



Railroad Commission of Texas

Workforce Plan

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Part 1: Agency Overview

The Railroad Commission of Texas serves as the primary regulator of the state's energy industries. The Commission aims to protect public health and the environment through an effective regulatory program and to support the development of the state's energy resources. Three statewide officials, elected to six-year staggered terms, head the Commission. Serving at the discretion of the Commissioners is an Executive Director who implements policies and rules and manages the Commission's daily operations.

A: Agency Mission

We serve Texas by our stewardship of natural resources and the environment, our concern for personal and community safety, and our support of enhanced development and economic vitality for the benefit of Texans.

B: Strategic Goals and Objectives

Goal 1: Energy Resources

To oversee the development of the state's energy resources while protecting public health and the environment through an effective regulatory program.

Objective 1.1. Provide for the orderly and efficient development of oil and gas resources while preventing waste, protecting correlative rights of mineral interest owners, and conserving the state's lignite, oil and natural gas resources.

Strategy 1.1.1. Protect correlative rights and prevent waste while maximizing opportunities for the development of lignite, oil and gas resources through well site permitting, production allowables, production rule reviews, and exception processing.

Goal 2: Safety Programs

Advance safety in the delivery and use of Texas petroleum products including LPG/LNG/CNG, and in the operation of the Texas pipeline system through training, monitoring, and enforcement, and promote, educate, and enforce regulations for underground damage prevention.

Objective 2.1. Improve public safety through regulatory oversight of the pipeline industry by inspections, compliance, and educational activities.

Strategy 2.1.1. Ensure the safe operation of pipelines through permitting, field inspections, accident investigations and emergency response.

Strategy 2.1.2. Support education and public awareness efforts to inform the public about damage prevention laws, compliance, and penalties.

Objective 2.2. Ensure safety through regulation of the LPG/CNG/LNG alternative fuels industries.

Strategy 2.2.1. Protect the health, safety and welfare of the general public by ensuring the safe storage and transportation of Liquefied Petroleum Gas, Compressed Natural Gas, and Liquefied Natural Gas as

alternative fuel sources through safety education, accident investigation, inspection and enforcement of safety regulations.

Goal 3: Environmental and Consumer Protection

To protect the environment and consumers by ensuring that energy production, storage and delivery minimize harmful effects on the state's natural resources and that just and reasonable natural gas rates promote a safe and efficient supply of natural gas.

Objective 3.1. Reduce the occurrence of environmental violations associated with fossil fuel extraction and energy production in Texas.

Strategy 3.1.1. Assure that oil and gas permitted activities comply with applicable state regulations through field inspections, witnessing tests, monitoring reports, processing applications, and enforcement actions.

Strategy 3.1.2. Assure that surface mining permitted activities comply with applicable state and federal regulations through field inspections, witnessing tests, monitoring reports, processing applications, and enforcement actions.

Objective 3.2. Identify and abate environmental and public health threats through voluntary operator actions or with use of state or federal funds.

Strategy 3.2.1. Protect public health and the environment by identifying, assessing, and prioritizing sites that require the use of state funds for well plugging and remediation.

Strategy 3.2.2. Protect public health and the environment by identifying, assessing, and prioritizing mine lands that require the use of federal funds for reclamation and provide oversight for operator-initiated remediation.

Objective 3.3. Maintain competitive prices and adequate natural gas supplies for Texas energy consumers.

Strategy 3.3.1. Oversee natural gas utility rate structures that promote safe, efficient, and reliable supply at a reasonable cost and audit regulated gas utilities to ensure compliance with rate structures and submission of gas utility taxes.

Goal 4: Public Access to Information and Services

Strive to maximize electronic government and to minimize paper transactions by developing technological enhancements that promote efficient regulatory programs and preserve and increase public access to information.

Objective 4.1. Increase efficiency in providing public access to information and provide more efficient interaction with regulated industries.

Strategy 4.1.1. Collect, maintain, and preserve oil and gas data submitted to the Commission; provide efficient public access to this information; offer regulated industries a way to conduct their business electronically.

C: Anticipated Changes in Mission, Strategies, and Goals

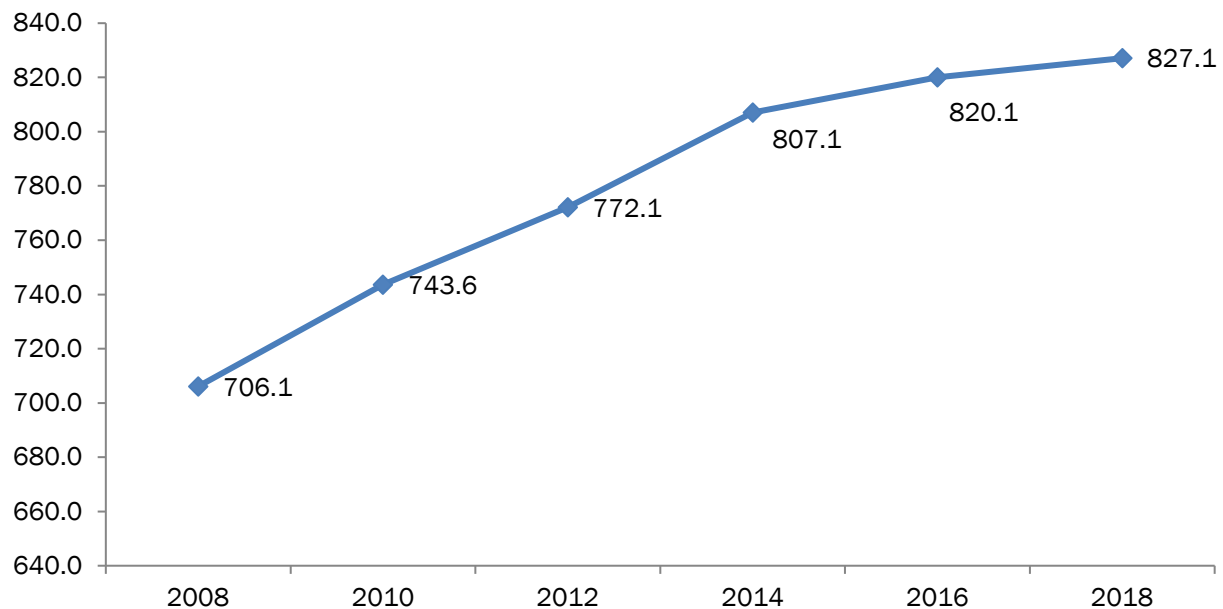
The Railroad Commission does not expect significant changes in its mission, strategies, or goals during the next five years, but it does recognize the need to adapt readily to any changes required by legislation.

Part 2: Current Workforce Profile

A: Workforce Demographics (As of March 15, 2018)

The authorized number of full-time equivalent (FTE) employees increased by more than 100 over a ten-year period from FY 2008 to FY 2018.

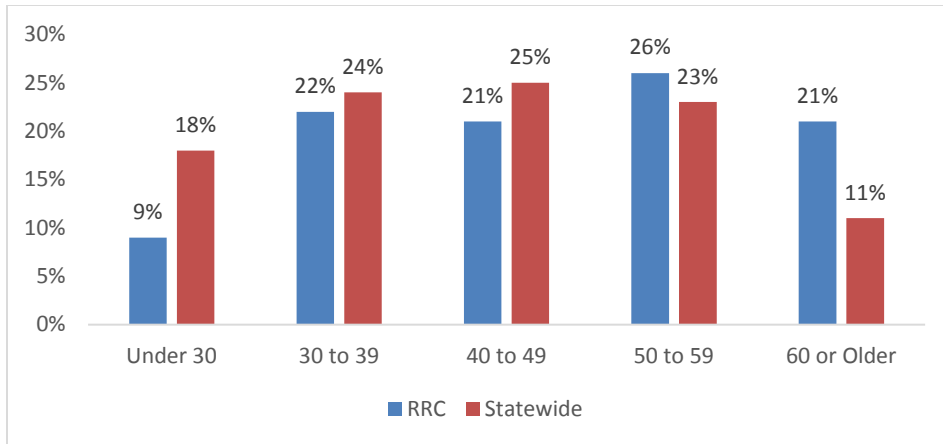
Figure 1: Full Time Equivalents Fiscal Years 2008–2018



Age

The majority of Commission employees—67.8 percent—are over the age of 40. With only 32.2 percent of the Commission’s workforce under 40 years of age, the Commission must aggressively plan to replace the institutional knowledge of its 201 employees who are eligible to retire before the end of fiscal year 2021. Compared to the Statewide average, the Commission has a similar number of employees between the ages of 30 to 60; however, the Commission also has a significantly higher number of employees over the age of 60.

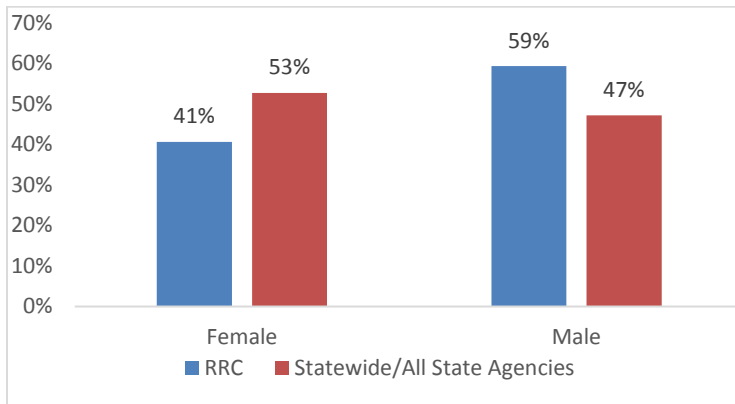
Figure 2: Age Distribution as of March 15, 2018



Gender

As of March 15, 2018, the RRC has 431 male employees (59.4 percent) and 295 female employees (40.6 percent). The total employee count of 726 includes both full-time and part-time employees, and three statewide elected officials.

Figure 3: Gender Data as of March 15, 2018



Ethnicity

A comparison of the Railroad Commission’s employees to the available state civilian workforce as reported by the Texas Workforce Commission, Civil Rights Division in March 2018, indicates the Commission’s performance in attracting and retaining a diverse workforce has some important successes, as detailed in the following charts.

Figure 4: Ethnicity as of March 15, 2018

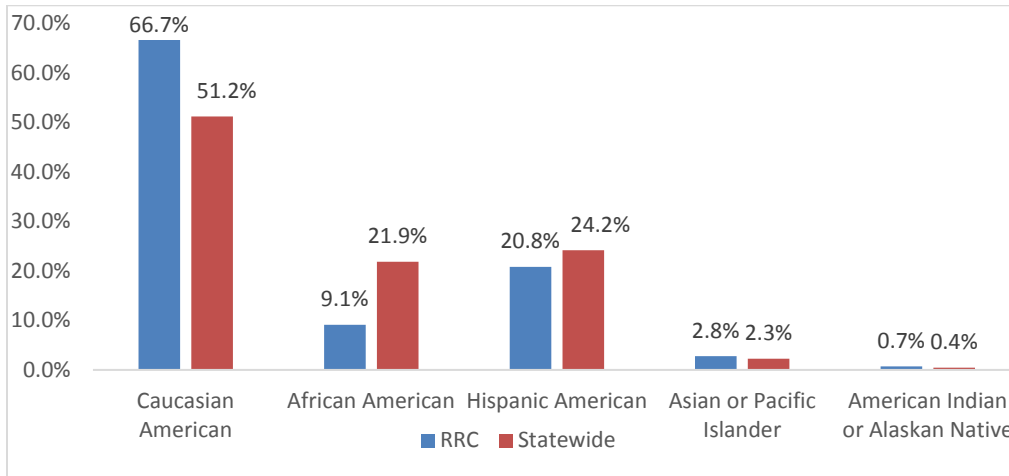


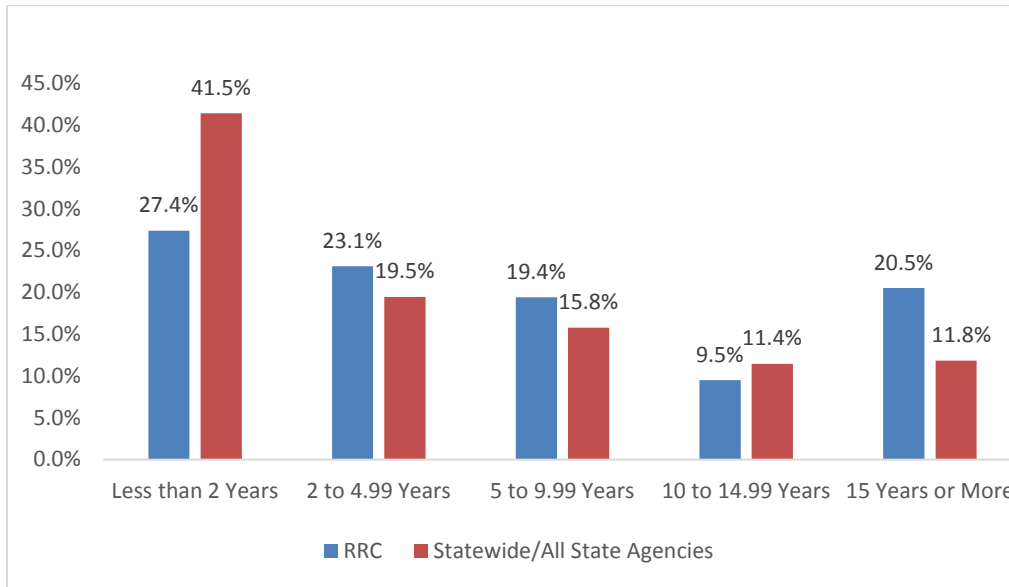
Table 1: EEO Categories by Ethnicity and Gender as of March 15, 2018

EEO Job Category	Caucasian American	African American	Hispanic American	Asian American	American Indian
Officials, Administration	52	4	7	1	1
Professional	320	33	70	13	1
Para-	1	1	1	0	0
Administrative Support	100	28	69	6	3
Elected Officials	3	0	0	0	0
Elected Official Staff	8	0	1	0	0
Total	484	66	151	20	5

Length of Service

On March 15, 2018, the Commission had 199 employees with less than two years of Commission service, and 367 employees with less than five years of service with the Commission. There were 141 employees (19.4 percent) with five to nine years of service, and 69 employees in the 10 to 15 range (9.5 percent). Twenty percent of staff have more than 15 years of service with the Commission.

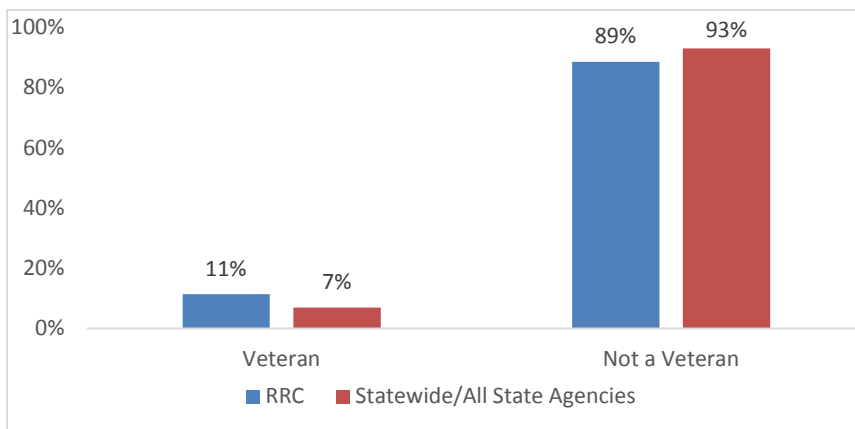
Figure 5: Length of Service



Veterans

The Commission is focused on hiring and retaining veterans. The Commission’s goal is to reach a workforce staffing level with 20 percent of that level represented by veterans. The Human Resources Division plans to recruit at veteran career fairs and appointed a veteran coordinator for the agency.

Figure 6: Veteran Staffing



B: Percent of Workforce Eligible to Retire

Projections indicate a gradual increase in the number of Commission employees eligible to retire between FY 2018 and August 31, 2021. By the end of fiscal year 2021, 27.7 percent of the Commission’s current workforce will be eligible to retire. This percentage is a decrease from two years ago by nearly 8 percentage points. Regardless of the decrease, the Commission will lose a sizeable portion of its most knowledgeable employees, including many in critical positions, in the coming years.

The Commission employs 28 return-to-work retirees. When these individuals are included with the 201 individuals projected to be eligible to retire, then almost 32 percent of the workforce could leave the Commission by the end of the next biennium. It will be challenge for the RRC to replace these individuals with skills that are necessary to attain the goals set forth in this strategic plan.

Many of the Commission’s leadership positions, including Division Directors and District Office Directors, will be eligible to retire in the next five fiscal years. The Commission identified specific workforce members including engineers, scientists, and attorneys who will be eligible for retirement. To replace these important skills, succession planning and a greater focus on internal organizational development and cross-training will be required as the Commission’s workforce plan evolves.

C: Employee Turnover and Projected Attrition

While the Commission’s turnover rate increased from 2016 to 2017, the agency’s turnover rate was significantly lower than the state’s turnover rates. The Commission 2017 Turnover rate including interagency transfers was 17.2 percent while the state’s overall rate was 32.4 percent.

Table 2: Employee Turnover

Fiscal Year	Headcount	Terminations including Interagency Transfers	Turnover Rate including Interagency Transfers	Terminations excluding Interagency Transfers	Turnover Rate excluding Interagency Transfers
2016	737.50	111	15.1%	99	13.4%
2017	703.50	121	17.2%	111	15.8%

D: Workforce Skills Critical to the Mission and Goals of the Agency

The Commission employs qualified individuals in numerous program disciplines. Strong employee knowledge, skills, and competencies are critical to meet ongoing business objectives and goals. Critical knowledge includes:

- Engineering: Chemical, Civil, Mechanical, Mining, Natural Gas, and Petroleum
- Information Technology
- Sciences: Agronomy, Chemistry, Geology, Hydrology, Soil Science, Toxicology
- Legal
- Finance

Critical skills and qualifications include:

- Technology and automation skills and competencies
- Ability to apply scientific principles (i.e., engineering, geology)
- Leadership and management skills

The Commission has a highly educated workforce with many employees holding advanced degrees or professional licenses and credentials. Of the Equal Employment Opportunity job categories, the

Commission has the greatest number of employees within the “Professional” category representing 39.6 percent of the Commission’s workforce. This reflects the qualifications, knowledge, and skill sets necessary to accomplish the Commission’s regulatory goals.

Part 3: Future Workforce Profile

A: Future Workforce Skills Needed

Workforce skills are developed through various training programs provided by the appropriate professional disciplines. Such training is used to maintain and improve employee skills and enhance performance by incorporating contemporary trends in each discipline.

While the Commission anticipates that its basic regulatory functions will remain the same or similar in the future, the development and implementation of technological advancements will require new skills if the future workforce is to fully utilize such improvements. Functions to accomplish future Railroad Commission goals will focus on:

- Increasing computer skill sets for employees;
- Increasing electronic recordkeeping for greater transparency and reducing paper transactions and processing time for customer requests; and
- Encouraging cross-training, talent management, and a career development program as part of a human resources partnership with Commission leadership and divisions.

B: Anticipated Increase or Decrease in Number of Employees Needed

The Commission regulates dynamic, cyclical, and evolving industries that require a visible field presence of Commission staff to assure its regulatory role. Specifically, pipeline safety and oil and gas inspectors ensure the protection of public safety and the environment through enforcement and compliance strategies in the field. The Commission anticipates that increased resources will be directed to these areas in the future and additional resources will be required. Technology advancement is a primary goal of the Commission and will satisfy some of this increasing demand, but technology alone cannot address all concerns for monitoring, reviewing, and physically inspecting regulated industries’ facilities.

C: Critical Functions to Achieve Strategic Plan

The Railroad Commission will continue to use its recruitment plan to address critical deficiencies in its labor force and to narrow the gaps in diversity. A variety of recruitment methods will be used, including: placing job postings on the Commission’s website; placing job postings on the Texas Workforce Commission’s Work In Texas website; direct recruiting with college and university career services office; attending and recruiting at veteran career fairs; building relationships with industry-specific professional organizations; engaging academic professionals and recruit top performing students studying in the critically needed fields; encouraging direct referrals from existing staff; and using all other available resources.

In May 2018, the Commission will transition from posting jobs via NEO-Gov to posting and hiring via CAPPs Recruit. CAPPs Recruit is integrated with CAPPs, which will streamline hiring and on-boarding processes. Posted Commission job requisitions will be listed along with other state agency jobs on a careers page, which will have an unknown effect on recruiting efforts.

The Commission will continue to identify resources associated with professional organizations to post jobs with distinct or hard-to-find skill sets.

A critical barrier to recruitment is competition with other state agencies along with private sector engineering jobs.

D: Employee Engagement

In March 2018, the Survey of Employment Engagement was available for three weeks to current employees. Out of 718 RRC employees invited to take the survey, 438 responded for a response rate of 61 percent. The response rate was 7.1 percentage points higher than the previous survey and the overall score was 364, an increase from 348 when the survey was last conducted in March 2016.

The three areas that the Commission rated the highest are:

- Strategic
- Workgroup
- Supervision

The three that the Commission rated the lowest are:

- Pay
- Information systems
- Internal Communications

The Commission is strategically planning ways to improve the lowest areas of engagement. In March 2018, to retain employees, the Human Resources Division implemented a career track plan for promoting high performing, long-time employees. Due to hard-to-fill positions in the Permian Basin, the Commission raised the starting salaries for open positions in counties within the Midland District. All existing job requisitions were updated to reflect the higher monthly salary to attract qualified candidates.

Also, in March 2018, the Commission's Information Technology Division installed new telephones and are exchanging laptops with docking stations in lieu of desktop computers. The CAPPs implementation allows managers easy access to Human Resources related data. Finally, the Commission's Communications team plans to redesign the Commission's Intranet page while continuing to send monthly newsletters that contain pertinent information for staff.

A new Employee Handbook was finalized and approved in February 2018. The updated handbook outlines employee expectations more clearly than the previous version. All employees were required to acknowledge receipt of the handbook and all managers were offered one-on-one training outlining the significant changes to the handbook.

Part 4: Gap Analysis

A: Anticipated Surplus or Shortage of Workers or Skills

According to the January 2018, Federal Reserve Beige Book¹:

Employment continued to grow at a modest pace since the previous report. Most Districts cited on-going labor market tightness and challenges finding qualified workers across skills and sectors, which, in some instances, was described as constraining growth. Several Districts noted elevated demand for manufacturing and construction labor. Most Districts said that wages increased at a modest pace. A few Districts observed that firms were raising wages in a broader range of industries and positions since the previous report. Some Districts reported that firms expect wages to increase in the months ahead.

While specific to activity in the Dallas District, the Beige Book indicates that:

Economic activity grew robustly, a pickup in pace from the more moderate expansion seen throughout most of 2017. The manufacturing sector remained a bright spot, although growth accelerated in most other sectors as well. Employment growth picked up, and wage and price pressures remained elevated. Labor shortages persisted, with several reports that difficulty hiring was impeding growth to some extent.

Specific to Energy in our District, Dallas, the Beige Book states:

Energy activity was up from [early December 2017] six weeks ago, as drilling in the Permian Basin and Eagle Ford increased and well completions continued to grow. Demand for oilfield services remained healthy in the Permian Basin, and activity in the Eagle Ford firmed. Some energy contacts noted an increase in lending and investment deals. Outlooks for 2018 improved, but remain conservative, with contacts expecting drilling activity, production and employment to grow this year.

With more than half of the Railroad Commission's workforce requiring a science, technology, or engineering background, the Commission anticipates a potential shortage in the available workforce with the skills necessary to meet the future labor requirements of the Commission. The Bureau of Labor Statistics projected that during the period 2010-2020 employment in Science and Engineering occupations would grow by 18.7 percent, compared to 14.3 percent for all occupations.²

The Commission's ability to attract and retain qualified applicants is a challenge many state agencies also face. Unemployment rates in Texas have held steady around 4 percent for the past several years. When private sector energy industries are hiring, the Commission is burdened with hard to fill positions

¹ Federal Reserve District, *The Beige Book: Summary of Commentary on Current Economic Conditions, January 2018*, p. k-1 and p. k-2, Federalreserve.gov, [online] available at: https://www.federalreserve.gov/monetarypolicy/files/BeigeBook_20180117.pdf [Accessed May 3, 2018].

² National Science Foundation, "What Does the S&E Job Market Look like for U.S. Graduates?" STEM Education Data and Trends, [online] available at: <https://nsf.gov/nsb/sei/edTool/data/workforce-03.html>. [Accessed May 3, 2018.]

in rural locations. The agency must market the other benefits of employment with the Railroad Commission.

The Commission anticipates that replacing projected retirements and anticipated turnovers in management will require succession planning and greater emphasis on professional development to replace skill sets that will potentially be lost.

With additional professional development and training, the Commission anticipates that its current workforce has the potential to fill projected staffing needs. An important barrier the Commission faces in replacing its critical skill sets is funding for professional development, training existing employees, and recruiting expenses related to hiring external employees.

Part 5: Strategy Development

Methods to address the Railroad Commission's projected workforce gap include:

- Career development programs – Mentoring, the use of internships for professional areas, and an increase in professional training and development for staff.
- Recruitment plans – Recruitment efforts to focus on positions that are difficult to attract and retain such as engineers, attorneys, and the recruitment of more women and minorities.
- Leadership development – Efforts to identify, retain, and develop existing employees with management and leadership capabilities. Increased funding will be necessary to provide leadership training.
- Organizational training and development – Funding for in-house training such as IT training, managerial training, and skill development can be used to address individual employee training needs for the Commission's routine operations.
- Succession planning – Managers and supervisors will identify the skill sets critical to meeting their objectives to work with agency leadership on a plan for employee attrition. Succession planning can also address staffing or skill imbalances due to turnover and retirements.
- Retention programs – Some programs are already in place to help retain the employees with skills critical to the Commission's success. Focus on employee engagement and recognition programs are in development phases.

A: Implementation of Workforce Plan

The Workforce Plan will be implemented in connection with the Railroad Commission's Strategic Plan. Any changes to the Strategic Plan or legislative changes will result in adjustments to the Workforce Plan.

To begin the implementation of the Workforce Plan the following actions will be key:

- Implementation of the workforce plan will consider the sustainability of the workforce amidst the cyclical and changing nature of the industries regulated by the Commission.

- Development of a continuous business partnership between Human Resources and each of the Commission's divisions. By doing so, such areas as training needs, strategic planning of the workforce to meet division objectives, and long-range planning of workforce needs can be addressed on an ongoing basis. The addition of a Management Analyst to the agency to target workforce needs was successfully implemented.
- Division Directors, along with the Commission, will review progress of the workforce planning process biennially. Adjustments to the Plan, if any, will be documented.
- Initiatives to automate regulatory functions in the Oil and Gas Division will require the Commission to critically assess the following areas: competency gaps in technological skills, job functions, and skill shortages or surpluses within the division.
- The Commission's information technology modernization program will improve efficiency and accuracy in business processes throughout the agency.

B: Workforce Plan Evaluation and Revision

The final phase involves monitoring, evaluating, and revising to ensure a successful Workforce Plan. The following critical employment tools will be available to measure and evaluate changing trends in the workforce:

- Survey of Employee Engagement
- Customer Service questionnaires and feedback
- Retirements, projected retirements, and Commission turnover data
- College and diversity recruiting programs
- The Statewide Exit Survey and the internal Railroad Commission Exit Interview System
- Hiring trends including the lead time to hire
- Develop a veteran workforce that may possess the necessary skills for RRC operations

The Commission will review its efforts to revise and implement its Workforce Plan each even-numbered fiscal year in preparation for the upcoming biennium. As with this workforce planning effort, Commissioners, agency management and Division Directors will participate to ensure that the plan evolves into a document reflecting the Commission's current workforce and its projected workforce for the succeeding five years. The Commission will emphasize professional training and development to address the turnover in management due to the projected increase in retirements. Internal professional training and development will be key to a successful transition, both from a budgetary perspective as well as a business process perspective. The Commission may suffer productivity losses in the near-term, but the long-term benefits should outweigh any such losses.