

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

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 2019-23 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.

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.

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.

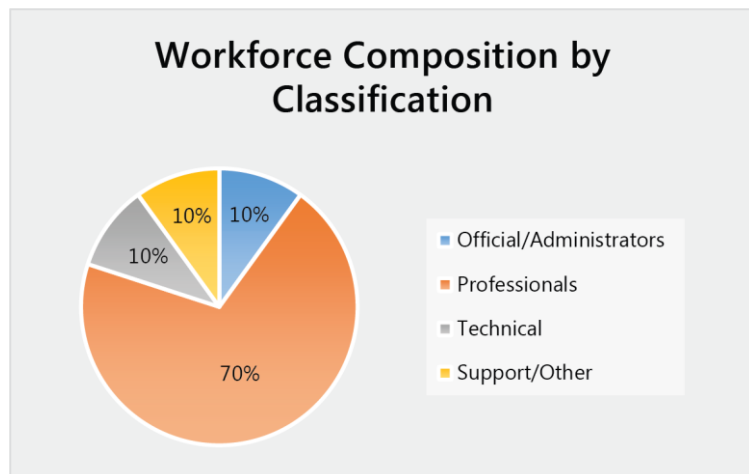
The agency has 1312¹ employees at Austin headquarters, 27 field offices, and 33 SFMO staff locations statewide. Field employees include financial and title examiners, fraud prosecution staff, fire inspectors and investigators, and windstorm inspectors. Field employees for the Division of Workers' Compensation 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 \$58,200 remains above the Texas state employee average of \$47,245². The agency's average annual salary increased four percent over 2016 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

¹ TDI Human Resources Information System, February 28, 2018. Unless otherwise noted, this is the source of all statistics appearing in this report.

² State Auditor's Office. February 2018.

A significant number of agency employees are currently eligible to retire or will be eligible before August 31, 2022, including:

- 43 percent of TDI's total workforce,
- 56 percent of managers,
- 58 percent of executive staff.

TDI continues to enhance the agency's succession planning efforts. All divisions are required to have updated succession plans and TDI's human resources staff meet with division leaders biennially 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. TDI recently analyzed the demographics of its workforce. The results below show the diversity as of February 28, 2018:

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

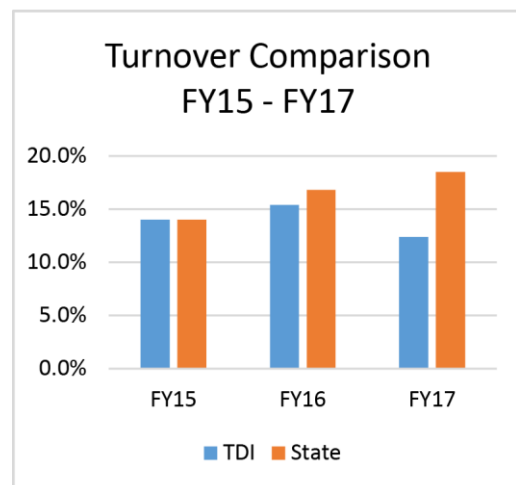
Additionally, TDI has a higher percentage of African Americans, Hispanics, and females in professional positions than the average for all Texas state agencies.³

Turnover Rate

TDI's turnover rate continues to be lower than the average turnover rate for Texas state agencies.

The agency's turnover rate decreased to 12 percent in fiscal year 2017 as compared to 15 percent in fiscal year 2016. However, the percentage rate remains well below the fiscal year 2017 statewide turnover rate of 19 percent for classified, regular full-time and part-time employees.⁴ One factor that continues to impact turnover is a competitive job market.

As of February 28, 2018, the workers' compensation division had a slightly lower FY 2018 mid-year turnover rate of 6.0 percent compared to 7.6 percent for insurance operations and 7.0 percent for the agency.



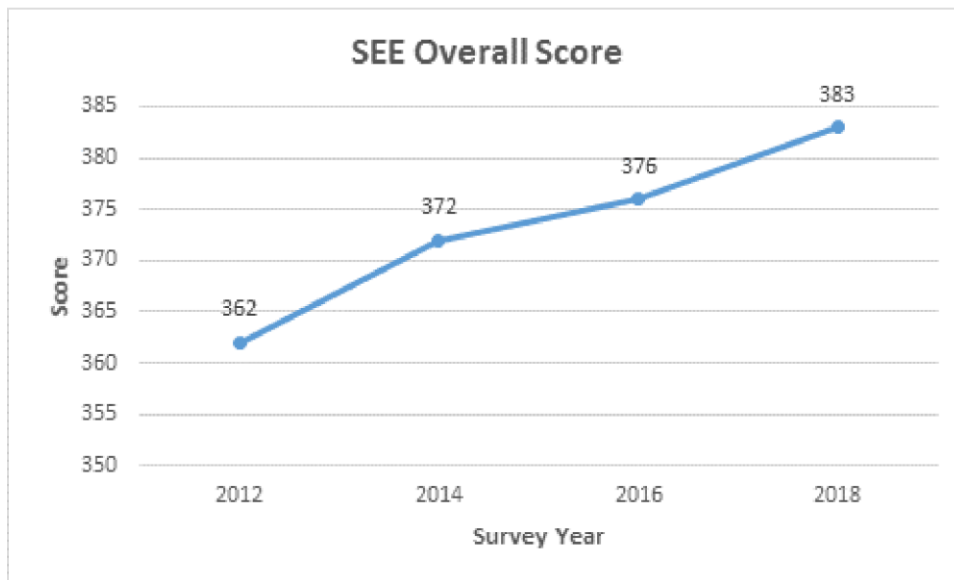
³ Civil Rights Division Equal Opportunity and Minority Hiring Practices Report, January 2016. Texas Workforce Commission.

⁴ An Annual Report on Classified Employee Turnover for Fiscal Year 2017, December 2017, Report No. 18-703. Texas State Auditor's Office.

Employee Engagement

TDI's employees continue to be engaged as reflected in the results of the agency's 2018 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 2018 was 85 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 21 points in the last six years, rising from 362 in 2012 to 383 in 2018.



TDI employee engagement levels were identified as 54 percent highly engaged or engaged compared to 30 percent for most organizations according to Gallup Poll statistics. The 2018 survey identified three areas of strength.

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

- Supervision – 410
- Strategic – 408
- Employee Engagement –401

These high scores indicate that TDI employees have a positive view of their supervisors, understand their role in achieving the agency's

Level of Engagement	TDI	Most Organizations
Highly Engaged or Engaged	54%	30%
Moderately Engaged	35%	50%
Disengaged	11%	20%

⁵ Survey of Employee Engagement, 2018. University of Texas, Institute for Organizational Excellence.

⁶ TDI Executive Summary of the Survey of Employee Engagement, 2018.

missions, and believe that their ideas count and their work is valued. The three lowest scoring constructs were pay, information systems and employee development. 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 of 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 continue 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,
- resolving consumer complaints;
- processing licensing applications and renewals; 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 data management;
- critical analysis;
- process improvement;
- risk management; and
- communication including plain language and technical writing.

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. 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, 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.

Many of the strategies have been successful, including enhancements to succession planning. From September 2016 to February 2018, TDI promoted 22 internal staff into 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 annually 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:

- 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;
- enhancing succession planning, including knowledge transfer;
- conducting staffing and salary analysis for specific positions identified by management;
- benchmarking with other Texas state agencies and the private sector to identify tools and technology that enhance workforce development; and
- 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.

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 diverse functions that fall under the authority of two commissioners.