

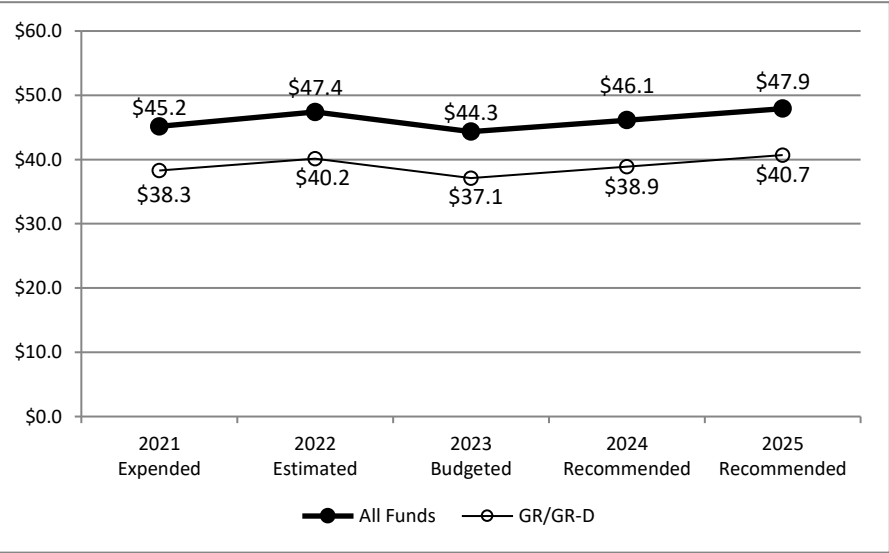
Department of Licensing and Regulation Summary of Budget Recommendations - Senate

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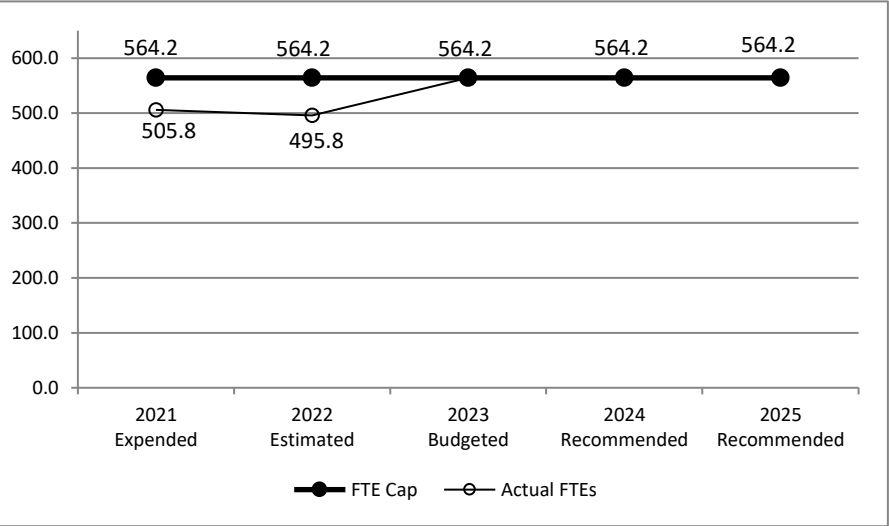
Method of Financing	2022-23 Base	2024-25 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$75,887,137	\$78,220,233	\$2,333,096	3.1%
GR Dedicated Funds	\$1,378,830	\$1,378,830	\$0	0.0%
Total GR-Related Funds	\$77,265,967	\$79,599,063	\$2,333,096	3.0%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$14,450,290	\$14,428,526	(\$21,764)	(0.2%)
All Funds	\$91,716,257	\$94,027,589	\$2,311,332	2.5%

	FY 2023 Budgeted	FY 2025 Recommended	Biennial Change	Percent Change
FTEs	564.2	564.2	0.0	0.0%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2024-25 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2024-25 biennium.

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

Section 2

Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):

A)	Decrease of one-time funding for vehicle replacement (\$375,000) and Phase II of the Texas Licensing System Program (\$2,000,000).	(\$2.4)	\$0.0	\$0.0	\$0.0	(\$2.4)	B.1.1, C.1.2
B)	Decrease of \$604,098 in General Revenue for one-time funding collected and expended in excess of appropriations in 22-23 that is no longer continued related to the following: a) Decrease of \$86,900 in General Revenue related to Rider 3: Boiler Travel Expenses. b) Decrease of \$382,198 in General Revenue related to Rider 4: Elevators, Escalators, and Related Equipment. c) Decrease of \$60,000 in General Revenue related to Rider 5: Combative Sports Regulation. d) Decrease of \$75,000 in General Revenue related to Article XI, Section 9.05: Texas.gov Project.	(\$0.6)	\$0.0	\$0.0	\$0.0	(\$0.6)	A.1.5, B.1.1
C)	Increase for the general state employee salary increase with amounts not subject to revenue collection requirements.	\$5.3	\$0.0	\$0.0	\$0.0	\$5.3	D.1.1

TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	\$2.3	\$0.0	\$0.0	\$0.0	\$2.3	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$5.3	\$0.0	\$0.0	\$0.0	\$5.3	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	(\$3.0)	\$0.0	\$0.0	\$0.0	(\$3.0)	As Listed

NOTE: Totals may not sum due to rounding.

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

1. **Financial Crimes Intelligence Center (FCIC).** Recommendations include the continuation of \$2.6 million in General Revenue for the Financial Crimes Intelligence Center (FCIC) pursuant to the enactment of the agency's Sunset Bill - House Bill 2106, Eighty-seventh Legislature, 2021. The FCIC is a fusion center staffed by law enforcement officers that coordinates with local, state, and federal law enforcement agencies, financial institutions, merchants, and the fuel industry to stop credit card fraud. The Financial Crimes Intelligence Center is managed and operated by Smith County (Sec. 2312.051, Occupations Code). TDLR reimburses Smith County for all administrative and operational costs of the FCIC as authorized by statute (Sec. 2312.053, Occupations Code).

Not included in recommendations is an agency request of \$5.0 million in General Revenue to supply the FCIC with a forensics crime lab, additional personnel, renovations, software, and equipment. These appropriations would not be subject to the agency's Amount Limited to Revenue Collection (ALRC) obligations.

2. **Motorcycle Operating Training and Safety Program.** Recommendations include the agency's request for a new rider designating the partnered A&M agencies' allocation from the appropriation made to TDLR for the operation and administration of the Motorcycle and Off-Highway Vehicle Operator Training Programs. Pursuant to the enactment of Senate Bill 616, Eighty-Sixth Legislature, Regular Session, 2019, the Department of Public Safety's (DPS) Sunset bill, motorcycle and off-highway vehicle operator training programs were transferred from DPS to TDLR effective September 1, 2020. SB 616 also authorized TDLR to establish a new Motorcycle Safety Grant Program and authorized the use of General Revenue-Dedicated Motorcycle Education Account 0501 funds to defray the costs of administering the grant program. The bill required the Texas A&M Engineering Extension Service (TEEX) and the Texas A&M Transportation Institute (TTI) to conduct research, advocacy, education, and training of instructors for the Motorcycle and ATV Operator Safety Program and authorized TEEX and TTI to be eligible for the grants awarded through the Motorcycle Safety Grant Program for this purpose. The Eighty-sixth Legislature did not increase appropriations to cover the administration of the new grant program created by the legislation.

For the 2022–23 biennium, TDLR was appropriated \$1.2 million in General Revenue-Dedicated Motorcycle Education Account 0501 funding for the program of which TEEX was provided \$201,882 and TTI was provided \$235,000 through interagency contract. Not included in recommendations is a request for \$680,000 in General Revenue–Dedicated No. 501 funding to be provided as a grant to TTI for research, advocacy, and education of the Motorcycle Operator Training and Safety Program and for \$622,000 in General Revenue-Dedicated No. 501 funds to be provided as a grant to TEEX for training motorcycle safety instructors to support program implementation.

3. **Anti-Trafficking Unit.** Recommendations include continuation of \$1.5 million in General Revenue for the operation and administration of the Anti-Trafficking Unit (ATU). Following receipt of funding appropriated by the Eighty-Fifth Legislature, 2017, related to human trafficking prevention, TDLR staffed their first Anti-Trafficking Unit dedicated to fighting human trafficking, specifically targeting TDLR’s licensee population. ATU coordinates with local law enforcement, the Labor Trafficking Working Group, and the Texas Human Trafficking Prevention Coordinating Council in their inspections and interactions with licensee agencies.

Not included in recommendations is an agency request for \$2.1 million in General Revenue with authority for an additional 14.0 FTEs to be used for inspections, enforcement, and supporting actions to combat human trafficking in regulated programs, gaining access to a national crime database, and providing increased training and trauma counseling for agency employees. In addition to appropriations and FTE authority, the agency is requesting to amend Rider 12, Anti-Trafficking Unit, to remove the program’s appropriations from the agency’s ALRC obligations.

The table below provides an inventory of the requested positions for the ATU with annual salaries.

Title	FTE Count	Annual Salary per position
Accountant III	0.5	\$50,028
General Counsel II	0.5	\$103,224
Administrative Assistant III	1.0	\$38,532
Attorney II	1.0	\$72,156
Legal Assistant III	1.0	\$59,088
Data Analyst IV	1.0	\$88,212
Program Specialist IV	3.0	\$63,168
Inspector V	6.0	\$55,260
Total	14.0	\$529,668

4. **Sunset Recommendations on the Texas State Board of Veterinary Examiners.** As a result of the findings of the Sunset Commission’s special-purpose review on the Board of Veterinary Examiners (Veterinary Board) in November 2022, the Sunset Commission has recommended temporarily attaching the Veterinary Board to the Department of Licensing and Regulation (TDLR) for a four-year period. During this time, TDLR would provide the Veterinary Board with policymaking and administrative oversight, guidance, and support while the Veterinary Board would serve as an advisory board. This period would last from September 1, 2023, to September 1, 2027, after which the Veterinary Board would return to its independent agency status. The Sunset Commission additionally recommends a request for additional funding to support TDLR’s expanded workload and authorize TDLR to pay an independent management consultant to assist in administering the Veterinary Board, at TDLR’s discretion. However, the full fiscal impact of the recommendation cannot be estimated at this time due to its dependency on the enacting legislation and the discretion of the Legislature on the amount of any funding to be provided to TDLR through the appropriations process.

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

Modification of Existing Riders

9. **Reimbursement of Advisory Committee Members for Travel Expenses.** Recommendations amend the rider to reflect changes pursuant to enactment of HB 1560, Eighty-Seventh Legislature, Regular Session, 2021, in which the agency had established the Barbering and Cosmetology Advisory Board in place of the Advisory Board on Barbering and the Advisory Board on Cosmetology and repealed the Polygraph Advisory Committee.

Contingency for HB 2106. Recommendations amend the rider to change the title to reflect the program, Financial Crimes Intelligence Center, and remove the contingency

14. language associated with enactment of HB 2106, Eighty-Seventh Legislature, 2021. Language exempting the program from ALRC obligations is retained.

New Riders

13. **Motorcycle Operator Safety and Training.** Recommendations include a new informational rider to reflect the amounts transferred in the interagency contracts between the agency, the Texas A&M Transportation Institute, and the Texas A&M Engineering Extension Service for the operation of the motorcycle operator training and safety program pursuant to the enactment of Senate Bill 616, Eighty-Sixth Legislature, Regular Session, 2019.

Deleted Riders

- Former 13. **Sunset Contingency.** Recommendations include the deletion of the rider as the agency was continued until August 31, 2033, pursuant to enactment of HB 1560, Eighty-Seventh Legislature, Regular Session, 2021.

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

Section 5

	2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	General Revenue funding with capital budget authority to upgrade information technology and licensing services to a cloud-based, standardized licensing platform.	\$32,900,000	\$32,900,000	0.0	Yes	Yes	\$8,800,000
2)	General Revenue funding to offer agency-wide, competitive compensation for employee retention and recruitment.	\$3,212,214	\$3,212,214	0.0	No	No	\$3,212,214
3)	General Revenue funding to provide the Financial Crimes Intelligence Center with additional Smith County personnel, a forensic crime laboratory, renovations of the current facility, necessary equipment, and software services. See also, Selected Fiscal and Policy Issues #1.	\$5,019,252	\$5,019,252	0.0	No	Yes	\$4,538,686
4)	<p>General Revenue funding with authority for the following additional FTEs in the Anti-Trafficking Unit and access to a national crime database, training, and counseling:</p> <p>a) 0.5 Accountant III at \$50,028 each year. b) 0.5 General Counsel II at \$103,224 each year. c) 1.0 Administrative Assistant III at \$38,532 each year. d) 1.0 Attorney II at \$72,156 each year. e) 1.0 Legal Assistant III at \$59,088 each year. f) 1.0 Data Analyst IV at \$88,212 each year. g) 3.0 Program Specialist IV at \$63,168 each year. h) 6.0 Inspector V at \$55,260 each year.</p> <p>See also, Selected Fiscal and Policy Issues #3.</p>	\$2,082,783	\$2,082,783	14.0	No	No	\$1,959,974

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

Section 5

		2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
		GR & GR-D	All Funds	FTEs			
5)	General Revenue-Dedicated Motorcycle Education Account No. 501 funding to fully fund the implementation of legislation pursuant to the enactment of Senate Bill 616, Eighty-sixth Legislature, Regular Session, 2019, relating to the research, advocacy, and education of the Motorcycle Operator Training and Safety program provided by the Texas A&M Transportation Institute (TTI) and the Texas A&M Engineering Extension Service (TEEX) via Interagency Contract. See also, Selected Fiscal and Policy Issues #2.						
	a) Texas A&M Transportation Institute: Motorcycle safety research, advocacy, and education.	\$680,000	\$680,000	0.0	No	Yes	\$680,000
	b) Texas A&M Engineering Extension Service: Administering motorcycle operator training and safety inspection program.	\$622,000	\$622,000	0.0	No	Yes	\$622,000
6)	General Revenue funding with authority for an additional 3.0 FTEs (Environmental Protection Specialist IV at \$50,028 each year) to administer the Mold Assessors and Remediators program. The appropriation is contingent on the results of the FY2023 program evaluation, which will evaluate the effectiveness of contracting with third-party inspectors versus hiring and training state-employed personnel to perform inspections.	\$523,436	\$523,436	3.0	No	No	\$498,836
7)	One-Time General Revenue funding, with capital budget authority, for purchasing two full-sized pickup trucks and one Class-4 vehicle to replace vehicles that have exceeded their recommended lifecycle and to upgrade their fleet to better serve agency needs.	\$150,000	\$150,000	0.0	No	No	\$0

Agency Rider Edit Requests Not Included

8)	Contingent Appropriation: Combative Sports Regulation. Agency requests amending the rider to remove requirements that the agency generates revenues above amounts identified in the Comptroller's Biennial Revenue Estimate (BRE) before contingency appropriations of \$30,000 are provided for each combative sports event with ticket sales exceeding \$2.0 million.	\$0	\$0	0.0	No	No	\$0
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Department of Licensing and Regulation
Items Not Included in Recommendations - Senate

		2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
		GR & GR-D	All Funds	FTEs			
9)	Reimbursement of Advisory Committee Members for Travel Expenses. Agency requests amending the rider to include the Mold Assessors and Remediators Advisory Board to this rider. The agency intends to establish this board pursuant to enactment of legislation this session.	\$0	\$0	0.0	No	No	\$0
10)	Human Trafficking Prevention. Agency requests amending the rider to change the name of the rider to "Human Trafficking Prevention," and to remove the funding from being subject to the agency's Appropriations Limited to Revenue Collections (ALRC) (GAA, Art. VIII, Sect. 2) requirement for this specific program.	\$0	\$0	0.0	No	No	\$0
TOTAL Items Not Included in Recommendations		\$45,189,685	\$45,189,685	17.0			\$20,311,710

Department of Licensing and Regulation
Appendices - Senate

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* Appendix is not included - no significant information to report

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

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
LICENSE, REGISTER AND CERTIFY A.1.1	\$11,160,446	\$10,197,332	(\$963,114)	(8.6%)	Recommendations reflect the transfer of the performance of background checks and associated funding to Strategy 2.1.3, Resolve Complaints.
LICENSE BUSINESSES AND FACILITIES A.1.2	\$2,799,217	\$2,948,720	\$149,503	5.3%	Recommendations include the increase of General Revenue and Appropriated Reciepts funds for salaries and wages as the agency anticipates fully staffing previously vacant FTE positions for the 2024-2025 biennium.
EXAMINATIONS/CONTINUING EDUCATION A.1.3	\$3,732,697	\$3,764,749	\$32,052	0.9%	
CUSTOMER SERV. A.1.4	\$5,624,603	\$5,620,000	(\$4,603)	(0.1%)	
TEXAS.GOV A.1.5	\$1,375,000	\$1,300,000	(\$75,000)	(5.5%)	Recommendations reflect decreases in General Revenue funding due to revenues received in the 2022-23 biennium in excesss of appropriated amounts.
Total, Goal A, LICENSING	\$24,691,963	\$23,830,801	(\$861,162)	(3.5%)	
CONDUCT INSPECTIONS B.1.1	\$23,738,894	\$22,846,494	(\$892,400)	(3.8%)	Recommendations include the following General Revenue changes: a) a decrease of \$375,000 for the removal of one-time funding for vehicle replacement. b) a decrease of \$86,900 for the removal of one-time funding relating to Rider 3, Boiler Travel Expenses. c) a decrease of \$382,198 for the removal of one-time funding relating to Rider 4, Elevators, Escalators, and Related Equipment. d) a decrease of \$60,000 for the removal of one-time funding relating to Rider 5, Combative Sports Regulation.
BUILDING PLAN REVIEWS B.1.2	\$1,981,888	\$2,078,150	\$96,262	4.9%	Recommendations include the increase of General Revenue funds for salaries and wages as the agency anticipates fully staffing previously vacant FTE positions for the 2024-2025 biennium.
RESOLVE COMPLAINTS B.1.3	\$9,981,532	\$10,111,996	\$130,464	1.3%	
INVESTIGATION B.1.4	\$7,815,748	\$8,051,484	\$235,736	3.0%	
Total, Goal B, ENFORCEMENT	\$43,518,062	\$43,088,124	(\$429,938)	(1.0%)	

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

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
CENTRAL ADMINISTRATION C.1.1	\$9,266,371	\$8,771,646	(\$494,725)	(5.3%)	Recommendations include the transfer of Appropriated Reciepts funds to other strategies to offset the increases in salaries and wages due to anticipated full staffing.
INFORMATION RESOURCES C.1.2	\$12,567,980	\$11,323,970	(\$1,244,010)	(9.9%)	Recommendations include the following changes: a) a decrease of \$2,000,000 in General Revenue for the removal of one-time expenditures of the Texas Licensing System - Phase II Project. b) a decrease of \$21,764 in Interagency Contracts for the discontinuation of an interagency contract with the Commission of the Arts. c) an increase in salaries and professional fees and services in General Revenue to maintain current IT systems.
OTHER SUPPORT SERVICES C.1.3	\$1,671,881	\$1,700,854	\$28,973	1.7%	
Total, Goal C, INDIRECT ADMINISTRATION	\$23,506,232	\$21,796,470	(\$1,709,762)	(7.3%)	
SALARY ADJUSTMENTS D.1.1	\$0	\$5,312,194	\$5,312,194	100.0%	General Revenue funding for the general state employee salary increase.
Total, Goal D, SALARY ADJUSTMENTS	\$0	\$5,312,194	\$5,312,194	100.0%	
Grand Total, All Strategies	\$91,716,257	\$94,027,589	\$2,311,332	2.5%	

Department of Licensing and Regulation
FTE Highlights - Senate

Full-Time-Equivalent Positions	Expended 2021	Estimated 2022	Budgeted 2023	Recommended 2024	Recommended 2025
Cap	564.2	564.2	564.2	564.2	564.2
Actual/Budgeted	505.8	495.8	564.2	NA	NA

Schedule of Exempt Positions					
Executive Director, Group 6	\$180,000	\$180,000	\$180,000	\$190,000	\$190,000

- Notes:
- a) The State Auditor's Office Report, *Executive Compensation at State Agencies* (Report 22-706, August 2022), indicates a market average salary of \$188,563 for the Executive Director position at the Texas Department of Licensing and Regulation. The agency is not requesting any changes to the exempt position salary.
 - b) The State Auditor's Office is the source for the FY 2021 and FY 2022 annual average (actual) FTE levels.