

A. AGENCY WORKFORCE PLAN

As part of the *Strategic Plan*, Texas state agencies are required to prepare a workforce plan according to guidelines established by the Texas State Auditor's Office. In addition, state agencies may include results of their most recent *Survey of Employee Engagement (SEE)*.

Overview

Texas Department of Insurance (TDI) regulates the state's insurance industry, oversees the administration of the Texas workers' compensation system, performs the duties of the State Fire Marshal's Office (SFMO), and provides administrative support to the Office of Injured Employee Counsel (OIEC), a separate state agency.

TDI is guided by its mission statements described in the agency's *Fiscal Year 2017-19 Strategic Plan* as follows:

Insurance Operations Mission

To protect insurance consumers by regulating the industry fairly and diligently, promoting a stable and competitive market, and providing information that makes a difference.

Workers' Compensation Mission

Regulate Texas workers' compensation efficiently, educate system participants, and achieve a balanced system in which everyone is treated fairly with dignity and respect.

Workforce planning at TDI is an iterative, ongoing process that includes the following elements.

- Understanding the agency's strategic direction and factors that impact workforce needs.
- Reviewing and analyzing workforce data.
- Communicating workforce plan findings and recommendations.
- Implementing initiatives to address workforce challenges and monitoring progress.
- Evaluating the success of initiatives and determining what adjustments are needed.



TDI's human resources office leads workforce planning efforts. Human resources staff review and analyze workforce data regularly and meet with management to identify training needs and other activities to prepare staff for critical positions. In addition, the agency uses the balanced scorecard, a strategic management and communication tool, to focus on strategic objectives at the agency level as well as the division level. The balanced scorecard helps communicate the agency's strategic direction and includes initiatives to address workforce gaps. It provides an additional tool for human resources and management to monitor progress on workforce planning initiatives. The agency conducts quarterly balanced scorecard meetings to communicate progress on initiatives, including those designed to address workforce challenges.

This workforce plan includes analysis of workforce data, including salary data, employee engagement survey results, and information from a workforce risk assessment initiated this spring. The agency will use the findings of the workforce analysis to identify strategies to help management address workforce needs. These strategies may become initiatives on the agency's or a division's balanced scorecard.

Current Workforce Profile

TDI's workforce composition has not significantly changed in recent years. The agency continues to have a diverse, tenured workforce with employees who are highly educated and skilled.

The agency has 1,349¹ employees at Austin headquarters, 24 field offices, and 35 SFMO staff locations statewide. Field employees include financial and title examiners, fire inspectors and investigators, and windstorm inspectors. Field employees for the division of workers' compensation include: benefit review officers, claims specialists, hearing officers, and occupational health and safety consultants.

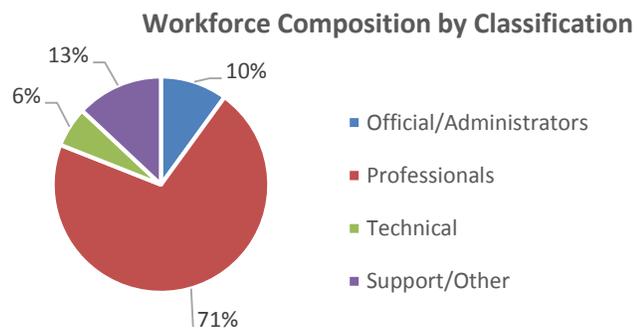
Critical Workforce Skills

TDI has a workforce that has specialized knowledge, skills, and abilities. Approximately 80 percent of the workforce is classified in the category of official/administrator or professional.

The official/administrator category includes executive staff, directors/managers, senior level actuaries, attorneys, financial examiners, and division program managers.

The professional category includes actuaries, administrative law judges, attorneys, auditors, engineers, financial examiners, insurance specialists, investigators, physicians, and systems analysts.

These positions require specialized skills and theoretical knowledge, usually acquired through college, advanced training, or work experience.



Employee Salaries

Due to the large number of employees in the job categories of official/administrator and professional, TDI's average annual salary of \$55,800 remains above the Texas state employee average of \$45,268². The agency's average annual salary increased eight percent over 2014 salary levels. This is consistent with Texas state employee average annual salary growth.

TDI's human resources staff continue to work with management to review available resources and address salary challenges.

Retirement Eligible Employees

A significant number of agency employees are currently eligible to retire or will be eligible before August 31, 2021, including:

- 43 percent of TDI's total workforce,
- 50 percent of managers, and
- 73 percent of executive staff.

¹ TDI Human Resources Information System, February 29, 2016. Unless otherwise noted, this is the source of all statistics appearing in this report.

² State Auditor's Office. June 2016.

Since 2014, TDI has enhanced the agency's succession planning efforts. All divisions are required to have updated succession plans and TDI's human resources staff meets with division leaders twice a year to discuss the plans and workforce needs.

Ethnic Diversity

TDI's workforce is ethnically diverse and tracks closely with the statewide civilian workforce and with other Texas state agencies. Highlights of a recent analysis of the demographics of TDI's workforce follow.

As of February 29, 2016, of TDI's 1349 employees:

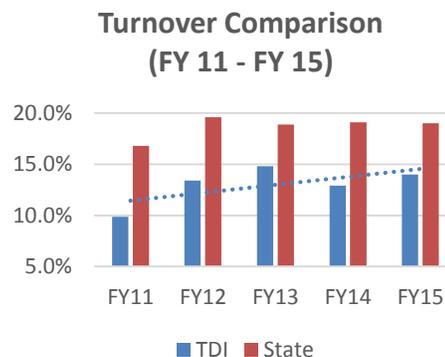
- 49 percent were minorities
- 62 percent were female
- 58 percent of TDI's managers were minority or female, or both.

Additionally, TDI has a higher percentage of African Americans, Hispanics, and females in professional positions than the average for all Texas state agencies³.

Turnover Rate

TDI's turnover rate continues to be lower than the average turnover rate for Texas state agencies. The agency's turnover rate increased to 14 percent in fiscal year 2015 as compared to 13 percent in fiscal year 2014. However, the percentage rate remains well below the fiscal year 2015 statewide turnover rate of 18 percent for classified, regular full-time and part-time employees⁴. One factor that continues to impact turnover is a competitive job market.

As of February 29, 2016, the workers' compensation division had a slightly lower FY 2016 mid-year turnover rate of 9.9 percent compared to 10.3 percent for insurance operations and 10.2 percent for the agency.



Employee Engagement

TDI's employees continue to be engaged as reflected in the results of agency's 2016 *Survey of Employee Engagement (SEE)*.⁵

TDI has participated in the SEE since 1996 and the survey response rate has trended upward since that time. The survey response rate in 2016 was 79 percent, which is considered high. High rates of response indicate employees have an investment in the agency, and they are willing to contribute toward making improvements.⁶ In 2012, the Institute for Organization Excellence began including an overall score for agency survey results. TDI's score increased 14 points in the last four years, rising from 362 in 2012 to 376 in 2016.

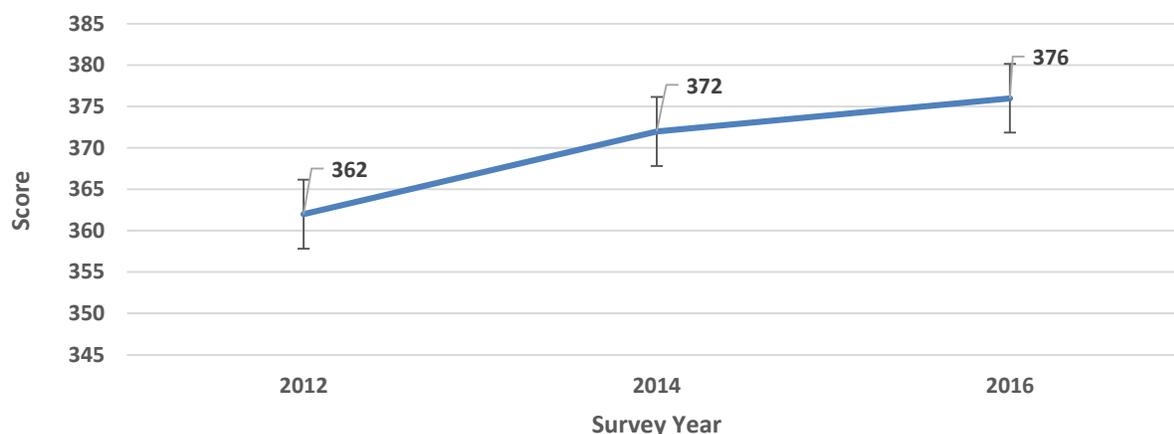
³Civil Rights Division Equal Opportunity and Minority Hiring Practices Report, January 2014. Texas Workforce Commission.

⁴An Annual Report on Classified Employee Turnover for Fiscal Year 2015, December 2015, Report No. 16-702. Texas State Auditor's Office.

⁵ Survey of Employee Engagement, 2016. University of Texas, Institute for Organizational Excellence.

⁶ TDI Executive Summary of the Survey of Employee Engagement, 2016.

SEE Overall Score



TDI employee engagement levels were identified as 50 percent highly engaged or engaged compared to 30 percent for most organizations according to Gallup Poll statistics. The 2016 survey identified three areas of strength.

Out of a possible score of 500, the three constructs scored as follows:

- Supervision – 405
- Strategic – 403
- Employee Engagement – 396

	TDI	Most Organizations
Highly Engaged or Engaged	50%	30%
Moderately Engaged	37%	50%
Disengaged	13%	20%

These high score indicate that TDI employees have a positive view of their supervisors, understand their role in achieving the agency's missions, and believe that their ideas count and their work is valued. The three lowest scoring constructs were pay, information systems and benefits. Pay is typically the lowest scoring construct on the agency's SEE survey results.

TDI's human resources office meets with managers to discuss the SEE results and to encourage the development strategies for building on strengths and addressing areas with lower scores.

Future Workforce Needs

TDI does not anticipate a change in its mission or a significant change in the number of staff. Therefore, the agency must maintain the skill sets available in the current workforce to perform its core functions. These skills include:

- interpreting and enforcing statutory and regulatory requirements for insurance, workers' compensation, fraud, arson, and fire safety,
- examining and analyzing the financial condition of insurers,
- conducting research, analysis, and review of medical quality, service, and providers,
- educating businesses, employees, fire industry professionals, insurance companies and consumers, and the public,
- resolving workers' compensation disputes,
- performing quality assurance and auditing,
- investigating and prosecuting allegations of insurance and workers' compensation fraud,
- conducting research and analysis related to fire investigation and fire safety,
- performing research and policy analysis,

- evaluating the design, engineering and construction of buildings, particularly in high wind areas
- providing risk management and worker safety education,
- performing information technology (IT) services, including business analysis, project management, and development, and
- providing excellent customer service.

In addition, TDI's workforce must have skill sets that enhance the efficiency, effectiveness, accountability, and transparency of the agency. This includes skills that allow the agency to improve project outcomes, develop more streamlined processes, use data analytics, improve technology, better manage risk, and communicate more effectively. Moreover, TDI's future workforce will need skills that enable the agency to better serve its customers.

TDI needs to prepare for a workforce that will be more interconnected, mobile, and more self-reliant. TDI needs to further understand these trends and, in particular, the tools needed to maintain a highly-skilled and engaged workforce. It will be critical for TDI to adapt to a workforce that expects a paperless environment, access to reliable, mobile technology, and more flexible work hours and locations.

Gap Analysis

Staffing Levels

TDI plans to request a lower authorized full-time equivalent (FTE) employee cap to be more aligned with actual budgeted positions, which reflects TDI strategic direction of having a streamlined, but highly skilled workforce.

Nevertheless, agency leadership recognizes the need to respond to external factors that may impact the insurance regulatory environment, the workers' compensation system, or duties of the SFMO. A continuing challenge is the recruitment and retention of qualified staff. Therefore, management continues to regularly evaluate whether the agency can continue to achieve agency missions and goals with the current staffing and salary levels.

Employee Knowledge and Skills

TDI identified the need to develop or enhance skills in the following areas:

- business analysis and process improvement;
- data management, assessment, and storage;
- IT resource management, application architecture, and voice and data networks;
- information security;
- risk management;
- business continuity planning;
- social media communication and work tools; and
- web administration and content management.

Tools and Technology

TDI also recognizes gaps in tools and technology needed to support a modern workforce. Like many Texas state agencies, TDI has legacy systems that hinder efficiency and increase the use of temporary or manual processes to get the job done. There is limited use of tools that provide mobility, such as tablets and cell phones. Over the years, TDI has made progress in implementing new ways of working and continues to retire legacy systems and modernize the agency's technology.

Strategies

TDI continues to use best practices to identify strategies to recruit and retain qualified staff, develop knowledge and skills, and address technology resource gaps. These efforts include:

- enhancing succession planning and knowledge transfer,

- reducing time to fill positions through careful monitoring,
- increasing the use of social media to notify candidates of job vacancies,
- supporting staff training for professional development and designations,
- supplementing pay increases with non-monetary rewards for performance,
- allowing telecommuting, when practical,
- conducting IT staff skills assessments,
- enhancing ability to accept online job applications, and
- using contract labor, when possible, particularly for technology needs that cannot be met with current staff.

TDI monitors these strategies in many ways. The human resources office provides analysis and supports management to determine strategy alternatives, such as training. In addition, the balanced scorecard provides monitoring through performance measures and discussions at regularly scheduled balanced scorecard meetings.

Many of the strategies have been successful, including enhancements to succession planning. From September 2015 to May 2016, TDI promoted 30 internal staff into 34 management and/or leadership positions. These positions were filled with staff who were trained and mentored through succession planning actions and were prepared to replace staff who separated from TDI employment. Human resources meets with agency deputy commissioners and executive staff every six months to review division succession plans. In addition, they monitor training and other activities implemented to help management ensure successor readiness.

TDI plans to work on the following strategies over the next biennium.

- Continuing analysis of IT skill needs. TDI completed an IT staff skills assessment and is using the results to identify needed resources and skills.
- Increasing recruitment of military veterans with a target goal of 20 percent. TDI is recruiting veterans by attending military and veteran job fairs.
- Identifying and conducting additional training to fill skill gaps and monitor results. TDI is conducting business analysis training to improve the outcome of agency IT projects.
- Enhancing succession planning and cross-training.
- Conducting staffing and salary analysis for specific positions identified by management.
- Benchmarking with other Texas state agencies to identify tools and technology that enhance workforce development.
- Continue working to enhance the acceptance of online job applications.
- Creating more awareness of different work styles to encourage more flexibility in work location and maximize the use of technology.

Conclusion

TDI uses information from the biennial workforce plan to help set priorities for workforce development in the coming years. Some of the strategies will become initiatives for the balanced scorecard, which are regularly monitored at the agency and division levels.

However, workforce planning is a balancing act to ensure the agency has the right number of people with the right skills while being mindful of budget constraints. The human resources office remains flexible in working with management to meet changing workforce needs. In addition, the agency will continue to work to meet the challenges that come with a wide and varying range of skills required to perform relatively diverse functions that fall under the authority of two commissioners.