

TEXAS

ALCOHOLIC

BEVERAGE

COMMISSION



Strategic Plan

FY2023-2027



STRATEGIC PLAN

Fiscal Years 2023-2027

By the Texas Alcoholic Beverage Commission

Commission Member	Term	Hometown
Kevin J. Lilly, Chair	April 20, 2017 – Nov. 15, 2021	Houston
Jason E. Boatright	April 29, 2019 – Nov 15, 2023	Dallas
M. Scott Adkins	Nov. 7, 2019 – Nov. 15, 2023	El Paso
Deborah Gray Marino	Nov. 7, 2019 – Nov. 15, 2025	San Antonio
Hasan K. Mack	March 24, 2020 – Nov. 15, 2025	Austin

Submitted June 1, 2022

Signed:

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Matt Chaplin, Deputy Executive Director

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Kevin J. Lilly, Chair



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Strategic Plan



Mission

MISSION

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

VISION

A safe and healthy Texas served by an innovative Alcoholic Beverage Commission regulating a responsible and compliant alcoholic beverage industry.

FOUR CORNERSTONES

- Service
- Courtesy
- Integrity
- Accountability

PHILOSOPHY

TABC's philosophy is enshrined in its motto, "Texans Helping Businesses and Protecting Communities." The agency, through the powers granted by the Alcoholic Beverage Code, will work directly with those whom it regulates to ensure a safe, compliant, and competitive alcoholic beverage industry while operating at peak efficiency and value for Texas taxpayers. Through these actions, as well as the day-to-day interactions with business owners across the state, TABC will work to make it easier for businesses to remain compliant with state law while ensuring the highest levels of public safety for businesses, employees, and their customers.

NOTE

Hereafter, the Alcoholic Beverage Code will be referred to as the "Code" and the Texas Administrative Code, Title 16, Part 3 will be referred to as "Rules." The terms "license" and "permit" refer to any TABC-issued license or permit to manufacture, distribute, sell, or serve alcoholic beverages.



Goals and Action Plans

Goal 1 | Get Texans and other applicants into business faster.

ACTION ITEMS

- **Decrease the time it takes to process applications and issue TABC licenses and permits to qualified applicants. (Ongoing)**
 - Meet Legislative Budget Board performance measure goals for time to process and issue original licenses and permits. (Ongoing)
 - Develop and/or revise policies and procedures to support use of the Alcohol Industry Management System (AIMS) and other new or enhanced technology features. (FY 2023)
 - Support industry in using and adopting AIMS through strategic communications and education. (FY 2024)
- **Decrease the time it takes to process product registrations for qualified license and permit holders.**
- **Support business and improve customer service by rolling out new features to TABC's online hub, the Alcohol Industry Management System (AIMS). (Ongoing)**
- **Make the agency more efficient and responsive to industry and the public by centralizing agency work in AIMS. (Ongoing)**



HOW GOAL/ACTION ITEMS SUPPORT STATEWIDE OBJECTIVES

Accountability

Taxpayers and license and permit holders expect timely processing of applications and product registration while ensuring licenses or permits are issued only to those who meet regulatory requirements. The Alcohol Industry Management System (AIMS), which launched Sept. 1, 2021, conveys the information and documents that applicants need to submit a complete application or register an alcoholic beverage product. This has reduced time TABC staff spends on communications with applicants about application errors. AIMS also offers 24/7 access for applicants and existing license and permit holders to submit information and respond to inquiries from staff, which allows for greater efficiencies and ultimately, for qualified businesses to enter the multi-billion dollar Texas alcoholic beverage marketplace faster. While AIMS provides an avenue for the industry to submit applications 24/7, TABC staff is still a vital component of the process.

AIMS also launched critical functions for license and permit applications, excise tax reporting, product registration, payment processing and more. AIMS replaced several old and inefficient applications and databases that were at or beyond end-of-life and carried a high degree of security risk. Current trends indicate both internal and external customers have been positively impacted by the security features and capabilities of AIMS.

To ensure the agency can build on these successes, TABC is using capital funds appropriated to the agency by the Texas Legislature to deploy new features in AIMS. Controls and oversight are in place to ensure these critical funds provide the most benefit for tax and fee payers.

Efficiency

Legislative mandates implemented in FY 2021 and FY 2022 for product registration and licenses and permits, respectively, reduced redundancies and eliminated numerous outdated and unnecessary licenses and permits. AIMS incorporated all of these changes and provides 24/7 online capabilities for applicants and license and permit holders. AIMS has, in just eight months of implementation, increased efficiency as evident in the average number of days to issue an original license or permit that has



been reduced from approximately 42 days before AIMS to less than 28 days with AIMS. This occurred eight months after implementation. Similarly, the time to register a product has decreased from 25 days to just seven. This means TABC is putting people in business more quickly and getting product into the marketplace faster. Staff intend to expand on these efficiencies by continuing to review the process to streamline application submission and processing, as well as product registration.

TABC plans to make enhancements to existing components of AIMS and introduce new features to continue the agency's technology transformation. These updates are in concert with efforts to improve business processes and workflows for efficiency and effectiveness.

Effectiveness

On Sept. 1, 2021, TABC implemented AIMS along with simplified fee structure and a reduced number of license and permit types (as required by the 86th Legislature's House Bill 1545, the "Sunset Bill"). With the efficiencies afforded by technology and the law, staff expect a reduction in the performance measure for average number of days to approve an original application for a license or permit as established by the Texas Legislature. This measure is enhanced by developing procedures, encouraging consistent and timely application of policy through technology and daily operations.

Technology will also enhance the application-investigation process for the Licensing Division by requiring industry to be more accountable for required information to ensure only qualified applicants are granted the privilege of holding a license or permit.

The Sunset Bill also led TABC to implement major changes to product registration on Dec. 31, 2020, with AIMS providing robust online capabilities in 2021. Streamlined laws, rules and technology decreased processing time in FY 2022. With updated processes and training, staff expects to further reduce processing time, allowing license and permit holders to get their products into the Texas marketplace quicker. All of these factors contribute to new performance measures accepted by the Legislative Budget Board (LBB) for product registration.

Further, the agency building centralized data solutions under this goal allows TABC to better measure performance. Improvements in the collection and analysis of data,



provided by new technologies, will enable the agency to make better business decisions and reduce workloads by improving operations.

Excellence in Customer Service

TABC is committed to providing outstanding customer service in all public-facing interactions, with an even sharper focus on two areas: Reducing wait times for processing applications and registrations, and providing accurate, up-to-date information on technology improvements benefitting the industry.

Faster and more efficient processes within TABC lead directly to quicker processing times for license and permit applications, as well as product registration. These reduced wait times enable industry members to get into business more quickly, thus increasing their ability to generate revenue for their business, their employees and the state of Texas.

In FY 2022 TABC improved the customer experience with the implementation of AIMS, which provides for the submission of license and permit applications and payment of licenses and permits fees; application and payment of product registration; payment and submission of excise tax reports; and other critical submissions and payments. These modules within AIMS allow direct interaction with the alcoholic beverage industry on a continuous basis. These modules reduce user error, streamline processing time, and maintain effective electronic records.

Transparency

On Sept. 1, 2021, TABC was transformed by technology (with the rollout of AIMS), a new licensing structure (due the consolidation of 30 license and permit types), and a collection of policies effective in law. AIMS provides ample opportunities for industry members to learn more about the TABC license application process and the eligibility and responsibility requirements for each of the 36 licenses and permits issued by TABC.

Monitoring the implementation of AIMS and continually adapting customer service is an ongoing priority. Equally important is using available data to improve efficiencies and be more effective in regulating the industry, leading to a more transparent agency.



OTHER CONSIDERATIONS RELEVANT TO GOAL/ACTION ITEMS

For more information about the agency's technology strategy, see the Alignment With 2022-2026 State Strategic Plan for Information Resources section after Goal 4.

Goal 2 begins on the next page.



Goal 2 | Improve safety at licensed and permitted businesses and the communities we serve.

ACTION ITEMS

- **Better protect Texans by increasing the number of investigations or agency assists related to major criminal violations with connections to the alcoholic beverage industry. (Ongoing)**
- **Protect communities through investigations of organized criminal activity (OCA), including human trafficking, with connections to the alcoholic beverage industry. (Ongoing)**
- **Ensure the agency quickly responds to the most serious threats to public safety with connections to the alcoholic beverage industry. (Ongoing)**
- **Empower staff to be more efficient and adopt best practices for using the Alcohol Industry Management System (AIMS) for investigations and case management. (Related action item in Goals 3 and 4) (Summer 2023)**
 - Develop and/or revise policies and procedures to include new technology features. (FY 2024)
 - Train staff to use new features. (Summer 2023)
- **Continue to prioritize, triage and evaluate risks related to complaints against license and permit holders to ensure the best use of agency resources. (Ongoing)**
- **Ensure public safety at ports of entry by targeting hazardous products and keeping minors from importing personal alcoholic beverages.**
 - Launch a new point-of-sale technology for ports of entry to process payments, document disallowed products and provide receipts. (Related action item in Goal 3) (FY 2023)
 - Develop and/or revise policies and procedures to include the new point-of-sale technology. (FY 2023)
 - Train staff to use new technology. (FY 2023)



HOW GOAL/ACTION ITEMS SUPPORT STATEWIDE OBJECTIVES

Accountability

A core part of TABC's mission is to protect public safety and health in Texas communities. TABC remains accountable to tax and fee payers by ensuring the agency takes action to enforce the laws of the state.

By increasing the number of investigations and assisting local law enforcement, TABC will be more accountable to the communities the agency serves. TABC agents are tasked with covering more 250,000 square miles and more than 58,000 permitted locations in the state of Texas. They are recognized by owners and managers of permitted locations and meet with homeowners' associations and community organizations. Agents conduct inspections and respond primarily to six public safety violations — selling alcohol to intoxicated persons, selling alcohol to minors, prohibited hours, breaches of the peace, narcotics, and human trafficking — with connections to licensed or permitted businesses.

TABC's Special Investigations Unit (SIU) further protects Texans by investigating organized criminal activities in businesses associated with the alcoholic beverage industry. Operations target some of the most heinous crimes to humanity, including human trafficking and drug trafficking, blights on the public domain that impact the immediate community in which these businesses reside as well as the Texas economy.

Commissioned peace officers (CPOs) in SIU (referred to as "investigators") have special skill sets, use specific enforcement strategies, and often collaborate with federal, state, and local agencies to disrupt and dismantle organized criminal activity. Investigators share their extensive knowledge base by training other law enforcement organizations on undercover and human trafficking operations. Expanding law enforcement's skill sets will also contribute to combating major public safety threats and protect communities.

TABC also remains accountable to tax and fee payers by responding to the public's complaints against regulated businesses and ensuring the most serious allegations of public safety violations are prioritized. A system was instituted in FY 2022 to evaluate complaints about administrative violations or criminal offenses that were filed by citizens against businesses. A complaint is initially triaged based on whether the business is a



license or permit holder and if it is a public safety allegation. Most complaints allege a public safety violation by a TABC-licensed business or location and are handled by a CPO. A CPO then gathers information on the license or permit holder and/or location and evaluates the appropriate action to take, ranging from contacting the license or permit holder to conducting an operation(s). A major factor in taking any action is the availability of CPO resources. When resources are limited, the triage system fosters a vetted evaluation of and appropriate response to the concerns of Texas citizens.

TABC regulatory compliance officers (RCOs) also prevent minors from importing alcohol and keep illicit beverages from entering Texas communities.

Efficiency

One notable effective use of resources is the Target Responsibility for Alcohol-Connected Emergencies (TRACE) Unit. As the name suggests, the TRACE Unit traces the source of alcohol after an alcohol-related incident resulting in serious bodily injury or death. The unit has 12 FTEs assigned throughout the state and has increased its case sustainment rates from 6% at inception to 25% as of October 2021, meaning four times as many investigations have resulted in an administrative case being filed against a permittee for failing to serve alcohol in a responsible manner. This increase is due, in part, to the creation of TRACE as a standalone unit and investigators with a narrow focus, experience, and training on source investigations (investigations into the source of alcohol and whether any violations occurred). By continuing to build on this success, the agency can better protect Texans and maximize results.

As recorded in previous strategic plans, TABC has enlisted the help of those outside the agency to combat human trafficking. TABC has educated civilian employees and industry members to recognize and report possible human trafficking crimes connected to TABC-licensed locations. This has led to a 40% increase in human trafficking complaints over the last four years. Coupled with the intended training of other law enforcement on undercover and human trafficking operations, the number of complaints will continue to increase, leading to greater disruption of criminal activities. These strategic partnerships, training opportunities, and outreach initiatives allow the agency to enlist external force multipliers, resulting in efficiencies and maximizing the efforts of TABC investigators.



New technology features will also assist attorneys and CPOs with investigations into potential illegal activity by TABC-licensed businesses. Efficiencies will be gained by entering data into AIMS, which serves as a single point of record for all TABC divisions and allows the agency to maintain a history of investigative activity on license and permit holders. CPOs will spend less time entering data and more time conducting operations targeting at-risk locations and businesses.

Similarly, triaging complaints creates efficiencies by directing limited resources (i.e., CPOs) to target license and permit holders and locations that pose the greatest risk to public safety. Furthermore, CPOs apply a variety of investigative techniques based on the threat level, allegation, violation history and other factors. This is a shift from the one-size-fits-all approach in year's past of conducting multiple operations at a location regardless of the allegation or credibility of the complaint or complainant.

TABC's regulatory compliance officers (RCOs) collect approximately \$7 million annually in personal importation taxes on alcoholic beverage containers and cigarette packages at 28 ports of entry on the Texas/Mexico border. A new point-of-sale (POS) system will reduce errors, cut down on paperwork and allow RCOs to conduct customer interactions more quickly while empowering staff to more easily identify minors and excess products. The new POS will calculate the total amount of taxes to be assessed on each transaction based on the items being imported, unlike the current system which does not perform certain calculations (totals, change) which are handled by staff. The new point-of-sale system is integrated with AIMS through Texas.gov and has multiple payment card options available, whereas the old system could only use Visa and Mastercard. RCOs are also able to accept cash.

RCOs disallow alcoholic beverage containers that exceed the statutory limit, pose a public health threat, or are being transported and imported by a minor. Currently, an RCO must physically recognize when a person exceeds the legal number of products (in gallons) the customer is attempting to import, but the new POS system will alert the RCO when the limit is reached. The new POS system will also display a recurring date that could help indicate that a customer is a minor and prompt the RCO to check identification, therefore decreasing human error in checking ID cards and increasing opportunities in which minors are interdicted attempting to import alcoholic beverages.



When a product or package is disallowed, the processing time greatly increases because RCOs must fill out paper forms to record information. The new POS system eliminates all paper forms and documents all disallowed products and packages. Efficiently processing the approximately 15,000 disallowed products/packages every year will give RCOs the opportunity work more effectively, encountering more customers during their work shift.

Effectiveness

TABC agents save lives through the reduction in the number of licensed or permitted locations selling alcohol to intoxicated persons and minors. There are 3,500 fatal car crashes per year with more than 1,000 involving alcohol, 40% of which are connected to a licensed location. By focusing on investigations and compliance at licensed and permitted businesses, TABC can continue to make Texas roads and communities safer.

Investigative activities of TABC-licensed businesses in are recorded and tracked in AIMS, which will result in enhanced public safety. Applying analytics to information captured in AIMS may be used — among other benefits — to reveal patterns of criminal activity by license and permit holders or licensed locations. This allows CPOs to focus efforts on priority locations (those businesses at risk for public safety violations due to various factors) and those license and permit holders who are alleged to be engaging in organized criminal activity. Focusing efforts on license and permit holders most likely to commit a crime leads to more inspections, investigations and operations, which impacts performance measures. By holding accountable businesses that place profit before public safety, agents will deter future violations through administrative and criminal actions, which will improve the quality of life for the communities where these businesses are located.

The new electronic point-of-sale (POS) collection system at ports of entry will also ensure more customers are processed faster and more efficiently, leading to minimal disruptions and maximum collection of taxes for the state. This improved system will be beneficial in identifying *all* minors who are attempting to import alcoholic beverages or cigarettes into the state. Keeping alcohol out of the hands of minors protects the public health and safety of all Texans and the welfare of minors from possible injury or death.



Processing more customers means RCOs will likely identify more customers exceeding the statutory limits of importation of alcoholic beverages and cigarettes. Disallowing the items in excess of state law decreases the potential for unregistered or illegally produced beverages to enter the retail market, which helps ensure the integrity of the three-tier system and protects the public from untested products. Without RCOs performing this function, license and permit holders would face unfair competition by unscrupulous importers who bring beverages into the state without registering the product with the agency. This has the additional impact of denying the state tax funding on alcohol imports.

RCOs are trained to identify suspicious-looking bottles of liquid carried into the country by travelers. An RCO will seize alcohol containers which contain substances that could endanger public health and safety (e.g., gasoline cans full of alcohol, unregulated plastic containers without labels, and containers with substances identified as narcotics, or that have illicit items inside the bottle) and disallow it. RCOs disallow approximately 5,000 illicit beverages annually but expect to interdict more substances before they enter the country, avoiding health and safety risks to any person who might consume the substance.

As new features and enhancements are added to AIMS and the new POS system is launched, it is imperative that staff is made aware of the new capabilities and trained appropriately to be effective. For staff to manage the new technology consistently, they will draft and/or revise policies to establish a framework of expectations and procedures to outline steps necessary to meet those expectations.

Excellence in Customer Service

As TABC increases investigations, the agency will continue to place an emphasis on courteous and professional interactions with the public and partners. In FY 2020 and FY 2021, 93.92% of survey respondents indicated that they had a positive impression of TABC and its agents after agents visited the licensed or permitted business (*see Report on Customer Service for more details*).

With the new point-of-sale system for ports of entry, customers have more payment options and will be processed faster when they arrive in Texas. TABC also will respond to the public's complaints against regulated businesses and ensure the most serious allegations of public safety violations are prioritized.



Transparency

TABC will continue to publish information through the agency website, social media channels, and news media about upcoming public safety operations. Education and communications efforts will also encourage responsible and legal, sale, service, and consumption of alcohol. Additionally, the agency will provide updated information at public meetings about TABC's public safety activities in communities across the state.

Investigations into organized criminal activity such as human trafficking contain confidential information necessary to carry out successful investigations. However, this does not limit the agency from using multiple channels to educate the industry and the public at large about its core efforts to stop human trafficking via news releases, videos, social media, the public website, and more. TABC also trains industry and the public to spot the signs of human trafficking and report it if they suspect it's happening at a licensed location.

TABC provides the agency's most in-depth focus on RCOs during the annual Paisano season in January, when thousands of travelers return to the U.S. after visiting their families in Mexico during the winter holidays. Because this is typically the busiest time for the agency's RCOs, TABC issues a news release, video retrospective, social media posts, emails and other communications to statewide media, industry and the general public. Along with highlighting Paisano season activities, these communications detail how RCOs protect public health and safety, types of illicit beverages seized, the revenue TABC collects and where it goes, and TABC's overall mission on the border.

OTHER CONSIDERATIONS RELEVANT TO GOAL/ACTION ITEMS

In 2019 the Texas Legislature authorized the agency to suspend a license or permit, without a hearing, for not more than 90 days if continued operations of the business constitute a continuing threat to the public welfare. The agency has used this authority as necessary for the most egregious offenses by license and permit holders. Examples of these situations are the trafficking of persons and narcotics and maintaining unsafe business operations resulting in shootings, stabbings, deaths, and other public safety violations.

TABC will continue using these tools and engage in operations to catch bad actors and shut down businesses that threaten individuals and communities. Enforcement agents



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focus on operations (i.e., undercover, underage compliance, inspection) that are most effective in protecting the public. The challenge is the increasing number of licensed businesses to cover without a commensurate appropriation for Enforcement agents. As the presence of Enforcement agents in licensed businesses diminishes, there is a decrease in voluntary compliance by those license holders. By investing in Enforcement resources, TABC will more effectively safeguard the public health and safety of Texas citizens and businesses.

For more information about the agency's technology strategy, see the Alignment With 2022-2026 State Strategic Plan for Information Resources section after Goal 4.



Goal 3 | Make it easier for businesses and the public to understand and follow Texas laws and agency rules.

ACTION ITEMS

- **Make it easier for businesses to submit compliance reports online through the Alcohol Industry Management System (AIMS).**
 - Launch the compliance reporting feature in AIMS, making it easier for business to have a single online hub for all TABC interactions. (FY 2023)
 - Develop and/or revise policies and procedures to include these new technology features. (FY 2023)
 - Train staff on how to use new features. (FY 2023)
 - Achieve 95% compliance among TABC licensed and permitted businesses within two years by strategically communicating with and educating business about compliance reporting in AIMS. (FY 2024)
- **Increase industry understanding of and compliance with the Alcoholic Beverage Code and Administrative Rules by providing clear guidance on agency interpretations of the Code and Rules.** (Ongoing)
 - Execute plan to repeal, revise, or amend the oldest Marketing Practices advisories to align with legislative mandates and rules.
 - Develop and publish new advisories to address market trends impacting the alcoholic beverage industry.
 - Encourage industry members and the public to participate in educational opportunities — e.g., seller/server training, Texas Responsible Alcohol Delivery (TRAD) — and TABC-led training sessions.
 - Use the Retailer Education and Awareness Program (REAP) to promote voluntary compliance and deter violations of the Alcoholic Beverage Code.
 - Evaluate options to deliver more technology-based training sessions for industry (e.g., REAP, social hosting, etc.).
- **Continue to allow travelers to pass through ports of entry as quickly as possible with legally imported alcoholic beverages by replacing an out-of-date tax collection system with modern point-of-sale technology.** *(Related action item in Goal 2)* (Fall 2022)



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- **Make it easier for businesses to report cash and credit law violations and centralize their interactions with TABC by adding new features to AIMS.** *(Related action item in Goal 4) (Summer 2023)*
- **Use new technology features to assist with audit investigations and case management.** *(Related action item in Goals 2 and 4) (Summer 2023)*
 - Develop and/or revise policies and procedures to include capabilities afforded by technology. (FY 2024)
 - Train staff on how to use new features. (Summer 2023)
 - Identify training opportunities by analyzing data to recognize gaps in understanding of laws, rules, or guidance. (FY 2025)
- **Improve business experience with the agency and make staff more efficient and accurate by automating excise tax reporting and payment reconciliation.** (FY 2024)
- **Ensure consistent and fair tax collection by evaluating legal parameters and enforcement options for tax collection related to unlawful sales into Texas by unlicensed entities.**

HOW GOAL/ACTION ITEMS SUPPORT STATEWIDE OBJECTIVES

Accountability

Making it easier for businesses and the public to understand and follow Texas laws and the agency rules is crucial to being an accountable organization. Clear standards give businesses consistency and allow those we serve to engage with the agency more productively. Additionally, by increasing compliance through education and awareness, TABC is better able to fulfill its mission in Texas communities.

Improving education for retail business locations is a key of this strategy. The agency developed the Retailer Education and Awareness Program (REAP) both to fulfill a training need for case settlement, but also as a tool to promote voluntary compliance. When administrative action is necessary to resolve a case part of the settlement may require the license or permit holder's staff and management receive training to avoid future violations, depending on the circumstances. REAP offers the necessary tools, communication skills and knowledge to provide responsible alcohol service in



compliance with the Alcoholic Beverage Code. The program covers common definitions, hours of sale, laws related to minors, checking identifications, identifying and preventing sales to minors and intoxicated persons, policies, dram shop liability, safe harbor, TABC inspections, marketing and promotions, and breaches of peace. By continuing to expand this program TABC can use resources it already has to improve industry compliance.

Ensuring excise taxes are properly assessed and collected also keeps the agency accountable to tax and fee payers. By automating reconciliation of the more than 60,000 excise tax reports to the \$300 million in payments, the accuracy of taxes paid to the state of Texas can be verified. Payments received are dedicated to General Revenue, which provides funding for essential state services, including funding for TABC. Texas taxpayers need to be confident that TABC-licensed businesses are reporting and paying the appropriate taxes. Automation allows the public to have greater confidence in the agency's work and eliminates the current month-long process of data entry and analysis.

This goal would also allow for more consistent and clear application of state law regarding tax collection. TABC has identified a spike in cases where unlicensed, out-of-state businesses are illegally shipping alcoholic beverages directly to Texas consumers. Because this creates an unfair playing field, the agency will pursue viable tax collection efforts for these unlawful businesses and increase regulatory oversight of direct-to-consumer sales by conducting more online purchase operations.

Efficiency

Launching a new compliance reporting tool in AIMS will allow businesses to more easily self-report regularity information using the same online hub where they conduct the rest of their TABC activities. Most licensed businesses have never been cited for a violation by TABC. Allowing these entities to self-inspect or self-report their regulatory information allows auditors to focus more time on businesses identified as at-risk of violating the law and less time conducting "check the box" inspections on businesses with no violation or complaint history.

New technology features will also assist auditors with investigations into potential illegal activity by TABC-licensed businesses. Efficiencies will be gained by entering data into



AIMS and by AIMS maintaining a history of investigative activity on license and permit holders. Auditors will spend less time entering data and more time conducting audits and educating industry.

More quickly analyzing and reconciling excise tax reports will also maximize staff results. More than 60,000 excise tax reports and \$300 million in payments are submitted annually. Reviewing and reconciling reports is a manual, labor-intensive process. Enhancing the system to reconcile reports to identify discrepancies allows the agency to use its resources more efficiently. With the automation enhancements planned for the excise tax module, AIMS will identify anomalies for staff while automatically accepting properly filed reports. The AIMS excise tax module will also generate reports for staff noting such anomalies, eliminating the existing manual, month-long process that includes data entry of information from paper-based reports and analysis for discrepancies.

Continuing to expand education opportunities also helps to increase compliance, which frees auditors from needing to address specific regulatory issues and instead pursue more targeted activities to fulfill the agency's mission. Education opportunities include business education, but also education efforts for major events (e.g., State Fair of Texas, SXSW) and local annual events (e.g., Fiesta, Wurstfest), which are a boost to the state and local economy. Agency staff work with organizers, sponsors, promoters and local governments well in advance of an event to ensure activities between parties are aligned with the Code and TABC Rules, the appropriate authorization or permits are obtained, applicable marketing practices are applied, and product is moved through the system properly. The goal is to establish a foundation for an event that is both compliant with the Code and rules and good for business. Similarly, the more education that can be provided online, the more time auditors will have to focus on other assignments.

Effectiveness

By educating businesses and the public about their legal requirements, which TABC is charged with enforcing, the agency can better carry out its mission. The action items in this goal will also make the agency more successful in performance measures and in executing core functions by:

- Increasing compliance with the Alcoholic Beverage Code and agency rules.



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- Making it easier to track compliance through a new compliance reporting tool in AIMS.
- Launching a new point-of-sale (POS) system to reduce errors, cut down on paperwork and allow Regulatory Compliance Officers (RCOs) to conduct customer interactions more quickly, while empowering staff to more easily identify minors, and excess products.
- More consistently, accurately, and quickly reconciling excise tax reports and payments.

A guiding principle of TABC is to foster voluntary compliance through education. Auditors and other agency staff provide training to license and permit holders, the industry, and local communities on marketing practices, laws, rules and policies. Expanding these efforts and clearly communicating information will improve compliance and alcohol awareness, which impacts the agency's performance measures as well as public safety incidents.

To allow staff to continue timely service to travelers at the Texas border, TABC needs to replace the existing system used to collect required taxes and fees at ports of entry. The current system is beyond end-of-life, expensive to replace, and not tied to the agency's new payment system through Texas.gov or to the new centralized data reporting solution. The new point-of-sale solution replaces the existing software and hardware. The new system can receive electronic tax payments for allowable alcohol, document disallowed products, and provide receipts and refunds.

Additionally, new technology features to record and track investigative activities of TABC-licensed businesses in AIMS will result in more effective regulation of the alcoholic beverage industry. Applying analytics is expected to reveal patterns of violations as well as gaps in training. The former allows auditors to focus efforts on license and permit holders that represent the greatest risk to the regulatory environment of the alcoholic beverage industry. The latter identifies opportunities for auditors to provide training on a particular topic or to a segment of the industry facing common misinterpretations of the law.

Added capability in AIMS for excise tax and payment reconciliation will eliminate the tedious and long process of staff analyzing only a fraction of the 4,200 excise tax reports submitted monthly. AIMS will analyze all reports and identify anomalies,



generating reports for staff. Staff is expected not only to have contact with more license and permit holders, but to also make contact sooner. These contacts contribute to the agency's performance measures. Also, by alerting more license and permit holders of discrepancies in their reporting, the compliance rate is expected to increase.

Alcoholic beverages from unlicensed, out-of-state businesses that are shipped directly to Texas consumers, in many cases, have not been registered federally or in Texas. This is a potential public health concern as unregistered alcoholic beverages are being sold to Texans. Registering products minimizes health risks to any Texas consumers and allows the products to undergo further vetting. A prerequisite to registering alcohol products in Texas is to have approval on the federal level. These businesses have either not applied for a permit, or their product cannot be legally shipped directly to consumers. An example of the latter is XYZ Company in Kentucky ships 20 bottles of a popular whiskey directly to Joe Citizen. Shipping spirits directly to a Texas consumer is not authorized in law; it bypasses the three-tier system. Current law requires product to go from a permitted business in each tier: manufacturing, distribution/wholesale and retail. The manufacturing tier produces the whiskey and imports it to a Texas wholesaler who distributes the whiskey to retailers. Retailers then sell to the ultimate consumer. Additionally, permitted businesses face unfair competition by non-permitted businesses who avoid registering the product with the agency and/or bypassing the three-tier system. This practice also denies the state revenue from registering products and paying taxes on products sold to Texans as well as permit fees required to legitimize certain activities deemed to be lawful. A small sample of 14 purchase operations conducted on unlicensed out-of-state businesses in FY 2021 resulted in 12 of the 14 entities (86%) found to be noncompliant.

Excellence in Customer Service

By the end of FY 2021 more than 83% of license and permit holders used a cell phone-based software application, the TABC Compliance Reporting App, to self-report required annual information about their business. By FY 2023 businesses will be able to submit the required information through AIMS, making it even more convenient for license and permit holders to comply with annual reporting requirements using a computer, laptop, or smart device



Self-reporting eliminates the need for an auditor to visit the premises of the license or permit holder, thereby avoiding a distraction during peak business hours. Within three years of initiating a self-reporting through the previous software application, more than 80% of eligible license and permit holders were participating. The previous software application proved popular among industry members, with 88.6% of survey respondents in FY 2021 indicating they were satisfied with the app. The agency will build on the lessons from the previous app to improve the experience for business that will file compliance reports in AIMS.

As features such as compliance reporting are added to AIMS, it is imperative that internal and external customers are made aware of the new capabilities and how they will be executed. Multiple communication strategies will be employed for external stakeholders, including a TABC Talks presentation, FAQs on the website, new marketing practices advisories, and industry newsletters. For staff to manage the new features consistently, they will draft and/or revise policies to establish a framework of expectations and procedures to outline steps necessary to meet those expectations.

The agency is also committed to educating industry and the public through marketing practices advisories, staff-directed training sessions, and online education materials to guide license and permit holders to compliance. In addition to a complicated set of laws applied to an event involving alcohol, city and county ordinances and orders, and local government requirements are not consistent. Coupled with sponsorship agreements, promoters and complex marketing practices guidelines, it is challenging to advise the public and industry with a one-size-fits-all answer. Leveraging technology to deliver these sessions makes it more convenient for users to access information on their schedule rather than being dependent on the schedule of agency staff.

The new AIMS point-of-sale module for ports of entry will also enable citizens to pay personal importation taxes efficiently and securely as they arrive in Texas.

Automating the reconciliation of excise tax reports and payments identifies anomalies, including overpayment of taxes by permit holders. With the current practice of manual review, identifying an overpayment and issuing a refund or credit is likely to take up to six months. Automation will expedite the process exponentially, resulting in faster reimbursement to permit holders.



Transparency

Agency staff makes a consistent effort to provide clear, easy-to-understand, and current information to industry and the public on new laws, rules and advisories. Agency staff is committed to updating the oldest marketing practices advisories and creating new advisories, as necessary, to address topics causing confusion or misunderstanding among industry. Similar to the rulemaking guidelines in the Government Code, the agency employs a similar process for advisories to ensure transparency. New and amended advisories are published in the Texas Register and the agency's website in advance of a stakeholder meeting in which feedback from industry is sought. New, repealed or amended advisories are published on the agency website and industry, and the public are notified via various media.

Reconciling excise tax reports also enhances the agency's commitment to transparency and accountability. It enables more efficient analysis of industry reports, leading to more targeted audits to determine if the agency is collecting the appropriate amount of taxes and fees owed to the state.

OTHER CONSIDERATIONS RELEVANT TO GOAL/ACTION ITEMS

The project to automate the reconciliation of excise tax reports depends on the agency receiving funding from the American Recovery Act (2021) that is being managed by an appointed Texas legislative committee made up of three state senators and three state representatives. If money is not received from this committee to cover the costs of this functionality to complete AIMS, the project will be cut by 50% in scope and not be continued beyond March 2023. In case funding is not provided to TABC through this avenue, funding will be requested as an Exceptional Item in the agency's Legislative Appropriations Request (LAR) for the upcoming FY 2024-2025 biennium. While following the normal path with an LAR exceptional item, the above-mentioned cut by 50% in scope with an early ending to this project within the current biennium will still hold true.

For more information about the agency's technology strategy, see the Alignment With 2022-2026 State Strategic Plan for Information Resources section after Goal 4.



Goal 4 | Improve customer service and satisfaction.

ACTION ITEMS

- **Improve customer service and better capture agency feedback from the alcoholic beverage industry. (Ongoing)**
 - Design and release new customer service surveys to better capture industry feedback. (August FY 2023)
 - Monitor customer service feedback and improve agency services based on responses and benchmarks. (Ongoing)

- **Manage development, review and distribution of rules and related communications to industry. (Ongoing)**
 - Publish FAQs on the website, presentations, industry notifications, and use other channels to inform industry about rules to promote compliance.

- **Continuously improve customer service and make staff more efficient through development, review and distribution of internal policies and procedures, along with training for staff. (Ongoing)**
 - Develop training strategies for staff to ensure effective implementation of new technology, laws, rules, policies, and procedures.

- **Evaluate how cash and credit law violations are calculated and, if warranted, integrate changes into AIMS.**
 - Promulgate rules, following established process to encourage feedback from stakeholders. (FY 2023)
 - Incorporate recommended changes into FY 2023 launch of cash/credit law reporting functionality in AIMS. *(Related action item in Goal 1)*
 - Communicate the changes to industry.
 - Train Audit staff on changes in rules, new/revised policies and/or procedures, and new functionality in AIMS.

- **Allow the agency to more efficiently process administrative cases and investigations by releasing new features in the Alcohol Industry Management System (AIMS) to assist audit, enforcement, and legal staff. *(Related action items in Goals 2 and 3)* (Summer 2023)**



HOW GOAL/ACTION ITEMS SUPPORT STATEWIDE OBJECTIVES

Accountability

Strategic communications efforts, including email campaigns, presentations, and FAQs ensure that industry and the public better understand TABC technology and the methods available for interacting with TABC staff for support.

Efficiency

Communications efforts to foster increased adoption of the new, online system will allow more Texas businesses to take advantage of the improved approval times and more easily conduct their operations. With additional businesses conducting tasks online, staff will better maximize results and realize efficiencies.

Rules, policies and procedures help to clarify information, set expectations, and guide operations. While each of these are important to staff, when successfully working in concert, they lead to improved processes, efficiency and consistency. This ultimately provides more value to TABC customers, the alcoholic beverage industry, and Texans at large.

TABC's rulemaking process is based on an internal procedure designed to meet the requirements of the Administrative Procedure Act (Texas Government Code, Chapter 2001, Subchapter B). Every new, amended or repealed rule is vetted internally by a committee of directors, subject matter experts and executive management. Proposed rules or amendments are further vetted by industry through at least one stakeholder meeting in which the draft material is posted publicly in advance. Staff present the material at the meeting and invite comments and suggested language. By the time a rule is presented to the commission for consideration, it's been thoroughly evaluated by staff and external stakeholders. As a result, most of the commission's rulemakings are adopted without opposition. These steps not only provide for transparency but also streamline agency processes and industry feedback to expeditiously draft, create, improve, and approve rules to efficiently respond to the needs of Texans and a growing industry.

With the review of Chapters 31 and 50 of TABC's Administrative Rules in FY 2023, each of TABC's more than 200 rules and 10 chapters have been reviewed and reorganized in the last four years. To maintain the four-year review schedule of every rule as required



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by Government Code Section 2001.039, a plan is in place for FY 2024 and beyond. A similarly flexible plan is maintained to review existing policies and procedures every two years and create new ones — with the aim of increasing clarity and maintaining consistency both internally and externally.

Similarly, as rules are changed or improvements made to AIMS, TABC strives to enhance customer service by using all communications channels — including direct communication and outreach through social media and the press — to keep industry members informed on new developments that could benefit their business.

TABC takes numerous steps to ensure all agency business — including policy and rule decisions — are done transparently and in full public view. All commission meetings are held publicly and are available for in-person attendees as well as via livestream or recorded video. All documentation and presentations provided to commissioners during these meetings are made available on the TABC website before each meeting date.

Similar efforts are made to ensure the rulemaking process is equally transparent, starting with publication of draft rules and invitations for public feedback at multiple points as described throughout this document. Industry has several opportunities to provide input on draft rules, amendments and repeals before consideration by the commission — at staff-led stakeholder meetings, through communications with the TABC rules attorney, and through public comment at commission meetings and at public hearings.

Finally, the TABC website itself allows members of the public to search for and inspect information about each of the more than 58,000 licensed businesses within Texas, view the latest updates to the Alcoholic Beverage Code and TABC Administrative Rules, and request agency documents in accordance with the Public Information Act. Resources on the public website, including FAQs, will be continuously developed to ensure new technology functionality, policies, and rules are described clearly for all Texans.

New technology features to assist commissioned peace officers and auditors to investigate potential illegal activity by TABC-licensed businesses will result in more effective regulation of the alcoholic beverage industry. Without implementation, auditors and enforcement agents will have to revert back to paper-based, manual processes that will not be useful in this automated climate for public and private constituents.



Effectiveness

Management action (Item 3.4) issued by the Sunset Advisory Commission in 2019 directed TABC to “update its existing penalty guidelines to strengthen enforcement against licensees who violate the credit law.” Although some changes were implemented through rulemaking effective in FY 2022, staff is likely to recommend major changes in rule in FY 2023 to further address the management action item. After internal vetting, staff will present draft rules to stakeholders before offering the rule changes to commissioners for consideration for publication. If rules are adopted by the commission, AIMS will be updated to conform to the new way of doing things.

New technology features to support investigations will replace outdated systems and let the agency more efficiently and effectively support its core mission. A modern, effective system will greatly improve the performance and productivity of investigators. The shift to new technology solutions allows TABC to repurpose agency technical resources from supporting routine hardware and software to supporting and executing mission-critical roles within TABC, such as long-term criminal intelligence gathering, analysis of industry business trends, and more.

Excellence in Customer Service

Staff are developing a robust process to collect industry feedback as the agency continues to roll out technology features, in addition to setting benchmarks for improvements to customer service. Feedback will be used to prioritize and respond quickly to industry’s needs while also allowing staff to plan strategic communications that will address gaps in knowledge.

Transparency

TABC is committed to maintaining transparency to industry members, the public and its own staff by using plain-language principles and innovative storytelling techniques to clearly explain new agency rules and technology features, including the integration of cash/credit law reporting into AIMS. Plain language is a specific writing style that makes it easier for readers to understand and use government communications. Crafting materials in plain language make them accessible to the widest general audience possible, which is crucial for transparency. Step-by-step guidance is provided on the website as features are added and broadcast by all agency communication channels.



Essential to the agency's communications strategy are new releases, the public website, social media, videos, email blasts, and industry and stakeholder meetings.

OTHER CONSIDERATIONS RELEVANT TO GOAL/ACTION ITEMS

Alignment With 2022-2026 State Strategic Plan for Information Resources

TABC's technology initiatives align with the State Strategic Plan as published by the Department of Information Resources (DIR). TABC's action items include utilizing the agency's new Enterprise Data Solution for business analysis and reporting, which syncs with State Strategic Plan for Information Resources Goal 2 (Advanced Data Management) and Goal 4 (Proactive Approach to Emerging Technologies), particularly for these objectives:

- Strengthen data governance by implementing best practices, appointing dedicated data management staff, and maturing data management programs. (Goal 2)
- Enhance data security and privacy with strong controls based on risk and legal requirements. (Goal 2)
- Facilitate better decisions by adopting flexible analytics that provide leaders with business-oriented data. (Goal 2)
- Foster a data-sharing culture where open data is readily available, enabling state leaders and the public to make data-driven decisions. (Goal 2)
- Develop a resilient workforce that can adapt to emerging technologies and new concepts of public sector work. (Goal 4)

TABC's action items to continuously improve and add functionality to AIMS is represented by State Strategic Plan for Information Resources Goal 3 (Strategic Digital Transformation) and Goal 4 (Proactive Approach to Emerging Technologies), particularly for these objectives:

- Develop a vision and strategic road map that reimagines how Texas government delivers services. (Goal 3)
- Conduct a collaborative review of agency goals, business processes, and technology to understand the current level of digital maturity. (Goal 3)
- Understand what Texans need and expect from their government, so that state IT leaders can procure and implement human-centered applications. (Goal 3)



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- Promote mobile-first digital experiences that allow Texans to seamlessly access all government services. (Goal 3)
- Develop a resilient workforce that can adapt to emerging technologies and new concepts of public sector work. (Goal 4)



Redundancies and Impediments

<p>Service, statute, rule, or regulation</p>	<p>Unexpended Balances Within the Biennium. General Appropriations Act 87th Session, Article V. Bill Pattern Riders — UB Authority</p>
<p>Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.</p>	<p>Lack of UB (Unexpended Balance) Rider for TABC in GAA limits the agency by not being able to move unexpended funds from fiscal year to another to cover unexpected costs. Without this authority, TABC is at a disadvantage when trying to complete large projects which extend beyond their original fiscal year. Many agency projects have been put on hold due to the length of time or lack of funds.</p>
<p>Provide agency recommendation for modification or elimination.</p>	<p>Granting UB authority would allow TABC to better address unexpected and one-time expenses and allow better manageability of appropriated funds. A rider similar to those at other agencies would be beneficial: "Unexpended Balances Within the Biennium. Any unexpended balances as of August 31, 2024, in appropriations made to the TABC are appropriated for the same purposes for the fiscal year beginning September 1, 2025."</p>
<p>Describe the estimated cost savings or other benefit associated with recommended change.</p>	<p>This authority gives TABC the funding necessary to complete important projects which increase productivity, reliability, and the availability of services to the public, which in turn could increase revenue to the state.</p>



Service, statute, rule, or regulation	General Appropriations Act 87th Session, Article V. Bill Pattern Riders — Limit on Travel and Activities
<p>Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.</p>	<p>The prohibition on out-of-state travel has inhibited the agency’s ability connect and coordinate with other state regulators and law enforcement agencies, and reduces the agency’s ability to adequately police a growing industry.</p> <p>There is a spike in cases where unlicensed, out-of-state businesses are illegally shipping alcoholic beverages directly to Texas consumers. This creates an unfair playing field for licensed businesses conducting their operations legally. Also, in many cases the product shipped has not been registered federally or in Texas, creating a potential public health concern as unregistered alcoholic beverages are being sold to Texans. Not having the ability to travel outside the state to work with other state governments on this issue denies the state revenue from applying for a license, registering products, and paying taxes on products.</p> <p>The prohibition has also impacted training opportunities for TABC’s enforcement personnel, who are frequently invited to take part in state-of-the-art training programs across the country. These include the prestigious FBI Leadership Academy as well as other programs designed to combat human trafficking and narcotics trafficking. Declining these training opportunities can hinder our agents’ readiness and effectiveness as peace officers.</p> <p>For agents stationed in border-adjacent cities such as El Paso or Texarkana, it makes much more financial sense to take advantage of training in New Mexico or Arkansas than driving to Austin or Houston for the same purpose. The travel prohibition requires TABC to shoulder the added financial costs related to travel and lodgings when a simple trip across state borders would accomplish the same thing.</p>



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Provide agency recommendation for modification or elimination.	Eliminate Rider 13, Limit on Travel and Activities, of TABC's bill pattern to remove the out-of-state travel restriction on TABC employees. Any out of state travel request will be evaluated by an employee's chain of command to determine the applicability and appropriateness prior to approval.
Describe the estimated cost savings or other benefit associated with recommended change.	This change would allow TABC to address unlawful businesses by collecting taxes and requiring compliance with Texas laws, reduce costs and improve access to critically needed training opportunities for border-adjacent peace officers, while enabling agency leaders to better serve Texas consumers by representing the state at interstate or federal-level conferences where important decisions are made which affect the alcoholic beverage industry.



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Service, statute, rule, or regulation	Section 11.43(e) and (g) Application Review Process. TABC is required to elevate application denials to the Commission for final decision.
Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.	<p>The new process for application review and protests, effective Dec. 31, 2020, established by the Sunset bill (HB 1545-86th Regular Session) requires all application denials be approved by the Commission (TABC's governing board), even if the applicant does not appeal the denial decision. Because the Commission meets on a bimonthly basis, TABC's ability to make timely decisions on uncontested application denials could be significantly delayed. Separately, the Sunset bill required the Commission to make the final decision on disciplinary cases that go to an administrative hearing (Sec. 5.363). Uncontested denial decisions do not meet this threshold and would be better delegated to the Executive Director.</p>
Provide agency recommendation for modification or elimination.	<p>Allow the Commission to delegate application denials to the administrator if the applicant does not request a hearing on the decision.</p>
Describe the estimated cost savings or other benefit associated with recommended change.	<p>Making this modification would streamline the decision-making process by allowing uncontested denial decisions to be approved by the administrator. Delegating uncontested denials to the administrator would also align more closely with the Commission's new role in making final decisions on contested cases (Sec. 5.363). Under this change, the Commission would retain decision-making on any case that goes to a hearing at the State Office of Administrative Hearings.</p>



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<p>Service, statute, rule, or regulation</p>	<p>Sec. 25.15 Deliveries and Collections. Allows Wine and Beer Retailers with a local cartage permit to make deliveries to consumers.</p>
<p>Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.</p>	<p>The 86th Legislature passed two bills during the regular session that resulted in a statutory conflict requiring TABC to unnecessarily maintain a separate permit the Legislature intended to eliminate through the Sunset bill (HB 1545). The Sunset bill eliminated the requirement for certain TABC permit holders to have a Local Cartage subordinate permit to transport alcoholic beverages, folding that authority into the permits' authorized activities beginning Sept. 1, 2021. SB 1232, on the other hand, authorized Wine and Malt Beverage Retailers to deliver alcoholic beverages to consumers if they obtain a Local Cartage subordinate permit from TABC. Now the Local Cartage permit remains solely for a Wine and Malt Beverage Retailer, even though other permit holders such as Package Stores are no longer required to obtain this separate permit as of Sept. 1, 2021.</p>
<p>Provide agency recommendation for modification or elimination.</p>	<p>Fold authority to transport alcoholic beverages into the standard authorized activities for Wine and Malt Beverage Retailers. Modifications to Sec. 22.08 in HB 1545 (86th Legislature, Regular Session) offer model language that could be adapted to add this privilege to the Wine and Malt Beverage Retailers permit. Further, Sec. 25.15 would need to be amended to eliminate the requirement to obtain a Local Cartage permit.</p>
<p>Describe the estimated cost savings or other benefit associated with recommended change.</p>	<p>Making transport authority a part of the Wine and Malt Beverage Retailers' authorized activities and eliminating the requirement they obtain a Local Cartage permit to deliver alcohol would complete the 86th Legislature's effort to streamline alcohol licenses and permits. Wine and Malt</p>



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	Beverage Retailers would be treated the same as other retailers with similar transport authority.
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Service, statute, rule, or regulation	Emergency Suspensions. Sec. 11.64 and Sec. 11.614
Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.	Sec. 11.64 requires the agency to give permittees the option to pay a civil penalty in lieu of suspension. There are many exceptions for serious violations, including human trafficking, drink solicitation, drugs, prohibited hours. Sec. 11.614 is the new section for emergency suspensions. Emergency suspensions are not listed as an exception in Sec. 11.64. Currently, if a permit was suspended for a shooting incident and poses a continuing threat to public safety, they could be allowed to reopen by paying a fine.
Provide agency recommendation for modification or elimination.	Add Sec. 11.614 (Order Suspending Permit or License) to list of exceptions in Sec. 11.64 so the agency does not have offer a civil penalty in lieu of an emergency suspension.
Describe the estimated cost savings or other benefit associated with recommended change.	Aligns Sec. 11.614 with Sec. 11.64 and ensures continuing threats to public welfare or safety are handled via suspension rather than allowing them to remain open by paying a fine.

Service, statute, rule, or regulation	Commission-approved seller/server training programs
Describe why the service, statute, rule or regulation is resulting in inefficient	Sec.106.14 directs the commission to set requirements for and approve seller training programs. These programs educate individuals on alcoholic beverage laws related to minors and intoxicated persons, how to identify minors and signs of intoxication, and how to intervene and refuse illegal



or ineffective agency operations.

alcohol sales. The commission has established a core curriculum that is used as a starting point for third parties to train more than 400,000 employees across Texas every year. Under the statute, the Commission must review and approve the training program more than 60 third-party training providers each year. These annual reviews are time- and labor-intensive, as they require the agency to review curricula, content and for each provider.

The same Code provision (Sec. 106.14) outlines conditions for retailer protection, known as safe harbor, so the retailer cannot be held accountable for the actions of an employee who commits an offense (e.g., served alcohol to a minor or an intoxicated person). One of the conditions requires all employees attend a commission-approved seller training program. As such, training providers submit regular reports to TABC detailing the names of individuals who receive seller-server certification. These reports are used as proof that an employee has received certification and are often referenced in administrative or criminal cases involving illegal alcohol sales.

Unfortunately, the high number of authorized training providers has led to multiple errors in data entry resulting in incomplete or inaccurate records for certified individuals. Worse, the agency has cited some training providers for fraudulent activity.

The inefficiencies of the seller/server training program are due to the high number of providers (60+). Fewer (or a single) providers would minimize, if not eliminate, the efficiencies and fraudulent activities.



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<p>Provide agency recommendation for modification or elimination.</p>	<p>Authorize the commission to administer the seller training program similar to the authority given to the commission in Sec. 57.09 to administer an alcohol delivery training program. In 2019 the Consumer Delivery Permit (e.g., Grubhub, UberEats, Toast, etc.) was created to deliver an alcoholic beverage from a retailer to a consumer TABC was given responsibility for directly administering delivery driver training.</p>
<p>Describe the estimated cost savings or other benefit associated with recommended change.</p>	<p>As the sole provider of a seller/server training program, TABC would ensure consistent content is provided to all sellers/servers who complete the training, make it easier for the course content to be kept up to date, and create better trained and more responsible sellers and servers, supporting the agency's public safety mission.</p>

<p>Service, statute, rule, or regulation</p>	<p>New Senior Agent Classification</p>
<p>Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.</p>	<p>The current agency practice and State Classification Plan require externally hired candidates to be paid entry level wages, regardless of the level of experience they possess. This presents a barrier to hiring external candidates with prior law enforcement experience at a competitive salary rate.</p>
<p>Provide agency recommendation for modification or elimination.</p>	<p>Adopt in the GAA a new classification of Senior Agent. For the FY2022-2023 biennium, the State Auditor's Office concurred with the agency's request to add this classification to Schedule C. A Senior Agent is distinguished from the Agent class by a higher level of responsibility and less need for supervision. A Senior Agent requires eight years of experience in law enforcement.</p>



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<p>Describe the estimated cost savings or other benefit associated with recommended change.</p>	<p>The Senior Agent classification will create a new opportunity for career progression for existing employees beyond the traditional managerial route. Having this new classification option will improve recruitment and retention and competitiveness with comparable positions at other Article V agencies such as the Office of Inspector General, Attorney General, Department of Criminal Justice, and Department of Public Safety.</p>
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<p>Service, statute, rule, or regulation</p>	<p>60-day sign requirement. (Sec. 11.391 and 61.381)</p>
<p>Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.</p>	<p>Certain retailers applying for a new license or permit must post a sign at the business location to notify the public of their intent to sell alcohol. The outdoor sign (often referred to as a 60-day sign) has to be visible to the public for 60 days before TABC can issue the license or permit. This is to alert the community and give citizens opportunity to protest the application (if eligible to do so).</p> <p>Recent advancements in technology and efficiencies have reduced the time it takes to issue a new license or permit to 30 days or less, making the 60-day requirement both cumbersome for TABC processors and burdensome for applicants.</p>
<p>Provide agency recommendation for modification or elimination.</p>	<p>Reduce requirement to post sign for 30 days instead of 60 days.</p>
<p>Describe the estimated cost savings or other benefit associated with recommended change.</p>	<p>Affected applicants will get into business up to 30 days faster, allowing them to generate revenue – and associated local and state taxes – more quickly.</p>



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Service, statute, rule, or regulation	Applicant to Publish Notice. Sections 11.39 and 61.38
Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.	An applicant for certain license/permit types must give notice of application in a newspaper in the city or county where the license/permit will be held. With the information age of today, newspaper subscriptions are declining. Applicants should have other methods of available for providing notice to communities.
Provide agency recommendation for modification or elimination.	Allow multiple means of notice such as internet media or broadcast outlets, online notices, social networks, neighborhood links, and others.
Describe the estimated cost savings or other benefit associated with recommended change.	Expanded notification methods give applicants more avenues to publicize to the community their intent to obtain a license or permit from TABC. More citizens are likely to be aware of the application for a license or permit due to the additional publication options.

Service, statute, rule, or regulation	Disparity among retail license/permit types
Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.	<p>Despite recent improvements, disparities exist between certain license and permit types which serve no obvious public safety or regulatory purpose, and likely are remnants from previous statutes which have not been updated. These disparities are confusing to applicants and are an economic barrier for many. These differences require extra steps by industry and agency staff, leading to unnecessary delays in processing.</p> <p>Examples:</p> <ul style="list-style-type: none"> --For some permit types, the application can be denied if the spouse of the applicant does not qualify. --In case of death of some permittees, a spouse or descendant can only operate until expiration and then apply



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	<p>for a new permit; for other permittees, a spouse or descendant can renew the permit.</p> <p>--For one permit type, if the business is owned by two corporations and they merge, then there's no change in operations; but all other permit types would have to apply for a new permit.</p> <p>--Patrons of some permittees may leave/return to the premises with an alcoholic beverage; other permittees do not have this privilege.</p>
<p>Provide agency recommendation for modification or elimination.</p>	<p>In general, amend Code to be consistent across all license/permit types unless there is a justifiable public safety or business reason. Specifically,</p> <p>--repeal references regarding denial of an application due to the applicant's spouse so all applicants and applicants' spouses are held to the same standards.</p> <p>--upon death of permittee, allow spouse or descendant to renew the license/permit if they are eligible to hold that license/permit.</p> <p>--eliminate restrictions so all on-premise retailers are subject to the same guidelines for control, access, and egress.</p>
<p>Describe the estimated cost savings or other benefit associated with recommended change.</p>	<p>Having consistent regulations among similar permit types would be more fair and cause less confusion among applicants. It would streamline the application process, leading to faster processing of applications and renewals. It could eliminate the need for some permit types, in certain situations, to submit an original application upon the permittee's death or sale of the business. This is significant because an original application is much more involved and time consuming than renewing an existing permit and limits interruptions to business.</p>



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Service, statute, rule, or regulation	Fee Interest Bond. Sections 62.14(e) and 63.05(e), Rule 33.45(b).
<p>Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.</p>	<p>The Code requires an entity that is a party to an alternating brewery proprietorship or contract brewing arrangement must post a \$30,000 bond if they do not own a fee interest in a brewing facility. Generally, the purpose of the bond is to allow the state to recover unpaid taxes and/fees and as a deterrent to violating the law. It is not clear what type of interests the statute intends to implicate (e.g. ownership of the building and/or equipment vs. leasing the facility). TABC has interpreted the term, via principles of property law, as requiring ownership. Even if the term was clear, the agency has no authority to forfeit or revoke the bond as with performance and conduct surety bonds held by permittees. Without the ability to require payment of the bond to the state through forfeiture, the requirement for the license holder to obtain the bond serves no purpose. Aside from pursuing an administrative case to suspend or cancel a license/permit, TABC has no independent authority to recover taxes and fees owed to the state.</p>
<p>Provide agency recommendation for modification or elimination.</p>	<p>Amend the Code to articulate for the purpose for the bond and the provisions on forfeiting. Empower the Commission to revoke the bonds when allowable under the law.</p>
<p>Describe the estimated cost savings or other benefit associated with recommended change.</p>	<p>All bonds are treated the same as it relates to forfeiture. Taxes and fees owed to the state are recovered without the need to expend additional state funds and resources by instituting a secondary civil action via court costs.</p>



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Service, statute, rule, or regulation	Ports of Entry. Sec. 107.07 and 201.71.
Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.	The Code requires the agency affix a stamp on each container imported into the state for personal consumption at ports of entry monitored by TABC Regulatory Compliance Officers. However, there is no practical reason to affix a stamp. A receipt provided to the individual is sufficient.
Provide agency recommendation for modification or elimination.	Make minor statutory revisions to allow the commission by rule to determine the most efficient way to enforce the reporting of excise taxes.
Describe the estimated cost savings or other benefit associated with recommended change.	Not printing stamps saves time for ports of entry staff and individuals importing alcohol, hastening the processing of tax payments at border crossings and reducing backup at the border. The time savings was evidenced by TABC staff suspending printing of tax stamps in March 2020 when the pandemic impacted how staff interacted with individuals importing alcohol.

Service, statute, rule, or regulation	Chapter 102, Control Labels/Exclusive Brands
Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.	Chapter 102 of the Code prohibits businesses in different tiers (i.e., manufacturers, distributors, and retailers) from owning or operating one another. The historical purpose of these provisions is to prevent unfair competition and unlawful trade practices in the marketplace. The term “control label” refers to a product that is made by a manufacturer exclusively for a particular retailer — in essence, the retailer controls the product, and no other retailer has access to it for resale. Thousands of control label products are in the Texas marketplace, despite the statutory prohibition against one tier managing or controlling the business or interests in another tier. The Code does not contain a provision directly



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	<p>prohibiting control labels. Instead, Chapter 102’s catch-all provisions make the practice unlawful. The commission has handled the denial of malt beverage products differently than wine and distilled spirits. Through rulemaking authority, the commission has traditionally denied control labels for malt beverage products. More than a decade ago, the law changed, and the commission was no longer allowed to deny control labels for wine and distilled spirits. This led to the population of thousands of control labels into the marketplace. Effective in 2021, new provisions direct TABC to register malt beverage, wine, and spirits labels that have received federal approval unless TABC determines that approving the label would create a cross-tier violation or otherwise violate the Code. TABC can deny all control labels for all products; however, prohibitions are still in place for control labels of malt beverages. Due to the number of control labels of wine and distilled spirits in the marketplace, it would be impossible for the agency to pursue thousands of cases, leading to selectively pursuing permittees for prosecution.</p>
<p>Provide agency recommendation for modification or elimination.</p>	<p>TABC recommends adding a provision to Chapter 102 which would authorize the production and sale of control label products under limited circumstances for wine and distilled spirits. This would create a business-friendly exception to Chapter 102’s tied house prohibitions that would allow for existing products to remain in the marketplace while encouraging a fairer competition. The provision could include parameters for what types of agreements a manufacturer and a retailer can enter into and could require the inclusion of a wholesaler as well to maintain the structure of three-tier system. Enforcing current law to eliminate the thousands of control label products in the state is neither feasible nor productive. It would result in loss of economic activity for manufacturers and retailers and reduce consumer choice. In addition, authorizing control label products in limited</p>



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	<p>circumstances would free up agency resources that are currently spent conducting investigations and reviewing forms for product registration.</p>
<p>Describe the estimated cost savings or other benefit associated with recommended change.</p>	<p>With clarity added to this chapter, the agency can efficiently enforce the law equally amongst all alcoholic beverage types and save agency resources.</p>

Service, statute, rule, or regulation	Protecting undercover agents in virtual SOAH hearings
<p>Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.</p>	<p>TABC undercover (UC) peace officers normally testify about operations regarding human trafficking, narcotics, and prostitution. Current statutes do not address the technology advancements of the State Office of Administrative Hearings (SOAH). Video-based hearings and judges are now requiring UCs to appear on camera for remote hearings. This prevents TABC from using these peace officers in future operations for obvious safety reasons. This is not an issue for in-person hearings because the judges would allow UC peace officers to appear by phone.</p>
<p>Provide agency recommendation for modification or elimination.</p>	<p>Protect undercover agents required to participate in virtual administrative hearings. This may be addressed through statute or SOAH policy.</p>
<p>Describe the estimated cost savings or other benefit associated</p>	<p>TABC is concerned about the safety of its undercover agents. Being forced to reveal themselves in a virtual hearing unnecessarily puts their safety in jeopardy. Additionally the agency does not have the funding or resources to be able to hire new undercover agents to replace those who had been</p>



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with recommended change.	compromised with the frequency this new requirement would cause.
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Service, statute, rule, or regulation	Chapter 54 does not require a permit or notification of each location in the same manner as section 11.02 does for in-state permit holders.
Describe why the service, statute, rule, or regulation is resulting in inefficient or ineffective agency operations.	Section 11.02 requires a separate permit for “each outlet of liquor in the state.” All in-state license/permit holders must obtain a license/permit for each separate location they operate or conduct the privileges granted to them under the Code. Chapter 54 authorizes issuance of an Out-of-State Winery Direct Shipper’s Permit for wineries outside of Texas enabling them to sell and ship product directly to Texas consumers. The Code does not clearly require a separate permit for each location of the businesses operating under the permit as they do not have an outlet “in the state.” TABC is aware that a number of businesses operate at and ship product to Texas from multiple locations across the country as well as through shared warehouses. This allows some businesses to sell and ship product to Texas consumers without the knowledge of TABC and to evade payment of state taxes.
Provide agency recommendation for modification or elimination.	Require either a separate permit for each location or registration of each location that is separate from, but connected to, the main location listed under the permit.
Describe the estimated cost savings or other benefit associated with recommended change.	Without clarification, TABC is unable to track all of the locations and protect consumers from harmful products sold from an unknown or unpermitted location, preventing the agency from collecting required taxes.



Supplemental Schedules



Budget Structure

Goals, Objectives and Outcome Measures, Strategies and Output, Efficiency and Explanatory Measures

GOAL 01: ENFORCEMENT

To protect the peace and safety of the public by taking positive steps to encourage voluntary compliance with the Texas Alcoholic Beverage Code and other state laws and by undertaking enforcement and regulatory actions that are fair and effective.

OBJECTIVE—01 Detect/Prevent Law Violations

Detect and prevent violations of the Alcoholic Beverage Code and other state laws that can occur on licensed premises, including those pertaining to human trafficking, drug trafficking, and other organized criminal activity.

Outcome Measures

- 01** Percentage of Licensed Establishments Inspected Annually
- 02** Percentage of Administrative Cases Resulting in Administrative Sanctions
- 03** Percentage of Priority Licensed Locations Inspected by Enforcement
- 04** Retailer and Direct Sale Manufacturer Public Safety Compliance Rate
- 05** Priority Licensed Location Public Safety Compliance Rate
- 06** Recidivism Rate – Licensed Retailers
- 07** Percentage of Priority Locations Relative to Total Number of Licensed Locations

STRATEGY—01 Enforcement

Deter and detect violations of the Alcoholic Beverage Code by inspecting licensed establishments and investigating complaints.



Output Measures

- 01 Number of Inspections Conducted by Enforcement Agents
- 02 Number of Inspections of Priority Licensed Locations Conducted by Enforcement Agents
- 03 Number of Organized Criminal Activity/Trafficking Investigations Closed
- 04 Number of Multi-Agency/Joint Operations Targeting Organized Crime and Trafficking in Counties Along the US/Mexican Border or Adjacent to the Gulf Intercoastal Waterway
- 05 Number of Single Agency Operations Targeting Organized Crime Activity (OCA) and Trafficking in Counties Along the US/Mexican Border or Adjacent to Border Counties & Gulf Intercoastal Waterway
- 06 Number of Undercover Operations Conducted

Efficiency Measures

- 01 Average Cost Per Enforcement Investigative Activity
- 02 Average Cost Per Investigative Activity Targeting Organized Criminal Activities and Trafficking Statewide

Explanatory Measures

- 01 Average Number of Days to Close a Complaint Investigation
- 02 Number of Licensed Locations Subject to Inspection
- 03 Number of Criminal Cases Filed
- 04 Number of Administrative Cases Initiated by Enforcement Agents
- 05 Number of Priority Licensed Locations
- 06 Number of Investigations Closed by Enforcement Agents
- 07 Number of Multi-Agency/Joint Operations Targeting Organized Crime and Trafficking Statewide
- 08 Number of Single Agency Operations Targeting Organized Crime and Trafficking Statewide



GOAL 02: LICENSE, PERMIT AND REGISTER QUALIFIED BUSINESSES AND PRODUCTS

To issue licenses and permits and register products for qualified businesses in compliance with the Alcoholic Beverage Code.

OBJECTIVE—01 Process Applications for Permits, Licenses and Product Registrations In a Timely Manner

Process applications for licenses, permits and product registration in an efficient and timely manner.

Outcome Measure

- 01 Average Number of Days to Approve an Original Primary License/Permit
- 02 Average Number of Days to Approve a Product Registration Application

STRATEGY—01 Licensing

Issue licenses and permits and register products while ensuring compliance with laws regarding ownership, performance, and other regulatory requirements.

Output Measures

- 01 Number of Applications Processed
- 02 Number of Licenses/Permits Issued
- 03 Number of Product Registration Applications Processed
- 04 Number of Product Registration Applications Issued

Efficiency Measure

- 01 Average Cost Per License/Permit Processed



GOAL 03: COMPLIANCE AND TAX COLLECTION

To ensure compliance with the Alcoholic Beverage Code in the manufacturing, importing, exporting, transporting, storing, selling, serving, and distributing of alcoholic beverages.

OBJECTIVE—01 Ensure Compliance with Alcoholic Beverage Code

Monitor all tiers of the alcoholic beverage industry and conduct inspections, audits, analyses, investigations, and other activities to encourage maximum voluntary compliance with the Alcoholic Beverage Code.

Outcome Measures

- 01 Compliance Rate — Audits
- 02 Percent of Wholesale and Manufacturing Report Analyses Resulting in Correction Notices
- 03 Compliance Rate — Auditor Inspections of Licensed Businesses
- 04 Compliance Rate — Auditor Investigations

STRATEGY—01 Compliance Monitoring

Inspect, investigate, and analyze all segments of the alcoholic beverage industry; verify the accuracy and timeliness of tax reporting payments; and initiate any necessary compliance and/or administrative actions for failure to comply while providing instruction to promote voluntary compliance.

Output Measures

- 01 Number of Wholesale and Manufacturing Reports Analyzed
- 02 Number of Audits Conducted
- 03 Number of Inspections Conducted by Auditors
- 04 Number of Complaint Investigations Closed by Audit

Efficiency Measures

- 01 Average Cost Per Audit
- 02 Average Cost Per Auditor Inspection
- 03 Average Cost Per Wholesale and Manufacturing Report Analyzed



Explanatory Measures

- 01 Number of Administrative Actions Initiated by Auditors and Other Audit Personnel
- 02 Number of Correction Notices from Analyses of Wholesale and Manufacturing Reports
- 03 Number of Trainees Obtaining Seller/Server and Alcohol Delivery Driver Certification
- 04 Average Cost Per Seller/Server and Alcohol Delivery Driver Trainee Certification

OBJECTIVE—02 Ensure Maximum Compliance at Ports

Ensure maximum compliance with laws regulating importation of alcoholic beverages and cigarettes at ports of entry.

Outcome Measure

- 01 Revenue as a Percent of Expenses

STRATEGY—01 Ports of Entry

Identify high traffic loads and strategically place personnel or equipment at ports of entry to more effectively regulate the personal importation of alcoholic beverages and cigarettes.

Output Measures

- 01 Number of Alcoholic Beverage Containers Stamped
- 02 Number of Cigarette Packages Stamped

Efficiency Measure

- 01 Average Cost Per Alcoholic Beverage Container/Cigarette Package Imported or Disallowed

Explanatory Measures

- 01 Number of Alcoholic Beverage Containers Disallowed
- 02 Number of Cigarette Packages Disallowed



Performance Measure Definitions

Goal 01 Promote the Health, Safety, and Welfare of the Public

Objective 01-01 Detect/Prevent Law Violations

Strategy 01-01-01 Enforcement

Outcome Measure Percentage of Licensed Establishments Inspected Annually
01-01-01-01

Definition: The percentage of licensed establishments inspected during a specified time period by enforcement agents and compliance auditors, expressed as a ratio of the number of individual establishments subject to inspection. With respect to this measure, an inspection is a visit to a licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws.

Purpose: This outcome is intended to measure the degree of coverage achieved by enforcement agents and compliance auditors during a specified period. Adequate coverage is deemed important because of the deterrent effect of the expectation of inspection and because inspections give licensees the opportunity to ask questions and receive answers that might prevent future violations.

Data Source: The data required to calculate the measure comes from the agency's automated inspection records and from its automated licensing records. Records of the inspections conducted by agents and compliance auditors are created as part of the data entry of daily activity reports by field personnel. An automated licensing record is created for each licensee by data entry of information from the licensee's application at the time of application and is updated at the time of approval and at the time of each subsequent renewal or change. The values reported for this measure are taken from automated agency reports.



Methodology: The measure is calculated by dividing the number of individual establishments actually inspected during a particular period by the number of licensed establishments subject to inspection during the same period. The number of individual establishments inspected is derived by first finding all inspection records for the inspections conducted during a specified period of time and then by sorting out inspection records with duplicate CLP's (alpha/numeric license identifiers unique to each establishment), leaving one record for each CLP and then counting the remainder. The number of establishments subject to inspections is determined by (1) searching the automated licensing files to identify all licenses that were active during the period in question; (2) then sorting out the records of all secondary licenses, leaving just one, the primary license record, for each establishment and finally (3) counting the remaining records.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No.

Target Attainment: Higher.

Outcome Measure 01-01-02

Percentage of Administrative Cases Resulting in Administrative Sanctions

Definition: The percentage of administrative cases originated by enforcement agents that were closed-- reached final disposition-- during a specified time period and that resulted in either specific sanctions being imposed upon a licensee or permittee or in sanctions being prevented by operation of Section 106.14 of the Alcoholic Beverage Code. For the purposes of this measure, an administrative case is a due process civil action in which the agency seeks to suspend, levy a civil penalty against, or cancel an entity's licensing privileges due to one or more violations of the Alcoholic Beverage Code.

Purpose: This outcome measures the quality of the administrative cases filed by enforcement agents by providing a ratio of the cases in which agency enforcement agents prevailed to the total number of Enforcement cases reaching a final disposition.

Data Source: Enforcement administrative violation records. These automated records are created using administrative notices as source documents and are updated throughout the case settlement process. The numbers required for the calculations associated with this measure are taken from automated agency reports.

Methodology: All administrative violation records that pertain to cases that were settled (e.g., reached final disposition or were "closed") during the period of interest are identified and counted. Then within that group of case records, all records with disciplines (final dispositions) other than those dismissed are identified and counted.



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As the final step in the calculation, the number of administrative cases with disciplines other than some form of “dismissed” is divided by the total number of administrative cases that had been settled or closed during the same time period.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No.

Target Attainment: Higher.

Outcome Measure

01-01-01-03
(Key)

Percentage of Priority Licensed Locations Inspected by Enforcement

Definition: The number of priority licensed locations actually inspected by enforcement agents during a specified time period divided by the total number of licensed locations meeting the criteria for priority status during the same time period. An inspection is a visit to a licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws. A licensed location may be deemed a priority licensed location if (1) there is a recent (past six months) history of public safety violations occurring on its premises; (2) there is an open complaint investigation involving the location and allegations of public safety violations; or (3) the business has been licensed for less than two years, has not yet been the target of either a minor sting or undercover operation, and is either licensed to sell alcoholic beverages for off-premises consumption or is the holder of a late hours permit and is licensed to sell alcoholic beverages for on-premises consumption.

Purpose: This outcome measure sets a minimum coverage goal for licensed locations that are considered to be especially at risk for public safety violations due to the establishment’s past history or inexperience. It is intended to direct and require agent attention to those licensed locations where public safety violations are most likely to occur.

Data Source: Automated agency complaint, inspection, violation, and licensing records are the sources of the information used to calculate the value of this measure. These records are created by data entry from standardized forms or, in some cases, by data entry from handwritten field notes. The specific numbers used in the calculation come from agency automated reports.

Methodology: Priority licensed locations are identified by comparing pre-set risk criteria against automated complaint, violation, inspection, and licensing records stored in the agency's database to determine which licensed entities met the risk criteria during a specified time period. The primary license numbers of the entities



determined to be at risk for future public safety violations are then compared against the license numbers contained in inspection records to identify the priority licensed locations that were inspected during the period in question. The number of priority locations subject to inspection is totaled, as is the number of priority licensed locations inspected. The required percentage is derived by dividing the number of priority licensed locations inspected during the period in question by the total number of priority licensed locations subject to inspection during the same period.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No.

Target Attainment: Higher.

Outcome Measure

01-01-01-04

Retailer and Direct Sale Manufacturer Public Safety Compliance Rate

Definition: The number of inspections of licensed businesses that sell or serve alcoholic beverages directly to the public conducted by enforcement agents during a specified time period that did not result in the filing of criminal or administrative charges for public safety violations divided by the total number of inspections of such businesses conducted by agents during the same time period. For the purposes of this measure, an inspection is a visit to a licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws.

Purpose: This outcome measure gauges the degree to which licensed retailers, direct sale manufacturers, and their customers actually complied with the public safety provisions of the Alcoholic Beverage Code and other laws.

Data Source: Automated agency inspection record and automated violation records related to those inspection records are the sources of the data used to calculate this measure. The automated inspection records are created during data entry of employee daily activity reports and field notes. The automated violation records are created by data entry of hardcopy criminal citations and administrative notices. The values needed for the calculation of this measure are taken from agency automated reports.

Methodology: The automated records pertaining to inspections conducted at retail locations or on the premises of manufacturers (breweries, distilleries, or wineries) that are authorized to sell or serve limited quantities of alcoholic beverages directly to the public during the period in question are identified and counted. These records and their related violation records are further examined to identify all inspections that did not produce criminal or administrative cases involving one or more public safety



violations. The number of elements identified as belonging to this subset is then totaled and that total is divided by the total number of inspections conducted at retail or qualifying manufacturing tier locations during the period of interest to derive the desired percentage.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No.

Target Attainment: Higher.

Outcome Measure

01-01-01-05

Priority Licensed Location Public Safety Compliance Rate

Definition: The number of inspections of priority licensed locations conducted by enforcement agents during a specified time period that did not result in the filing of charges for criminal or administrative public safety violations divided by the total number of inspections of priority licensed locations conducted by agents during the same time period. A licensed location may be deemed a priority licensed location if (1) there is a recent (last six months) history of public safety violations occurring on its premises; (2) there is an open complaint investigation involving the location and allegations of public safety violations; or (3) the business has been licensed for less than two years, has not yet been the target of either a minor sting or undercover operation, and is either licensed to sell alcoholic beverages for off-premises consumption or is the holder of a late hours permit and is licensed to sell alcoholic beverages for on-premises consumption.

Purpose: This outcome measure gauges the degree to which licensed businesses that meet the criteria for priority status and their customers actually complied with the public safety provisions of the Alcoholic Beverage Code and other laws.

Data Source: Automated agency inspection records are the sources of the data used to calculate this measure. The automated inspection records are created during the data entry made by employees based on their daily activities. The automated violation records are created by the data entry of criminal citations and administrative notices. Automated complaint records are created and assigned for investigation when allegations concerning possible violations of the Alcoholic Beverage Code and other state laws are received from the public, elected officials, and other agencies. The values needed for the calculation of this measure are taken from automated agency reports.

Methodology: Priority licensed locations are identified by comparing pre-set risk criteria with automated violation, inspection, licensing, investigation, and complaint



records to determine which licensed entities meet the risk criteria during the period in question. The primary license numbers of the entities determined to be at risk are then compared with the license numbers of the establishments inspected during the period in question. The inspection records pertaining to priority licensed locations are further examined to determine which inspections did not result in criminal or administrative cases involving public safety violations. The number of inspections involving priority licensed locations that did not result in public safety-related criminal or administrative cases is then divided by the total number of inspections involving priority licensed locations to derive the desired percentage.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No.

Target Attainment: Higher.

Outcome Measure

01-01-01-06

Recidivism Rate - Licensed Retailers

Definition: The percent of the licensed retailers charged with an administrative public safety offense during a specified time period that have been charged with other public safety violations during the 12 months preceding the last public safety offense they committed during the period under review.

Purpose: This outcome measures retailer recidivism with respect to public safety violations and provides a method of gauging the Enforcement Division's effectiveness in preventing subsequent public safety offenses by the same retailer.

Data Source: Enforcement administrative case records are created using administrative notices as source documents and are then sorted and tabulated in various ways to obtain the reported values. The reported values are taken from an automated agency report.

Methodology: First, all administrative case records originated for offenses that occurred during a specified period of time are sorted to identify and count all licensed retailers that were charged with public safety offenses during that time period. The agency's administrative case records are again reviewed, this time in comparison with a list of the retailers identified during the first step, to determine if any of those retailers had been charged with a prior public safety offense during the twelve months preceding the last public safety offense they committed during the period under review. Those found to have prior public safety charges meeting this criterion are also counted. In the final step, the number of public safety offenders with prior offenses is divided by the total number of public safety offenders.



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Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No.

Target Attainment: Lower.

Outcome Measure 01-01-07 (New)

Percentage of Priority Locations Relative to Total Number of Licensed Locations.

Definition: The percentage of priority or high-risk licensed establishments during a specified time, expressed as a ratio of the total number of individual licensed locations during the same time.

Purpose: This outcome is intended to measure the proportion of high-risk locations relative to all licensed locations under TABC preview. As TABC moves to a risk-based enforcement model, agency resources are directed at high risk priority locations.

Data Source: Priority licensed locations are identified by comparing pre-set risk criteria against automated complaint, violation, inspection, and licensing records stored in the agency's database to determine which licensed entities met the risk criteria during a specified time period. Total number of licensed locations is determined by licensing records, which are created and updated using original, renewal, and change applications as the primary source documents, are used in the compilations required to derive the reported total. The reported total is taken from an automated agency report.

Methodology: The measure is calculated by dividing the number of priority or high risk licensed locations by the total number of licensed locations during the same period, expressed as a percent.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: Yes.

Target Attainment: Lower.

Output Measure 01-01-01 (Key)

Number of Inspections Conducted by Enforcement Agents



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Definition: Number of inspections of licensed premises conducted by agency enforcement agents during a specified period of time. For the purpose of this measure, an inspection is a visit to a licensed location, a proposed licensed location, or any other physical location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws. Undercover compliance checks also fall within this definition.

Purpose: Inspections are the agency's primary law enforcement work process. There are various forms or types of inspections but what they all have in common is a physical encounter for the purpose of confirming or enforcing compliance with state laws. Counting inspections provides an accurate representation of the number of times agents have conducted physical compliance checks during the course of their law enforcement duties.

Data Source: The information required to derive the count comes from inspection records in the agency's agent activity reporting system. Each individual inspection made by an agent is noted in the agent's daily activity report or field notes. When these reports or notes are data entered, an automated record summarizing each inspection is created. The values reported for this measure are taken from an automated agency report.

Methodology: The measure is calculated by counting the number of automated inspection records that were originated for activity occurring during a specified period of time.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Target Attainment: Higher.

Output Measure 01-01-01-02 (Key)

Number of Inspections of Priority Licensed Locations Conducted by Enforcement Agents

Definition: Number of inspections of priority licensed locations (i.e. licensed locations previously determined to be "at risk" for future public safety violations) conducted by enforcement agents during a specified time period. An inspection is a visit to a licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws. A licensed location may be deemed a priority licensed location if (1) there is a recent (last six months) history of public safety violations occurring on its premises; (2) if there is an open complaint investigation involving the location and allegations of public safety violations; or (3) the business has been licensed for less than two years, has not yet been the target of either a minor sting or undercover



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operation, and is either licensed to sell alcoholic beverages for off-premises consumption or is the holder of a late hours permit and is licensed to sell alcoholic beverages for on-premises consumption.

Purpose: This output measure provides a count of the number of times enforcement agents inspected licensed locations that had been previously determined to be especially “at risk” for public safety violations.

Data Source: Data sources include Enforcement records created by data entry from Agents' automated daily activity reports; automated enforcement criminal case, administrative case, and complaint investigation records created by data entering citations, administrative notices, and complaint cards; and licensing records created and updated by data entry from original, renewal, and change applications. The values reported for this measure are taken from an automated agency report.

Methodology: The priority licensed locations that were in business and subject to inspection during the period of interest are identified by first checking licensing records to determine which licensed businesses were in business and then by cross comparing each with the pre-set criteria for priority status to identify the licensed businesses meeting the criteria during the period in question. The license numbers of the licensed businesses that were determined to have met the criteria for priority status and that were subject to inspection are compared with those found in the enforcement inspection records for the period. The inspection records involving locations that were in priority status at the time of the inspection are then counted and that total becomes the value reported for this measure.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Target Attainment: Higher

Output Measure 01-01-03 (Key)

Number of Organized Criminal Activity/Trafficking Investigations Closed

Definition: The number of investigations completed by agency investigators during a specified time period that involved allegations with a suspected nexus to human trafficking, drug trafficking, money laundering, or any other organized criminal activity related to a licensed entity.

Purpose: Provides a count of the number of investigations completed by agency investigators within a specified time period that involved allegations with a suspected nexus to human trafficking, drug trafficking, money laundering, or other organized



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criminal activity related to a licensed entity. This measure assists with assessing the agency's impact on organized crime and trafficking activity in the state.

Data Source: The primary data sources are agency automated investigation records, which are created when the initial allegation is received and updated throughout the course of the investigation. The value reported is taken from an automated agency report.

Methodology: All investigation records with an OCA/Trafficking nexus with closed dates falling within the specified date range are identified and counted. The total of that count is the value reported for this measure. This metric is primarily worked by units that specialize in long-term, in-depth investigations; however, the contributions of field Enforcement personnel are also counted.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Target Attainment: Higher.

Output Measure 01-01-01-04 (Key)

[Number of Multi-Agency/Joint Operations Targeting Organized Crime and Trafficking in Counties Along the US/Mexican Border or Adjacent to the Gulf Intercoastal Waterway.](#)

Definition: The number of joint operations that target organized criminal activities (OCA) or trafficking conducted within a specified time period in the TABC's Border Region and involving the TABC and at least one other agency. Joint operations are TABC inspections conducted by TABC agents or investigators with the material support of personnel from at least one other agency. For purposes of this measure, operations are counted in counties along the US/Mexico border or adjacent to the Gulf Intracoastal Waterway.

Purpose: The volume of multi-agency joint operations demonstrates the degree to which the TABC is cooperating and sharing resources with other agencies in the Border Region that are also involved in the fight against organized crime, human trafficking, money laundering, and drug trafficking. This measure assists with assessing the agency's impact on organized crime and trafficking activity in the state.

Data Source: The information required to derive the reported value comes from inspection records made by an agent and recorded in the agency's database. An automated report is used to search the agency's investigative activities, find the records of interest and count them. The values reported for this measure are taken from that automated report.



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Methodology: An agency automated report searches the agency's inspection database and finds all inspection records related to the following characteristics: a designated activity class of "OCA/Trafficking Investigations" or "Support Task Force Operations" identified as joint of task force operations; a joint operation flag with the value "Y"; a location address that includes the name of a Texas county located within the boundaries of the TABC's Border Region along the US/Mexican Border or Adjacent to the Gulf Intercoastal Waterway; and an inspection date that falls within the specified date range. The report then counts the records found and the total from that count becomes the value reported for the measure. This measure is primarily worked by units that specialize in long-term, in-depth investigations; however, the contributions of field Enforcement personnel are also counted.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Target Attainment: Higher.

Output Measure 01-01-01-05 (Key)

Number of Single Agency Operations Targeting Organized Crime Activity (OCA) and Trafficking in Counties Along the US/Mexican Border or Adjacent to Border Counties & Gulf Intercoastal Waterway

Definition: The number of operations that target organized criminal activities (OCA) or which includes trafficking activities conducted within a specified time period in the TABC's Border Region and involving the TABC. Single agency operations are TABC inspections conducted by TABC agents or investigators without the material support of at least one other agency. For purposes of this measure, operations are counted in counties along the US/Mexico border or adjacent to the Gulf Intercoastal Waterway.

Purpose: The volume of single agency operations demonstrates the degree to which TABC devotes its resources the Border Region to fighting against organized crime, human trafficking, money laundering, and drug trafficking. This measure assists with assessing the agency's impact on organized crime and trafficking activity in the state.

Data Source: The information required to derive the reported value comes from inspection records in the agency's made by an agent and recorded in the agency's database. Each individual inspection made by an agent or auditor investigator is noted in that individual's daily activity report or field notes. An automated report is used to search the agency's inspection investigative activities database, and to find the records of interest and count them records of interest. The values reported for this measure are taken from that automated report.

Methodology: An agency automated report searches the agency's inspection database and finds all inspection records related to with the following characteristics: a designated activity class of "OCA/Trafficking Investigations" or "Support Task Force



Operations” identified as single agency operations; an operation flag with the value “Y”; a location address that includes the boundaries of the TABC’s Border Region along the US/Mexican Border or Adjacent to the Gulf Intercoastal Waterway; and an inspection date that falls within the specified date range. The report then counts the records found and the total from that count becomes the value reported for the measure. This metric is primarily worked by units that specialize in long-term, in-depth investigations; however, the contributions of field Enforcement personnel are also counted.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: Yes.

Target Attainment: Higher.

Output Measure 01-01-01-06

Number of Undercover Operations Conducted

Definition: The number of undercover operations conducted by agency enforcement agents during a specified period of time. For the purpose of this measure, an undercover operation is an inspection conducted in a covert method for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws. Underage Compliance Operations and Operation Fake Outs would also fall within this definition.

Purpose: Undercover operations are the agency's most effective method in confirming compliance with state laws. Counting undercover operations provides an accurate representation of the number of inspections of this nature are being performed by enforcement agents in order to check compliance.

Data Source: The information required to derive the count comes from inspection records conducted in the form of a covert method in the agency’s agent activity reporting system. When inspections are data entered, an automated record summarizing each covert inspection is created. The values reported for this measure are taken from an automated agency report.

Methodology: The measure is calculated by counting the number of automated inspection records conducted by means of a covert method that were originated for activity occurring during a specified period of time. The calculation includes undercover operations conducted by specialized and non-specialized units.

Data Limitations: None.

Calculation Method: Cumulative.



New Measure: No.

Target Attainment: Higher.

Efficiency Measure
01-01-01-01 (Key)

Average Cost Per Enforcement Investigative Activity

Definition: The cost of all law enforcement activity during a specified period of time divided by the total number of investigative activities conducted by enforcement agents during the same time period.

Purpose: This efficiency measure provides a unit cost figure for the core law enforcement activity.

Data Source: Enforcement automated investigative activity records are the primary source documents used in the calculation of the measure. An agency automated report draws data from the individual activity records and compiles statewide totals for the reporting period for agent investigative activities conducted. Agency expenditures are tracked in the state's automated accounting system (currently CAPPs), and the cost data is extracted quarterly through an agency automated report that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the TABC automated report.

Methodology: The total expenditures for all enforcement activities is divided by the total number of investigative activities conducted by enforcement agents during the same period to derive a per investigative activity unit cost. The calculation for this measure includes investigative activities conducted by specialized and non-specialized units.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No.

Target Attainment: Lower.

Efficiency Measure
01-01-01-02 (Key)

Average Cost Per Investigative Activity Targeting Organized Criminal Activities and Trafficking Statewide

Definition: The cost of law enforcement investigative activities conducted targeting organized crime and trafficking allegations during a specified period of time divided by the total number of investigative activities targeting organized crime and trafficking allegations conducted by enforcement agents during the same time period.



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Purpose: This efficiency measure provides a unit cost figure for law enforcement activities conducted to target organized crime and trafficking allegations.

Data Source: Enforcement automated investigative activity records are the primary source documents used in the calculation of the measure. An agency automated report draws data from the individual investigative activity records and compiles statewide totals for the reporting period for agent investigative activities conducted. Agency expenditures are tracked in the state's automated accounting system (currently CAPPs), and the cost data is extracted quarterly through an agency automated report that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the TABC automated report.

Methodology: The total expenditures for all enforcement investigative activities identified as targeting organized crime and/or trafficking allegations is divided by the total number of investigative activities identified as targeting organized crime and/or trafficking allegations, conducted by enforcement agents during the same period to derive a per investigative activity unit cost. The calculation for this measure includes activities conducted by specialized and non-specialized units; the measure is predominantly carried out by agents assigned to specialized units.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No

Target Attainment: Lower.

Explanatory Measure 01-01-01-01

Average Number of Days to Close a Complaint Investigation

Definition: The sum of the days complaint investigations closed by Enforcement personnel during a specified time period were in "open" status divided by the number of complaint investigations closed.

Purpose: This outcome measures the Enforcement Division's ability to investigate and close complaints within a reasonable amount of time.

Data Source: Automated complaint investigation records pertaining to complaints investigated by enforcement personnel are the source of the information used for this measure. These records are created immediately following the receipt of a complaint from the public, another agency, or other party, updated periodically over the course of the investigation, and then closed with any outcomes noted at its conclusion.



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Methodology: An automated agency report identifies all complaint investigation records for investigations closed during the period of interest, subtracts the received date found in each from the record's complaint closed status date, totals the resulting values, and then divides that sum by the number of complaint investigations closed.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No.

Target Attainment: Lower.

Explanatory Measure 01-01-01-02

Number of Licensed Locations Subject to Inspection

Definition: The number of licensed locations subject to inspection during a specified period of time.

Purpose: This explanatory measure provides a count of the number of active licensed locations during the period in question.

Data Source: Licensing records, which are created and updated using original, renewal, and change applications as the primary source documents, are used in the compilations required to derive the reported total. The reported total is taken from an automated agency report.

Methodology: Licensing records are cross referenced and counted to identify the physical locations that are occupied by business entities that were licensed by the agency during the period in question.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No.

Target Attainment: Higher.

Explanatory Measure 01-01-01-03

Number of Criminal Cases Filed

Definition: Number of criminal cases originated by enforcement agents during a specified time period.

Purpose: While compliance is the desired outcome of enforcement operations, it is not always the outcome obtained. This explanatory measure provides a count of another



possible outcome—the criminal cases initiated by enforcement agents, which arise when agents observe a person committing a criminal offense.

Data Source: Enforcement criminal case records which are data entered into agency records management system are counted to obtain reported total. The values reported are taken from an agency automated report.

Methodology: All criminal case records in the agency's database with violation dates within the date range of interest are found and counted. The total is the number of criminal cases initiated by agents during the period in question.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Target Attainment: Lower.

Explanatory Measure 01-01-01-04

Number of Administrative Cases Initiated by Enforcement Agents

Definition: Number of administrative cases filed by enforcement agents during a specified time period. An administrative case is an administrative action initiated against a licensee for the purpose of suspending, levying a civil penalty, or cancelling the licensee's licensing privileges due to a violation of the Alcoholic Beverage Code.

Purpose: While compliance is the desired outcome of enforcement operations, it is not always the outcome obtained. This explanatory measure provides a count of another possible outcome — the administrative cases initiated by enforcement agents, which arise when agents observe a license/permit holder or an employee of a license or permit holder committing a public safety offense.

Data Source: The data used in the calculation comes from enforcement administrative case records which are data entered using administrative notices or field notes as source documents. The values reported are taken from an agency automated report.

Methodology: All administrative case records in the agency database with issue dates falling within the specified date range are found and counted.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Target Attainment: Lower.



Explanatory Measure **Number of Priority Licensed Locations**
01-01-01-05

Definition: The number of licensed locations whose licenses or permits were active during the period in question and that were determined by the agency to be especially "at risk" for future public safety violations. A licensed location may be deemed a priority licensed location if (1) there is a recent (last six months) history of public safety violations occurring on its premises; (2) there is an open complaint investigation involving the location and allegations of public safety violations; or (3) the business has been licensed for less than two years, has not yet been the target of either a minor sting or undercover operation, and is either licensed to sell alcoholic beverages for off-premises consumption or is the holder of a late hours permit and is licensed to sell alcoholic beverages for on-premises consumption.

Purpose: This explanatory measure provides a count of the licensed locations that are the primary target of agency enforcement operations. This value is used in calculating the "Percent of Priority Licensed Locations Inspected by Enforcement Agents" outcome measure.

Data Source: Licensing records, which are entered and updated using original, renewal, or change applications, are the primary source documents. Also agency complaint, inspection, and violation records, which are entered into agency data systems using agent field notes, administrative notices, criminal citations, and other standard forms as the initial source documents. The values actually reported are taken from an agency automated report.

Methodology: Licensing records are reviewed to determine which licensed locations were in business and, therefore, subject to inspection during the period in question. The history of each license found to be subject to inspection is then compared with pre-set risk criteria to determine which should be considered especially "at risk" for public safety violations. These priority licensed locations are then counted and the total is the value reported.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No.

Target Attainment: Lower.

Explanatory Measure **Number of Investigations Closed by Enforcement Agents**
01-01-01-06

Definition: Number of investigations led by enforcement agents that were closed during a specified period of time.



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Purpose: Investigations are done by conducting interviews, auditing documents and records, conducting undercover operations or other physical inspections and engaging in other investigative activity. These investigations are closed when either the allegations have been disproved, or when sufficient evidence to sustain the allegations has been found, or when agents have made a reasonable effort to prove or disprove the allegations and have been unable to find sufficient evidence to support either outcome. This particular explanatory measure provides a count of the number of investigations that were closed during a specified time period. That total is used in calculating the "Average Number of Days to Close a Complaint Investigation" explanatory measure.

Data Source: Enforcement investigation records, which are data entered and counted to obtain reported total. The totals reported are taken from an automated agency report.

Methodology: All investigation records with an agent as the "lead investigator," a "closed" status, and status date falling within the specified date range are identified and counted. The resulting total is reported as the value for this measure.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Target Attainment: Higher.

Explanatory Measure 01-01-01-07

Number of Multi-Agency/Joint Operations Targeting Organized Crime Statewide

Definition: The number of joint operations that target organized criminal activities (OCA) or trafficking conducted within a specified time period and involving TABC and at least one other agency. Joint operations are TABC inspections conducted by TABC agents or investigators with the material support of personnel from at least one other agency.

Purpose: The volume of multi-agency joint operations demonstrates the degree to which the TABC is cooperating and sharing resources with other agencies that are also involved in the fight against organized crime, human trafficking, money laundering, and drug trafficking.

Data Source: The information required to derive the reported value comes from inspection records in the agency's activity reporting system. Each individual inspection made by an agent or investigator is noted in that individual's daily activity report or field notes. When these reports or notes are data entered, an automated record summarizing each inspection is created. An automated report is used to search the



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agency's inspection database, find the records of interest, and then count them. The values reported for this measure are taken from that automated report.

Methodology: An agency automated report searches the agency's inspection database and finds all inspection records with the following characteristics: a designated activity class of "OCA/Trafficking Investigation" or "Support Task Force Operations", a joint operation flag with the value "Y", and an inspection date that falls within the specified date range. The report then counts the records found. The total from that count becomes the value reported for the measure.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Target Attainment: Higher.

Explanatory Measure 01-01-01-08

Number of Single Agency Operations Targeting Organized Crime and Trafficking Statewide

Definition: The number of single agency operations that target organized criminal activities (OCA) or trafficking conducted within a specified time period.

Purpose: The volume of single agency operations demonstrates the degree to which TABC is involved in the fight against organized crime, human trafficking, money laundering, and drug trafficking.

Data Source: The information required to derive the reported value comes from inspection records made by an agent and recorded in the agency's database. An automated report is used to search the agency's database, find the records of interest, and then count them. The values reported for this measure are taken from that automated report..

Methodology: An agency automated report searches the agency's database and finds all inspection records with the following characteristics: a designated activity class of "OCA/Trafficking Investigation" or "Support Task Force Operations", a single agency operation flag with the value "Y", and an inspection date that falls within the specified date range. The report then counts the records found. The total from that count becomes the value reported for the measure.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: Yes.



Goal 02	License, Permit and Register Qualified Businesses and Products
Objective 02-01	Process Applications for Permits, Licenses and Product Registration In a Timely Manner
Strategy 02-01-01	Licensing
Outcome Measure 02-01-01-01 (Key)	Average Number of Days to Approve an Original Primary License/Permit

Definition: Average number of days to process an original primary application for an in-state licensed business from the date the application is initially filed with TABC to the date the original primary license or permit is issued.

Purpose: Provides management with information concerning the average number of days required to process an original primary application from beginning of the process to the actual issuance of the primary license or permit. Fluctuation in this information alerts management to problems in the application process. The license application classes selected for monitoring are those most often sought by persons and entities attempting to start a new licensed business in Texas.

Data Source: Data required to calculate this measure is obtained from license/permit application records pertaining to the following license classes: MB, MB with a required FB, N, NE, NB, BG, BQ, BE, BF, P, Q, W, X, BB, BC, D, G, B, and BW. These records contain the date each application was originally received and the date on which each application was approved and the related license or permit was printed. An ad hoc report ran against agency automated data extracts the totals necessary to calculate the reported values.

Methodology: An automated agency report locates and counts all records pertaining to original applications for the classes of primary licenses (MB, RM, N, NE, NB, BG, BQ, BE, BF, P, Q, W, X, BB, BC, D, G, B, and BA) with application approved dates within the specified date range. For each record, the system subtracts the received date found in that record from its application approved date to determine the number of processing days required for the application. After next adding the number of processing days required for all records found, the report then divides that sum by the number of application records found during the initial search. The result of this calculation is the value reported for the measure.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No.

Target Attainment: Lower.



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Outcome Measure 02-01-01-02 (Key)

Average Number of Days to Approve a Product Registration Application

Definition: Average number of days to process a product registration application for a manufacturing tier licensed business from the date the application is initially filed with TABC to the date the product registration certificate is issued.

Purpose: Provides management with information concerning the average number of days required to process a product registration application for a licensed business from beginning of the process to the actual issuance of the certificate. Fluctuation in this information alerts management to problems in the application process. The product registration application classes selected for monitoring are those most often sought by persons and entities attempting to register a new product for sale in the state.

Data Source: Data required to calculate this measure is obtained from product registration application records pertaining to the following license classes: S, BN, BW, D, G, and BP w/MB/RM/ BG/BE. These records contain the date each application was originally received and the date on which each application was approved and the related certificate was issued. An ad hoc report ran against agency automated data extracts the totals necessary to calculate the reported values.

Methodology: An automated agency report locates and counts all records pertaining to product registration applications for the classes of licenses S, BN, B, D, G, and BP w/ MB/RM/BG/BE with application approved dates within the specified date range. For each record, the system subtracts the received date found in that record from its application approved date to determine the number of processing days required for the application. After next adding the number of processing days required for all records found, the report then divides that sum by the number of application records found during the initial search. The result of this calculation is the value reported for the measure.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: Yes.

Target Attainment: Lower.

Output Measure 02-01-01-01

Number of Applications Processed

Definition: This is intended to reflect the total number of license/permit applications (originals, renewals, subordinates, temporaries and changes) processed by the Licensing Division. For the purposes of this measure, an application is any requested change affecting the content of an existing primary or subordinate license/permit automated record, any request for a new primary or subordinate license/permit, any



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request to renew a primary or subordinate license/permit, or a request for a temporary license/permit. Also for the purposes of this measure, an application is considered fully "processed" on the date on which it is either approved, denied, or withdrawn.

Purpose: It provides management with information concerning the total work as to the number of applications processed, including those which require time to maintain the files in their current status.

Data Source: The data required to calculate this measure is obtained from automated license/permit application records. The values used in the calculation of this measure are taken from a series of automated reports that sort through the automated application records and tabulate the needed counts.

Methodology: The application records that were closed during the specified time period with a final status of approved, denied, or withdrawn are identified and counted. The total is the value reported for this measure. Transactions involving primaries and subordinates are counted separately, as are all transactions involving requested changes to the content of existing primary or subordinate license/permit automated records.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Target Attainment: Higher.

Output Measure 02-01-01-02 (Key)

Number of Licenses/Permits Issued

Definition: This measure provides the number of licenses and permits issued by the agency in a specific period. The count includes all original primary and subordinate licenses and permits issued to new businesses during the time period, all primary and subordinate licenses/permits issued to existing businesses renewing their licenses or permits during the same time period, and all temporary licenses and permits issued during that time period to licensed businesses and qualified organizations for short-term special events. Also included are all original and renewal licenses/permits issued to separately licensed agents of licensees or permittees.

Purpose: The number of licenses and permits issued determines the revenue generated by the Licensing Division from license/permit fees.

Data Source: The data required to calculate this measure is obtained from automated license/permit application records which are created as applications are received by the division and then updated as applications pass through the approval process. An automated agency report identifies and counts relevant records and provides the values reported for this measure.



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Methodology: An agency report finds all temporary, original, and renewal applications approved within a specified date range and counts all licenses and permits issued as originals or renewals, subordinates, some supplemental changes, and all temporaries issued as a result of those approvals. (Note: A license or permit is issued on the date on which it is approved.)

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Target Attainment: Higher.

Output Measure
02-01-01-03

[Number of Product Registration Applications Processed](#)

Definition: This is intended to reflect the total number of product registration applications processed by the Tax and Marketing Practices Division. For the purposes of this measure, an application is required by permitted businesses to register each alcoholic beverage product with the TABC. Also for the purposes of this measure, an application is considered fully "processed" on the date on which it is either approved, denied, or withdrawn.

Purpose: It provides management with information concerning the total work as to the number of applications processed, including those which require time to maintain the files in their current status.

Data Source: The data required to calculate this measure is obtained from automated product registration application records created by data entry from product registration applications as those applications are received by the division and updated as the application progresses through the approval process. The values used in the calculation of this measure are taken from a series of automated reports that sort through the automated application records and tabulate the needed counts.

Methodology: The application records that were issued during the specified time period with a final status of approved, denied, or withdrawn are identified and counted. The total is the value reported for this measure.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: Yes.

Target Attainment: Higher.

Output Measure
02-01-01-04 (Key)

[Number of Product Registration Applications Issued](#)



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Definition: This measure provides the number of product registrations issued by the agency in a specific period.

Purpose: The number of product registrations issued determines the revenue generated by the Tax and Marketing Practices Division from application fees.

Data Source: The data required to calculate this measure is obtained from automated product registration application records which are created as applications are received by the division and then updated as applications pass through the approval process. An automated agency report identifies and counts relevant records and provides the values reported for this measure.

Methodology: An agency report finds all product registration applications approved within a specified date range and counts all product registrations issued as separately.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: Yes.

Target Attainment: Higher.

Efficiency Measure 02-01-01-01 (Key)

Average Cost Per License/Permit Processed

Definition: This measure is intended to represent the average cost to process a license or permit. For the purposes of this measure, an application is any requested change affecting the content of an agency automated license/permit record, any request for a new primary or subordinate license/permit, any request to renew a primary or subordinate license/permit, or a request for a temporary license/permit. Also for the purposes of this measure, an application is considered fully "processed" on the date on which it is either approved, denied, or withdrawn.

Purpose: This measure allows management to monitor costs and control expenditures.

Data Source: The values used for the applications processed in the calculation of this measure are taken from a series of automated reports that An automated report sorts through the agency's closed automated application records and tabulates the needed counts are tracked in the state's automated accounting system (currently USAS), and the cost data is extracted quarterly by the agency's Business Services Division (BSD) to an Excel spreadsheet and used to create a quarterly "Expenditure Report" that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the BSD's "Expenditure Report."

Methodology: Total costs are divided by the total number of licenses/permits processed, including temporaries and changes.

Data Limitations: None.



Calculation Method: Noncumulative.

New Measure: No.

Target Attainment: Lower.

Goal 03

Ensure Compliance with Fees & Taxes

Objective 03-01

Ensure Compliance with the Alcoholic Beverage Code

Strategy 03-01-01

Conduct Inspections and Monitor Compliance

Outcome Measure 03-01-01-01 (Key)

Compliance Rate — Audits

Definition: The percentage of audits conducted by field auditors during which licensees and permittees were found to be in full compliance with the requirements of the Alcoholic Beverage Code and TABC Rules. For the purposes of this measure, an audit is defined as a systematic, in-depth review of the records and/or operations of a licensed business for the purpose of determining that business' compliance with specific requirements of the Alcoholic Beverage Code, TABC Rules, and other state laws.

Purpose: This measure shows the degree to which agency compliance efforts have been successful and regulated businesses conform to the requirements of state law and applicable state regulations.

Data Source: The numbers used to calculate the value of this measure come from agency automated reports, which in turn draw information from automated audit and violation records.

Methodology: The number of audits of licensed businesses conducted by auditors during a specified time period is counted. Also counted is a subset of this group which consists of those audits that did not result in administrative citations or tax/fee delinquency collections. The number of audits of licensed businesses during which no violations or delinquencies were found is then divided by the total number of audits of licensed businesses conducted by auditors to determine the value to be reported for this ratio.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No.



Target Attainment: Higher.

Outcome Measure
03-01-01-02

Percent of Wholesale and Manufacturing Report Analyses Resulting in Correction Notices

Definition: The percentage of wholesale and manufacturing reports analyzed during a specified time period in which reporting errors were found that resulted in the issuance of a notice requiring corrective action. These communications are, for all practical purposes, formal written warnings that describe the errors found and outline the corrective actions required.

Purpose: This measure shows the rate of noncompliance with the reporting requirements of the Alcoholic Beverage Code and Rules and the effectiveness of the agency's monitoring program in detecting reporting errors.

Data Source: Tax Division employees create automated records pertaining to each report analyzed and each correction notice issued. Agency automated reports identify and count these records. A staff member then transfers the totals to a manually prepared "Excise Tax Activity Report" which is retained as an Excel spreadsheet. The totals used for the calculation of this measure are taken from the period's "Excise Tax Activity Report."

Methodology: The number of correction notices issued during a specified time period is divided by the total number of reports analyzed during the same time period.

Data Limitations: None.

Calculation Method: Noncumulative.

Target Attainment: Lower.

Outcome Measure
03-01-01-03 (Key)

Compliance Rate — Auditor Inspections of Licensed Business

New Measure: No.

Definition: The percentage of inspections conducted by auditors during which licensees and permittees were found to be in full compliance with the requirements of the Alcoholic Beverage Code and TABC Rules. For the purposes of this measure, an



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inspection is a visit to a licensed location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws.

Purpose: This measure shows the degree to which agency compliance efforts have been successful and regulated businesses conform to the requirements of state law and applicable state regulations.

Data Source: The numbers used to calculate the value of this measure come from agency automated reports, which in turn draw information from automated auditor inspection and violation records.

Methodology: The number of inspections of licensed businesses conducted by auditors during a specified time period is counted. Also counted is a subset of this group consisting of those inspections that did not result in the issuance of an administrative citation for violations observed or documented during the inspection. The number of inspections of licensed businesses during which no violations were found is then divided by the total number of inspections of licensed businesses conducted by auditors to determine the value to be reported for this ratio.

Calculation Method: Noncumulative.

New Measure: No.

Target Attainment: Higher.

Outcome Measure 03-01-01-04 (New)

Compliance Rate — Auditor Investigations

Definition: The percentage of Auditor led complaint investigations that were closed during a specified period of time where the investigated party was found to be in full compliance with the Alcoholic Beverage Code and TABC Rule and no administrative action or fee delinquency was identified.

Purpose: Provides this particular measure shows the degree to which investigated parties were shown to be in full compliance with the Alcoholic Beverage Code and TABC Rules.

Data Source: Auditor complaint investigation records and related violation and audit records which are data entered into an agency records management system, The reported value is taken from an automated agency report.

Methodology: All automated complaint investigation records with an auditor as the "lead investigator," a "closed" status, and status date falling within the specified date range are identified and counted. A subset of these, those without related violation records or audit records indicating tax/fee delinquency collections, are also counted,



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and the second value is divided by the first to obtain the value reported for this measure.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: Yes.

Target Attainment: Higher.

Output Measure 03-01-01-02

Number of Wholesale and Manufacturing Reports Analyzed

Definition: The number of periodic reports received and analyzed by Tax Division employees that come from the manufacturing and wholesale tiers of the alcoholic beverage industry and that pertain to the sale and shipment of alcoholic beverages into or within the State of Texas, alcoholic beverage products manufactured within the state, or the use of beverage quality alcohol in the manufacturing process for non-beverage products. Included in the reported total for this measure are all excise tax reports received and reviewed by TABC Tax Division employees.

Purpose: The measure shows the workload and output of Tax Division employees involved in processing the periodic reports the agency receives from the manufacturing and wholesale tiers of the alcoholic beverage industry.

Data Source: Tax Division employees create automated records for each report analyzed. An agency automated report identifies and counts the records created for the report analyses conducted within a specified date range. A division staff member then manually transfer the totals to a spreadsheet which is used to generate a summary "Excise Tax Activity Report" for the period in question. The total reported for this measure is taken from the "Excise Tax Activity Report."

Methodology: The records pertaining to the report analyses conducted within the specified period of time are identified and counted. The resulting total is the value reported for this measure.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Target Attainment: Higher.



Output Measure 03-01-01-03 (Key)

Number of Audits Conducted

Definition: The number of audits conducted by auditors during a specified period of time. For the purposes of this measure, an audit is defined as a systematic, in-depth review of the records and/or operations of a licensed business for the purpose of determining that business' compliance with specific requirements of the Alcoholic Beverage Code and related state rules and regulations. Included in this broad definition are excise tax audits; records, fees, & operations audits targeting private clubs, local distributors, FB (food & beverage) certificate holders, direct shippers, as well as any other audit required to ensure compliance with the Alcoholic Beverage Code and TABC Rules.

Purpose: Audits can be tax or regulatory based and involve a deeper and more prolonged look at selected aspects of the licensee/permittee's operations.

Data Source: The data required for the calculation of this measure comes from automated audit records created by auditors while data entering their daily activity reports. An agency automated report tabulates the records for a specified date range and provides the count reported as the value for this measure.

Methodology: An agency automated report identifies all automated records pertaining to audits conducted by auditors during a specified date range, counts them, and provides the total reported for this measure.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Target Attainment: Higher.

Output Measure 03-01-01-04 (Key)

Number of Inspections Conducted by Auditors

Definition: The sum total of the number of inspections conducted by auditors during a specified period of time. For the purpose of this measure, an inspection is a visit to and/or any review of records of a licensed location, a proposed licensed location, or any other physical location. Such review may be accomplished through physical visits or through electronic submission and remote review of records.



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Purpose: Inspections are the agency's primary regulatory compliance work process. There are various forms or types of inspections, but what they all have in common is a review of records for the purpose of confirming or enforcing compliance with state laws.

Data Source: The information required to derive the count comes from inspection records in the agency's activity reporting system. Each individual physical inspection made by an auditor is noted in the auditor's daily activity report or field notes. Additionally, electronic submissions by industry are tracked in the agency's activity reporting system. When these reports or notes are data entered, an automated record summarizing each inspection is created. The values reported for this measure are taken from an agency automated report.

Methodology: The measure is calculated by counting the number of automated inspection records that were originated for activity occurring during a specified period of time.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Target Attainment: Higher.

Output Measure 03-01-01-05 (Key)

Number of Complaint Investigations Closed by Audit

Definition: Number of complaint investigations led by auditors that were closed during a specified period of time. Investigations may include financial analysis of permits cancelled for Human Trafficking and Other Organized Criminal Activity to identify illicit proceeds generated by the Criminal Organization, investigations of three-tier relationships, marketing and trade practices, contracts and agreements, and ownership of specific licensed businesses, as well as any other investigative activity required to ensure compliance with the Alcoholic Beverage Code and TABC Rules.

Purpose: Complaints are investigated by conducting interviews, auditing documents and records, conducting physical inspections and engaging in other investigative activity. These investigations are closed when either the allegations have been disproved, or when sufficient evidence to sustain the allegations has been found, or when auditors have made a reasonable effort to prove or disprove the allegations and have been unable to find sufficient evidence to support either outcome. This particular measure provides a count of the number of investigations that were closed during a specified time period.

Data Source: The information required to derive the count comes from complaint records in the agency's activity reporting system. Each individual complaint



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investigation made by an auditor is noted in the auditor's daily activity report or field notes. When these reports or notes are data entered, an automated record summarizing each inspection is created. The values reported for this measure are taken from an agency automated report.

Methodology: All automated complaint investigation records with an auditor as the "lead investigator," a "closed" status, and status date falling within the specified date range are identified and counted. The resulting total is reported as the value for this measure.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: Yes.

Target Attainment: Higher.

Efficiency Measure 03-01-01-01 (Key)

Average Cost Per Audit

Definition: The cost of the audits conducted during a specified period of time divided by the total number of audits conducted by auditors the same time period. For the purposes of this measure, an audit is defined as a systematic, in-depth review of the records and/or operations of a licensed business for the purpose of determining that business' compliance with specific requirements of the Alcoholic Beverage Code, TABC Rules, and other state laws.

Purpose: This efficiency measure provides a unit cost figure for a core compliance auditor activity.

Data Source: Agency automated audit records and automated auditor activity records are the primary source documents used in the calculation of the measure. An agency automated report sorts through these records, identifies those that are of interest, and extracts period totals needed for the number of audits conducted, all auditor work hours, and auditor audit work hours. Agency expenditures are tracked in the state's automated accounting system (currently CAPPs), and the cost data is extracted quarterly through an automated report that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the TABC automated report.

Methodology: The work hours reported for all auditor activity during the period in question are extracted from automated activity records and totaled by the automated report described in the Source/Collection of data section. Also extracted from the same database by the same report, as a subtotal of the first total, is the total for the auditor work hours that were devoted to audits. The latter divides by the former and the



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resulting ratio is then multiplied by the Auditing spending total attributed to all auditor-related activities pulled from CAPPS for the period in question to derive the amount of total expenditures attributable to audits. As a final step, the report divides that amount by the total number of audits conducted by auditors during the same period to derive a "per audit" unit average cost.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No.

Target Attainment: Lower.

Efficiency Measure

03-01-01-02

Average Cost Per Auditor Inspection

Definition: The cost of all auditor inspection activity during a specified period of time divided by the total number of inspections conducted by auditors during the same time period. An inspection is a visit to a licensed location, a proposed licensed location, or any other location for the purpose of determining compliance with the Alcoholic Beverage Code and other state laws.

Purpose: This efficiency measure provides a unit cost figure for a core compliance auditor activity.

Data Source: Agency automated auditor activity records are the primary source documents used in the calculation of the measure. An agency automated report sorts through these records, identifies those that are of interest, and extracts period totals needed for the number of inspections conducted, all auditor work hours, auditor audit work hours, and auditor public education/information work hours. Agency expenditures are tracked in the state's automated accounting system (currently USAS), and the cost data is extracted quarterly by the agency's Business Services Division (BSD) to an Excel spreadsheet and used to create a quarterly "Expenditure Report" that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the BSD's "Expenditure Report".

Methodology: The work hours reported for all auditor activity during the period in question are extracted from automated auditor activity records and totaled. Also extracted from the same database, as subtotals of the first total, are the totals for the work hours that were devoted to public education/information activities and to audits. The latter two are added together and then subtracted from the former to derive a total for the number of auditor work hours related to inspection activities. The total spending attributable to all auditor-related activities for the period is then multiplied by a ratio created by dividing inspection activity work hours by total auditor work hours to identify the amount of total auditor-related spending attributable to auditor inspections. That



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amount is then divided by the total number of inspections conducted by auditors during the same period to derive a "per inspection" unit cost.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No.

Target Attainment: Lower.

Efficiency Measure 03-01-01-04

Average Cost Per Wholesale and Manufacturing Report Analyzed

Definition: The total cost attributable to the Tax Division operations during a specified period of time divided by the number of Wholesalers and Manufacturers reports received and analyzed by Tax Division employees during the same time period.

Purpose: The measure provides an average unit cost for the handling of wholesale and manufacturing tier reports.

Data Source: Tax Division personnel create an automated record for each report analyzed and an automated agency report identifies and counts the records pertaining to reports that were reviewed during a specified time period. Division personnel then manually transfer the totals to a spreadsheet which is used to produce an "Excise Tax Activity Report" for the period in question. The "reports analyzed" total that's used in the calculation is taken from the "Excise Tax Activity Report." Agency expenditures are tracked in the state's automated accounting system (currently USAS), and the cost data is extracted quarterly by the agency's Business Services Division (BSD) to an Excel spreadsheet and used to create a quarterly "Expenditure Report" that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the BSD's "Expenditure Report."

Methodology: The spending total attributed to the Tax Division operations in the "BSD Expenditures Report" is divided and by reports analyzed total taken from the "Excise Tax Activity Report" during the same period to derive the reported value.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No.

Target Attainment: Lower.



Explanatory Measure **Number of Administrative Actions Initiated by Auditors and Other Audit Personnel**
03-01-01-01

Definition: The sum total of the administrative cases, administrative warnings, summary suspensions, ad valorem, protests, cash law/credit law warning letters, and credit law default first publications initiated by auditors or their support personnel during a specified period of time.

Purpose: The measure represents the number of times auditors or their support personnel found violations and took corrective action during the course of their duties.

Data Source: The data used in this measure is taken from an agency automated report that draws upon automated agency violation records and automated delinquency records.

Methodology: The administrative warnings, administrative cases, cash law and credit law warning letters, application protests, credit law default first publications, and summary suspensions initiated by auditors and their support personnel during a specified time period are counted and totaled to derive the reported total.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Target Attainment: Lower.

Explanatory Measure **Number of Correction Notices Resulting from Analyses of Wholesale and Manufacturing Reports**
03-01-01-02

Definition: Number of correction notices issued for reporting errors and tax underpayments discovered by Tax Division personnel while analyzing wholesale and manufacturing tier reports.

Purpose: The measure provides a count of the number of times that manufacturers and wholesalers failed to meet agency tax payment and reporting requirements.

Data Source: Tax Division employees create an automated record for each correction notice issued. An automated agency report identifies and counts the records created for the notices issued during a specified time period, and division personnel manually transfer those totals to the "Excise Tax Activity Report" for the period in question. The totals used for the calculation of this measure are taken from the period's "Excise Tax Activity Report."



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Methodology: The records pertaining to the correction notices issued by Tax Division employees during the specified time period are identified and counted and that total is then reported as the value for this measure.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Target Attainment: Lower.

Explanatory Measure 03-01-01-03

Number of Trainees Obtaining Seller/Server and Alcohol Delivery Driver Certification

Definition: The number of persons successfully completing a TABC approved seller/server certification course or alcohol delivery training course during a specified time period.

Purpose: To measure outputs related to the operation of the agency's Training Division.

Data Source: The trainee count used in the calculation comes from automated training records which are created by direct entry into the agency's computer systems by course providers or staff following each class taught by authorized course providers.

Methodology: The trainees shown as having successfully completed an approved seller/server or alcohol delivery training course in reports submitted by course providers for classes held during the period in question are counted and the total is reported as the value for this measure.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Target Attainment: Higher.

Explanatory Measure 03-01-01-04

Average Cost Per Seller/Server and Alcohol Delivery Driver Trainee Certification

Definition: The operating costs of the Training Division during a specified time period divided by the number of seller/server or alcohol delivery course trainees receiving certification during the same period.



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Purpose: The measure provides an average unit cost for seller/server alcohol delivery course certification.

Data Source: The trainee count used in the calculation comes from automated training records which are created by direct entry into the agency's computer systems by course providers or staff following each class taught by authorized course providers. Agency expenditures are tracked in the state's automated accounting system, and the cost data is extracted quarterly by the agency's Business Services Division (BSD) to an Excel spreadsheet and used to create a quarterly "Expenditure Report" that allocates agency operating costs to its various strategies. The strategy cost allocation used in the calculation of this measure is taken from the BSD's "Expenditure Report."

Methodology: The spending total attributed to Training for the period in question is taken from the BSD Expenditure Report for that period and divided by the number of trainees reported as having successfully completed an approved seller/server or alcohol delivery certification course in training records with class dates during the same period. The result is the value reported.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Target Attainment: Lower.



Goal 03

Ensure Compliance with Fees & Taxes

Objective 03-02

Ensure Maximum Compliance with Importation Laws at Ports of Entry.

Strategy 03-02-01

Ports of Entry

Outcome Measure

Revenue as a Percent of Expense

03-02-01-01

Definition: The revenue derived by the TABC Ports of Entry (POE) Division from the taxes and fees collected for the personal importation of alcoholic beverages and cigarettes divided by the total cost of Ports of Entry operations.

Purpose: This measure compares the tax revenue generated by the agency's Ports of Entry Division with the total cost of operating that division.

Data Source: Tax stamp sales and revenue data are collected via hand-held devices and uploaded to the agency database. An automated report tabulates this data and provides totals for the division as a whole. The same automated report also extracts data concerning agency expenditures related to POE operations from the state's accounting system (CAPPS) and provides expenditure totals for the specified time period.

Methodology: The automated report described in the Source/Collection of Data section of this definition divides total POE revenues (fees and taxes collected from the personal importation of alcoholic beverages and cigarettes) for a specified period by the expenditure total for POE operations for the same period and expresses result as a percentage.

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No.

Desired Performance: Higher.

Output Measure

Number of Alcoholic Beverage Containers Stamped

03-02-01-01 (Key)

Definition: The total number of containers of alcoholic beverages personally imported into Texas by persons paying the required taxes and fees.

Purpose: This measure provides a count of the containers of alcoholic beverages that are taxed at agency ports of entry facilities.



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Data Source: Tax stamp “sales” and revenue data are collected via hand-held devices and uploaded to the agency database. Automated reports tabulate this data and provide totals for individual tax collectors and for each POE organizational unit, as well as for the division as a whole.

Methodology: Using data originally captured at the ports using hand-held computing devices, an automated report tabulates a division-wide total for the number of alcoholic beverage containers stamped. The resulting total is the value reported for this measure.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Desired Performance: Higher.

Output Measure
03-02-01-02 (Key)

Number of Packages of Cigarettes Stamped

Definition: The total number of cigarette packages personally imported into Texas by persons paying the required taxes and fees.

Purpose: This measure provides a count of the individual cigarette packages taxed at agency ports of entry facilities.

Data Source: Tax stamp “sales” and revenue data are collected via hand-held devices and uploaded to the agency database. Automated reports tabulate this data and provide totals for individual tax collectors and for each POE organizational unit, as well as for the division as a whole.

Methodology: Using data originally captured at the ports using hand-held computing devices, an automated report tabulates a division-wide total for the number of cigarette packages stamped. The resulting total is the value reported for this measure.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Desired Performance: Higher.



Efficiency Measure 03-02-01-01

Average Cost Per Alcoholic Beverage Container/Cigarette Package Imported or Disallowed

Definition: Total cost of the Ports of Entry Division attributable to stamping alcoholic beverage containers/cigarette packages or handling disallowed alcoholic beverage/cigarette importations divided by the total number of alcoholic beverage containers/cigarette packages imported or disallowed. A container or package is “disallowed” when its importation would be illegal under Texas law and is, therefore, blocked by a TABC tax compliance officer.

Purpose: This measure is intended to show the average cost incurred by the agency for each alcoholic beverage container/cigarette package imported or disallowed.

Data Source: The information concerning containers and packages stamped or disallowed is initially collected via hand-held devices and uploaded to the agency database. Automated reports tabulate this data and provide totals for individual tax collectors and for each POE organizational unit, as well as for the division as a whole. The expenditures are tracked in CAPPS and the cost data is extracted quarterly through an agency automated report that allocates agency operating costs to its various strategies.

Methodology: Total cost of Ports of Entry operations is divided by the total number of alcoholic beverage containers and cigarette packages stamped or disallowed. (Note: The unit cost of handling alcoholic beverage containers and packages of cigarettes is the same.)

Data Limitations: None.

Calculation Method: Noncumulative.

New Measure: No.

Desired Performance: Lower.

Explanatory Measure 03-02-01-01

Number of Alcoholic Beverage Containers Disallowed

Definition: The number of alcoholic beverage containers whose entry into the State of Texas was disallowed by Ports of Entry Tax Compliance Officers (TCOs) during a specified period of time. TABC TCOs assess each attempted personal importation. When a particular importation is deemed unlawful, the TCO will disallow the importation. A container is considered to be illegally imported if it is in excess of the legal importation quota; the container itself is illegal; it is imported by minors or



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intoxicated persons; or it is not declared or the importer refuses to pay the required tax. When individuals are advised that an importation is illegal under Texas law, most choose to voluntarily surrender the products rather than return the products to their point of origin. The surrendered products are taken into TABC custody and destroyed shortly thereafter.

Purpose: This output is intended to measure the total number of alcoholic beverage containers whose importation has been disallowed during a specified time period.

Data Source: Information concerning disallowed importations is initially collected via hand-held devices and uploaded to the agency database. Automated reports tabulate this data and provide totals for individual tax collectors and for each POE organizational unit, as well as for the division as a whole.

Methodology: The reported total is taken from an automated report after the agency's automated system sums the number of alcoholic beverage containers in all records pertaining to disallowed importations that had been created by POE personnel for the period in question.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.

Desired Performance: Higher.

Explanatory Measure 03-02-01-02

Number of Cigarette Packages Disallowed

Definition: The number of cigarette packages whose entry into the State of Texas was disallowed by Ports of Entry Tax Compliance Officers (TCOs) during a specified period of time. TABC TCOs assess each attempted personal importation. When a particular importation is deemed unlawful, the TCO will disallow the importation. A package of cigarettes is considered to be illegally imported if it is imported by persons under 18 years of age; it is not declared; or the importer refuses to pay the required tax. When individuals are advised that an importation is illegal under Texas law, most choose to voluntarily surrender the products rather than return the products to their point of origin. The surrendered products are taken into TABC custody and destroyed shortly thereafter.

Purpose: This output is intended to measure the total number of cigarette packages whose importation is disallowed during a specified time period.



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Data Source: Information concerning disallowed importations is initially collected via hand-held devices and uploaded to the agency database. Automated reports tabulate this data and provide totals for individual tax collectors and for each POE organizational unit, as well as for the division as a whole.

Methodology: The reported total is taken from an automated report after the agency's automated system sums the number of cigarette packages referenced in all records pertaining to disallowed importations that had been created by POE personnel for the period in question.

Data Limitations: None.

Calculation Method: Cumulative.

New Measure: No.



Historically Underutilized Business Plan

It is the policy of TABC to comply with the rules for the Historically Underutilized Business (HUB) Program adopted by the Comptroller of Public Accounts (CPA) and Chapter 2161 of the Texas Government Code in order to encourage the use of historically underutilized businesses. The goal of this program is to promote full and equal business opportunities for all businesses in the agency's contracting.

This policy incorporates the adoption of CPA's HUB rules to implement a meaningful HUB program based on the State of Texas Disparity Study. TABC will work diligently to work with HUBs in contracts for commodities, services, professional and consulting services, and construction by contracting directly, or indirectly through subcontracting opportunities. Additionally, TABC will make a good faith effort to assist HUBs in receiving a portion of the total contract value of all contracts the agency expects to award in a fiscal year in accordance with the following percentages:

- 24% for professional services contracts
- 26% for all other services contracts
- 21% for commodities contracts
- Construction categories: N/A

The agency will ensure it makes a good faith effort to work with HUBs and meet the agency goals by implementing:

- Advanced planning of large purchases to ensure adequate time and preparation.
- When possible, divide proposed requisitions into reasonable lots in keeping with industry standards and competitive bid requirements.
- When applicable, assess bond and insurance requirements to avoid unreasonable bidding restrictions and permit more than one business to perform the work.
- Specify reasonable, realistic delivery schedules consistent with the agency's actual requirements.



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- Ensure that specifications, terms and conditions reflect TABC's actual requirements, are clearly stated, and do not impose unreasonable or unnecessary contract requirements.
- When contracts exceed \$100,000, require contractors to make a good faith effort to award necessary subcontracts to HUBs by providing contractors with HUB subcontracting good faith guidelines, HUB goals and a reference list of available certified HUBs.
- Evaluate which agencywide goals are conducive to engaging with HUBs while continuing practices that have promoted previous use of HUBs.

TABC will maintain and compile monthly records about each agency operating division's use of HUBs, including information regarding subcontractors. Additionally, TABC will require contractors on awarded contracts exceeding \$100,000 to report to the agency on a quarterly basis the identity of and amount paid to each HUB vendor to whom the contractor has awarded a subcontract for the purchase of supplies, materials, equipment, and services. The agency will ensure that internal and external reporting guidelines are in place to ensure tracking, control, and accountability.

TABC has also designated an agency HUB coordinator. The HUB coordinator and the Business Services Division will assist each division in locating, certifying, and making a good faith effort to use HUBs in accordance with the agency's policies, goals, and procedures. Agency employees within each division that are engaged in recommending, requesting, or approving a vendor in the acquisition of goods and services and/or vehicle fleet repairs will be held accountable for adhering to the agency's HUB policy. The HUB coordinator will actively participate in HUB forums, trade shows, and training. They will also partner with other state agencies to implement a cooperative mentor-protégé program that will promote HUB subcontracting.



Agency Workforce Plan

Section I: Overview

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

TABC regulates all phases of the alcoholic beverage industry in Texas, including sales, taxation, importation, manufacturing, transportation, and advertising of alcoholic beverages. Some TABC employees are commissioned peace officers (CPOs), known as TABC agents. They inspect businesses licensed or permitted by the agency and investigate alleged violations of the Alcoholic Beverage Code and other state laws. TABC agents provide a day-to-day public safety presence at more than 58,000 licensed businesses across the state. Other employees work to ensure applicants for licenses and permits have no disqualifying properties, such as prohibited ownership interest in another tier of the industry, criminal history, or current indebtedness to the state for taxes. Agency auditors ensure compliance with regulatory and tax requirements authorized by the Code. Regulatory Compliance Officers (RCOs) ensure persons importing alcoholic beverages and cigarettes at ports of entry along the Texas-Mexico border comply with the legal requirements for the importation of alcoholic beverages and cigarettes and pay the appropriate taxes. RCOs are also responsible for stemming the personal importation of hazardous alcoholic beverages through the ports of entry to ensure public health.

TABC's operations typically result in the collection of approximately \$300 million annually in taxes and fees, which aids in financing the state's public schools, local governments, and human services.



The Code directs TABC to:

1. Protect the public safety by educating license and permit holders and investigating alleged public safety offenses in licensed locations.
2. Grant, deny, suspend, or cancel licenses and permits in all phases of the alcoholic beverage industry.
3. Supervise, inspect and regulate the manufacturing, importation, exportation, transportation, sale, storage, distribution and possession of alcoholic beverages.
4. Assess and collect fees and taxes.
5. Investigate potential violations of the Code and assist in the prosecution of violators.
6. Seize illicit beverages.
7. Adopt standards of quality and register alcoholic beverages to be sold in Texas.
8. Pass rules to assist TABC in all the aforementioned actions.

Organizational Structure

The policymaking body of TABC is a five-member governing board appointed by the Governor with the advice and consent of the Senate. Commissioners hold office for staggered terms of six years, with the term of one or two members expiring every two years. Each member must be a Texas resident and must have resided in the state for at least five years preceding the appointment. Commissioners serve without salary.

The commission consists of Chairman Kevin J. Lilly of Houston, the Honorable Jason Boatright of Dallas, Commissioner Deborah Gray Marino of San Antonio, Commissioner Jason S. Adkins of El Paso, and Commissioner Hasan K. Mack of Austin.

An Executive Director, appointed by the five-member governing board, directs the daily operations of TABC in a line-item exempt position. A. Bentley Nettles retired as Executive Director in FY 2022. The commission posted the position in May and hopes to fill the position by the end of the fiscal year. As part of his role as Deputy Executive Director and Chief of Staff, Matthew Chaplin has assumed the duties of the Executive Director until the position is filled. The Executive Director is responsible for employing staff to ensure that the policies established by the commission and the laws enacted by the legislature are implemented in an efficient and cost-effective manner.



The executive management team consists of the:

- Deputy Executive Director and Chief of Staff.
- Deputy Executive Director of Enforcement.
- Deputy Executive Director of Business and Revenue Operations.
- Inspector General.
- General Counsel and Chief Deputy General Counsel.
- Director of Strategic Initiatives and Performance Improvement.
- Director of Communications.
- Director of External Relations.
- Director of Government Relations.
- Director of Recruiting.

An independent audit firm performs internal audit functions for TABC, reporting directly to commissioners.

TABC's organizational structure is illustrated in Figure 1 (next page).

Figure 1. Organizational Chart



Organizational Chart
Executive Division





The executive management team helps ensure employees have the equipment, resources, and leadership support required to function effectively. TABC's remaining workforce is distributed between the three Deputy Executive Directors, empowering them to engage and manage the agency's 500-plus employees effectively. These three components of TABC's core business functions ensure its goals and strategies are accomplished:

- Business and revenue operations
- Enforcement
- Support services

To effectively lead the employees spread across the state, TABC has divided its offices into five geographic regions. A Regional Leadership Team has been entrusted with the responsibilities and accountability for the staff in offices under their leadership.

Core Business Functions

1. BUSINESS AND REVENUE OPERATIONS

The agency's Business and Revenue Operations divisions typically assess and collect approximately \$300 million annually for the State of Texas. These divisions make up almost 30% of the TABC workforce and include Licensing, Excise Tax and Marketing Practices, and Ports of Entry. Employees in these divisions interface directly with tens of thousands of Texans who are currently doing business in the alcoholic beverage industry or are applying to begin their operations.

Licensing Division

The Licensing Division investigates and processes applications for all phases of the industry including the manufacture, sale, purchase, transportation, storage, and distribution of alcoholic beverages. This is one of the larger divisions within TABC, making up 10% of the TABC workforce with employees across all TABC regions in Texas. Customer service is a priority for this division, as they are often the first contact a member of the public has with TABC. Licensing staff must ensure that each applicant qualifies to hold a TABC license or permit and adheres to all applicable regulatory



requirements. Licenses and permits are issued for a period of two years. On average, 78,000 licenses and permits are issued each year by the Licensing Division.

Excise Tax and Marketing Practices Division

The Excise Tax and Marketing Practices Division is charged with carrying out the taxing authority of the agency. This division is relatively small, with 12 positions located at TABC's headquarters. Division personnel receive, process, and audit monthly excise tax reports to ensure appropriate taxes have been paid and that other reporting requirements are met in accordance with the Code. The division is also responsible for monitoring the advertising of alcoholic beverage products as well as the testing and registration of those products in Texas.

Ports of Entry Division

The Ports of Entry Division is the largest division within Business and Revenue Operations, making up 15% of the TABC workforce. The division oversees more than 80 regulatory compliance officers who are responsible for enforcing personal importation laws and collecting taxes and fees on alcoholic beverages and cigarettes brought into Texas from other countries. Cigarette taxes are collected on behalf of the Texas Comptroller of Public Accounts. In addition to tax collection, regulatory compliance officers play a vital role in protecting public health and safety by stopping illicit products, which may be harmful for consumption, from entering the Texas market. The officers are stationed at all major bridges along the Texas-Mexico border and at the Galveston seaport. TABC began manning the Galveston seaport cruise lines in 2014, while the agency has had a presence at the land ports since 1936. Currently, Texas is the only state that collects import tax on cruise lines.

2. ENFORCEMENT

TABC's Enforcement Division is charged with executing the agency's law enforcement and investigations missions in support of public safety. Enforcement is TABC's largest group, totaling 44% of the workforce. Importantly, Enforcement is the tip of the spear in the agencywide effort to disrupt and dismantle organized criminal activity, including human trafficking, in Texas. With a robust and growing alcoholic beverage industry, Enforcement constantly adapts by reprioritizing, restructuring and reorganizing. Enforcement employs the majority of TABC's commissioned peace officers (CPOs), including those serving in the Law Enforcement Division, the Special Investigations Unit,



the Financial Crimes Unit and the Target Responsibility for Alcohol-Connected Emergencies (TRACE) unit.

Law Enforcement Division

Staff perform both enforcement and compliance functions, which involve criminal and administrative enforcement of the state's alcoholic beverage laws. CPOs inspect premises licensed by TABC and investigate alleged violations of the Code. Enforcement agents also provide training to permit holders and their employees by request and as a remedial measure in response to violations by permit holders. In addition, CPOs collaborate with and give presentations to other law enforcement agencies to promote a better understanding of the law and the roles and responsibilities of TABC.

Investigative Units

The Special Investigations Unit (SIU), through undercover operations, identifies and investigates habitual patterns of at-risk behavior of people and entities with TABC-issued licenses or permits. The SIU exercises administrative and criminal powers to disrupt and dismantle organized criminal activity on licensed premises. This unit continues to see increased demands with its particularly useful skillset for combating human trafficking.

The Financial Crimes Unit (FCU) focuses on the detection, investigation, and prevention of finance-related crimes by people and entities with a TABC-issued license or permit. FCU investigations include money laundering, prohibited tier relationships, tax fraud, business and corporate fraud, and other organized financial crimes. FCU is also a crucial tool for identifying human trafficking operations and related crimes.

The TRACE Unit conducts thorough investigations of alcohol-related incidents involving serious bodily injury or death when there is a reasonable expectation evidence can be obtained as to the source of the alcohol. TRACE collaborates with local and state law enforcement agencies in these investigations. The most common investigations involve two types of incidents: Motor Vehicle Crashes and Aggravated Breaches of the Peace.



3. SUPPORT SERVICES

TABC's indirect administration and support division staff amount to less than a quarter of the workforce. Divisions overseen by the Chief of Staff, who also serves as a Deputy Executive Director, include Business Services, Human Resources, Innovation and Technology, Audit and Investigations, External Affairs, and Government Relations. Other support divisions are overseen by the Executive Director, including Legal Services, Strategic Initiatives and Performance Improvement, and Communications. The Training Division is overseen by the Office of Inspector General. Employees in these divisions provide the critical foundational support services necessary for operations to ensure the right people and resources are in place to accomplish TABC's mission and ensure that licensed businesses adhere to the regulatory requirements of the Code.

Business Services

The Business Services Division is responsible for all fiscal operations of the agency, including revenue processing, accounts payable, payroll, time and leave accounting, research and planning, as well as preparation and oversight of TABC's legislative appropriations request, annual financial report, and performance reports. The division's general services section is responsible for purchasing, records retention, real and personal property management, facilities leasing, fleet management, mail center operations, and warehousing.

Human Resources

The Human Resources Division manages employment-related policies and programs, including recruitment, selection, benefits and compensation, classification, employee relations, and risk management. Human Resources also manages the ethics and equal employment opportunity programs.

Innovation and Technology

The Innovation and Technology Division (ITD) is responsible for developing and maintaining the core technology applications for the agency. ITD establishes and supports the technology infrastructure that facilitates agency operations and is charged with researching and analyzing new technologies to solve business problems and increase efficiencies across the agency.



Audit and Investigations

The Audit and Investigations Division is the largest support division, making up 10% of the TABC workforce. Most employees in this division are classified as auditors who conduct investigations, financial reviews, and inspections during the initial phases of the licensing process. This team also assists Enforcement with its investigations and assists in monitoring seller/server training schools to ensure compliance with TABC standards and the Code.

Auditors also provide training to permit holders and their employees by request and in response to violations by the permit holder. In addition, auditors promote education and prevention of underage drinking to students through presentations at middle schools, high schools, and universities. Presentations are also given to civic organizations to promote a better understanding of the law and TABC's roles and responsibilities.

Training

The Training Division is charged with staff development for all TABC employees. The division provides required training in compliance with Texas Commission on Law Enforcement (TCOLE) standards for commissioned peace officers, state-mandated training for all employees, and additional training to develop and enhance the skills of TABC employees. The division hosts an agent academy each spring to onboard certified peace officers as probationary agents and an SIU academy for employees in the investigative units.

The Training Division also educates the public, retailers, and their employees about Texas laws associated with selling and consuming alcoholic beverages. The division leads the agency's efforts to prevent underage drinking and prevent making alcohol available to minors, as well as driving while intoxicated. Staff works with multiple statewide and local agencies, community coalitions, and other groups to share information and participate in various programs to prevent underage drinking.

Legal Services

The Legal Services Division provides legal counsel and leads prosecution efforts for violations of the Code. Legal staff represent TABC in administrative hearings, draft rules, and advise agency leadership on rule and policy making. The division manages all open records and litigation for the agency.



Communications

The Communications Division provides robust, engaging, and informative internal and external communications to TABC's wide-ranging audience — including industry members, agency staff, legislators, news media and the general public. The division's specialists provide agencywide support with editorial services, video production, graphic design, web development and social media. The agency's public information officer acts as the agency's spokesperson and handles all media relations.

The division is responsible for numerous support tasks including, but not limited to:

- Strategic communications planning and advisory.
- Overseeing the agency's public website.
- Coordinating live video and audio broadcasts of commission meetings.
- Executing communications campaigns to educate businesses and promote public safety.
- Overseeing employee communications on the agency's intranet.
- Maintaining the agency's mass communication tools.
- Writing and developing internal and external newsletters, notices, and updates.
- Writing executive talking points and designing legislative briefing publications.
- Organizing and designing presentations.
- Issuing news releases and providing interviews to news media.
- Supporting development of training and educational materials.

External Affairs

The External Affairs director is the agency's specialist in industry relations, holding meetings, making presentations and providing key feedback from industry members and TABC stakeholders.

Government Relations

The Government Relations director is the agency's liaison between the Texas Legislature, local governments, and agency leadership. Like External Affairs, the director holds meetings, makes presentations and provides key feedback.



Strategic Initiatives and Performance Improvement

In September 2019, the Office of Strategic Initiatives and Performance Improvement (SIPI) was formed to oversee implementation of legislation, such as the Sunset bill, including rules and policies as well as strategic planning and special projects. SIPI is responsible for implementation of legislation, including project management, planning, rulemaking, and policy and procedure development and review. SIPI is also charged with the evaluation of structures, processes, and programs for efficiency and effectiveness.

Section II: Current Workforce Profile

EMPLOYEE DEMOGRAPHICS FISCAL YEAR (FY) 2022

TABC has 640 authorized FTE positions for the FY 2022-2023 biennium. Due to turnover, the agency's actual FTEs fluctuate. To illustrate, TABC's workforce as of April 30, 2022, had a total headcount of 536. This included 10 part-time employees and 526 full-time employees equaling 532 FTEs. The five commissioners are excluded from this headcount and demographics data to follow.

Gender and Age

As seen in Figure 2, the TABC workforce comprises 60% males and 40% females. Figure 3 shows the ages of TABC employees grouped in categories; 81% of the workforce is between the ages of 30 and 59. Age and gender statistics have remained stable with only a few percentages of variance since 2017.

Figures on next page.



Figure 2. TABC Gender Profile, FY 2022

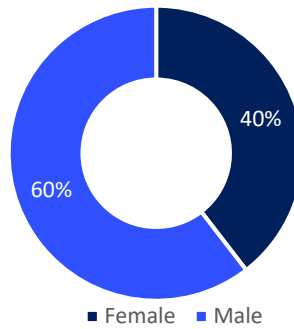


Figure 3. TABC Age Profile, FY 2022

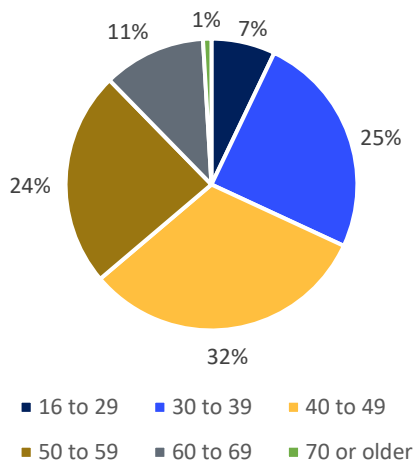
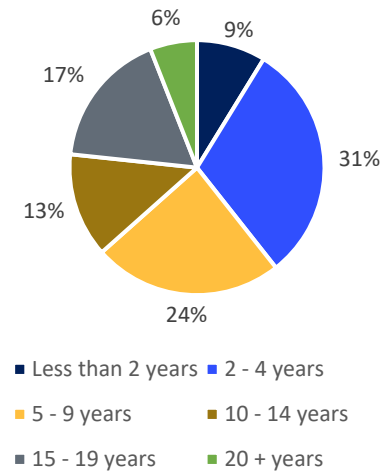


Figure 4. Length of Service, FY 2022



Length of Service

Figure 4 represents the workforce by length of service with TABC. TABC experienced a self-imposed hiring freeze beginning in FY 2020 through FY 2021 related to budget reductions due to the COVID-19 pandemic. This resulted in a significantly smaller percentage of employees with less than two years of service compared to 23% in 2019. The group of employees with two to four years of experience nearly doubled and the group of employees with five to nine years of service increased by 6%. Employees with

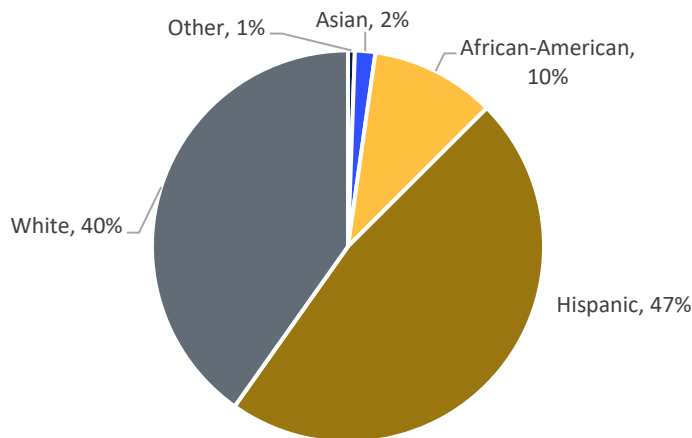


less than 10 years of service with TABC make up 63% while the number of employees with 10 or more years of service has decreased by 4%.

Ethnicity

Figure 5 represents the workforce categorized by ethnicity. In FY 2022, African Americans accounted for 10% of the TABC workforce, a 3% decrease since FY 2019, while 47% of the agency's workforce is Hispanic, an increase of 3%. Asian and other minority categories accounted for 3%. There has been no change in either of these categories from FY 2016.

Figure 5. Ethnic Group, FY 2022

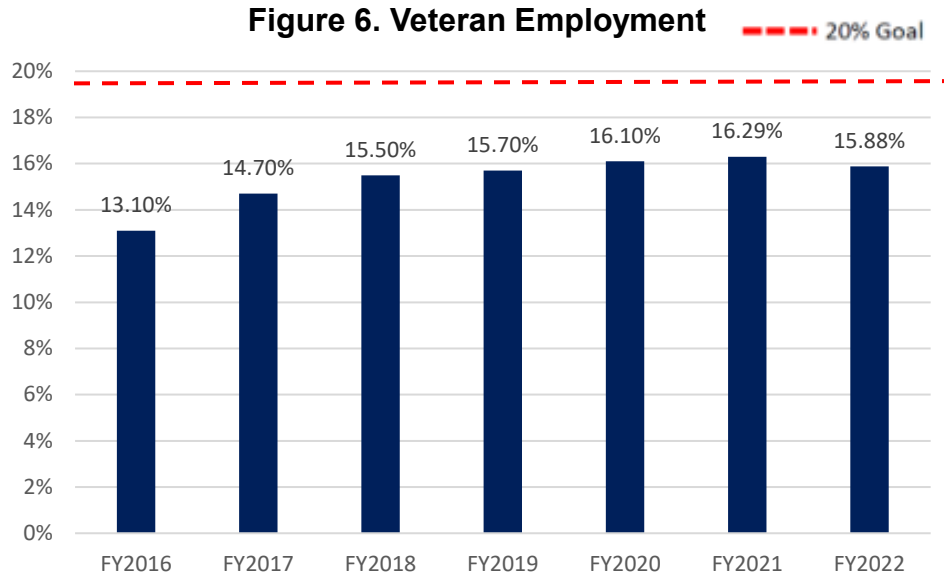


Veteran Representation

Effective FY 2016, Section 657.004 of the Texas Government Code sets for state agencies a goal of employing veterans in full-time positions equal to at least 20% of the total workforce. As of the end of the second quarter of FY 2022, TABC's employs 91 veterans, equaling 15.88% of the workforce. The average statewide veteran percentage has remained 7% since FY 2016. As illustrated in Figure 6, TABC's number of veterans is more than double the statewide average, although the agency still falls below the 20% goal set by the Legislature. To assist in the recruiting and hiring of veterans, TABC has a designated veterans liaison in Human Resources who partners with the Texas



Veterans Commission’s employment liaison to identify and participate in veteran hiring initiatives.



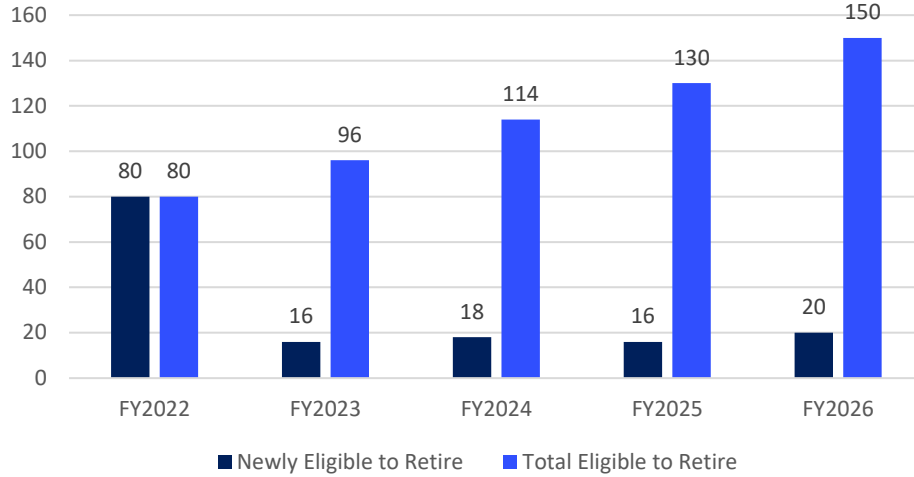
Retirees

Human Resources estimates that by fiscal year 2026, 28% of TABC’s workforce will be eligible to retire. In addition to that, the agency currently employs 22 return-to-work retirees who offer exceptional state and organizational knowledge and have subsequently resumed state service.

The Legal Services, Licensing, Law Enforcement and Ports of Entry divisions are projected to have the greatest loss of employees due to retirements. A large number of senior leaders could retire in the next five years. Figure 7 shows the forecast for the number of current TABC employees who are projected to be eligible for retirement over the next five years. Historically, TABC employees have continued to work well beyond their immediate retirement eligibility year. The agency is preparing for these retirements by identifying critical positions and preparing high performers and potential leaders for growth opportunities as they arise. Leaders recognize the need to ensure that critical knowledge and procedures are documented to avoid significant loss of historical and organizational knowledge.



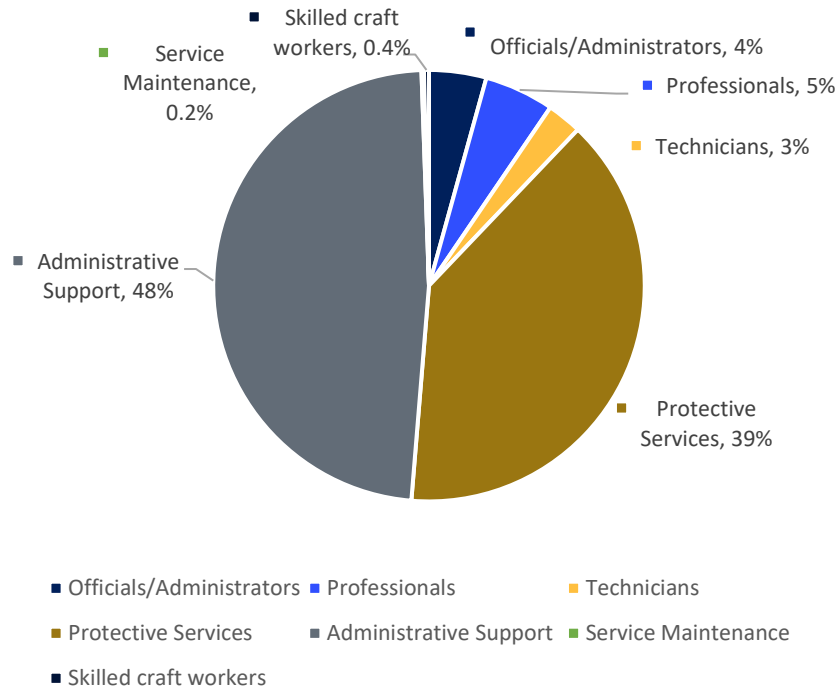
Figure 7. Projected Retirement Eligibility



**POSITIONS BY EQUAL EMPLOYMENT OPPORTUNITY (EEO)
JOB CATEGORY**

Figure 8 illustrates positions within TABC by EEO job category as of April 2022.

Figure 8. Positions by EEO Job Category





TABC Strategic Plan FY2023-2027

Officials/administrators make up 4% of the workforce, including the Executive Director, Deputy Executive Directors, General Counsel positions, and all other positions in the Director classification.

Approximately one-third of TABC's workforce is categorized as Protective Services, including the majority of the certified peace officers classified as entry-level Probationary Agent to Agent VI, Investigator, Sergeant, and Lieutenant.

The Professionals category is made up of enforcement majors, attorneys, criminal intelligence and compliance analysts, purchasers, and the chemist position. Information technology positions make up the entire Technician category. The Service Maintenance category is limited to three positions in the Business Services Division, specifically the mail clerk positions and the inventory and store specialist.

Almost half of the positions at TABC are currently classified as Administrative Support, including most of the positions in support services divisions and in the Ports of Entry division. Examples of classifications of these positions include accountant, human resources specialist, manager, management analyst, information specialist, auditor, licensing and permit specialist, program specialist, training specialist, administrative and executive assistant, and regulatory compliance officer.

Human Resources conducted a workforce analysis to update TABC's Recruitment Plan in FY 2022. Analysis indicated that TABC has underrepresentation of females and minorities in positions in the Professionals, Technical, and Protective Services EEO job categories. Figure 9 shows TABC's workforce according to ethnicity and gender by EEO category compared to all state agencies. Note that someone who identifies with two or more races is captured in the Other category.



Figure 9. EEO Category by Ethnicity and Gender, FY 2021 Texas Alcoholic Beverage Commission						
EEO Category	African American	Hispanic	White	Other	Female	Male
Officials/Administrators	8%	16%	72%	4%	35%	65%
Professionals	7%	6%	86%	1%	43%	57%
Technician	19%	18%	37%	26%	13%	87%
Service/Maintenance	50%	50%	0%	0%	0%	100%
Administrative Support	16%	51%	31%	2%	62%	38%
Skilled Craft Workers	0%	100%	0%	0%	0%	100%
Protective Services	6%	46%	47%	1%	16%	84%
All State Agencies						
EEO Category	African American	Hispanic	White	Other	Female	Male
Officials/Administrators	13%	21%	63%	4%	54%	46%
Professionals	17%	24%	52%	7%	60%	40%
Technician	19%	35%	42%	4%	51%	49%
Service/Maintenance	25%	32%	40%	3%	46%	54%
Administrative Support	21%	34%	42%	4%	84%	16%
Skilled Craft Workers	7%	24%	66%	2%	5%	95%
Protective Services	36%	25%	37%	3%	47%	53%

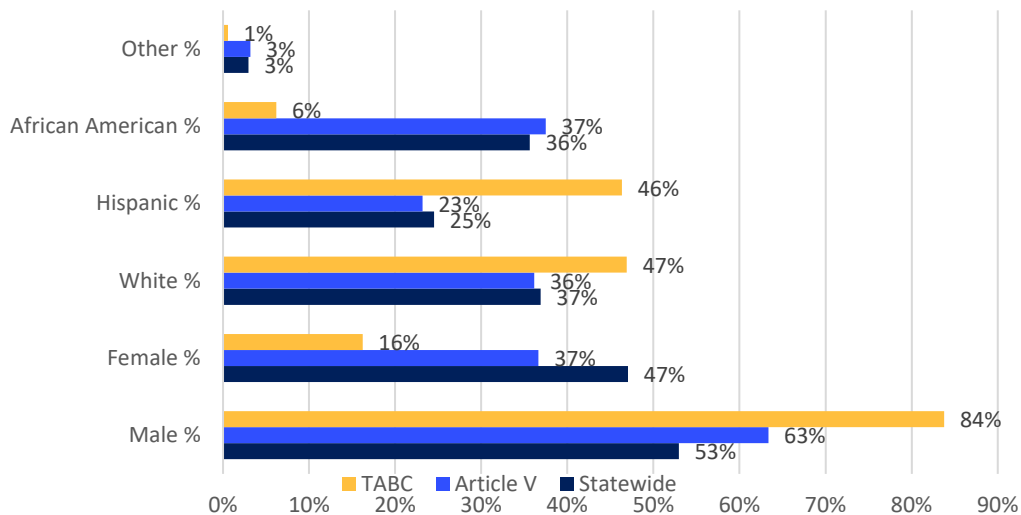
Professionals and Technician positions require specialized education and skills and combined only make up 8% of TABC’s workforce. Considering that one-third of TABC’s workforce falls in the Protective Services EEO category, this group is at the highest risk of potential underutilization for females and minorities. Ensuring TABC has diversity in Enforcement is essential to maintaining effective undercover operations and carrying out TABC’s mission and priorities. With the growing number of minority-owned businesses in the alcoholic beverage industry, TABC must continue to improve its recruiting efforts to mirror its workforce with the population it serves. Enforcement has added a Director of Recruitment to assist in these efforts.

Figure 10 shows TABC’s workforce by ethnicity and gender specific to the Protective Services EEO job category compared to all Public Safety and Criminal Justice (Article V) agencies and all agencies combined statewide. TABC employs almost double the



percentage of Hispanic employees in Protective Services, while the amount of African American employees constitutes a significantly lower percentage of that category. The fact that TABC employs over 50% fewer females in Protective Services compared to Article V agencies and even lower than the statewide percentage is an area needing particular attention.

Figure 10. Protective Services EEO Job Category

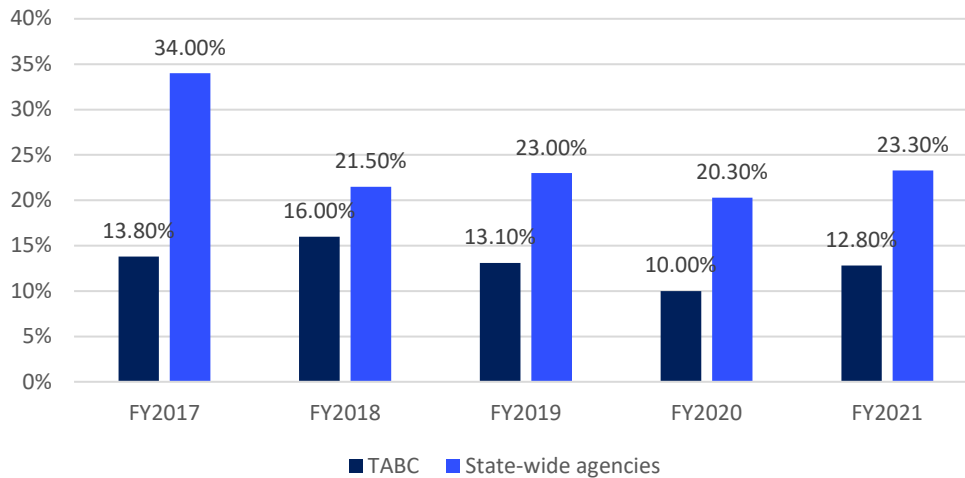


TURNOVER

As illustrated in Figure 11, TABC’s turnover rates remain significantly lower than statewide turnover rates. The top three reasons employees have reported leaving TABC include better pay and benefits, poor working conditions or management, and retirement. In FY 2018, TABC experienced its highest turnover rate in the last five years of 16%, which was after a senior leadership transition. In FY 2020, TABC experienced its lowest turnover rate over the time period of 10%, with only 63 employee separations at the start of the pandemic.



Figure 11. Turnover Comparison



VACANCIES

The alcoholic beverage industry grows at a rapid pace, and TABC will need to continue to grow to keep up with industry demands. The agency’s current appropriations cap of FTEs increased from 635 to 671 for the 2020-21 biennium. The agency dedicated 29 of these new FTEs to combating human trafficking within the Enforcement Division. However, the agency’s current appropriations cap of FTEs decreased from 671 to 640 for the 2022-23 biennium. The number of filled positions decreased significantly over the 2020-21 biennium in part due to the self-imposed internal hiring freeze while the agency continued to experience turnover. For example, as of April 30, 2022, TABC employed 532 FTEs with more than 100 vacancies. Leadership anticipates filling more positions in FY 2022. As TABC’s employee base number fluctuates, recruiting strategies and hiring managers must focus on sourcing quality candidates.



Section III: Future Workforce Profile

LEGISLATIVE CHANGES

TABC is focusing on building its future workforce to better meet its mission. The agency may face the loss of significant institutional knowledge as more employees reach retirement eligibility over the next five years. Further, the alcohol industry has demonstrated remarkable growth and diversification in recent years. TABC intends to meet the regulatory and enforcement needs of Texas to help ensure this growth continues in a responsible way and without undue hinderance. TABC expects to be better able to meet these challenges with a workforce that is both more diverse and more adept with contemporary information technology.

Enforcement will be better equipped to combat organized criminal activity, including human trafficking, with a more diverse team to infiltrate criminal enterprises through undercover operations. If human traffickers are able to identify agents as law enforcement officers, TABC is likely to be less effective in gathering evidence and reaching human trafficking victims. Thus, the agency seeks to recruit certified peace officers whose presence is less likely to alert human traffickers.

TECHNOLOGY CHANGES

In accordance with the statutory direction given to TABC, and to meet the needs of a growing alcoholic beverage industry, the agency deployed new technology called the Alcohol Industry Management System (AIMS) to efficiently process the increasing number of applications and manage compliance reporting. TABC is developing and incorporating more information technology applications into its toolkit and working with the private sector as it also uses IT to expand business operations. New agency systems will improve automation so that TABC's workforce skillsets will shift from heavy data entry to more emphasis on data and investigative analysis and customer service. The Ports of Entry Division is also transitioning to a new point-of-sale IT system to modernize, automate, and improve the transaction times for issuing tax receipts and



collecting taxes at the border. Although TABC has improved the knowledge base of its workforce to better adapt to these new technologies, leaders anticipate the need for further training and additions of employees who are proficient and leverage information technology.

This technology transformation initiative is changing procedures and the focus of the work for many positions agencywide. While TABC maintains a skilled workforce, the critical skillsets are evolving to keep up with improvements in technology. Recognizing that employees will need training to operate the new systems, TABC is developing training programs for the current workforce as technology is acquired and deployed while also strengthening recruitment efforts to attract candidates who demonstrate technical and analytical competencies.

GEOGRAPHIC CHANGES

TABC leases most of its facilities, partnering with other local, state, and federal governmental entities for shared office space. Always mindful of being good stewards of taxpayer money, TABC seizes opportunities to consolidate offices and conserve resources. Small outpost offices continue to merge with larger regional offices.

A major cruise-line company is opening a new terminal in Galveston in November 2022. This may require TABC to either expand contracting services or increase the FTEs required to maintain operations at the seaport.

CRITICAL FUNCTIONS

The following critical functions have been identified in determining the agency's workforce needs:

1. Conducting enforcement and compliance activities such as investigations, inspections, monitoring of human trafficking, and public education programs.
2. Processing and reviewing applications for all phases of the alcoholic beverage industry including determining each applicant's qualifications to be issued permits, certificates, and approvals through stronger collaboration across the workforce.



3. Maintaining complete and accurate information on all permit holders and providing this information in a timely manner to agency personnel, members of the industry, other law enforcement and state agencies, and to the general public.
4. Maintaining current tax security and performance bonds to avoid the potential loss of revenue due to nonpayment of taxes.
5. Processing all financial transactions in an efficient and timely manner and preparing necessary reports for management and as statutorily required.
6. Managing agency appropriations and budgeting and administering grant programs effectively.
7. Attracting and retaining qualified and diverse applicants and employees.
8. Developing and cross-training current employees for internal growth and leadership opportunities.
9. Continuing to explore and implement cost-effective changes using the most current technology platforms.

GAP ANALYSIS

An examination of the challenges in recruitment and retention of skilled employees revealed growing competition from the private sector and other state and local governmental agencies that offer more competitive salaries. With larger technology and other global companies moving into Texas job markets, TABC is facing direct competition for highly qualified candidates who may find better financial incentives working in the private sector, particularly for information technology positions. Many private sector employers can offer higher salaries and unique benefits. This, combined with a perceived lack of job advancement opportunities in the public sector, discourages many qualified and educated employees from making long-term commitments to the agency. Due to funding restraints, it can be difficult to offer the competitive pay needed to keep high-quality staff. TABC continues to seek additional legislative appropriations for salaries and wages to mitigate some of these concerns while also being creative in recruitment by highlighting non-fiscal benefits such as the fulfillment of public service, industry stability, flexible schedules, and teleworking arrangements.

Fiscal year 2022 marked the implementation of a major license and permit consolidation, along with other changes outlined in HB 1545 (86R), also known as the Sunset bill. To adopt these changes and empower the agency's workforce to keep up



with a growing industry, the agency released the Alcohol Industry Management System (AIMS) on Sept. 1, 2021. AIMS is now the online hub for businesses to complete common TABC activities, such as applying for, renewing, and managing licenses or permits; registering products (formerly called label approval); filing excise tax reports; and more. The AIMS system is also used by the agency's Enforcement division to track investigations, and the agency will be expanding this online solution to further centralize TABC tasks into this singular portal for industry and staff.

ITD is leading a formal change management program and involving employees in the business process analysis, configuration, testing, and implementation of various new and upgraded systems.

Implementing all the technology transformation initiative will continue to cause significant changes to the way many employees perform their jobs. These system and process changes will allow TABC to shift to more automation and elevate the complexity of the analysis and investigation skills required of employees in the Licensing Division. Other divisions, such as Excise Tax and Marketing Practices and Audit and Investigations, will require process changes resulting in more data analysis versus data entry skills of employees.

The Training Division and leadership teams are preparing to help employees develop skills for additional transitions in technology. However, Human Resources anticipates a skills gap in technical and analytical competencies with the new systems. Even though TABC has made progress in hiring candidates with strong information technology skills in key positions, supply has yet to catch up to demand and growth in the division. ITD supplements staff with contractors and management continues to have difficulty attracting and retaining skilled employees in the division. The worldwide coronavirus pandemic has forced many employees to become more technologically savvy and adept in the capabilities of video conferencing and online document collaboration, in turn enabling employees to be more technically proficient, but also increasing the demand for information technology support by the entire workforce.

The Enforcement division has also identified a shortfall of 62 agents needed to properly investigate complaints it receives. The current number of agents in each region is not sufficient to keep up with the volume of complaints submitted to TABC. Although the agency has improved procedures to triage and prioritize complaints based on their



public safety risks, maintaining total agent hours at a level below what is needed to investigate complaints puts Texans at greater risk.

As shown in Figure 12a and 12b, which are based on FY 2019 data, the number of hours needed to investigate all public safety complaints is well above the number of hours available at current staffing levels. To identify this need, TABC first analyzed data for the number of complaints in each region and the average number of hours it takes to investigate a complaint in each region to find the total number of hours needed to investigate complaints (Figure 13). Then, the agency examined the total number of hours available by taking the number of agents (excluding SIU) assigned to each region and multiplying by the estimated number of hours an agent has available each year for operations and inspections (1,050 hours). The remaining hours are used for travel, working special events, required training, field employee training, training retailers, public education, cooperative retail operations, assisting other agencies, natural disaster response, funeral details, vacation, and sick leave. In addition to the above, there are normally about three agents out for long term military assignments. For the purposes of this analysis, that equates to 3,150 complaint hours or 100 complaints that must be worked by someone else. These agents are also not available to participate in operations in their area of assignment. FY 2019 data was used because pandemic impacts spanned parts of FY 2021 and FY 2020.

Figure 12a.
Investigative Resource Shortfall
(In Hours , FY 19)

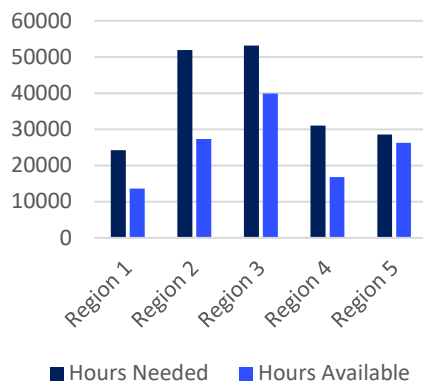


Figure 12b. Investigative Resource Shortfall
(In Agents, FY 19)

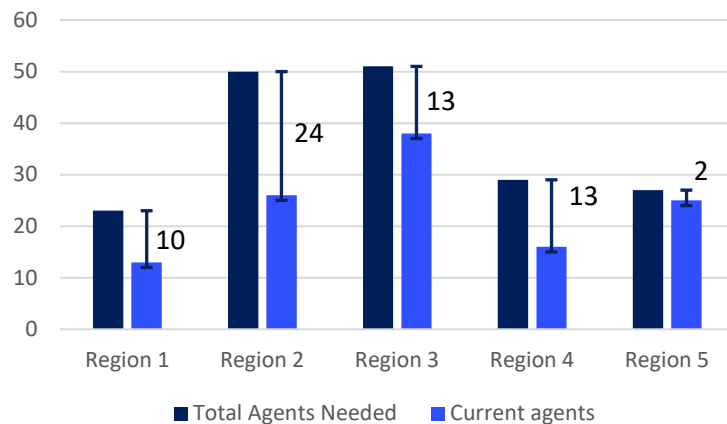




Figure 13a. Complaint Hours Analysis FY 19 (Estimated Agent Hours Needed)

Region	Complaints Received	Average Hours / Complaint	Total Hours Needed
1	692	35	24,220
2	1,575	33	51,975
3	1,563	34	53,142
4	913	34	31,042
5	1,100	26	28,600

Figure 13b. Complaint Hours Analysis FY 19 (Estimated Agent Hours Available)

Region	Number of Agents (Excluding SIU)	Total Hours Available
1	13	13,650
2	26	27,300
3	38	39,900
4	16	16,800
5	25	26,250

A general lack of knowledge of the Code has always been a concern for new hires in many areas of the agency. Therefore, it's essential to develop an onboarding program and enhance in-service training for employees, especially those in the Audit and Investigations, Enforcement, and Licensing divisions.

TABC is seeing the desired skillset of Enforcement employees evolve to focus more on undercover operations and criminal analysis to effectively combat organized criminal activity, including human trafficking. Maintaining employee diversity remains a priority to ensure successful undercover operations. In addition to diversity, Enforcement needs to recruit and hire more experienced certified peace officers. TABC has successfully leveraged the Investigator classification series on Schedule B to attract and hire more experienced certified peace officers in the Special Investigations Unit. Another consideration to fill this need is to allow for external lateral transfers into the Agent classification on Schedule C. The current agency practice and State Classification Plan structure for TABC agents requires external hires to be hired at entry level pay, regardless of the amount of law enforcement experience the candidate brings with them. TABC-specific years of experience and time and grade as a TABC agent determine employee eligibility for step-pay increases on Schedule C for the Agent classification. To change this requires legislative action, additional funding, and updates



to the State Classification Plan. Human Resources proposed a new Senior Agent classification and the State Auditor's Office (SAO) concurred with our recommendation; however, the addition was not approved by the 87th Legislature. Human Resources will continue to work with the SAO and senior leadership to propose changes to the State Classification Plan, with the goal of reducing barriers to recruitment and competitive pay. Remaining competitive and attracting qualified candidates is vital to accomplishing the agency's public safety mission.

TABC seeks to enhance the fundamental competencies as well as interpersonal and leadership skills of all employees. Exceptional customer service is a leadership priority and critical soft skill that every employee must demonstrate, particularly in the Licensing, Training, and Human Resources divisions. Employees and leaders need the flexibility to successfully adapt to an ever-changing work environment while making sound business decisions. TABC will continue to ensure leadership training is available to management teams and employees who have demonstrated leadership potential.

Section IV: Strategic Development

EMPLOYEE TRAINING AND EDUCATION

The Training Division provides employees with fundamental training and growth opportunities and resources required to perform their essential job functions and prepare them for advancement opportunities. TABC leaders will continue to identify, provide, and encourage employee participation in training opportunities and continuing education courses required to maintain job-related licenses and certifications. Employees are encouraged to network with others in their profession and engage in professional organizations to stay informed of best practices and changing legal requirements.

TABC continues to provide annual in-service training programs for the Audit and Investigations, Licensing, Ports of Entry, and Enforcement divisions. The in-service



TABC Strategic Plan FY2023-2027

training curriculum is designed to address unique division needs by reinforcing core competencies and processes while emphasizing interpersonal skills (for example, the integration of the 7 Life Languages curriculum). The Training Division also developed a Constituent Relationship Management Course in FY 2021 that has been incorporated into in-service to share best practices in customer service. The course covers the design of service processes, how the agency purpose defines roles and relationships within service delivery and how to utilize touchpoint mapping to increase service standards. Training staff maintain a Learning Management System that serves as a library for on-demand, computer-based training and houses both mandatory and elective training content for all employees. The agency's Employee Assistance Program vendor also offers extensive personal and professional development resources to employees and managers.

TABC values higher education and offers financial support to employees who want to further their education through the Tuition Reimbursement Program. However, this program has not been utilized in recent years due to funding limitations.

TABC also ensures certified peace officers that hold a TABC commission meet their training requirements to maintain their commission based on TCOLE standards. Certified peace officers are provided salary supplements through stipends for holding varying degrees of higher education or TCOLE certificate levels and dual-language skill abilities.

In order to continue meeting the needs of a complex and growing alcoholic beverage industry, TABC will continue to build the capacity of the Training Division and broaden the scope of resources available to develop and retain a highly skilled workforce. Training efforts will focus on improving communication and collaboration among employees at all levels throughout the organization, while leveraging technology to increase reach and maximize the return on investment. Since 2021, the agency has inducted retired employees who represent the best of the agency's values to its Hall of Honor program — and continues to evaluate ways to award top performers and teams.



LEADERSHIP DEVELOPMENT

The TABC LEADS training program targets current leaders in the agency and those with leadership potential, emphasizing building a culture of leadership based on communication, recognition, empowerment, and work-life balance.

TABC supports employee participation in the Governor's Management Development Program, the Governor's Executive Development Program, and other local in-person and online training programs. Management will continue to identify high performers with leadership potential and adequately train and prepare them to take on key organizational roles.

SUCCESSION PLANNING

TABC is fortunate to have many long-term employees with a great deal of institutional knowledge, much of which will be lost without effective succession planning, proper documentation, and improved employee developmental programs. TABC leaders recognize the need for succession planning and retaining organizational knowledge in preparation for retirements, considering that at least 20% of the workforce will be eligible to retire in the next five years.

Leaders also recognize the importance of knowledge transfer. Institutional knowledge and lessons learned can be lost as employees retire or leave the agency. Documenting current and past practices, including the basis for decisions regarding policy and procedural changes, and cross training will continue to be a high priority.

Leaders are expected to identify opportunities that allow employees seeking new challenges and advancement to cross-train and work on stretch or developmental assignments. Employees are encouraged to network and seek mentors and advice from leaders to help identify career goals and career development plans.

Human Resources will continue to work with senior leaders to identify critical positions and the knowledge, skills, and abilities required for each. Leaders will identify high performers with leadership potential and technical expertise in the current workforce and make efforts to mentor and develop these employees, so they are prepared to fill critical vacancies when opportunities arise. The Human Resources and Training



divisions will provide training and developmental support for current employees and management. When skills gaps are identified that cannot be reasonably met internally, TABC will shift focus to implement recruitment strategies to source external candidates with the desired skillset.

RECRUITMENT

TABC is enhancing overall communication and branding efforts using the public website and social media outlets that support recruitment plan goals. A public website redesign in FY 2020 included modernizing the job opportunities webpage to enhance the job applicant experience.

A Director of Recruiting position was established in FY 2022 to focus on more active and targeted recruitment efforts. Specific recruitment efforts will vary by job vacancy and TABC's current needs and resources. Human Resources will work closely with division management prior to posting job vacancies to ensure the best recruiting strategies are executed. TABC will continue to explore ways to improve recruitment and retention of minorities and females, particularly for positions in Enforcement. High turnover in this area threatens the agency's ability to timely and effectively perform critical operations.

Historically, there has been a limited opportunity to onboard new agents because the TABC Agent Academy is only held once per calendar year, typically in the spring. In FY 2021, the agency delayed the TABC Agent Academy. Newly hired Probationary Agents were placed directly into the Field Training Program and joined the academy held in spring of 2022. Leadership will evaluate the effectiveness of this change in process and performance of the group of new hires. For the FY 2022-2023 biennium, leadership will also explore advertising and hiring Probationary Agent positions regionally instead of statewide.

TABC leverages the mutual benefit of interns to supplement staffing needs and accomplish special assignments while allowing students to gain a better understanding and appreciation for public service. Some employees currently serving in leadership and critical roles throughout TABC were first introduced to the organization through



internship opportunities, demonstrating the potential return on investment an effective internship program can have.

NEW EMPLOYEE ONBOARDING

TABC leaders recognize the need to improve the onboarding process and experience for new employees and supervisors. TABC will strive to improve the onboarding program that emphasizes integrating new employees into the culture to improve employee engagement and retention. The agency will continue to emphasize leadership development and equip new supervisors with the skills and resources to be effective leaders.

CULTURE

Significant changes in senior leaders and agency priorities have sparked a shift in the organizational culture at TABC over the last four years. The leadership team is fostering an environment supportive of creative communication and rebranding initiatives, industry-friendly compliance approaches, and heightened public safety enforcement efforts. These compounded efforts are causing an incremental shift in perspective among the internal workforce, industry stakeholders, and the general public. TABC seeks to continue strengthening its partnership with industry stakeholders and has taken extraordinary steps to better serve the veteran community with its Veteran's Empowerment Initiative, which works with outside state agencies and industry members to pair proteges with mentors willing to assist veterans in their quest to be successful entrepreneurs in the state's alcoholic beverage industry.

SURVEY OF EMPLOYEE ENGAGEMENT (SEE), 2022 SUMMARY

The summary survey results begin on the following page.



SEE **SURVEY OF EMPLOYEE ENGAGEMENT**

Texas Alcoholic Beverage Commission
Executive Summary
2022



The Survey

48 Primary Items

Primary Items
The Survey of Employee Engagement (SEE) consists of a series of 48 primary items used to assess essential and fundamental aspects of how the organization functions. The items are on a 5-point scale from Strongly Disagree (1) to Strongly Agree (5).

Demographic Items
Also included on the SEE instrument are a series of items to ascertain the demography of the respondents.

12 Constructs

Similar items are grouped together, and their scores are averaged to produce twelve construct measures. These constructs capture the concepts most utilized by leadership and drive organizational performance and engagement.

Workgroup	Strategic	Supervision	Workplace	Community	Information Systems
Internal Communication	Pay	Benefits	Employee Development	Job Satisfaction	Employee Engagement

2 Key Scores

Overall Score
The Overall Score is an average of all survey items and represents the overall score for the organization. It is a broad indicator for comparison purposes with other entities.

Levels of Employee Engagement
Twelve items crossing several survey constructs have been selected to assess the level of engagement (high, moderate, or low) among individual employees.

13 Breakout Categories

Organizations can use breakout categories to get a cross-sectional look at specific functional or geographic areas. Your organization had a total of 13 breakout categories.

19 Additional Items

Organizations can customize their survey with up to 20 additional items. These items can target issues specific to the organization. Your organization added 19 additional items.



Employee Engagement

70.1%

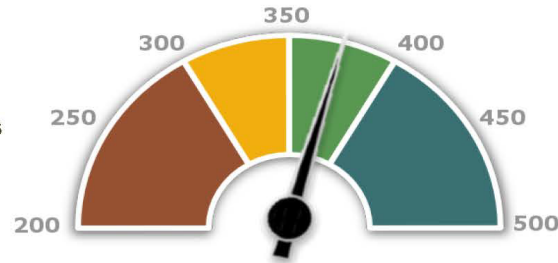
Down 12.4%

Response Rate

The response rate to the survey is your first indication of the level of employee engagement in your organization. Of the 529 employees invited to take the survey, 371 responded for a response rate of 70.1%. As a general rule, rates higher than 50% suggest soundness, while rates lower than 30% may indicate problems. At 70.1%, your response rate is considered high. High rates mean that employees have an investment in the organization and are willing to contribute towards making improvements within the workplace. With this level of engagement, employees have high expectations from leadership to act upon the survey results.

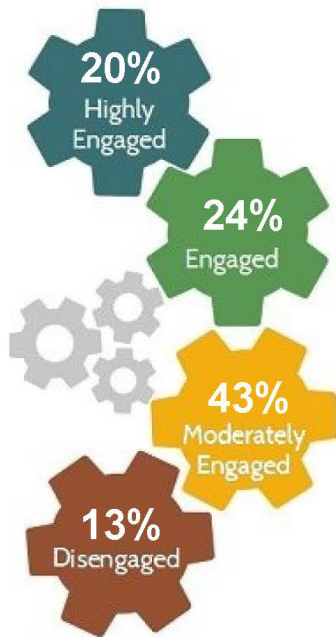
Overall Score

The overall score is a broad indicator for comparison purposes with other entities. Scores above 350 are desirable, and when scores dip below 300, there should be cause for concern. Scores above 400 are the product of a highly engaged workforce. **Your Overall Score from last time was 368.**



Overall Score: 373

Levels of Employee Engagement



Twelve items crossing several survey constructs have been selected to assess the level of engagement among individual employees. For this organization, 20% of employees are Highly Engaged, 24% are Engaged, 43% are Moderately Engaged, and 13% are Disengaged.

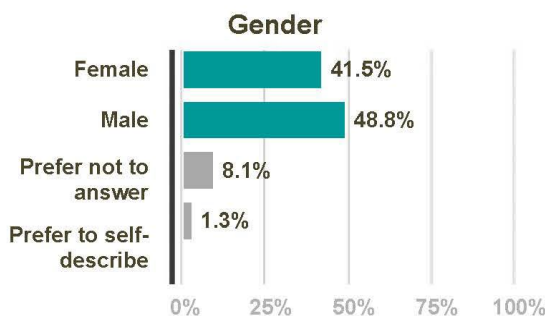
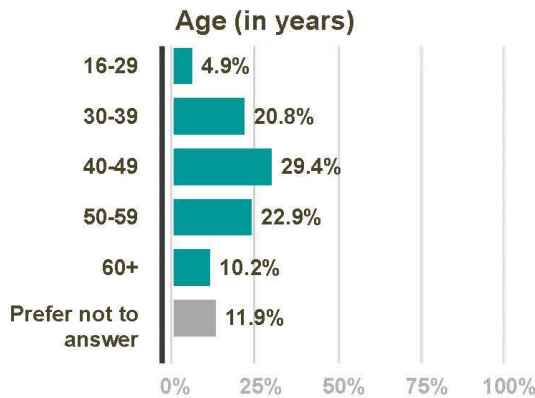
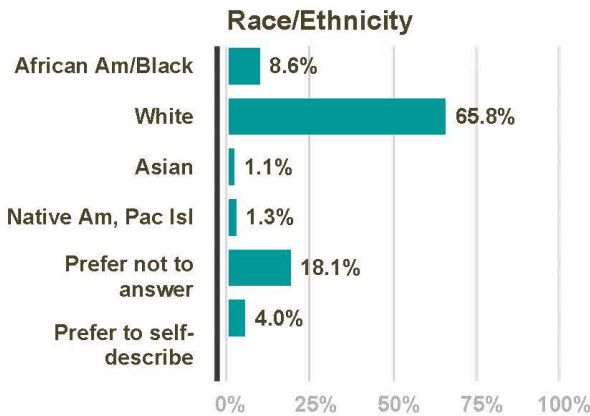
Highly Engaged employees are willing to go above and beyond in their employment. Engaged employees are more present in the workplace and show an effort to help out. Moderately Engaged employees are physically present, but put minimal effort towards accomplishing the job. Disengaged employees are disinterested in their jobs and may be actively working against their coworkers.

For comparison purposes, according to nationwide polling data, about 30% of employees are Highly Engaged or Engaged, 50% are Moderately Engaged, and 20% are Disengaged. While these numbers may seem intimidating, they offer a starting point for discussions on how to further engage employees. Focus on building trust, encouraging the expression of ideas, and providing employees with the resources, guidance, and training they need to do their best work.



People

Examining demographic data is an important aspect of determining the level of consensus and shared viewpoints across the organization. A diverse workforce helps ensure that different ideas are understood, and that those served see the organization as representative of the community. Gender, race/ethnicity, and age are just a few ways to measure diversity. While percentages can vary among different organizations, extreme imbalances should be a cause for concern.



YEARS OF SERVICE With this Organization



12% New Hires (0-2 years)
 44% Experienced (3-10 years)
 35% Very Experienced (11+ years)
 9% Prefer not to answer

Each figure represents about 4.1 employees.

FOCUS FORWARD >>>

6% INTEND TO LEAVE

Understand why people are leaving your organization by examining retention factors such as working conditions, market competitiveness, or upcoming retirement.

15% CAN RETIRE

This percentage of respondents indicated that they are or will be eligible for retirement within two years.



Constructs

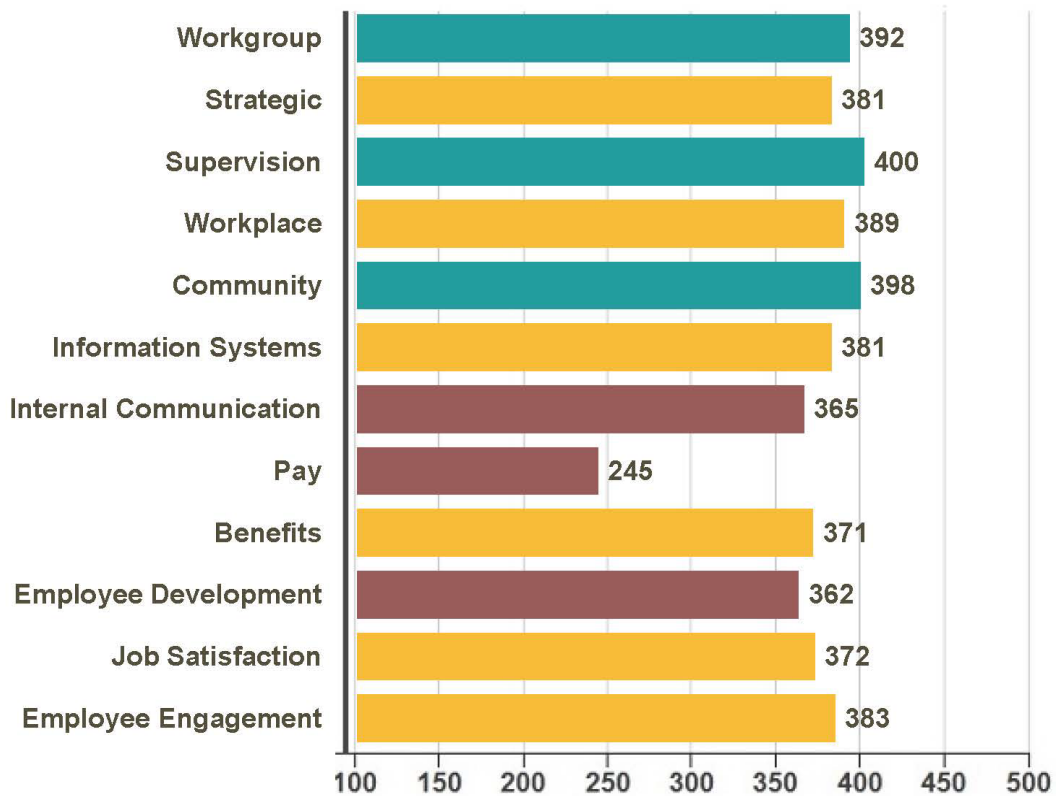
Similar items are grouped together and their scores are averaged and multiplied by 100 to produce 12 construct measures. These constructs capture the concepts most utilized by leadership and drive organizational performance and engagement.

Each construct is displayed below with its corresponding score. Constructs have been coded below to highlight the organization's areas of strength and concern. The three highest are green, the three lowest are red, and all others are yellow. Scores typically range from 300 to 400, and 350 is a tipping point between positive and negative perceptions. The lowest score for a construct is 100, while the highest is 500.

FOCUS FORWARD >>>

Every organization faces different challenges depending on working conditions, resources, and job characteristics. On the next page, we highlight the constructs that are relative strengths and concerns for your organization. While it is important to examine areas of concern, this is also an opportunity to recognize and celebrate areas that employees have judged to be strengths. All organizations start in a different place, and there is always room for improvement within each area.

Construct Scores





Constructs Over Time

One of the benefits of continuing to participate in the survey is that over time data shows how employees' views have changed as a result of implementing efforts suggested by previous survey results.

Positive changes indicate that employees perceive the issue as having improved since the previous survey.

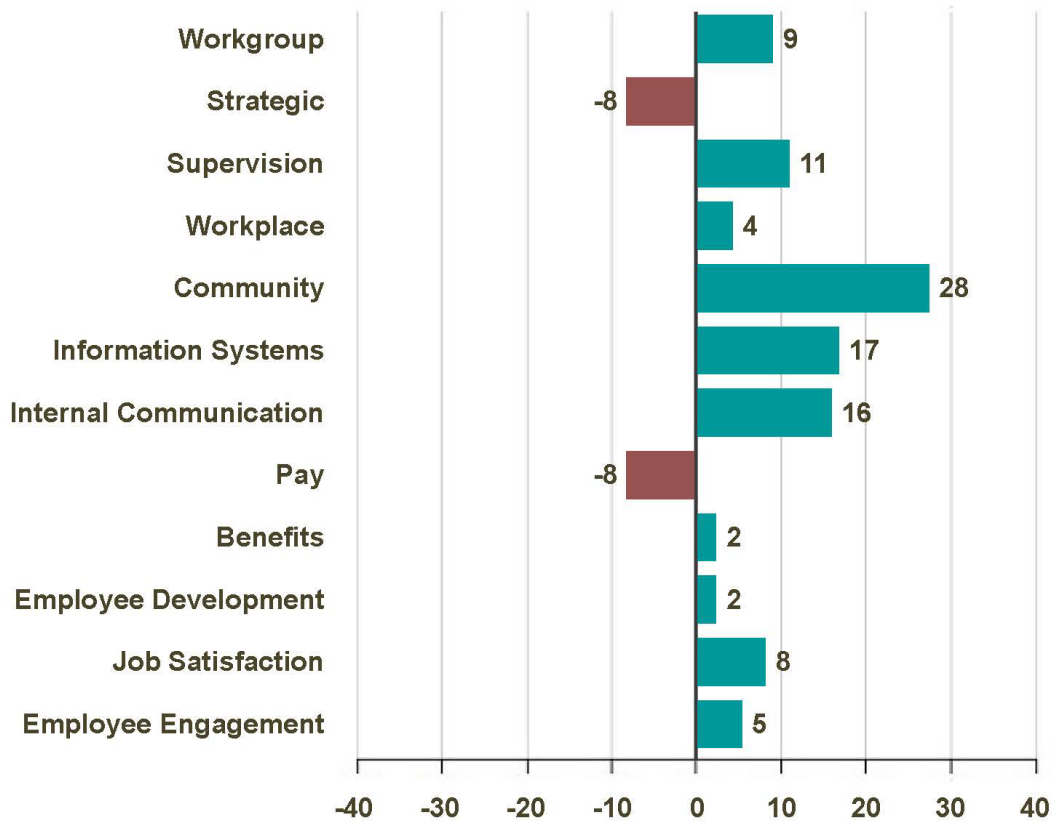
Negative changes indicate that the employees perceive that the issue has worsened since the previous survey. Negative changes of greater than 40 points and having 8 or more negative construct changes should be a source of concern for the organization and should be discussed with employees and organizational leadership.

Has Change Occured?

Variation in scores from year to year is normal, even when nothing has changed. Analyzing trend data requires a bringing patterns into focus, digging deeper into data, and asking questions about issues surrounding the workplace.

Pay close attention to changes of more than 15 points in either direction. Were there any new policies or organizational changes that might have affected the scores? Were these areas a point of focus for your change initiatives?

Constructs Scores Over Time





Report on Customer Service

Pursuant to the requirements of Texas Government Code, Section 2114.002, TABC submits this report on customer service. This report is based on feedback collected from customers of TABC's numerous public-facing divisions — including Enforcement, Compliance, and Licensing — and from users of TABC's website.

Created by the Texas Legislature in 1935, TABC regulates all aspects of the alcoholic beverage industry, including (but not limited to) the manufacture, distribution, and retail sales of alcoholic products. Working under the laws set by the Texas Alcoholic Beverage Code (Code), the agency's mission includes both regulatory and law enforcement elements. With more than 64,000 active alcohol licenses in Texas, TABC employees are in near-constant contact with customers across the state every day.

TABC remains committed to continuously improving customer service. Throughout its more than 85-year history, the agency has worked to set high standards of customer service. Through feedback collected via surveys and face-to-face discussions, TABC employees work to identify customer concerns and set action plans toward ensuring the highest levels of service.

The services TABC provides its customers include:

- Issuing 36 types of alcoholic beverage licenses and permits (collectively referred to as "licenses") to businesses in Texas and around the world, allowing them to produce, transport, distribute, import, sell, and serve alcoholic beverages in Texas.
- Inspecting the business premises for more than 64,000 TABC-issued licenses and permits to ensure compliance with the Alcoholic Beverage Code and TABC Rules.
- Conducting source investigations following alcohol-related incidents involving serious injury or death.
- Conducting investigations into organized criminal activities tied to a TABC-licensed location, including those involving prostitution, gambling, narcotics, weapons, and human trafficking.
- Collecting excise taxes from manufacturing and distributing tiers when alcoholic beverages are sold to retailers or consumers.



- Providing instruction to license holders and their employees, local law enforcement, and members of civic groups to promote a better understanding of and voluntary compliance with the Code.
- Overseeing the labeling, bottling, and promotion of alcoholic beverage products.
- Conducting audits to ensure adherence to the Code and ensure proper taxes are reported and paid.
- Ensuring compliance with, and collecting taxes and fees on, personal importations of alcoholic beverages and cigarettes at international borders.
- Reviewing and prosecuting violations of the Alcoholic Beverage Code.

INVENTORY OF EXTERNAL CUSTOMERS BY STRATEGY

TABC has compiled a list of external customers by budget strategy and has identified three distinct groups as its primary customers: the general public, the alcoholic beverage industry, and local agencies and officials.

An inventory of external customers served by each strategy is as follows:

Enforcement

The Enforcement Division is responsible for the criminal and administrative enforcement of the Alcoholic Beverage Code. As public safety is a statewide concern affecting all Texans, every person in the state is considered a primary customer.

TABC agents, who are commissioned peace officers, both inspect TABC-licensed premises and investigate any alleged violation of the Code and other state laws. While many investigations involve relatively simple violations of state alcoholic beverage laws, some involve much more complex situations such as human trafficking, organized crime, or narcotics. TABC agents work with local, state, and federal law enforcement officials on these investigations, making those agencies secondary customers.

Licensing

The Licensing Division issues all TABC licenses, permits, and certificates, thereby ensuring specific criteria are met including local government certification, tax security, and other regulations, through detailed investigation of each application. A license is required for all segments of the alcoholic beverage industry, making its members the primary customers of TABC's Licensing Division. Additionally, by ensuring each license



holder meets the qualifications required by law, the division's secondary customers include the general public and local agencies.

Audit and Investigations

TABC's Audit and Investigations Division is charged with ensuring compliance with the Code and TABC Rules. Auditors:

- Conduct tax, financial, and regulatory audits.
- Conduct inspections of licensed locations to ensure compliance and to address complaints received.
- Facilitate and participate in the alcohol industry and other community educational events.
- Conduct various types of regulatory investigations to include marketing practices and complex tied-house issues.
- Monitor and regulate cash/credit law.

The division also initiates administrative action when a Code violation occurs.

As with Enforcement, the general public is considered a primary customer when ensuring compliance with the Code. Secondary customers include the license holders who receive training and education designed to promote voluntary compliance with the Code.

Ports of Entry

The Ports of Entry Division ensures the proper taxation of alcoholic beverages imported into the state by individuals for personal consumption through land ports on the Texas/Mexico border or seaports for international cruise ships. The division is charged with identifying high-traffic loads and positioning personnel to collect tax payments as required by law. Primary customers are the individuals paying these taxes and fees.

Through an arrangement with the Texas Comptroller of Public Accounts, TABC Ports of Entry employees also collect taxes on cigarettes imported into the state. As such, the Comptroller is considered a secondary customer of the division.

Ports of Entry personnel are also charged with ensuring illicit beverages, or beverages deemed dangerous for public consumption, and minors are not importing alcoholic



beverages into the state. This function serves to uphold the health of the Texas public, making all citizens and visitors primary customers of the division.

CUSTOMER SATISFACTION SURVEYS

To monitor the level of customer satisfaction, TABC has used surveys tied to specific agency programs: Law Enforcement, Licensing, and Compliance along with a general survey encompassing feedback for the entire agency. Data collected from the surveys is used to monitor each division's customer service performance, improve overall quality of service, and provide information on overall customer satisfaction.

Law Enforcement

The Law Enforcement Division uses an online survey solution to survey a randomly selected 5% sample of license holders inspected the previous month. In fiscal years 2020 and 2021, 2,055 surveys were returned with an overall satisfaction rate of 93.9%. This is compared to the previous overall customer satisfaction rate for fiscal year 2019 at 93.6%. (Satisfaction rates are based on the percentage of respondents who responded positively to each survey questions below).

Enforcement FY 20 and FY 21	% Satisfied
Was the disruption of your business minimal?	86.28%
Did the Agent(s) treat you and your employees with courtesy and respect?	96.45%
Did the Agent(s) treat your customers with courtesy and respect?	96.93%
Were the actions of the Agent(s) fair and reasonable?	94.50%
Did the Agent(s) seem as interested in educating you about the law as they were about finding violations?	91.08%
Overall, did the experience leave you with a favorable impression of the TABC and its Enforcement Agents?	93.92%

Licensing

The Licensing Division provides surveys to retailers, distributors, and manufacturers who have applied for an original license or permit. The survey was revised in 2019 to allow for a new online-only process. This survey is intended to make it easier for license or permit holders to provide feedback to TABC regarding the licensing process. The survey process is voluntary, with users being provided a survey link alongside their final permit paperwork.



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During fiscal years 2020 and 2021, a total of 33 surveys were returned with respondents indicating a 93.9% satisfaction rate. In fiscal year 2019, TABC recorded a 95% satisfaction rate with 24 survey respondents.

Licensing FY 20 and FY 21	% Satisfied
During your application process, was the TABC employee knowledgeable?	93.94%
During your application process was the TABC employee courteous and professional?	96.97%
Did you leave with a favorable impression of TABC and its employees?	96.97%
Overall, were you satisfied or dissatisfied with your experience with TABC?	93.33%
Overall, how would you rate the quality of your customer service experience?	93.94%

Compliance

The Audit and Investigations Division provides surveys to licensed businesses who complete an annual compliance report through the TABC Compliance Reporting mobile application. The survey process is voluntary, with users being provided a survey link after they complete their report through the app.

During fiscal years 2020 and 2021, a total of 39,227 surveys were returned with 86.5% of respondents reporting satisfaction with the app.

Audit (Compliance Reporting App) FY 20 and FY 21	% Satisfied
Did you experience any issues or problems?	89.85%
Were the questions asked appropriate for the type of license/permit you hold?	89.73%
Please describe your overall satisfaction in using the TABC: Compliance Reporting App.	86.51%
If you experienced problems with the app and contacted TABC for help, what was your overall satisfaction with the help received?	80.68%

Customer Service Survey

The agency also distributes the standardized survey questions outlined by the LBB. This survey is publicly available on the agency's public website. However, because the agency has typically had a low response rate to this survey, and responses were largely negative because dissatisfied customers were more likely to seek out the survey, TABC began proactively distributing the survey to a larger number of respondents. In fiscal year 2020, TABC sent the survey to 27,075 email addresses on file for retailers,



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distributors, wholesalers, and manufacturers. Additional distribution methods are being explored to increase response rates.

Customer Service FY 20 and FY 21	% Satisfied
How satisfied are you with the agency's facilities, including your ability to access the agency, the office location, signs, and cleanliness?	74.76%
How satisfied are you with agency staff, including employee courtesy, friendliness, and knowledgeability, and whether staff members adequately identify themselves to customers by name, including the use of name plates or tags for accountability?	75.24%
How satisfied are you with agency communications, including toll-free telephone access, the average time you spend on hold, call transfers, access to a live person, letters, electronic mail, and any applicable text messaging or mobile applications?	73.05%
How satisfied are you with the agency's Internet site, including the ease of use of the site, mobile access to the site, information on the location of the site and the agency, and information accessible through the site such as a listing of services and programs and whom to contact for further information or to complain?	71.33%
How satisfied are you with the agency's complaint handling process, including whether it is easy to file a complaint and whether responses are timely?	70.39%
How satisfied are you with the agency's ability to timely serve you, including the amount of time you wait for service in person?	75.38%
How satisfied are you with any agency brochures or other printed information, including the accuracy of that information?	78.30%
Please rate your overall satisfaction with the agency.	75.96%



CONCLUSION

Based on the evaluations by agency customers, there is clear evidence of good customer service by the agency. The agency’s Enforcement, Licensing, and Audit and Investigations staff all received positive survey results. These employees were considered to be courteous, knowledgeable, and responsive to customer needs, in addition to providing clear explanations about the agency’s services when answering customer questions.

Additionally, the agency is evaluating new ways to distribute surveys to increase response rates. As the number of respondents grows, the agency expects to get a more accurate picture of customer satisfaction.

CUSTOMER-RELATED PERFORMANCE MEASURES

Outcome Measures	FY20 & FY21	FY22 (Expected)
1. Percentage of Survey Customer Respondents Expressing Overall Satisfaction with Services Received ¹	90.8%	75-94%*
Output Measures		
3. Total Customers Surveyed	48,997	N/A
4. Response Rate	5.5%	N/A
5. Total Customers Served ²	FY20 – 2,478,134 FY21 – 2,458,767	2,500,566 ³
5. Average Number of Days to Approve an Original Application ⁴	FY 20 – 41.62 FY 21 – 37.49	45 ⁵
Efficiency Measure		
6. Cost per Customer Surveyed	<\$.01	<\$.01
Explanatory Measures		
7. Total Customers Identified ^{6, 7}	29,145,505	29,527,941
8. Number of Customer Groups Inventoried	3	3

Footnotes on next page.



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¹ Data combines results for the final question across customer service, licensing, and enforcement surveys asking about the overall impression and satisfaction with the agency, customer service and staff. Audit results were not included because the question focused primarily on satisfaction with the mobile application and not the agency or overall customer service. When results from an additional 39,227 responses are included, which were specific to satisfaction with the performance of the now sunset Compliance Reporting App, the agency satisfaction rate was 86.77%.

² Represents the number of licensed businesses inspected or audited, complaints, persons attending TABC-led educational programs, seller/server training certificates issued, license/permit applications processed, and transactions at a port of entry.

³ According to the Texas Demographic Center, the population of Texas grew by 1.17% from January 1, 2021, to December 31, 2021. This projection reflects a 1.17% increase in customers served to match the growth rate of the Texas population.

⁴ Represents performance measure from TABC.

⁵ This is the annual goal for FY 2022. As of April 2022, the average number of days to approve an original primary license/permit was 27.89.

⁶ State population. Source: [U.S. Census data for population](#) as of April 1, 2020 and July 1, 2021.

⁷ Not based on a fiscal year.

*A broad projected range is given because TABC has not yet completed its main distribution of surveys for FY 2022 and as such does not have enough respondents to accurately project FY 2022 results. This ranged projection based on the highest and lowest satisfaction rates found in surveys over the previous two fiscal years (75% in the customer satisfaction survey and 93.9% in the Enforcement and Licensing surveys).

Continued on next page.



TABC Compact With Texans

Originally created in 1935, the Texas Alcoholic Beverage Commission (TABC) is the state agency that regulates all phases of the alcoholic beverage industry in Texas. The duties of the commission include regulating sales, taxation, importation, manufacturing, transporting and advertising of alcoholic beverages.

At TABC, we realize the great responsibility the state of Texas has placed on our agency, and we are committed to providing the best possible service to the people of Texas. We pledge to:

- Apply the Alcoholic Beverage Code in a fair, consistent and timely manner.
- Exemplify courteous, ethical, and professional behavior.
- Be fiscally responsible and accountable.
- Be accessible, transparent, efficient, and effective.

Mission

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

Vision

A safe and healthy Texas served by an innovative Alcoholic Beverage Commission regulating a responsible and compliant alcoholic beverage industry.

Guiding Principles

- We empower our employees to respond effectively to challenges.
- We recruit, develop, retain, and value a highly competent and diverse workforce that will successfully execute our mission.
- We strive to be a competitive employer.
- We expect ethical and professional behavior of ourselves.
- We exercise discretion in our authority when making decisions based on ethical and legal principles.
- We do the right thing, and not just what we have the right to do.
- We work together to achieve goals and solve problems.



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- We put responsible people into business and promote good business practices through open communication.
- We foster voluntary compliance through education.
- We provide the highest level of public safety by assessing and analyzing at-risk behavior and taking action against unlawful conduct.

Customer Service Standards

We recognize that quality service is essential in meeting our mission, goals and responsibilities. We pledge to:

- Treat you with professional courtesy and respect at all times.
- Provide you with accurate, timely and complete information.
- Respond to all inquiries as soon as possible within five working days of receipt.
- Process new (unprotested) applications within 45 - 60 calendar days.
- Acknowledge receipt of complaints within three working days.
- Resolve complaints within 60 working days and notify the complainant if any situations arise that may require additional time for complaint resolution.
- Provide helpful and up-to-date information on our website.
- Ensure our facilities are easily accessible and clean.
- Provide you with our Compact with Texans Customer Satisfaction Survey results and continually strive to improve our services.

Public Information Officer

TABC's public information officer (PIO) is responsible for responding to any concerns regarding the agency. You can contact the PIO at:

Texas Alcoholic Beverage Commission
P.O. Box 13127
Austin, Texas 78711
media@tabc.texas.gov
512-206-3462



Complaint-Handling Process

Report Violations of Texas Law

You can file a complaint about violations of the Alcoholic Beverage Code, TABC Rules or other statutes, including establishments and people who sell or give alcoholic beverages to minors.

- For all complaints, you will need to provide the name and location of the establishment, if applicable, and a description of the violations observed.
- When we receive your complaint, we will acknowledge it within three working days.
- We will make every effort to resolve your complaint within 60 working days.
- We will notify you of any situations that would require additional time for complaint resolution.
- The easiest way to file a complaint is by visiting the TABC Public Website or filing a complaint through tabc.texas.gov/aims-login.
- Find more information at tabc.texas.gov/contact-us/file-a-complaint-protest/file-a-business-complaint/.

If you have any questions or would like to file a complaint using a different method, contact TABC at:

Texas Alcoholic Beverage Commission
P.O. Box 13127
Austin, TX 78711
complaints@tabc.texas.gov
888-843-8222 (888-THE-TABC)

Complaints Against TABC Personnel

In order to file a complaint against the agency or a TABC employee, contact our Office of Inspector General by visiting the TABC public website.

Web address: tabc.texas.gov/contact-us/file-a-complaint-protest/file-a-tabc-employee-complaint/

Office of Inspector General
Texas Alcoholic Beverage Commission



P.O. Box 13127
Austin, TX 78711
OIG@tabc.texas.gov
512-206-3405
Fax: 512-206-3207

Complaints Against the Provision of TABC Services

TABC is an equal opportunity employer and does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or when providing services. You can file complaints alleging discrimination by the agency or a TABC employee on the provision of services by contacting:

Texas Alcoholic Beverage Commission
P.O. Box 13127
Austin, TX 78711
OIG@tabc.texas.gov
888-843-8222 (888-THE-TABC)

License and Permit Process

In 2021, TABC launched the Alcohol Industry Management System (AIMS) to allow industry members 24/7 access to submitting applications and managing licenses online. Paper original applications may be submitted but are not encouraged.

The TABC public website has numerous resources to help businesses through the process of applying for permits or submitting other information. Key resources include the following webpages:

- [Alcohol Industry Management System](#)
- [TABC Licenses and Permits](#)
- [New Licenses and Permits](#)
- [TABC License and Permit Renewals](#)
- [License and Permit Types](#)
- [Contact Us](#)

The webpages listed above contain information about how to contact TABC staff. Business or members of the public can also find assistance by contacting their [local TABC office](#).



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Please allow up to 45 - 60 calendar days for processing a new application. We may be able to complete the process quicker depending on the complexity of the application. For certain on-premise locations, the posting of a sign is required for 60 days before your license or permit is issued. **Please contact your [local TABC office](#) as soon as possible to obtain a 60-day sign or download it here so you can print, cut and assemble it yourself.**

If a completed renewal application and all required fees have been submitted online through the agency website before the expiration date of the permit or license, the license/permit holder may operate under the expired license or permit until the renewal application is denied or issued. Paper renewal applications may be submitted but are not encouraged.

If you have any questions or comments about our license and permit application process, contact:

Licensing Division
Texas Alcoholic Beverage Commission
P.O. Box 13127
Austin, TX 78711
licensing@tabc.texas.gov
512-206-3490
Fax: 512-206-3399

Questions, Comments, Suggestions and Requests for Information

TABC values your comments and will use them to measure our performance and improve our service. Communication of information and ideas provides an understanding and shared commitment toward achieving common goals. We will make every effort to respond to your inquiries within five working days of receiving them.