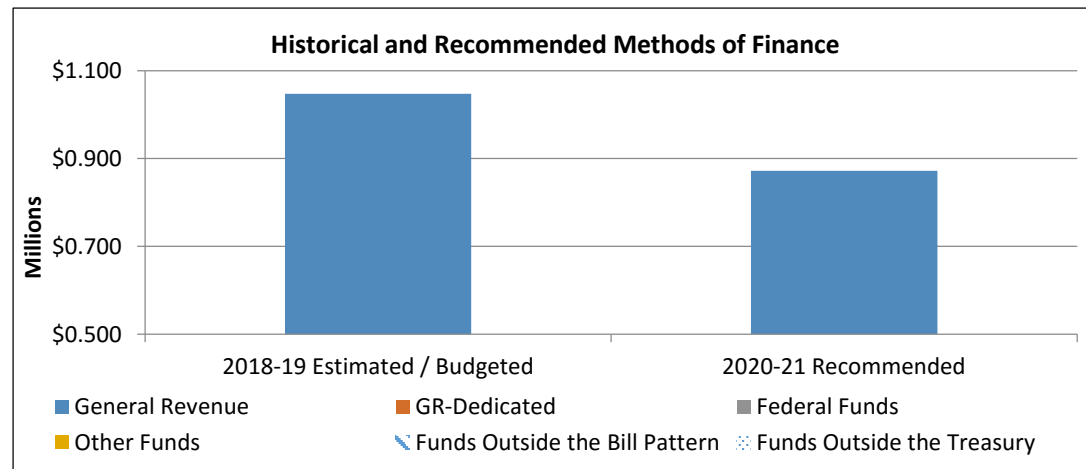
The Other Support Services program includes records retention, purchasing, contract management, mail operations, asset management and office space leasing. General Services is also responsible for the agency's Historically Underutilized Business program and reporting.

Legal Authority: Alcoholic Beverage Code Sec. 5.10(a)

Year Implemented	1996	Performance and/or		Revenue Supported	No
Authority	Weak	Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality	Weak	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	\$ 777,446	\$ 619,592	71.0%
Operating Costs	\$ 270,352	\$ 252,542	29.0%
Total	\$ 1,047,798	\$ 872,134	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 872,134	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 872,134	100.0%



Summary of Recommendations and Fiscal and Policy Issues

1 Recommendations include \$0.8 million in General Revenue for the Other Support Services Program in the 2020-21 biennium, which is a \$0.2 million decrease or 17 percent from the previous biennium due to agency reallocation. The Other Support Services Program provides direct support for all other agency programs and assists in purchasing and contract management, certain reporting requirements, and record retention.

Challenges and Enhancement Opportunities

1 Due to increased reporting requirements for purchasing and contract management, a designated contract manager would enhance the Other Support Services program section and promote the timely completion of work products.

Alcoholic Beverage Commission
Strategic Fiscal Review Appendix 5k: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality		
		X	
Authority			

Program: Education and Prevention Division (EPD)

Agency Ranking

11 out of 12

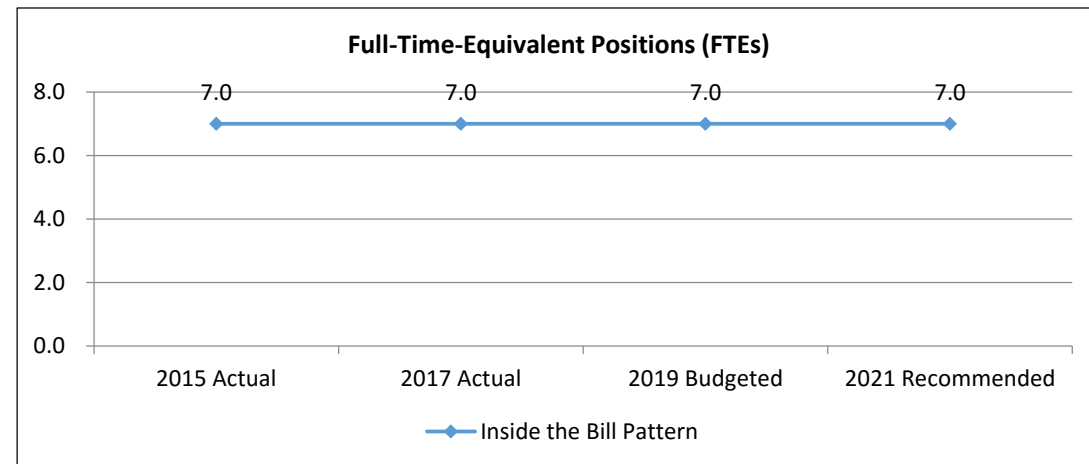
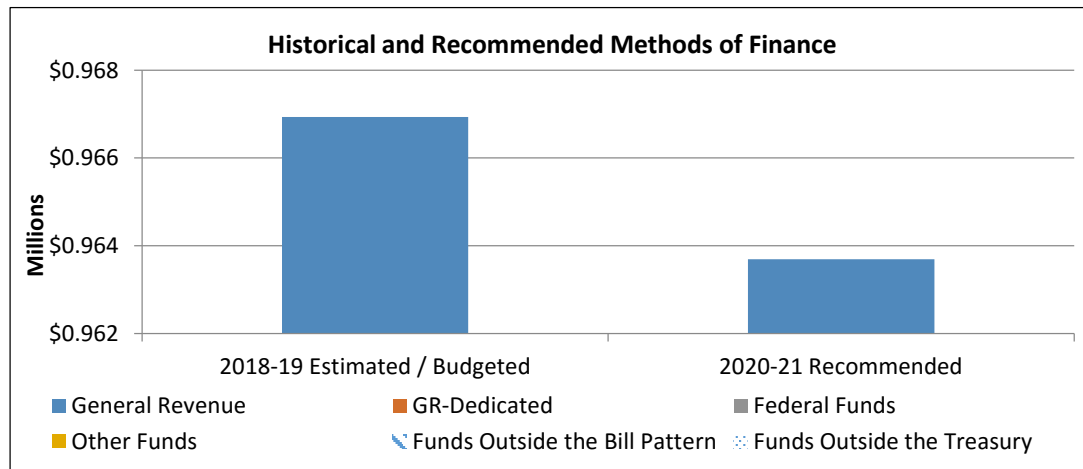
Manages the agency’s grant program management, third party seller training programs, public- and retailer-focused education campaigns and curricula designed to promote public safety while increasing voluntary compliance with the Alcoholic Beverage Code.

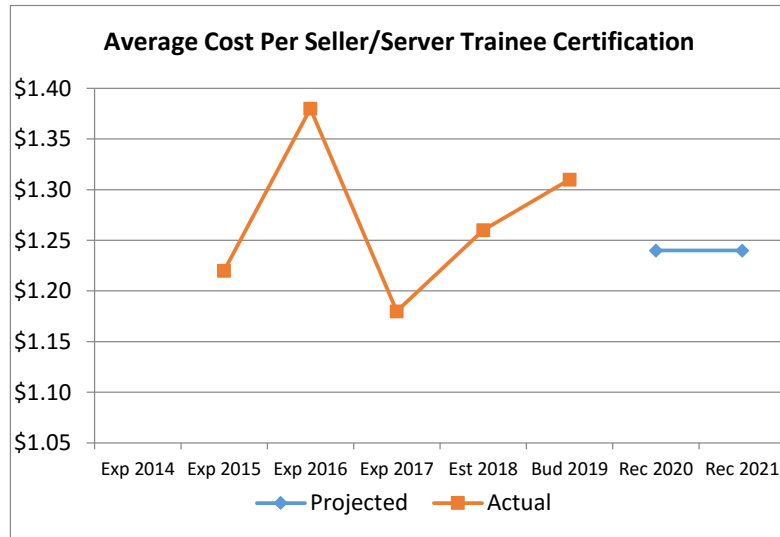
Legal Authority: Alcoholic Beverage Code Sec. 106.14.
TABC Administrative Rules Chapter 50 and Rule 34.4 include standards for “safe harbor” provisions requiring employees obtain seller server certification.

Year Implemented	1987	Performance and/or		Revenue Supported	Yes
Authority	Moderate	Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	No	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	\$ 829,366	\$ 818,834	85.0%
Operating Costs	\$ 137,567	\$ 144,860	15.0%
Total	\$ 966,933	\$ 963,694	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 963,694	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 963,694	100.0%





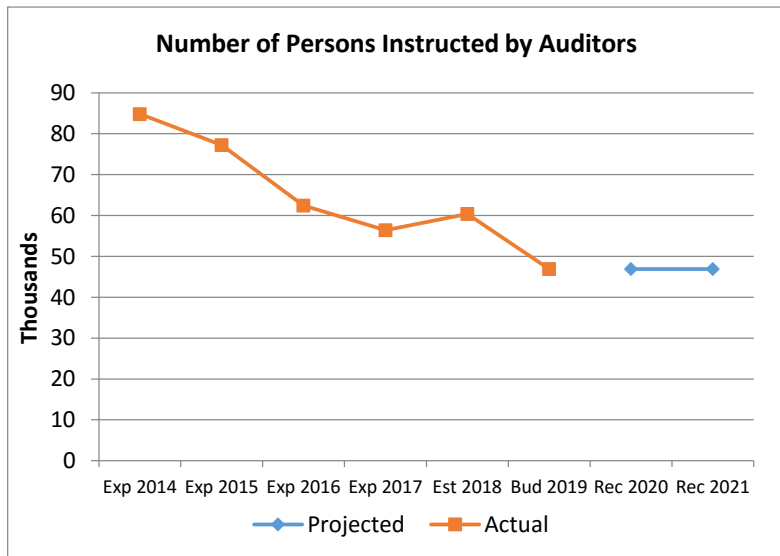
Summary of Recommendations and Fiscal and Policy Issues

1 Recommendations maintain \$1.0 million in General Revenue for the Education and Prevention Division Program (EPD) in the 2020-21 biennium. EPD campaigns range in topics but focus primarily on minor laws, zero tolerance laws, retailer education and prevention incentives and connect with members of local government, school systems, universities, and community organizations.

Challenges and Enhancement Opportunities

1 Funding: Appropriations for EPD have remained relatively stable across biennia, but are limited to funding only the program’s FTEs. Additional resources for educational campaigns and community events require grant funding. EPD has been particularly affected by cuts to several federal alcohol education grants. Additional funding would allow the campaigns to reach more people at the local level.

2 Technology: As with other TABC programs, EPD uses outdated technology that is not always compatible with newer software.



Alcoholic Beverage Commission
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	←————→	
	X		
Authority			

Program: Wine Marketing Program - Transfer to Department of Agriculture

Agency Ranking

12 out of 12

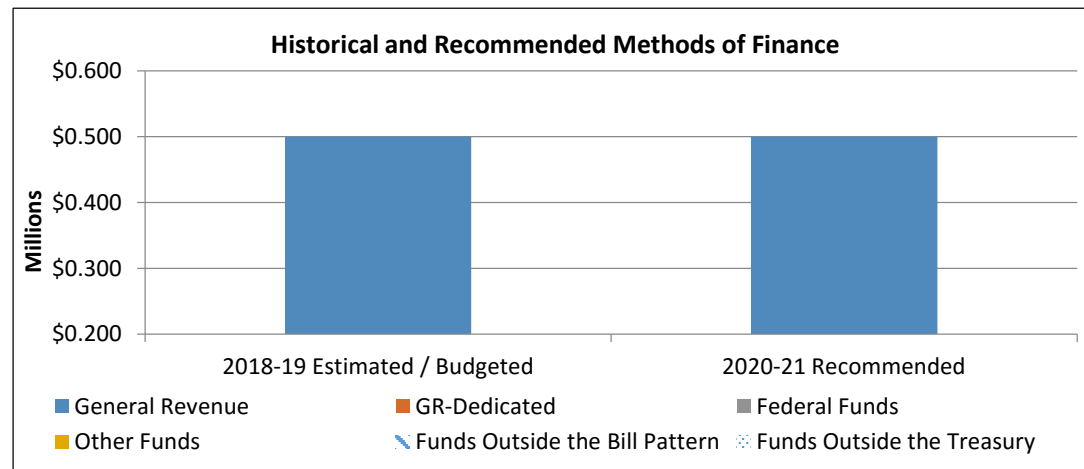
Rider 11 in the GAA mandates that TABC transfer \$250,000 in General Revenue per fiscal year to the Texas Department of Agriculture (TDA) to fund the Wine Marketing Assistance Program activities to promote and market Texas wines and educate the public about the Texas wine industry.

Legal Authority: Alcoholic Beverage Code, Secs. 5.56 and 110.002.
GAA 2018-2019, Art. V, Texas Alcoholic Beverage Commission, Rider 11.

Year Implemented	2001	Performance and/or		Revenue Supported	No
Authority	Strong	Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality	Weak	Outsourced Services	N/A	General Revenue-Dedicated Funds	N/A
Service Area	NA	State Service(s)	Business & Workforce Development & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Operating Costs	\$ 500,000	\$ 500,000	100.0%
Total	\$ 500,000	\$ 500,000	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 500,000	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 500,000	100.0%



Summary of Recommendations and Fiscal and Policy Issues

1 TABC is required by rider to transfer \$250,000 in General Revenue per fiscal year to the Texas Department of Agriculture (TDA) to fund the Wine Marketing program and is required to cover the costs of appropriation through fees, fines and surcharges generated by the agency. The wine marketing program was established nearly two decades ago and no longer aligns with the agency's mission as a regulatory authority.

Recommended Statutory Changes for Program Improvement

1 Repeal Alcoholic Beverage Code, Sec. 5.56 and eliminate Rider 11, Texas Wine Marketing Assistance Program to discontinue TABC's participation in the program.

Alternative Funding Options

- 1 Repeal Texas Alcoholic Beverage Code, Sec. 5.56 and appropriate \$250,000 in General Revenue directly to TDA each fiscal year. Promoting and marketing Texas wines better aligns with the mission of TDA rather than TABC's regulatory and enforcement centered mission.
- 2 Repeal Texas Alcoholic Beverage Code, Sec. 5.56 and 110.002 and discontinue the Wine Marketing Program.

**Alcoholic Beverage Commission
Strategic Fiscal Review Appendix 6: Program and Strategies Crosswalk - Senate**

Agency Ranking	Program	Strategy
1	Licensing Businesses	2.1.1 Licensing
2	Criminal Investigation	1.1.1 Enforcement
3	Regulatory Compliance	3.1.1 Compliance Monitoring
4	Border Security - Investigations	1.1.1 Enforcement
5	Excise Tax Administration	3.1.1 Compliance Monitoring
6	Ports of Entry	3.2.1 Ports Of Entry
7	<i>Central Administration</i>	4.1.1 Central Administration
8	<i>Information Resources</i>	4.1.2 Information Resources
9	Marketing Practices and Label Approval	3.1.1 Compliance Monitoring
10	<i>Other Support Services</i>	4.1.3 Other Support Services
11	Education and Prevention Division (EPD)	3.1.1 Compliance Monitoring
12	Wine Marketing Program - Transfer to Department of Agriculture	4.1.1 Central Administration

Note: Indirect administration program names are italicized.

**Alcoholic Beverage Commission
Appendices - Senate**

Table of Contents		
Appendix	Appendix Title	Page
A	Funding Changes and Recommendations by Strategy	42
B	Summary of Federal Funds	*
C	FTE Highlights	44
D	Performance Measure Highlights	45
E	Summary of Ten Percent Biennial Base Reduction Options	46

* Appendix is not included - no significant information to report

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

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
ENFORCEMENT A.1.1	\$53,107,149	\$63,581,756	\$10,474,607	19.7%	Variance includes: <ul style="list-style-type: none"> • \$12,097,626 increase in General Revenue for additional enforcement agents; • \$195,063 increase in General Revenue as the result of agency reallocation; • \$83,515 decrease in Federal Funds; • \$122,907 decrease in Appropriated Receipts; and • \$1,611,660 decrease for a disaster emergency grant related to Hurricane Harvey.
Total, Goal A, ENFORCEMENT	\$53,107,149	\$63,581,756	\$10,474,607	19.7%	
LICENSING B.1.1	\$10,010,660	\$10,164,634	\$153,974	1.5%	A \$375,426 increase in General Revenue as the result of agency reallocation and an agency anticipated \$221,452 decrease in Appropriated Receipts.
Total, Goal B, LICENSING	\$10,010,660	\$10,164,634	\$153,974	1.5%	
COMPLIANCE MONITORING C.1.1	\$13,463,721	\$12,580,801	(\$882,920)	(6.6%)	A \$882,920 decrease in General Revenue as the result of agency reallocation.
PORTS OF ENTRY C.2.1	\$11,047,004	\$11,067,352	\$20,348	0.2%	A \$20,348 decrease in General Revenue as the result of agency reallocation.
Total, Goal C, COMPLIANCE AND TAX COLLECTION	\$24,510,725	\$23,648,153	(\$862,572)	(3.5%)	
CENTRAL ADMINISTRATION D.1.1	\$5,220,903	\$5,267,962	\$47,059	0.9%	Variance includes: <ul style="list-style-type: none"> • \$144,730 decrease in General Revenue for CAPPS implementation; • \$196,934 increase in General Revenue as the result of agency reallocation; and • \$5,145 decrease in Appropriated Receipts.

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

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
INFORMATION RESOURCES D.1.2	\$5,595,155	\$12,971,205	\$7,376,050	131.8%	Variance includes: <ul style="list-style-type: none"> • \$7,389,046 increase in General Revenue for Licensing and Excise Tax Technology Replacement; • \$270,798 increase in General Revenue as the result of agency reallocation; and • \$283,794 decrease in General Revenue for Data Center Services.
OTHER SUPPORT SERVICES D.1.3	\$1,047,798	\$872,134	(\$175,664)	(16.8%)	A \$175,644 decrease in General Revenue as the result of agency reallocation.
Total, Goal D, INDIRECT ADMINISTRATION	\$11,863,856	\$19,111,301	\$7,247,445	61.1%	
Grand Total, All Strategies	\$99,492,390	\$116,505,844	\$17,013,454	17.1%	

**Alcoholic Beverage Commission
FTE Highlights - Senate**

Full-Time-Equivalent Positions	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
Cap	639.0	635.0	635.0	703.0	703.0
Actual/Budgeted	602.0	588.5	635.0	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 5	\$153,503	\$153,503	\$153,503	\$153,503	\$153,503

Notes:

- a) State Auditor's Office is the source for the FY 2017 and FY 2018 annual average (actual) FTE levels.
- b) Fiscal years 2017 and 2018 actual FTE figures are less than the FTE cap limits due to staff vacancies.
- c) The State Auditor's Office report entitled Executive Compensation at State Agencies (Report No. 18-705, August 2018) indicates a market average salary of \$178,103 for the Administrator position at the Texas Alcoholic Beverage Commission. The agency requested to raise the Administrator's salary to \$205,000 for the 2020-21 biennium. Recommendations maintain the Executive Director's salary at the 2018-19 level.

**Alcoholic Beverage Commission
Performance Measure Highlights - Senate**

	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
<ul style="list-style-type: none"> Number of Inspections Conducted by Enforcement Agents <p><i>Measure Explanation: The decrease is primarily due to TABC transferring the responsibility for regulatory inspections to Auditors. The shift would allow Enforcement Agents to focus on high-priority locations which pose a greater public safety risk.</i></p>	84,312	68,752	79,162	44,200	48,400
<ul style="list-style-type: none"> Average Cost per Enforcement Inspection <p><i>Measure Explanation: The average cost for Enforcement Agents to conduct an inspection at a licensed establishment. The increase in average cost is related to the estimated decrease in the number of inspections conducted by enforcement agents in FY 2020-21.</i></p>	\$ 296.40	\$ 362.74	\$ 319.67	\$ 728.57	\$ 623.13
<ul style="list-style-type: none"> Number of Inspections of Priority Licensed Locations Conducted by Enforcement Agents. <p><i>Measure Explanation: Key Measure. TABC is shifting to a risk based strategy and increasing use of undercover operations.</i></p>	27,215	31,594	36,223	39,053	42,764
<ul style="list-style-type: none"> Number of Undercover Operations Conducted <p><i>Measure Explanation: New Key Measure. TABC is shifting to a risk based strategy and increasing use of undercover operations.</i></p>	16,581	16,182	17,784	19,211	21,037
<ul style="list-style-type: none"> Number of Multi-Agency/Joint Operations for Organized Criminal Activity on the Border or along the Gulf Intercoastal Waterway <p><i>Measure Explanation: The number of audits and other analyses conducted by Field Auditors each fiscal year.</i></p>	520	406	342	544	688
<ul style="list-style-type: none"> Number of Licenses/Permits Issued <p><i>Measure Explanation: Measures the number of licenses or permits issued to businesses that sell or distribute alcoholic beverages.</i></p>	64,155	76,105	62,400	78,448	68,606
<ul style="list-style-type: none"> Number of Audits Conducted <p><i>Measure Explanation: The number of audits and other analyses conducted by Field Auditors each fiscal year.</i></p>	1,600	1,575	1,541	1,832	1,832

**Alcoholic Beverage Commission
Summary of Ten Percent Biennial Base Reduction Options - Senate**

Priority	Option A		Biennial Reduction Amounts				Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill
	Item	Description/Impact	GR & GR-D	All Funds	FTEs					
1)	2.5% Reduction of Staff and Office Closures	The first 2.5 percent would eliminate fourteen FTEs, including nine commissioned peace officers and five tax compliance officers. Additionally, ten TABC offices would close. Two Ports of Entry locations would be closed, resulting in an estimated loss of \$2.3 million in revenue collections.	\$2,232,912	\$2,232,912	14.0	\$2,336,686	2.3%	\$96,241,820	No	
2)	2.5% Reduction of Staff and Eliminate Program	The second 2.5 percent would eliminate seventeen FTEs, including reductions of ten commissioned peace officers, one legal secretary, and one human resources position. The Education and Prevention Division with five FTEs would be entirely eliminated.	\$2,232,916	\$2,232,916	17.0	\$0	2.3%	\$96,241,820	No	
3)	2.5% Reduction of Staff	The third 2.5 percent would eliminate twenty-seven FTEs, including fifteen ports of entry staff, two training positions, one commissioned peace officers, and nine field auditors.	\$2,232,916	\$2,232,916	27.0	\$0	2.3%	\$96,241,820	No	
4)	2.5% Reduction of Staff	The fourth 2.5 percent would eliminate twenty-six FTEs, including thirteen auditor positions and thirteen licensing positions.	\$2,232,916	\$2,232,916	26.0	\$0	2.3%	\$96,241,820	No	

TOTAL, 10% Reduction Options

\$8,931,660 \$8,931,660 84.0 \$2,336,686

Note: TABC submitted two options for the 10 percent biennial base reduction.

**Alcoholic Beverage Commission
Summary of Ten Percent Biennial Base Reduction Options - Senate**

Priority	Option B		Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in LBB Recs?
	Item	Description/Impact	GR & GR-D	All Funds	FTEs				
1)	2.5% Reduction of Staff and Office Closures	The first 2.5 percent would eliminate thirteen public safety positions. Additionally, ten TABC offices would close.	\$2,232,916	\$2,232,916	13.0	\$0	2.3%	\$96,241,820	No
2)	2.5% Reduction of Staff	The second 2.5 percent would eliminate twenty-five FTEs, including reductions of nine commissioned peace officers, fourteen ports of entry positions, and two education and prevention positions.	\$2,232,916	\$2,232,916	25.0	\$0	2.3%	\$96,241,820	No
3)	2.5% Reduction of Staff	The third 2.5 percent would eliminate twenty-nine FTEs, including sixteen ports of entry staff, one training position, and twelve audit positions.	\$2,232,912	\$2,232,912	29.0	\$0	2.3%	\$96,241,820	No
4)	2.5% Reduction of Staff	The fourth 2.5 percent would eliminate twenty-five FTEs, including twelve auditor positions and thirteen licensing positions.	\$2,232,916	\$2,232,916	25.0	\$0	2.3%	\$96,241,820	No
TOTAL, 10% Reduction Options			\$8,931,660	\$8,931,660	92.0	\$0			

Note: TABC submitted two options for the 10 percent biennial base reduction.