

VII. Guide to Agency Programs

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Administrative Operations
Location/Division	William P. Hobby Building, Tower I, 2nd, 8th and 13th Floors
Contact Name	Karen A. Phillips
Actual Expenditures, FY 2006	\$19,488,755.38
Number of FTEs as of August 31, 2006	196

B. What is the objective of this program or function? Describe the major activities performed under this program.

Administrative Operations has three primary objectives.

- Provide TDI and the Office of Injured Employee Council (OIEC) with operational support in the areas of budget, accounting, planning, information technology, human resources, purchasing, facilities management, records retention, and copy services.
- Ensure that TDI complies with oversight regulations of other state agencies.
- Help TDI obtain adequate funding and manage its resources effectively to accomplish its mission and goals.

Administrative Operations consists of five activities: Financial Services, Purchasing and Contract Administration, Information Technology Services, Human Resources, and Staff Services. Each activity is organized as a separate division within the Administrative Operations Program, and an explanation of each division's responsibilities is described below. The Administrative Operations organizational chart is provided as an attachment to the Self-Evaluation Report.

Financial Services

As part of the Administrative Operations Program, Financial Services maintains the agency's financial records, prepares supporting documents required for a proper audit trail, establishes internal financial controls to detect errors and irregularities, prepares the agency's annual financial report and develops and recommends rates for maintenance taxes and assessments. The division manages agency-wide budget and planning functions, including the Legislative Appropriations Request (LAR), the strategic plan, the annual operating budget, performance measure reports, and the business planning and redesign function. In addition, the division monitors the agency's compliance with certain Article IX provisions of the General Appropriations Act (GAA). The division also provides administrative support to the OIEC. Financial Services performs all financial management functions for the agency and comprises four functions: Accounting, Budget, Strategic Planning, and Business Planning and Redesign.

- Accounting maintains and monitors the agency's financial records, including collecting revenue, processing expenditures, preparing the agency's annual financial report, and calculating maintenance tax rates.
- Budget develops and monitors the annual operating budget and legislative appropriations request, responds to legislative inquiries, prepares fiscal notes during legislative sessions, and reviews the agency's compliance with certain Article IX provisions of the General Appropriations Act.

- Strategic Planning develops the agency's Strategic Plan, coordinates, monitors and reports the agency's performance against targets in the Strategic Plan.
- Business Planning and Redesign (BPR) coordinates agency-wide business planning, disaster planning, and projects such as the agency's Customer Satisfaction Survey.

Purchasing and Contract Administration

Purchasing and Contract Administration processes all agency purchasing and contracting transactions, coordinates the agency's Historically Underutilized Business (HUB) program and is responsible for the administration of all agency contracts. The division balances the needs of the program areas and compliance with state purchasing regulations while conducting business with agency staff and vendors fairly and economically to achieve the best value and the most effective results for the agency. The purchasers are the main contact for procuring goods and services and for contracting with vendors. The majority of procurements are processed centrally in the Purchasing division. Purchasing is responsible for:

- The timely processing of purchase orders, which includes:
 - ensuring the adequate review of purchase requests
 - obtaining appropriate approvals
 - overseeing the solicitation process for specialized goods, professional and other services, and
 - adhering to oversight processing and reporting requirements.
- The Historically Underutilized Business (HUB) program, which ensures the agency is making a good faith effort to utilize minority and women owned businesses across Texas.
- The proper administration and monitoring of contracts, including the monitoring of contractors, to ensure they are providing services in accordance with the contract terms and conditions.

Information Technology Services

Information Technology Services (ITS) provides automation and computer support for all TDI agency programs as well as for the Office of Injured Employee Counsel (OIEC). ITS consists of four sections: Innovative Development, Customer Support, Project Management and Division Support, and Desktop and Telecommunication.

- Innovative Development performs application development and quality assurance.
- The Customer Support Center includes three teams: First Line Support, Network Advanced Support, and Hobby Business Analysts. First line support responds to customer requests at the agency's technology Help Desk. The group ensures the agency's infrastructure and networked computer systems, including Local Area Networks (LAN) and Wide Area Networks (WAN), are fully operational. Business Analysts provide direct customer support to Hobby program areas.
- Project Management and Division Support ensures that current developments and trends in technology are addressed, prioritized, and managed. This section manages all technology projects, provides systems analysis, plans and monitors the capital and operational budgets, prepares division reports, administers software documentation, and administers a technical library that houses the agency's authorized software licenses and documentation.
- Desktop and Telecommunication is composed of the Desktop Support, Telecommunications, and Metro Business Analysts sections. These sections provide desk side software support, office automation support, and support of telephones and telephone systems. Business Analysts provide direct customer support to Metro program areas.

Human Resources

Human Resources performs three main functions: Administration, Personnel and Benefits, and Professional Development.

- Administration monitors the agency's compliance with state and federal employment laws, reviews and implements legislation, provides workforce reports to agency management and appropriate state agencies, and assists program areas with staffing and workforce planning.
- Personnel and Benefits administers the agency's hiring process, maintains payroll leave records and employment information, processes personnel actions, including merit raises, promotions, new hires, employee transfers, assists program management with disciplinary issues, assists employees with insurance, disability and retirement benefits, and conducts and analyzes employee exit interviews.
- Professional Development designs and implements programs and services to maintain high employee satisfaction and provides professional development courses on topics related to management training, technical insurance training, new employee orientation and workplace conduct.

Human Resources also develops and/or supports creative, non-monetary incentives for the agency, such as offering flex and compressed work weeks, promoting the availability of an employee assistance program, an internal employee ombudsman program, delivery of a wellness program, a forum for expressing and addressing concerns or ideas through the Reality Check Group, granting administrative leave for outstanding performance and recognizing employee longevity through service awards.

Staff Services

Staff Services provides and coordinates facilities-related and operational support and is comprised of six functions: Facilities Management, Mail Services, Copy Center Services, Records Retention, Warehouse Services and Safety and Risk Management.

- Facilities Management coordinates all leases, space planning and fixed asset inventory at the agency's headquarters and field office locations and performs office moves and modular furniture installations.
- Mail Services handles all daily incoming and outgoing mail, inter-office mail and publications distribution (mailed) for the agency.
- Copy Center Services serves as the agency's in-house quick copy shop and provides services such as high speed photocopying, scanning, inserting mail outs, simple graphic layouts and bindery.
- Records Retention develops and maintains a current inventory and retention schedule of the agency's records and identifies and preserves essential records.
- TDI's Warehouse Services ensures proper storage of the agency's assets. The TDI Warehouse is located off site. Staff perform the receiving and delivery of goods, surplus of furnishings and equipment and supplies ordering and distribution. Staff periodically conduct inventories and reconciliations of furnishings, equipment, supplies and vehicles.
- Safety and Risk Management identifies safety risks to the agency and its employees. The agency Risk Manager identifies, monitors and reviews the agency's exposure to risks in the areas of TDI processes, procedures and programs, offering suggestions for mitigating risks when appropriate.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

In order to show the effectiveness and efficiency of the Administrative Operations Program, it is necessary to provide some background information about House Bill 7 (HB 7) passed during the regular session of the 79th Legislature. This background information will serve as a reference point for many of the accomplishments of the five divisions within the Administrative Operations Program, whose actions were essential in achieving the legislative goals of HB 7. For more information about HB 7 and its effects on the agency, please see the *Agency Strategic Plan For the Fiscal Years 2007-2011 Period*.

HB 7 merged two formerly independent agencies of equal size, the Texas Workers' Compensation Commission (TWCC) and the Texas Department of Insurance (TDI). TWCC became the Division of Workers' Compensation (DWC) within TDI on September 1, 2005. HB 7 also created a separate agency known as the Office of Injured Employee Counsel (OIEC) that is administratively attached to TDI. This structure required TDI to create separate accounting, payroll, email, server networks, purchasing systems and reporting mechanisms for the OIEC while combining these same activities for DWC and TDI. HB 7 authorized, and TDI worked with the Comptroller of Public Accounts (CPA) to transfer \$40 million of TWCC's unexpended maintenance tax from the General Revenue Fund (001) into TDI's operating account (036) for initial funding of DWC and OIEC.

In order to operate as one agency, the Administrative Operations Program successfully consolidated DWC and TDI purchasing, human resources, information technology, financial services and staff services activities. This process resulted in an initial increase in work for the Administrative Operations Program; however, staffing levels did not increase proportionately to workload. All Administrative Operations divisions have implemented more effective and efficient ways to manage the increased workload, as demonstrated by the information below.

In addition to successfully integrating the administrative functions of DWC with TDI and establishing administrative support for OIEC, key statistics and performance data that illustrate the effectiveness and efficiency of the Administrative Operations Program are discussed below. Presentation of the information is grouped by division.

Financial Services

The Financial Services Division measures the effectiveness and efficiency of its functions by evaluating key statistics, considering the results of independent audits, and successful implementation of process improvements.

- 4,500 plus travel payment vouchers processed annually.
- 10-day turn around time to process travel reimbursement, allowing sufficient time for staff to pay credit card vendor.
- 100 percent of reporting deadlines to oversight agencies met with attention to quality.
- Prepared three agency's FY 2006 Annual Financial Reports (TDI, TWCC, OIEC), which received written recognition and appreciation for thoroughness from CPA's financial reporting analyst.
- Prepared 405, 377, and 414 fiscal notes in response to legislation from the 78th, 79th, and 80th sessions. The Legislative Budget Board has complemented TDI on its responsiveness in preparing fiscal notes during legislative sessions.

Financial Services has been audited by CPA twice since FY 2004. A January 2004 post payment audit of expenditures conducted on TDI's FY 2003 travel and goods and services payments received favorable audit results. The audit concluded that TDI did not have any significant monetary issues to be projected or calculated into future years. In 2006, an audit to identify and recover duplicate payments in state agencies was performed by CPA's contracted vendor, Horn and Associates. Horn and Associates reviewed 81 of TDI's payment vouchers and determined that TDI did not have duplicate payments subject to recovery.

To improve service to TDI customers, Financial Services conducted public meetings regarding maintenance tax rates with members of the insurance industry to answer questions and to provide information regarding the maintenance tax methodology prior to publishing the rates. Attendees have praised TDI for providing useful and informative meetings.

To support the agency's customer service improvement efforts, Financial Services led the development of TDI's Customer Service reports for 2002, 2004 and 2006. The reports include the results of TDI's biennial customer satisfaction surveys, which generate program-specific business plan projects to enhance customer services. Additionally, Financial Services' BPR Director serves as the Customer Relations representative to assist customers with customer service issues.

To improve efficiency and effectiveness, Financial Services has implemented a variety of process improvement initiatives, which were to:

- automate the legislative fiscal note process to coordinate and approve fiscal notes electronically, which expedites communication.
- provide managers and assigned staff electronic access to the financial/expenditure data, allowing expedited calculation and reporting of performance measure data. Several program staff have commented on the improved efficiency in having the data available electronically.
- implement self-audits and develop performance measure calculation methodologies within DWC to establish internal controls, documented performance measure procedures, and verifiable measures thereby aligning DWC practices with those of TDI.
- revise agency strategic budget structure, including goals, objectives, strategies, and performance measures in the 2007-2011 Strategic Plan to streamline performance measures and reporting while aligning DWC's strategic goals and objectives with the HB 7 workers' compensation reform goals.
- streamline the business planning process to improve content and use of program business plans and further support agency planning and accountability.
- improve customer access to agency forms by inventorying, centralizing and posting agency forms to the Internet and by responding to forms-related emails.
- review processes of select regulatory programs at the request of the Chief of Staff, including agent licensing functions, windstorm inspections, and designated doctor scheduling to recommend improvements for program consideration.

Purchasing and Contract Administration

The Purchasing and Contract Administration Division uses key statistics, the results of independent audits, and the successful implementation of process improvements to measure the effectiveness and efficiency of its functions. Some performance highlights for FY 2006, independent audit results for the past five years, and process improvement activities are listed below.

- 2,600 purchase orders and/or contracts processed.
- 700 plus contracts administered and monitored.

- \$7 million, multi-agency contract for the statewide vehicle financial responsibility verification program negotiated.
- 37.5 percent of TDI's total expenditures spent with HUB vendors compared to the 13.7 percent statewide average in FY 2006.
- Ranked sixth of the top 25 agencies spending more than five million dollars on HUB contracts.

Independent audits of the Purchasing and Contract Administration Division included two HUB audits and two Texas Building and Procurement (TBPC) audits. The State Auditors Office conducted two audits over the past five years and found TDI to be in compliance with all but one HUB subcontracting requirement. This finding was immediately addressed and TDI is currently in full compliance. TBPC audited TDI twice over the past five years.

- TDI audited Sept 2004 - Findings Published July 2005 - 99.57% compliancy rating.
- TDI audited March 2003 - Findings Published June 2003 - 99% compliance rating.

TDI uses a real-time purchasing management system, which allows electronic access to and management of agency purchase requisitions and orders. The Gateway Purchasing System eliminated some duplicate data entry, integrated data for approvals, receiving and payment and facilitated production of all relevant forms from one system. A separate Gateway Purchasing System was purchased and implemented to process OIEC transactions.

To streamline processes, the Purchasing Division automated Gateway reports to more efficiently generate data for oversight agencies. Additional process improvements included consolidating agency contracts across programs to streamline the contracting process and to take advantage of vendor pricing incentives and discounts. To facilitate electronic access to agency contracts and staff's understanding of the procurement process, the Purchasing Division scanned contracts and enhanced its Intranet site to provide additional information and instructions.

To improve customer service to agency staff, the Purchasing Division established the roles of DWC purchasing liaisons, requisitioners and contract administrators in Austin and TDI field offices throughout Texas as part of the HB 7 (79th Legislature) integration. Additionally, to facilitate proper training of all purchasing staff across the state, the division implemented webinars, which provide real-time, interactive training and instructions to staff.

TDI makes a good faith effort to increase utilization of HUB vendors. To do so, the Purchasing Division hosted annual TDI HUB forums and participated in forums across Texas in an effort to locate minority- and women-owned businesses. Through the forums, HUB participants meet agency staff and learn about TDI's procurement opportunities.

For FY 2007, the Purchasing Division is currently identifying and evaluating all office equipment (copiers, printers, faxes and scanners) and maintenance contracts at the Metro Center, Hobby Building and all field office locations. Purchasing will recommend a solution for office equipment based on the evaluation.

Information Technology Services

Information Technology Services measures the effectiveness and efficiency of its services by evaluating key statistics, customer surveys and feedback, considering the results of independent audits, and successfully implementing process improvements.

Key statistics and performance highlights are listed below.

- 876 hours of instructor-led training offered over the past five years
- 231 hours of self-paced training offered over the past five years
- 99.75 percent server “uptime” provided for the past five years
- 78 percent of computer help desk calls are received electronically instead of by telephone, which facilitates better use of ITS staff time and prompt completion of the help desk call
- 76 percent of ITS employee time is spent in direct support of formal agency projects
- 100 percent of reporting deadlines were met for fiscal years 2006 and 2007
- 18 audits conducted by TDI’s Internal Audit Division over the past five years confirmed ITS processes and procedures support recognized information technology industry best practices
- 24 DWC field office servers were replaced by six central servers, which improved the agency’s network computing environment
- TDI has not experienced any computer downtime for the last few years from computer viruses or Internet hacking, which indicates ITS maintains a secure network environment
- ITS conducts annual external penetration exercises to test the security of TDI’s technical environment.

To improve services to TDI’s programs, ITS implemented several processes and tools, such as self-paced technology training, self-service system for submitting help desk calls and a robust project management and timekeeping software package. Additionally, ITS drafts a five-year technology architect roadmap, which serves as a blueprint for future agency technology acquisitions and deployments, and as a guide for programs seeking technological solutions to business-related problems within the agency’s technical infrastructure.

To keep pace with technology and explore technical solutions for TDI’s computing environment, ITS initiated the use of NOREX TeleForums, a professionally moderated discussion group that enables members to share topic-specific information with peers. TeleForum agendas are based on questions submitted by the participants, so members can tailor a discussion to meet their needs.

Lastly, to explore opportunities for significant cost-savings to the agency, ITS participated in the testing of an email system known as statewide enterprise messaging. Based on test results, ITS has proposed further exploration to determine whether TDI should replace its GroupWise email system with statewide messaging email services, as managed by IBM through a statewide master contract negotiated by the Department of Information Resources.

Human Resources

The Human Resources Division measures the effectiveness and efficiency of its functions by evaluating key statistics and turnaround times, considering the results of independent audits, and the success of process improvements that facilitate the agency with retaining and attracting a professional and highly-qualified workforce.

Key FY 2006 statistics and performance measures that demonstrate the effectiveness of the Human Resources Division include:

- 5,320 employment applications processed
- 1,906 personnel actions processed
- 67 personnel actions processed for OIEC staff
- 589.5 hours of instructor-led professional development training
- 270 hours of training through mediums such as video-streaming, video and CD ROM

- 80,353 agency switchboard calls answered and routed to appropriate areas
- 100 percent of all payroll reporting deadlines met with less than a one percent error rate.

For the last four years, HR has been audited by the State Classification Office twice, TDI's Internal Audit Division, CPA, and Texas Workforce Commission Civil Rights Division. With the exception of minor findings for CPA's post-payment audit of TDI's payroll, HR was in compliance with applicable law or practices for four of the five audits conducted, including job classifications, hiring procedures, promotions, performance evaluations, disciplinary actions, work place accommodations, and equal employment opportunities. Additionally, internal audit's review of agency ethics showed that HR and the Ombudsman/Ethics Advisor have provided both management and employees with adequate resources to handle ethics issues as they arise.

To facilitate the agency's objective of recruiting and retaining a diverse workforce of qualified and skilled individuals, HR prepares and provides annual workforce summary reports to the program areas. These reports include information to assist the areas with workforce planning, including demographics, employee turnover information, salary levels and other pertinent information.

On an annual basis, HR assesses the average time to fill vacant positions in order to measure how efficiently it is at meeting the agency's objective to recruit and retain qualified staff. In January 2007, HR evaluated the hiring process and implemented several process changes and standards that streamline the process and improve the time it takes to fill vacant positions. Prior to streamlining the process, HR requested recommendations from the programs. Highlights of the changes include, delegating the Chief of Staff's final approval for routine personnel actions to HR, transferring the responsibility for obtaining education documentation and verifying previous employment from HR to managers and their designees, and implementing standards to evaluate the accuracy and timeliness of HR staff's performance when processing personnel actions.

In addition to streamlining the agency's hiring process, HR recently expanded its recruitment efforts to specifically target more minority and professional groups. To accomplish this goal, HR conducted research to identify minority colleges, universities and professional organizations. HR's research culminated in a database that TDI will use to regularly provide the entities identified with agency vacancy information, thus effectively reducing hiring time while increasing minority and hard-to-fill position recruitment efforts. HR is also working with TDI's employee committees to generate ideas for expanding the agency's recruitment efforts. Recruitment performance standards were implemented for HR specialists, including developing a recruitment plan for each professional position posted at TDI. These performance standards are a part of each HR specialist's individual performance review.

The acquisition of 24 field offices following the HB 7 merger, presented a challenge for cost effective delivery of professional development. TDI recognized the importance of providing direct training and delivering the same quality of training as is provided at the central offices. To achieve this objective, trainers were deployed to the field and field staff were invited to Austin for certain courses. Additionally, to leverage resources and accommodate field office employee training needs, TDI expanded use of mediums such as video-streaming, video and CD ROM. Courses offered to DWC field office staff included new employee orientation, courses on communication, customer service, defensive driving and insurance, management training, orientation, and policy review.

Staff Services

Staff Services measures the effectiveness and efficiency of its services by evaluating key statistics, analyzing the impact of the increased number of office moves and workstation reconfigurations, and implementation of process improvements.

Key statistics and performance highlights are presented below.

- 1,000,000 pieces of mail were processed annually during the past five years.
- \$12,000 annual savings achieved by eliminating duplicate courier services during the HB 7 merger.
- Created a procedures manual identifying the most cost effective mailing methods for the agency.
- Purchased a barcode reader and software in FY 2003 to enhance the speed and accuracy of conducting the annual fixed asset inventory.

The merger with TWCC, subsequent DWC reorganizations and natural disasters have resulted in many office moves, workstation additions, and reconfigurations. For example, in June 2006, Staff Services completed a major renovation project at the Metro Center location that effectively reduced the number of workstations from 56 to 32.

Staff Services places a very high priority on reducing workplace injuries and accidents. To achieve this objective, Staff Services provides safety training and awareness that encourages workplace safety and has resulted in a safe work environment for TDI employees. During the past five years, the TDI Safety Officer/Risk Manager has conducted monthly safety training, physically inspected workstations and work areas and has distributed safety information to TDI staff. The effectiveness of TDI's comprehensive safety program can be measured by the number of injuries reported and accepted as workers' compensation claims and the annual review conducted by the State Office of Risk Management (SORM). Each year for the past five years, the number of injuries that TDI reported and SORM accepted as workers' compensation claims averaged less than one percent of the total number of TDI's FTE's. The agency has routinely received excellent reviews from SORM, including two risk management program reviews in the last four years that resulted in a total of five recommendations for improvement. These five recommendations were considered minor and were implemented immediately.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

2003 - Human Resources reorganized in order to meet mandated (GAA, Art. IX, Sec. 12.02) staffing levels for Human Resource departments in agencies with greater than 500 employees, which limit agencies to employing a maximum of one human resources staff for every 85 employees.

2005 - HB 1516 (79th Legislature, 2005) required 27 state agencies, including TDI, to outsource its information and telecommunication functions to managed statewide information centers under the direction of the Department of Information Resources (DIR). As a result of the provisions in HB 1516, 23 TDI technology positions were transferred from TDI to the data center consolidation vendor in April 2007.

2005 - TDI achieved the mandates of HB 7 (79th Legislature, 2005) pertaining to the abolishing of TWCC and transfer of its administrative support functions to TDI. The agency established joint budgeting and accounting mechanisms with CPA, reconfigured the computing environment and processes to accommodate the newly created DWC at TDI, consolidated contracts, transferred the payroll, transferred the fixed assets inventory, and met all reporting deadlines. Also as a result of HB 7, TDI began providing facilities and administrative support to the newly created OIEC.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Administrative Operations primarily serves internal customers of the agency, but there are some external interactions with oversight agencies, state and federal agencies, vendors, and the public. Mail operations, printing services, publications distribution and telecommunications also impact external customers and stakeholders as well. Affected persons or entities include:

- TDI staff = 1627.1 FTE as of August 31, 2006
 - Hobby = 59 percent
 - Metro = 41 percent
- OIEC staff – 97.75 FTEs as of August 31, 2006
- Companies = 2,437 insurers and various other types of insurance-related entities
- Agents and adjusters = 347,830 licensed to do business in Texas
- Consumers = 23,507,783 (2006 U.S. Census estimate for Texas)
- State agencies
- Applicants for employment = 5,320 applicants in FY 2006
- Vendors, Contractors, Special Deputy Receivers, Trade organizations.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

The Chief of Staff is the director of the Administrative Operations Program. The program consists of five divisions. Financial Services is directed by the Chief Financial Officer (CFO). Information Technology Services is directed by the Information Resources Manager (IRM). Purchasing and Contract Administration is headed by the Director of Purchasing and Contract Administration. Human Resources is directed by the Deputy Commissioner for Human Resources; and Staff Services is managed by the Director of Staff Services.

The Administrative Operations Program encourages its employees to seek professional development and training that will benefit the employee as well as the program area. Employees have the opportunity to attend any internal training courses offered by TDI. Supervisors and managers may also approve external training when the training is appropriate or if the employees' job duties require it.

Administrative Operations understands the importance of succession planning and has developed strategies to minimize the impact on services to the agency when tenured staff retire or resign from the agency. Ongoing/future succession planning activities within Administrative Operations are described below.

- Internal procedure manuals are in place or are in the process of being developed for documentation of standard operational procedures to be used in cross-training and succession planning.
- A comprehensive training program has been delivered to educate current and future managers to prepare them to be more effective leaders.
- BPR staff led a research project on the conceptual framework of succession planning and has recommended a model methodology for agency succession planning.

- Human Resources continually identifies eligible retirees and closely monitors positions nearing retirement.
- Managers regularly review job functions and identify staff for cross-training.
- Management and Human Resources continuously assess training needs to develop the skills of less experienced staff to ensure continuity of operations following retirements.

Monthly deputy commissioner meetings facilitate intra-agency communication and prepare mid-level management for leadership positions by furthering participants' understanding of agency policy and regulatory issues.

Administrative Operations successfully merged the administrative areas of TWCC and TDI to comply with the requirements of HB 7. Accomplishments of this major undertaking are detailed in the report titled *HB 7 – Consolidation of Support Services Progress Report June 1, 2005 –November 30, 2006*, which is available for review.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

The primary funding sources are general revenue and dedicated general revenue funds, which finance over 96 percent of the agency's operations. Maintenance taxes and fees are the two main revenues that fund the agency's appropriations to regulate the insurance and workers' compensation industries.

H. Identify any programs, internal or external to your agency that provide identical or similar services or functions. Describe the similarities and differences.

The administrative functions conducted at TDI are similar to those in other state agencies. TDI has relationships with oversight agencies and one outside vendor that conduct similar or related activities. For example:

- TDI calculates and sets the rates to be charged to insurance entities for maintenance taxes; the Comptroller bills and collects the taxes.
- DIR and TBPC enter into contracts with vendors on behalf of all state agencies; TDI contracts with those vendors through the statewide contracts when appropriate.
- DIR is implementing H.B. 1516 which requires a state data center; as a participating agency, TDI has transferred positions to the H.B. 1516 vendor and will receive services from the state data center.
- TDI has a contract with a vendor to provide employee assistance services; the vendor provides some training classes to TDI employees.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

In cases where TDI has coordinated with other agencies to administer support services, TDI has entered memorandums of understandings and/or contracts to clearly articulate respective responsibilities and avoid duplication of functions. For example, DIR and the TBPC enter into contracts with vendors on

behalf of all state agencies and TDI contracts with those vendors through the statewide contracts when appropriate. Additionally, TDI calculates and sets the rates to be charged to insurance entities for maintenance taxes;

CPA bills and collects the taxes. TDI and CPA entered a memorandum of agreement to delineate responsibilities of both parties relating to the sharing of tax information. TDI coordinates closely with CPA, DIR, TBPC, and the employee assistance vendor to ensure that services are not duplicated and that there is no conflict between the services provided.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

TDI coordinates with federal agencies to administer grants that fund special TDI activities. Recent federal grants include:

- U.S. Department of Labor – TDI annually receives three grants from this entity. The purpose of the grants are to 1) conduct surveys on occupational injuries and illnesses and gather information on fatal occupational injuries, 2) provide consultation services identifying and controlling workplace safety & hazards and improving workplace safety and health programs, and 3) provide occupation injury and illness and employment data to OSHA.
- Department of Health and Human Services - From the spring of 2001 to February 2007, TDI participated in a federally-funded State Planning Grant (SPG) program designed to help participating states develop strategies to significantly reduce their number of uninsured citizens and develop options for expanding health insurance to uninsured Texans.
- Department of Homeland Security – From April 2004 to August 2005, TDI received a one-time grant to disseminate materials to the public regarding effective methods of fire safety and prevention.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2006;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

An attachment to TDI's Self-Evaluation Report provides agency contract expenditures by program.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Not applicable.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Not applicable.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not applicable.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

Not applicable.