



TEXAS DEPARTMENT OF  
LICENSING & REGULATION



# 2023-2027 STRATEGIC PLAN LEADING TEXAS TO A BRIGHTER, STRONGER FUTURE





“Wait to worry.” — Bill Kuntz, Jr.

*Bill’s mantra was a well-known cue to TDLR employees that our own worries can be the biggest obstacle to personal and agency success.*

## In Memoriam

As we began work on our 2023-2027 Strategic Plan, we lost our longest-serving and most beloved former executive director, William H. “Bill” Kuntz, Jr. He came to TDLR in 1999, when we were a small agency, and steered us through steady, continuous growth and innovative development. Bill retired in 2016 after 41 years of state service, having achieved recognition for TDLR as the state’s premier licensing agency.

Bill was many things to the people who worked for him. Although he retired several years ago, many of our current employees worked closely with him, looking up to him as a leader, a teacher, and a father figure. Bill’s leadership will continue to live on at TDLR through the bedrock principles of functional alignment and personal accountability that he established during his time with us.

Most importantly, Bill leaves behind a great leader’s legacy – always investing in employees to help them become the best they can be.

Texas has a well-deserved reputation for fair, efficient, and steady business regulation, thanks in no small part to Bill Kuntz, Jr. His innovative use of functional alignment allowed a small organization to do the big work required of a state regulatory agency, encouraging common-sense practices and preserving our ability to remain nimble when necessary. We hope that every state agency can benefit from what we learned from Bill.

This year, our strategic plan is dedicated to you and all you taught us, Bill. We are proud to be a part of your legacy to Texas and we carry it forward with us every day in our work. Thank you.



## **AGENCY STRATEGIC PLAN FISCAL YEARS 2023-2027**

**BY THE TEXAS COMMISSION OF LICENSING AND REGULATION &  
TEXAS DEPARTMENT OF LICENSING AND REGULATION**

<b>Commission Member</b>	<b>Term</b>	<b>Hometown</b>
Rick Figueroa, Chair	02/01/2021	Brenham
Thomas F. Butler, Vice Chair	02/01/2025	Deer Park
Helen Callier	02/01/2021	Kingwood
Gerald R. Callas, M.D., F.A.S.A.	02/01/2023	Beaumont
Gary Wesson, D.D.S., M.S.	02/01/2023	Richmond
Nora Castañeda, M. Ed.	02/01/2025	Harlingen

***Submitted June 1, 2022***

Signed:

Mike Arismendez, Jr.  
Executive Director

Approved:

Rick Figueroa  
Commission Chair



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A scenic landscape photograph of a field of blue and red wildflowers under a sunset sky. The sun is low on the horizon, creating a warm orange glow and long rays of light. The field is filled with green grass and numerous blue and red wildflowers. The background shows a line of trees and a distant horizon.

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## WHO WE ARE

The Texas Department of Licensing and Regulation (TDLR) licenses and regulates a broad range of occupations, businesses, facilities, and equipment in Texas. In carrying out our mission, our chief goals are to protect the health and safety of all Texans and ensure they are served by qualified and competent professionals. We strive to provide consistent, predictable, common-sense guidance to our customers while remaining flexible and pragmatic in our approach to regulation. Our philosophy is that smaller, smarter government – which is efficient, innovative, and minimizes interference with the business affairs of licensees – best serves the people of Texas.

Chapter 51 of the Texas Occupations Code establishes the agency and our responsibilities. Our policies and procedures are guided by the Texas Sunset Advisory Commission's Sunset Licensing and Regulation Model, a nationally recognized standard used to evaluate whether occupational licensing and regulatory agencies are efficient, effective, fair, and accountable in their mission to protect the public. The model applies best practices and standards for agencies in the areas of policy, administration, licensing, enforcement, and overall structure. We consider the licensing model the foundational document of the agency. (Indeed, an early version of the licensing model was applied to our predecessor agency, the Texas Department of Labor and Standards, during its 1988-89 Sunset review, leading directly to the creation of TDLR.)

The Texas Commission of Licensing and Regulation (Commission) is our governing board and policy-making body. The seven members

are volunteers who are appointed by the Governor, with the consent of the Texas Senate, to staggered six-year terms.

Commissioners and their spouses generally may not hold licenses or possess significant business interests in the professions and industries we regulate, and therefore each Commissioner brings a uniquely independent perspective to the table. The Commissioners generously donate their own time and effort in service to the public and share a commitment to ensuring that together, we develop and sustain common-sense regulatory solutions for all Texans.

In addition to protecting the health and safety of Texans, the Commission makes it a top priority to identify and eliminate business impediments and burdensome requirements from program rules. Before adopting any rule, the Commission carefully considers its potential impact on public health and safety, businesses, consumers, and licensees. To better understand the effect of program rules on regulated occupations and industries, Commission members often attend advisory board meetings and participate with program staff at agency summits, workshops, and public outreach events.

The Commission also values transparency and open government. Commission meeting dates, locations, and agendas are shared in advance with the public, who can address their concerns directly to the Commissioners. Meetings are streamed live on TDLR's YouTube channel and made available online to view anytime. Commissioners regularly receive training from our Office of General Counsel to ensure

compliance with the state's open government laws.

TDLR's advisory boards consist of licensees and representatives from regulated businesses and industries, as well as public members and other professionals. Generally, advisory board members are appointed by the presiding officer of the Commission, with the approval of the Commission, and serve staggered six-year terms. Board members provide important technical knowledge and industry expertise, giving the Commissioners and our staff real-world insight into a wide variety of occupations and industries.

The executive director provides day-to-day leadership of the agency and reports directly to the Commission. The executive director's primary responsibilities include:

- administering our programs
- recruiting, hiring, and leading agency personnel
- issuing licenses and certificates
- approving complaint settlements, fines, and sanctions
- issuing cease-and-desist orders and emergency orders
- referring cases to the Texas Attorney General

Throughout the COVID-19 pandemic, our agency remained flexible and dynamic. We worked diligently to continue to provide service to our licensees and our fellow Texans during a time of great turmoil. Using valuable lessons learned from previous disasters and emergencies, along with guidance from the Office of the Governor, we waived late fees for license renewals, extended



## WHAT WE BELIEVE

inspection deadlines, waived continuing education requirements, allowed telehealth visits for certain health professions, and provided timely and vital information to licensees and the public through frequent social media and website updates. In addition, we led the nation in developing protocols to allow combative sports events to continue during the pandemic while protecting the health and safety of the participants. In May 2021, at a time when other states were not allowing spectators to attend sporting events, our combative sports team oversaw a boxing event that drew more than 70,000 fans.

Our role as the regulator of the massage therapy and cosmetology industries positions us to identify and respond to human trafficking others may not see. We continue our efforts to combat human trafficking and have made it a top priority. Our dedicated Anti-Trafficking Unit works side by side with state and local law enforcement throughout Texas to identify and report human trafficking. Our efforts include periodic, unannounced inspections of massage establishments, sharing information with our law enforcement partners, and training TDLR employees to spot and report signs of human trafficking.

We would not be able to carry out our mission without the 500-plus professionals who do the work behind the scenes. These dedicated public servants issue licenses, conduct inspections, enforce regulations, develop examinations, provide specialized technical expertise, and much more, while delivering outstanding customer service. Agency leadership, our employees, and the Commissioners share a common goal: to foster a predictable regulatory environment while providing low-cost, high-quality services for all Texans. In everything we do, we strive to carefully balance the interests of protecting public health and safety with the need to preserve freedoms and the rights of individuals to pursue their dreams.



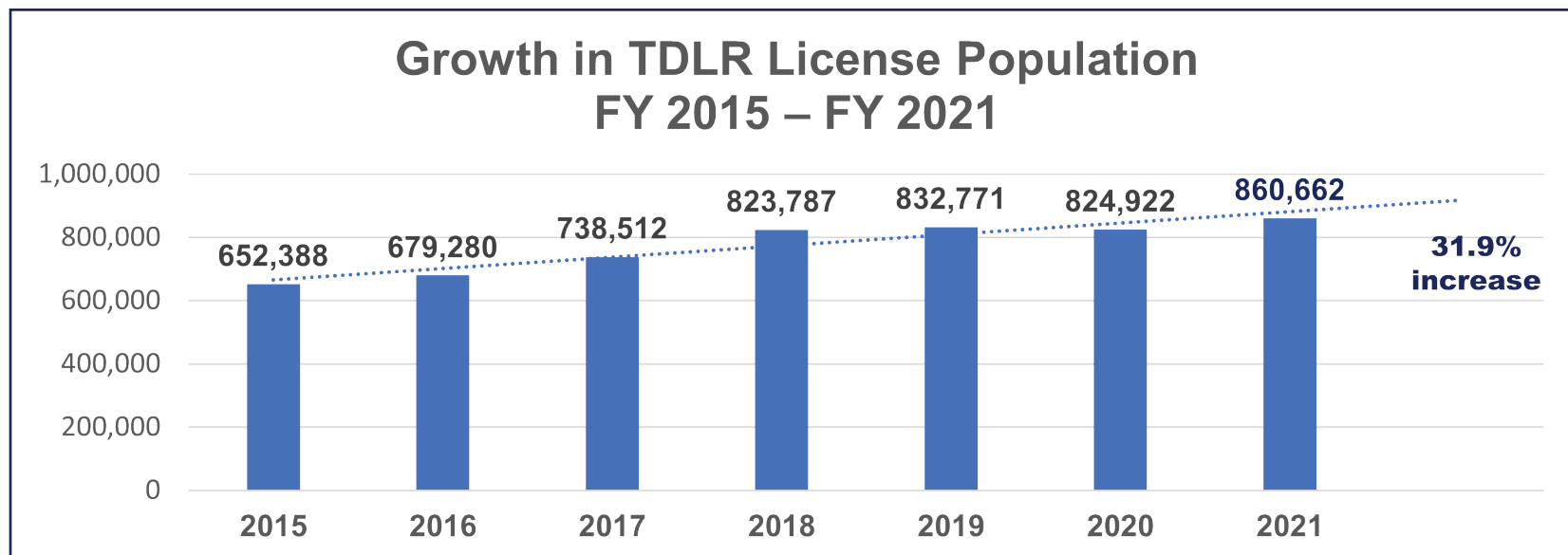
## VISION

To be the best at creating 'next' practices that deliver low-cost licensing and regulatory services and an exceptional customer experience.

## MISSION

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

## WHO WE REGULATE



We have demonstrated our ability to successfully streamline existing licensing programs and provide seamless regulatory program consolidation. In recent years, the Legislature has continued to expand our broad range of responsibilities while at the same time deregulating where necessary. With the recent successful transfers of the Motor Fuel Metering and Quality program, the Motorcycle Operator and ATV Operator Safety programs, and Residential Service Contract Companies, we will enter Fiscal Year 2023 with a total of 37 licensing programs.

Our licensee population has grown from approximately 652,000 individuals, businesses, and equipment in 2015 to more than 860,000 today, a 31.9% increase. Despite this growth,

we continue to deliver improved services, cost savings, and streamlined regulations to those programs transferred from other agencies. In addition, we have recommended and overseen the successful deregulation of several outdated programs and license types.

The TDLR Sunset bill, passed by the 87th Legislature in 2021, included these measures:

- transferring regulation of Residential Service Contracts from the Texas Real Estate Commission to TDLR's Service Contract Provider program
- combining the Barbering and Cosmetology programs into one program and creating a new Barbering and Cosmetology Advisory Board

- deregulation of the Polygraph industry in Texas
- deregulating specialty cosmetology licenses for wig stylists and wig salons
- deregulating Combative Sports Seconds licenses, Combative Sports Matchmakers licenses and Combative Sports Event Coordinators licenses
- reapportioning membership of the Driver Training and Traffic Safety Advisory Committee

The table on pages 5 and 6 is a snapshot of our total licensee population (from largest to smallest) through the end of FY 2021.



Program	Total Licensee Population	Business Licenses	Individual Licenses	License Types
Barbering & Cosmetology	370,694	61,816	308,878	51
Electricians	162,779	12,110	150,669	15
Boilers	53,394	53,153	241	3
Air Conditioning & Refrigeration	50,384	n/a	50,384	4
Elevators & Escalators	39,522	39,350	172	3
Towing & Vehicle Storage Facilities	35,085	17,802	17,283	9
Massage Therapy	32,253	2,532	29,721	6
Speech-Language Pathologists & Audiologists	23,834	n/a	23,834	6
Architectural Barriers	22,288	21,743	545	2
Motor Fuel Metering & Quality	15,043	14,356	687	7
Dietitians	6,692	n/a	6,692	1
Mold Assessors & Remediators	5,276	485	4,791	8
Athletic Trainers	4,294	n/a	4,294	2
Laser Hair Removal	3,946	240	3,706	7
Offender Education Programs	3,856	754	3,102	9
Property Tax Professionals	3,620	n/a	3,620	4
Behavior Analysts	3,142	n/a	3,142	2
Driver Education & Safety	3,097	839	2,258	5
Code Enforcement Officers	2,505	n/a	2,505	2

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“The Texas Legislature in 2021 voted to allow many of TDLR’s medical and health professions licensees to provide telehealth services. Having telehealth appointments will improve patient access to care no matter where they live, something that will help make Texans healthier.”

—Dr. Ray Callas,  
M.D., F.A.S.A.,  
Texas Commission of  
Licensing and Regulation

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*“Small businesses such as barber shops, cosmetology salons, electrical contractors, and air conditioning repair contractors are the engine propelling Texas. The Commission wants to make sure their regulations aren’t burdensome but still protect the public.”*

**—Helen Callier,  
Texas Commission of  
Licensing and Regulation**

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Program	Total Licensee Population	Business Licenses	Individual Licenses	License Types
Continuing Education	2,325	2,325	n/a	2
Auctioneers	2,255	n/a	2,255	2
Water Well Drillers & Pump Installers	2,198	n/a	2,198	4
Property Tax Consultants	1,979	n/a	1,979	4
Podiatry	1,481	n/a	1,481	5
Combative Sports	1,423	40	1,383	6
Sanitarians	1,278	n/a	1,278	2
Dyslexia Practitioners & Therapists	1,046	n/a	1,046	2
Orthotists & Prosthetists	933	261	672	15
Industrialized Housing & Buildings	878	813	65	8
Hearing Instrument Fitters & Dispensers	859	15	844	4
Used Automotive Parts Recyclers	690	690	n/a	1
Service Contract Providers	385	385	n/a	2
Professional Employer Organizations	374	374	n/a	2
Midwives	330	3	327	4
Motorcycle & ATV Operator Safety	309	60	249	3
Licensed Breeders	145	145	n/a	1
Transportation Network Companies	18	18	n/a	1
Weather Modification	12	12	n/a	2
<b>Total</b>	<b>860,622</b>	<b>230,321</b>	<b>630,301</b>	<b>216</b>

Source: Licensing Division Performance Measures, FY 2021



## HOW WE DO IT | Texas Commission of Licensing & Regulation

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*“TDLR’s accomplishments over the past 20 years have gained us recognition as a premier state agency. Our greatest legacy to the citizens of Texas will be the investments in our staff and our technology to create the next generation of TDLR systems and leaders. Our results will be to streamline government and keep Texas both safe and business ready.”*

**—Rick Figueroa, Chair, Texas Commission of Licensing and Regulation**

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**Rick Figueroa**  
Chair



**Thomas F. Butler**  
Vice Chair



**Helen Callier**



**Gerald R. Callas,**  
M.D., F.A.S.A.



**Gary Wesson,**  
D.D.S., M.S.



**Nora Castañeda,**  
M. Ed.

The Texas Commission of Licensing and Regulation (Commission) is our governing board and policymaking body responsible for adopting and repealing rules and approving final disciplinary orders for all cases prosecuted by our attorneys at the State Office of Administrative Hearings (SOAH). The Commission also authorizes our operating budget and oversees all personnel matters related to the Executive Director.

The Governor, with the advice and consent of the Texas Senate, appoints the Commission’s seven public members to staggered six-year

terms. The Governor also designates the presiding officer of the Commission. The current presiding officer is Rick Figueroa of Brenham.

Commission meetings are organized to ensure transparency and customer focus. All Commission meetings are open to the public and include opportunities for comment. Meeting agendas and materials are posted in advance on our website, and videos of each meeting are livestreamed on the TDLR YouTube channel.

The Commissioners adopt administrative rules

only after carefully considering the potential impact on businesses, licensees, consumers, and public health and safety. In each meeting, Commissioners strive to ensure that their decisions and actions are fair and transparent, with a focus on eliminating impediments and reducing regulatory burdens for businesses and licensees.

Commissioners participate in workgroups, attend advisory board meetings, and engage frequently with the TDLR-regulated community at public events.

## HOW WE DO IT | Advisory Boards



*Barbering & Cosmetology Advisory Board, 2022*



*Electrical Safety & Licensing Advisory Board, 2022*



*Texas Tax Professional Advisory Committee, 2022*

We receive valuable input and insight from 31 program-specific advisory boards. Members include industry experts, medical and health professionals, business leaders, educators, members of the public, and other interested parties based on the regulated profession.

Generally, advisory board members:

- are appointed by the presiding officer of the Commission, with the approval of the other members
- serve staggered two-, four- or six-year terms

The advisory boards meet as needed to evaluate, review, and make recommendations to the department and Commission on:

- rules and technical standards
- examination development

- continuing education requirements
- trends affecting their regulated industries
- concerns and comments from their communities
- eliminating unnecessary, outdated, or burdensome regulations

Additionally, members assist with the development of our criminal conviction guidelines and enforcement plan by identifying crimes that relate to the licensed professions and recommending appropriate penalties for violations of laws and rules. Experienced board members also assist agency staff as subject matter experts and expert witnesses.

Like Commission meetings, advisory board meetings are conducted in an open and customer-focused manner, with notices posted and emailed in advance and all meetings

streamed live and archived on TDLR's YouTube channel. Each advisory board offers the public an opportunity for industry-specific discussion of new legislative and proposed rule changes impacting most of our 860,000+ licenses. Board members play a key role in reviewing rules affecting their industry.

Our ongoing success with consolidating new licensing programs is due in part to the invaluable expertise provided by our 265 professional and consumer advisory board members. Having access to these distinguished professionals and dedicated consumers allows us to fulfill core functions with a small and efficient workforce, hiring and retaining staff strategically rather than attempting to employ industry experts skilled in all 216 license types TDLR currently regulates.



## HOW WE DO IT | Divisional Functional Alignment

Under the guidance of TDLR’s Executive leadership, our divisional functional alignment empowers us to meet the agency’s ever-changing responsibilities.

Functional alignment creates efficiencies and savings, primarily distributing work across the agency by activity, not program, and eliminating redundancies commonly found in “silo” programs with small, single-occupation licensing boards. This business model aligns resources across programs which requires agility and open communication at all levels. Our success can be measured in terms of customer satisfaction, reduced program costs, and lower fees for Texans.

Open and free communication is a key component in the success of the functional alignment model. We take pride in our ability to work collaboratively and respond efficiently and effectively to challenges within and across functional areas. Teamwork and innovation are two of our core values and remain hallmarks of our functional alignment model.

The **Executive Director** provides visionary leadership as head of the agency, and directly supervises these divisions:

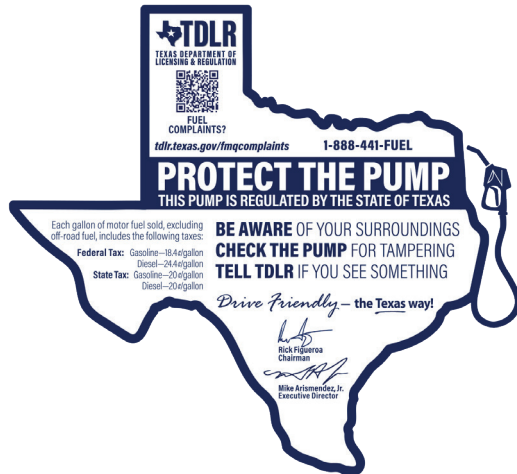
- **Executive Office:** Provides the leadership and motivation for achieving our strategic vision; manages day-to-day operations; implements Commission objectives; and ensures our compliance with statewide goals and initiatives.

- **Office of General Counsel:** Provides legal guidance for our regulatory programs and the operations of the Commission and the agency; prepares and files all agency rulemaking; prepares Commission orders in contested cases; responds to all open records requests; coordinates litigation with the Office of the Attorney General; negotiates and reviews interagency agreements, contracts, and procurements; manages agency records; advises the Commission and TDLR advisory boards; and provides training to advisory boards, commissioners, and staff on compliance with the Open Meetings Act and the Public Information Act. The General Counsel also serves as the chief ethics advisor and chief audit executive for the agency.

- **Human Resources:** Manages recruitment, hiring, compensation, training, and career development, and develops and reviews agency personnel policies to ensure compliance with applicable state and federal laws. Human Resources also supervises building operations.

- **Information Security Office:** Evaluates cybersecurity risks and ensures compliance with applicable state and federal law, as well as industry standards and best practices. Evaluates, investigates, and audits all incidents to ensure cybersecurity risk is managed appropriately.

- **Office of Process and Project Management (OPPM):** Strategically positions the agency for the efficient completion of projects and innovative growth. OPPM focuses on unique problem-solving and collaboration, and helps the agency respond quickly to changing responsibilities. OPPM is comprised of two complementary arms – the Process Review and Enhancement Partners (PREP) and the Enterprise Project Management Office (EPMO):
  - PREP works with internal teams to enhance existing processes, ensure processes are optimized, and assist in developing new processes with a keen eye on efficiency and a reduction in deficiencies, with measurable results. PREP uses key Lean and Six Sigma tools to aid in supporting smaller, uniquely scoped projects that can be readily implemented in a 90-day project cycle.
  - EPMO’s mission is to provide an agency-wide standard approach to project delivery, transparent and accurate project status information, and effective prioritization of project management resources.



*The Consumer Information Sticker must be displayed on all fuel pumps*



*Removing a skimmer*

The **Senior Deputy Executive Director** supervises these divisions:

- Enforcement:** Promptly resolves complaints against regulated populations with due process through the collaborative efforts of administrative and legal assistants, investigators, and attorneys. The division also assesses each applicant's fitness for licensure based upon the applicant's criminal history. Employees include Austin-based and regional field staff who are organized into three sections reflecting the life cycle of a typical complaint – intake, investigation, and prosecution – as it moves through the enforcement process.
- Field Inspections:** Conducts fair, thorough, and timely inspections to protect the public's health and safety and educate licensees. Major activities include pre-license, periodic, and risk-based inspections (using onsite and virtual inspections), identifying and reporting potential human trafficking, and providing education to the public, business owners, school owners, and licensees to ensure regulated industries operate in a safe and ethical manner. Division staff are located throughout the state, and the division maintains offices in Austin, Fort Worth, and Houston.
- Information Technology (IT):** Maintains more than 50 different systems spread over a broad array of technologies that support mission-critical activities for TDLR's licensing and regulatory functions and require a variety of skills. The division works with other TDLR divisions to ensure that our systems comply with state laws and agency rules, and advance our mission and goals. TDLR's response to the COVID-19 pandemic required IT to support a wide range of networking and physical components to allow TDLR employees to securely work in the office and remotely. IT incorporates new solutions and technologies to improve agency efficiency and enhance the customer experience.
- Regulatory Program Management (RPM):** Assists the regulated community and internal staff with guidance to achieve compliance with applicable laws, rules, codes, and standards for the benefit of consumers and the public. Staff consists primarily of technical and industry experts for our programs. Their skills and experience are critical to our role in safeguarding the public and assuring that Texans are served by qualified professionals. RPM staff participate in industry and professional conferences to educate licensees and conduct stakeholder outreach and administer equipment and facility safety inspections.

The **Deputy Executive Director**, in addition to coordinating the agency's response in the event of natural disasters and emergencies, supervises these divisions:

- **Customer Service:** Responds to customer contacts received by phone and email, including assistance by Spanish and Vietnamese language speakers. Division staff answer general questions about our programs and processes, educate and assist license applicants through the application and renewal processes for their programs, and assist customers in making payments. Customer service representatives are the first and often the only point of contact our customers will have with the agency. In a typical day, the division responds to 1,658 phone calls and 213 emails. Data collected on contacts is analyzed to identify agency pain points that can be used for process improvements. The division continuously experiments with new processes to evaluate and improve service to our customers.
- **Education and Examination:** Oversees requirements for examinations, continuing education, and pre-licensure education as established in law and rule for the professions and industries we regulate. Division staff also coordinate practical, theory, and jurisprudence licensing examination development, and monitor the administration of examinations delivered by our third-party testing vendor, PSI.

- **Licensing:** Processes and reviews applications and issues licenses to qualified individuals and businesses in accordance with statutory requirements. Licensing requirements typically include pre-education and credentials, experience and employment history, insurance, bonding and net worth requirements, and continuing education courses. The division is organized into teams to optimize cross-training and efficiency, with each team member trained to process every license type issued by their team. Teams are grouped by similarity of program, licensing requirements, and licensing database, and staff are cross-trained to assist during seasonal workload spikes. The Licensing division works closely with the Enforcement division to ensure background checks are completed on all individual license applicants.

The **Chief of Staff** supervises these divisions and groups:

- **Advisory Board Support:** Coordinates all activities, meetings, and outreach for 31 advisory boards. Advisory Board staff work with board and committee members to schedule public meetings. They provide training on using the virtual meeting platform, including online meeting etiquette to ensure compliance with open meetings laws; and maintain records of meetings, including attendance, agenda items and motions.

Staff also work with applicants to the many boards and committees to make sure they submit complete membership applications for Commission approval.

- **Anti-Trafficking Unit (ATU):** Collects information and conducts research on and coordinates investigations and inspections to identify human trafficking in Texas.
- **Asset Management:** Coordinates the tracking and assignment of all agency assets and fleet vehicles, from their initial purchase until their transfer to State Surplus.
- **Financial Services:** Provides oversight for all accounting, budgeting, contracting, and procurement; coordinates preparation of the agency Legislative Appropriations Request (LAR), annual financial report, and operating budget; and processes mail, travel vouchers, and revenue. The division also oversees the Financial Crimes Intelligence Center budget in coordination with Smith County.
- **Office of Strategic Communication:** Provides support for the following areas: media relations; social media outreach; external and internal communications; promotional materials and design; outreach to legislators, stakeholders, and the Office of the Governor in support of agency and state government strategy; and design and maintenance of TDLR's website and intranet.



## WHAT WE HAVE DONE | TDLR's Core Work in Fiscal Year 2021

### ENFORCEMENT COMPLAINT RESPONSE

**32,655** Complaints Received

**10,121** Investigations Opened

**9,335** Cases Closed



Performed

**302,950**

TDLR and Third-Party  
Inspections

- 9** Commission Meetings
- 39** Advisory Board Meetings
- 7** Licensee Training Videos
- 5** Public Service Announcements

(All videos are available on the  
TDLR YouTube channel:  
[YouTube.com/TexasLicensing](https://www.youtube.com/TexasLicensing))



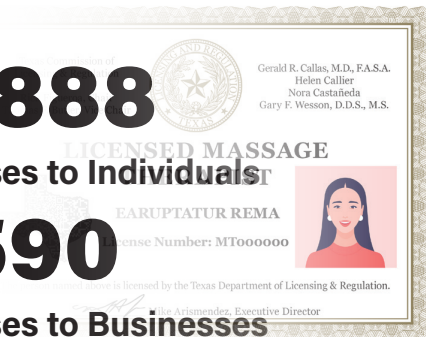
Issued

**138,888**

New Licenses to Individuals

**46,590**

New Licenses to Businesses



## Sunset Implementation

The Sunset Advisory Commission staff began its most recent review of TDLR in October 2019, and the commission met in December 2020 and January 2021 to consider and vote on final recommendations relating to TDLR. The 2021 Legislature adopted Sunset's statutory recommendations with some modifications in House Bill 1560.

TDLR's work to implement Sunset recommendations began as soon as the staff report was published in June 2020. Our early work focused on management action recommendations including those relating to performance measures, inspection data collection, the rule review process, and the publication of enforcement statistics on the agency's website.

We also started early on implementing statutory recommendations relating to risk-based inspections and complaint prioritization and that work continues today.

As of this writing, TDLR has completed:

- multiple recommendations reflected in Issues 1, 6, and 7 of the Sunset report, including creating a training manual for Commissioners, publishing enforcement statistics on the agency's website, creating procedures for protecting complainant confidentiality, and implementing two recommendations for improvement of performance measure methodologies;



*"The Sunset Commission's review of Texas agencies is important work, and TDLR Commissioners appreciate their efforts to help TDLR become the best version of itself. We began implementing many Sunset staff recommendations even before the Sunset Commission's vote. Some of the ideas were so good and on point there was no reason for Texans to have to wait on benefitting from those improvements."*

**—Gary Wesson, D.D.S., M.S.,  
Texas Commission of  
Licensing and Regulation**



- the transfer of the residential service contracts program from the Texas Real Estate Commission to TDLR; and
- deregulation of multiple license types including the polygraph examiners program, three combative sports license types, all cosmetology wig licenses, and driving safety instructors.

Implementation of other provisions of HB 1560 continues. We are working on deploying risk-based inspections and complaint prioritization, merging the barber and cosmetology programs, and modifying the structure of the driver education and safety program.

## Information Technology & Cybersecurity

In the last two years, we have implemented several tools to enhance our productivity and cybersecurity protection, including:

- network and server monitoring tools that provide greater insight into our core infrastructure components;
- application monitoring software that increases our ability to more carefully monitor our mission critical applications, improving our response to cybersecurity events;
- cloud-based networking components that ensure TDLR staff can work remotely and securely;
- data loss prevention software that monitors electronic communications to prevent exposure of sensitive data;
- software that manages application access; and
- cloud-based software that actively monitors cyber threats.

In addition, we have implemented multiple legislative changes and Sunset recommendations that required updates to our systems and processes, including:

- updating the Advisory Board system to accept digital applications for volunteer members (SB 2062);

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- improving customer service for military spouses applying for licenses in the Property Tax Professional program (SB 916/HB 139);
- transferring and integrating the Residential Service Companies data from TREC into TDLR's Service Contract Provider program (HB 1560, HB 735); and
- implementing a new electronic inspection system to improve data accuracy and the overall efficiency of inspection activities.

TDLR engaged with a vendor to begin modernizing our disparate licensing systems in June 2020, but the initial deliverables did not meet the needs of TDLR staff and customers, and the contract was not renewed. TDLR continues to assess options for the modernization and consolidation of our licensing systems.



*"The Financial Crimes Intelligence Center is a huge step forward in protecting Texans from payment card fraud at the gas pump. This crime affects consumers, businesses and financial institutions, and I'm proud that Texas is helping to lead the fight.*

*The Legislature entrusted TDLR with these responsibilities and we will not disappoint them."*

**—Thomas F. Butler, Vice Chair,  
Texas Commission of Licensing and Regulation**



## Texas Financial Crimes Intelligence Center (FCIC)

The FCIC was created in the 87th Legislative Session (2021) and began work in October of that year to foster collaboration between Texas law enforcement agencies and financial institutions in the fight against payment card fraud and other financial crimes. The Legislature provided funding for staff positions, data management, and operational costs. TDLR contracted with Smith County and the Smith

County District Attorney's Office to run the FCIC's daily operations.

FCIC works on financial crimes investigations with federal agencies, the Texas Department of Public Safety, the Texas Comptroller of Public Accounts, and local law enforcement agencies nationwide. Since January 2022, the FCIC's coordinated efforts and intelligence bulletins have resulted in 19 arrest warrants, four search warrants, and averted millions of dollars in fraud. FCIC staff provide onsite training for law enforcement officers across the state and conduct classes, which include information on the use of forensics in the investigation and prosecution of cases.

Within the first quarter of 2022, the FCIC prevented \$4.2 million in fraudulent transactions, more than the entire amount of the FCIC's budget for the biennium.

FCIC Highlights 2022	January	February	March	April	Total
Multijurisdictional Investigations	13	12	10	16	51
Previously Unknown Suspects Identified	7	7	13	23	50
Arrests/Warrants Coordinated	11	2	1	5	19
Skimmers Recovered	19	0	5	7	31
Credit Cards Recovered	24	1,533	0	0	1,557
Other Potential Fraud Eliminated	\$0	\$60,408	\$0	\$531,555	\$591,963
Credit Card Fraud Eliminated	\$975,000	\$1,943,408	\$423,778	\$881,550	\$4,223,736





“TDLR’s Anti-Trafficking Unit (ATU) works diligently to keep our licensees informed and help protect all Texans from human trafficking. It’s a big job, and one that TDLR has not shied away from. ATU and other TDLR staff are working with local law enforcement and those efforts are already paying big dividends. I’m proud that TDLR saw a growing problem and realized that we have a unique opportunity to help stop the exploitation of vulnerable people in Texas.”

—Nora Castañeda, M. Ed., Texas Commission of Licensing and Regulation

## Anti-Trafficking Unit (ATU)

The ATU is a TDLR initiative first funded by the 86th Texas Legislature in 2019 to assist Texas in the fight against human trafficking. After the transfer of the Massage Therapy program to TDLR in 2017, inspectors and investigators identified a need to address increasing evidence of trafficking in establishments. Ongoing funding provided in the 87th Legislative Session (2021) allowed staff to continue this important work, which occurs in partnership with law enforcement, non-governmental organizations, the U.S. Department of Labor, the Office of the Texas Attorney General, and through membership in four taskforce associations. ATU also collaborates internally

with the Field Inspections, Regulatory Program Management and Enforcement divisions for swift investigation of complaints involving suspected human trafficking, including claims of sexual misconduct, unlicensed activity, and incidents where an individual is residing on the premises.

As the ATU team works with non-governmental partners in more cities and towns across Texas, we are finding more instances of suspected labor trafficking in programs other than Massage Therapy, which typically involves sex trafficking. Our increased presence in various areas – plus improved education on what our investigators should look for – are providing us with additional opportunities to discover labor trafficking. Unfortunately, some employers

in TDLR programs such as barbering and cosmetology, electricians, and air conditioning and refrigeration are willing to exploit vulnerable people who lack proper documentation and may not be aware of their right to a fair wage or have access to resources to seek help. TDLR staff is working hard to prevent the illegal exploitation of these workers.

Following the most recent legislative session, TDLR also implemented legislation to include more information on human trafficking signs to report suspicious activity (HB 3721), as required for posting in cosmetology and massage establishments. The Julia Wells Act (SB 1831) requires human trafficking prevention information be presented during all driver education courses.

## TDLR Anti-Trafficking Unit Statistics, January 2020 to April 2022

External Referrals Regarding Suspected Human Trafficking	384	On-Site Investigations	415
Law Enforcement Referrals (including Office of Attorney General)	63	Desk Investigations	62
Internal TDLR Referrals to ATU	84	Temporary and Permanent Facility Closures Because of ATU Investigation	42
Cities Visited Statewide	64	Arrests by Law Enforcement Because of ATU Investigation	27
Special Operations Conducted with Law Enforcement During Site Visits	24	Survivor Outcries For Assistance	11
		Internal and External Trainings Regarding TDLR and ATU	68

## CHALLENGES WE FACE

### Recruiting and Retention

Over the past seven fiscal years, we've seen a 31.9% increase in our licensed population. Additional responsibilities from new and transferred programs have expanded our traditional workload into areas including healthcare, motor fuels regulation, and anti-human trafficking efforts. While we have a cap of 564.2 full-time equivalents (FTEs), we have struggled to employ more than 510 FTEs during the COVID-19 pandemic, due in part to below-market salary averages for roughly two-thirds of our positions and more competitive benefits and flexibility in the private sector. Filling current openings presents a challenge for the agency's future. Astronomical housing prices in the Austin metropolitan area, coupled with rising fuel prices and stagnant state salaries, make recruiting employees more challenging.

Staffing shortages are particularly evident in our front-line positions in customer service, field inspections, and financial services. Recruiting and compensation for our more specialized roles such as legal, technical, cybersecurity, and information technology is becoming even more competitive. Staff retention and succession planning are also impacted, particularly when coupled with an aging workforce — over 45% of our employees are age 50 or older and nearing retirement. In addition to the external competition for hiring and retention, we will face increasing risk as institutional knowledge is lost.

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***Our staff are in the midst of implementing some of the most significant regulatory changes in our agency's history and we are feeling the weight of these additional responsibilities.***

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Internally, many of our staff report feeling stretched to capacity. For example, during the transfer of 13 programs from DSHS, it was estimated that our workload would only increase by 600 complaints annually, so only three FTEs were provided to handle those cases. But, in fiscal year 2021 we actually saw 6,736 complaints received for those programs, many of which pose higher risks to public health or safety.

As identified in our recent Sunset review, TDLR's functional alignment has proven flexible, cost-effective, and efficient; however, the Sunset Commission also emphasized that continued unchecked growth risks compromising quality of service.

### Keeping Pace with Demand

Our staff are in the midst of implementing some of the most significant regulatory changes in our agency's history, and we are feeling the weight of these additional responsibilities.

We are in the process of implementing multiple significant recommendations from the Sunset Commission, along with other changes incorporated into House Bill 1560 (TDLR's Sunset bill).

Further, since 2015, responsibility for 23 additional programs have been transferred to TDLR (see chart on page 17). Incorporating each new program into TDLR's functional model requires adjustments to technology and processes, evaluation of work in progress received from the previous agency, collaboration with stakeholders, and a significant investment of time and human resources.

## New and Transferred Responsibilities to TDLR Since 2015

Year	Program/Responsibility	Transfer/New	Year	Program/Responsibility	Transfer/New
2015	Parent-Taught Driver Education	Transfer from DPS	2017	Massage Therapy	Transfer from DSHS
2015	Driver & Traffic Safety Education	Transfer from TEA	2017	Mold-Assessors & Remediators	Transfer from DSHS
2016	Athletic Trainers	Transfer from DSHS	2017	Offender Education Providers	Transfer from DSHS
2016	Dietitians	Transfer from DSHS	2017	Sanitarians	Transfer from DSHS
2016	Dyslexia Therapists & Practitioners	Transfer from DSHS	2017	Behavior Analysts	New
2016	Hearing Instrument Fitters & Dispensers	Transfer from DSHS	2017	Podiatrists	Transfer from Podiatry Board
2016	Midwives	Transfer from DSHS	2017	Responsible Pet Owners	New
2016	Orthotists & Prosthetists	Transfer from DSHS	2017	Transportation Network Companies	New
2016	Speech-Language Pathologists & Audiologists	Transfer from DSHS	2019	Motor Fuel Metering & Quality	Transfer from TDA
2017	Code Enforcement Officers	Transfer from DSHS	2020	Motorcycle Operator & Training Safety	Transfer from DPS
2017	Laser Hair Removal	Transfer from DSHS	2020	Off-Highway Vehicle Operator Education & Certification	Transfer from DPS
			2021	Residential Service Contracts	Transfer from TREC



## CHALLENGES WE FACE

### Outdated Technology Infrastructure

Many of the archaic and different licensing systems that we have inherited from other agencies do not meet modern standards for functionality or security. These systems are inflexible and cannot share information with each other. They are also becoming unsupportable because the subject matter experts who have historically supported these systems are aging out of the workforce, and new individuals entering the technology workforce are not being taught these older technologies. Coupled with our continued growth, these outdated systems present significant challenges to efficiency and data security. Further, our Sunset review emphasized that we must better incorporate data into our decision making. Becoming a more data-driven organization will require innovative leadership as well as significant, ongoing investments in our technology infrastructure.

TDLR engaged with a vendor to begin modernizing our disparate licensing systems in June 2020. Unfortunately, the initial deliverables did not meet the needs of our staff and customers, and the contract was not renewed. We continue to assess options for the modernization and consolidation of our licensing systems, and are exploring every possible solution, including potentially leveraging resources outside the agency. The ultimate resolution will require support from the Legislature.

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***Our increased exposure to criminal activity and enhanced coordination with law enforcement raise unique challenges for an administrative agency.***

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### Perception vs. Reality

As TDLR's responsibilities have continued to expand in recent years through program transfer and consolidation, our identity as an agency has also undergone transformation. Our traditional role as the state's centralized occupational licensing and regulatory body has expanded into areas more closely associated with law enforcement, such as gas pump skimmers and payment card fraud, illicit massage, animal abuse, and human trafficking. Our increased exposure to criminal activity and enhanced coordination with law enforcement raise unique challenges for an administrative agency. While some of our staff have previous law enforcement experience, our agency's focus is on performing an administrative role separate from, but partnering with, law enforcement as appropriate. Put plainly, TDLR is not a law enforcement agency, yet our staff are increasingly placed in situations with the potential for conflict with bad actors and the associated dangers.

At the same time, the public often expects that we will operate like a law enforcement agency

and "stop the bad guys." We cannot make arrests or seize property, so expectations of our evolving public profile may not match our limited authority as an administrative agency.

### Overcoming Language and Cultural Barriers

Language barriers can also present a challenge, especially in the barber, cosmetology, and massage industries. Currently, exams are available in English and Spanish (Vietnamese, Korean, and simplified Chinese for barber and cosmetology only), while the native language of many of our applicants is Mandarin, Cantonese, Thai, or Vietnamese. Offering reference materials and exams in additional languages as a matter of practice could overcome some miscommunications to ensure a better understanding of state laws, rules, and policies among new licensees, and help increase compliance.

Increased knowledge and understanding would also improve services provided to the public, as well as protecting the licensees and potential victims from trafficking exploitation.

# AGENCY GOALS & ACTION PLAN

## WHAT WE ARE GOING TO BE | Agency Operational Goals

**Goal #1: Fully implement the recommendations resulting from the Sunset review process and resulting Sunset bill, House Bill 1560, 87th Legislature.**

### ***Action Steps & Target Date:***

1. Implement all Sunset staff-recommended management actions.  
(9/1/2023)
2. Implement all statutory changes resulting from House Bill 1560.  
(9/1/2023)

### ***Accountability***

- Ensuring the agency is responsive to elected officials and the people of Texas.

### ***Efficiency***

- Eliminating inefficient or redundant regulations and processes.

### ***Effectiveness***

- Enabling TDLR to focus on its core philosophy of streamlining licensing programs, developing more data-driven processes, and improving services for Texans.

### ***Excellence in Customer Service***

- Simplifying interactions and providing an exceptional customer service experience. Increasing ease of access to services and meaningful information.

### ***Transparency***

- Improving licensee and consumer understanding of agency laws, rules, and procedures.

# AGENCY GOALS & ACTION PLAN

**Goal #2: Focus the agency's regulatory and outreach efforts on protecting public health and safety, combating human trafficking, and preventing consumer harm.**

## ***Action Steps & Target Date:***

1. Use a risk-based approach when deploying regulatory resources to prioritize violations that implicate public health and safety, human trafficking, and consumer harm. (9/1/2023)
2. Apply innovative communication strategies to share information, enhance existing communication channels, strengthen customer outreach, develop new partner relationships, and promote TDLR's anti-trafficking efforts. (9/1/2023)
3. Increase the development and availability of reference materials to inform our diverse customer base about laws and rules enacted to protect them. (9/1/2023)

## ***Accountability***

- Helping our licensees comply with state law and rules through outreach and ongoing education.
- Expanding public awareness of TDLR's programs and responsibilities that affect their health and safety.
- Fostering a firm, fair, and consistent regulatory environment.
- Stopping business owners who engage in or promote human trafficking in their establishments.

## ***Efficiency***

- Increasing online information and self-service options to reduce the need for customer service contacts.
- Reducing violations and fines by improving communication with licensees and the public.
- Empowering consumers to make informed decisions by providing online information about licensees and businesses.

## ***Effectiveness***

- Enabling employees to focus on core functions that foster improved performance.
- Reducing the number of complaints, violations, and fines not related to public health and safety.
- Identifying survivors of human trafficking and connecting them with service providers.
- Aligning communication efforts to raise awareness and improve consistency.

## ***Excellence in Customer Service***

- Ensuring the Customer Service division has the necessary information, resources and training to provide clear and consistent responses.
- Providing better online and mobile services to reduce customer service contacts.
- Aligning customer feedback with strategic communication efforts.

## ***Transparency***

- Informing consumers of solutions available to them.
- Providing opportunities for licensees and the public to engage with TDLR and its various regulatory activities.
- Increasing understanding of human trafficking issues with TDLR licensees and regulated businesses.



## **Goal #3: Implement modern technology solutions to improve TDLR's mission-critical licensing and regulatory services.**

### ***Action Steps & Target Date:***

1. Procure modern licensing software that includes augmented security features. (9/1/2024)
2. Reduce the number of disparate TDLR licensing systems. (9/1/2024)
3. Continue enhancing our established cybersecurity model to advance our security posture and ensure our customers' privacy. (1/1/2024)

### ***Accountability***

- Increasing the safety and security of our customers' sensitive information.

### ***Efficiency***

- Ensuring ease of access to services and information.
- Improving efficiency of TDLR processes through increased automation, allowing staff to do more work with less effort.
- Reducing the wait time for licensure by making the application process available online, less complicated, and more responsive to customer needs.
- Identifying strengths and weaknesses by incorporating advanced analytics to improve TDLR's performance.

### ***Effectiveness***

- Making it easier for qualified individuals to get licensed.
- Enabling TDLR to exceed its customer expectations.
- Providing a better user experience to licensees and TDLR staff.

### ***Excellence in Customer Service***

- Reducing wait times for customer assistance by increasing ease of access to services and information.
- Facilitating the licensing process for qualified individuals and businesses.

### ***Transparency***

- Making information about TDLR's processes easier to find and our systems easier to navigate.

# STRATEGIC INITIATIVES: Proposed Statutory Changes

## HOW WE GET THERE | Legislative Priorities

Modernize TDLR's Outdated Licensing Software Systems			
Statutory Cite	Recommended Statutory Change	Reason for Statutory Change	Benefit of Change
General Appropriations Act	Authorize adequate funding for the consolidation of TDLR's multiple licensing software systems into a single solution that is modern and secure.	To carry out its licensing functions TDLR currently relies on nine different licensing software systems, most of which are based on antiquated technologies that are at or near the end of their utility and do not meet modern standards for functionality or security. TDLR has inherited many of these systems along with regulatory programs that have been transferred from other agencies. These multiple disconnected systems present significant roadblocks to operational efficiency, data security, data quality and our ability to provide customer service.	Consolidating TDLR's multiple licensing software systems into a single modern, secure system will enable TDLR to manage its current licensing workloads with greater efficiency and bring needed improvements to data security, quality, and accessibility.

Update and Modernize Regulation of Healthcare Professions			
Statutory Cite	Recommended Statutory Change	Reason for Statutory Change	Benefit of Change
Dietitians  Occupations Code Chapter 701	Increase education and experience requirements to match updated prerequisites for the examination administered by the Commission on Dietetic Registration, effective for any applicants on or after January 1, 2024.	Texas currently requires applicants obtain a baccalaureate or postbaccalaureate degree and at least 900 hours of experience for licensure, consistent with the prerequisites for the examination set by the Commission on Dietetic Registration. Effective January 1, 2024, the Commission on Dietetic Registration is increasing its prerequisite to require applicants hold at least a master's degree, and it already requires applicants to obtain more than 900 hours of experience.	Maintaining consistent requirements with the Commission on Dietetic Registration ensures Texas remains attractive and competitive for licensed dietitians seeking to relocate and practice here.

# to Remove Redundancies and Impediments

## Strengthen Efforts to Combat Human Trafficking in Regulated Programs

Statutory Cite	Recommended Statutory Change	Reason for Statutory Change	Benefit of Change
TDLR  Occupations Code Chapter 51	Formalize TDLR's Anti-Trafficking Unit (ATU) by adding the authority for that group specifically to TDLR's foundational statute, Chapter 51, Occupations Code.	Currently, TDLR's ATU is found only in a budget rider in the agency's bill pattern. As the unit continues to mature and focus its efforts on partnering with law enforcement and nonprofit organizations to both combat trafficking and provide support to victims, placing it in Chapter 51 will help to solidify this work as it continues.	Unfortunately, some of the programs regulated by TDLR have a dark underside where human trafficking occurs for sexual and labor exploitation. The ATU at TDLR performs an important function, rooting out perpetrators and helping end trafficking throughout the state.

## Ensure Ongoing Advisory Input for Mold Assessors and Remediators

Statutory Cite	Recommended Statutory Change	Reason for Statutory Change	Benefit of Change
Mold Assessors and Remediators  Occupations Code Chapter 1958	Establish a Mold Assessor and Remediator Advisory Board.	TDLR would benefit from access to the expertise provided by licensees, their customers, and other related industry representatives. Advisory board input is critical for updating substantive practice requirements and maintaining insight into regulated professions.	Ongoing and formalized advisory input will improve TDLR's regulation of mold assessors and remediators for the benefit of all Texans.

## Protect Financial Information Reported by Residential Service Companies

Statutory Cite	Recommended Statutory Change	Reason for Statutory Change	Benefit of Change
Residential Service Contracts  Occupations Code Chapter 1304	Amend statute to reinsert confidentiality provisions for various reporting requirements.	The Legislature transferred regulation of residential service contract providers to TDLR in 2021. The statutory confidentiality provision for reports by residential service contract providers was inadvertently removed during the transfer of the program.	Personal financial information reported by licensed residential service companies are generally treated as private, since they do not relate to transactions involving the government. Reinstating this section in law would make that privacy clearer.



## HOW WE GET THERE | Legislative Priorities (Continued)

Reduce Barriers to Practice and Regulatory Bureaucracy			
Statutory Cite	Recommended Statutory Change	Reason for Statutory Change	Benefit of Change
Massage Therapy Occupations Code Chapter 455	Remove the statutory requirement forcing the Commission to deny a massage therapy application based solely on a prior charge of prostitution.	Consistent with TDLR's other programs and recent legislative changes to Chapter 53, Occupations Code, removing automatic barriers to licensure eliminates burdens on applicants.	Applicants will receive a case-by-case review of their criminal history, and the Commission will have the flexibility to take appropriate action, including granting or denying a license.
TDLR Occupations Code Chapter 51	Authorize TDLR to require an email address for certain facilities that are subject to an inspection for the purpose of sending and receiving electronic communications.	TDLR has instituted a modernized inspection system that facilitates communications between the department and licensees. Paper based processes are more costly and less efficient.	Electronic records facilitate the exchange of information with licensees, and supports TDLR's risk-based approach to inspections.