



TEXAS DEPARTMENT OF LICENSING & REGULATION

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Jennifer Jones
Executive Director
Texas Sunset Advisory Commission
1501 N. Congress, 6th Floor
Austin, TX 78701

Dear Ms. Jones:

I write to thank you and your team for the courtesy extended to me and my staff during the Sunset Review of the Texas Department of Licensing and Regulation (TDLR). I truly respect your staff for their hard work, dedication, and professionalism. I cannot say enough about Emily Johnson (Project Manager); her team Rachel Gandy, Jaime Puente, Sadie Smeck, Trisha Linebarger; and Erick Fajardo (Project Supervisor). They dug deep into the heart of TDLR and asked us insightful and probing questions that challenged our beliefs and processes. As a result, they began our process of making TDLR better.

We are grateful for the recommendation that TDLR be continued. In addition, we appreciate these targeted recommendations that will help us focus our most valuable resources — our employees — and refine our regulatory efforts. These changes will chart the course for the agency's next 12 years and will allow us to become a model of organizational efficiency.

When we began this review, I asked my team to embrace the following quotes:

"Every sunset is an opportunity to reset."

- Richie Norton, CEO & Founder of Global Consulting Circle

"Excellent firms don't believe in excellence – only in constant improvement and constant change."

- Tom Peters, Author and Management Consultant

In reading this report, I can confidently say that my team and TDLR stakeholders have candidly expressed their ideas and views. I thank your team for listening carefully and furthering our tradition of embracing change. Please see the attachment, *Response of the Texas Department of Licensing and Regulation to Sunset Staff Report*, for the agency's response to specific issues and recommendations.

Since publication of the Sunset Staff report on June 4, I have established a Sunset Management Action Team led by Christina Kaiser, Deputy Executive Director for Regulatory Services. The team has met on multiple occasions and identified recommendations that can be implemented swiftly if adopted by the Sunset Commission. The team has worked with agency staff to take the following actions:

For Recommendation 1.4, TDLR's Office of General Counsel has begun work to update Commission training materials to include information on rulemaking authority in response to this proposed statutory change, should it be adopted by the Sunset Commission.

For Recommendation 4.14, TDLR staff have identified the methodology and all processes and procedures necessary to successfully implement this management action, should it be adopted by the Sunset Commission.

For Recommendation 6.3(b), TDLR staff have met to discuss the agency's inspection related performance measures. Based on the results of that review, the agency will work with the Legislative Budget Board to ensure its existing performance measures adequately assess and consistently measure the agency's outcomes.

During the Sunset review, TDLR stopped including Industrialized Housing and Buildings Program enforcement-related inspections in its total counts and will continue that practice on a go-forward basis.

For Recommendation 6.3(d), TDLR staff have held multiple meetings and conversations with an initial focus on making needed improvements to the calculation of the agency's recidivism performance measure. TDLR is recalculating its recidivism measure and will submit updated information to the Legislative Budget Board once the recalculation has been completed.

For Recommendation 7.6, relating to collecting, maintaining, and making publicly available detailed statistical information on complaints regarding its licensees, TDLR is adding to our website complaint information for the agency overall and for specific agency programs for Fiscal Year 2019.

I look forward to providing an update on TDLR's implementation status for recommended Management Actions at the Sunset Commission's upcoming public hearing on TDLR.

In closing, we appreciate your insight and assistance in helping us carry out our mission: to earn the trust of Texans every day by providing innovative regulatory solutions for our licensees and those they serve. We look forward to the opportunity to reset and prepare for the future.

Yours in Service,



Brian E. Francis

Attachment:

Response of the Texas Department of Licensing and Regulation to Sunset Staff Report

p.s. I thought you might appreciate hearing the perspective of my leadership team on their impressions and takeaways from TDLR's Sunset Review process.

“The Sunset process has enabled TDLR to reach beyond our own form, encouraging us to not rest on our past successes and to accept the challenge of another set of eyes on the agency.”

- Mike Arismendez, Deputy Executive Director,
Administrative Services & Strategic Response

“The Sunset staff absolutely immersed themselves in our processes – attending our multiple advisory board meetings, sitting through our lengthy summit discussions, participating in our exam development sessions, and watching the lively deliberation of our subject matter experts. I thank Sunset staff for rolling up their sleeves to understand how we conduct ourselves while serving the public. At all times, it has been clear that the Sunset staff has the State’s best interest in mind.”

- David Gonzales, Deputy Executive Director, Licensing Services

“For me the Sunset process was nerve-wracking, but exciting at the same time. At TDLR, we take pride in being efficient and innovative. We strive to be experts in occupational regulation, and we feel we do a good job, but as an organization it’s critical to be tested and evaluated by unbiased observers. I welcomed the Sunset review as an opportunity to learn about procedural shortcomings, blind spots, and improvements that can make us a more highly functioning agency. My favorite line from the Sunset report is found in Issue 6: ‘... overloaded with inflexible inspection schedules and a growing complaint volume, TDLR has not stepped back from day-to-day operations and conducted systematic data analyses to guide its decision making.’ This is spot on, and I appreciate Sunset saying it out loud.”

- Christina Kaiser, Deputy Executive Director, Regulatory Services

“The Sunset team challenged me to dig into all things under my watch but also to come to understand the agency from a higher and more strategic level. To sit in front of such focused and intelligent folks whose only drive is to improve government functioning in Texas was eye-opening and inspiring.”

- Randy Nesbitt, Chief Transformation Officer

Attachment: Response of the Texas Department of Licensing and Regulation to Sunset Staff Report

Issue 1

Recommendation 1.1. Continue TDLR for 12 years.

The Texas Department of Licensing and Regulation (TDLR) agrees with and appreciates the recommendation to continue the agency and the Texas Commission of Licensing and Regulation for 12 years.

Proposed Modification to Recommendation 1.1

TDLR proposes a modification to Recommendation 1.1 to remove programs that were transferred to TDLR on or after September 1, 2016 from the upcoming Sunset review cycle. Under the proposed modification, TDLR and its Commission would be continued for 12 years without a separate limited purpose Sunset review of certain programs next review cycle.

Rationale for Proposed Modification

All but One of the 16 Programs Up for Review Next Cycle Were Continued Through the Sunset Process

The benefit of an additional Sunset review next cycle is negligible because all programs subject to review next cycle have been transferred to TDLR since 2016 as a result of Sunset reviews of other agencies and continued as programs by the Legislature through the Sunset process, with one exception. That exception is legislation passed during the 2019 legislative session that transferred the Motor Fuel Metering and Quality program from the Texas Department of Agriculture to TDLR. During this review cycle, Sunset Staff also conducted a review of the Texas Department of Agriculture and that staff report identified no issues related to the recent transfer.

TDLR Programs Have Undergone Multiple Strategic Fiscal Reviews

All TDLR programs, including programs excluded from the current Sunset review, were included in the agency's Strategic Fiscal Review conducted in 2018-2019. In 2019, Senate Bill 68 (86R) created a new requirement that the Legislative Budget Board perform a Strategic Fiscal Review for each state agency under Sunset review, so TDLR underwent a second Strategic Fiscal Review during the 2020-2021 biennium. This second consecutive Strategic Fiscal Review included the Motor Fuel Metering and Quality program. If select TDLR programs are subject to Sunset review next biennium, the agency will be required to complete a third consecutive Strategic Fiscal Review for all TDLR programs.

Recommendations 1.2 through 1.4

TDLR agrees with Recommendations 1.2 through 1.4.

Issue 2

TDLR takes no position on Recommendations 2.1 through 2.11.

Issue 3

Recommendation 3.1. Consolidate Texas' regulation of barbers and cosmetologists and administer the two programs as one.

TDLR accepts this recommendation.

Recommendations 3.2 through 3.4

TDLR takes no position on Recommendations 3.2 through 3.4.

Issue 4

Recommendations 4.1 through 4.5

TDLR takes no position on Recommendations 4.1 through 4.5.

Recommendations 4.6 Through 4.8

TDLR accepts Recommendations 4.6 through 4.8.

Recommendations 4.9 Through 4.14

TDLR agrees with Recommendations 4.9 through 4.14.

Issue 5

TDLR takes no position on Recommendation 5.1.

Issue 6

TDLR agrees with Recommendations 6.1 through 6.3.

Issue 7

TDLR agrees with Recommendations 7.1 through 7.8.

From: [Eric Beverly](#)
To: [Jennifer Jones](#); [Emily Johnson](#); [Trisha Linebarger](#); [Erick Fajardo](#); [Sadie Smeck](#); [Jaime Puente](#); [Rachel Gandy](#)
Cc: [Brian Francis](#); [Christina Kaiser](#); [Mike Arismendez](#); [David Gonzales](#); [Steve Bruno](#)
Subject: TDLR Public Response to Sunset Staff Report
Date: Thursday, June 25, 2020 12:14:09 PM
Attachments: [TDLR-Letter-to-Sunset-Public Response-6-25-20.pdf](#)

Good afternoon:

Please find attached our public response to the Sunset Staff Report on TDLR. We look forward to seeing you soon, and to our continued work to improve state government.

Best regards,
Eric

Eric V. Beverly
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