

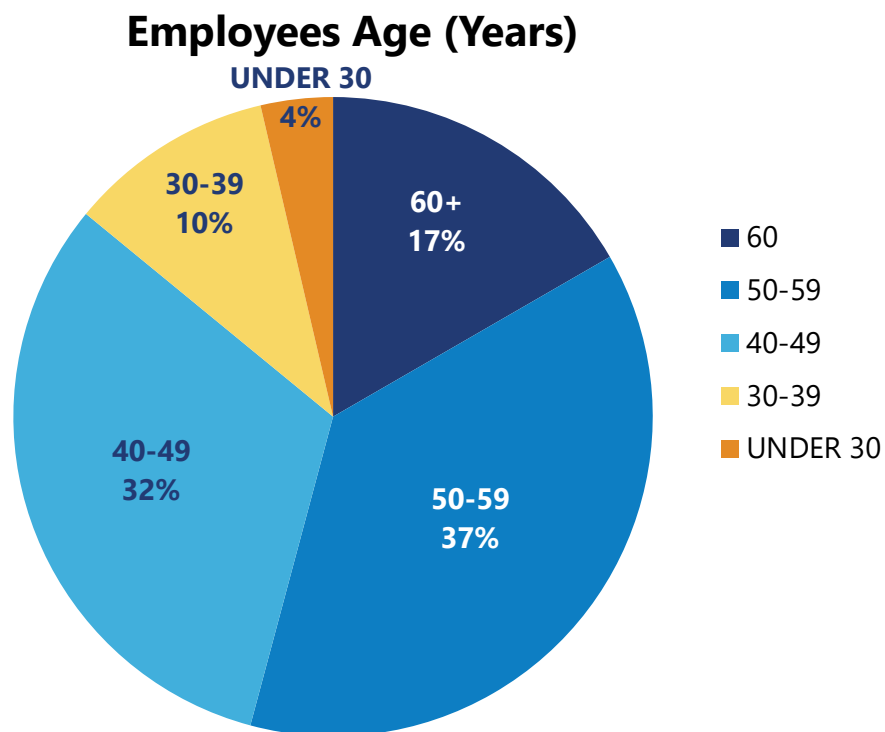
Appendix F: Workforce Plan

DIR's workforce plan follows guidelines developed by the State Auditor's Office and includes an analysis of the current workforce and a plan for addressing the agencies critical staffing needs in the future.

Current Workforce Profile

Gender and Age

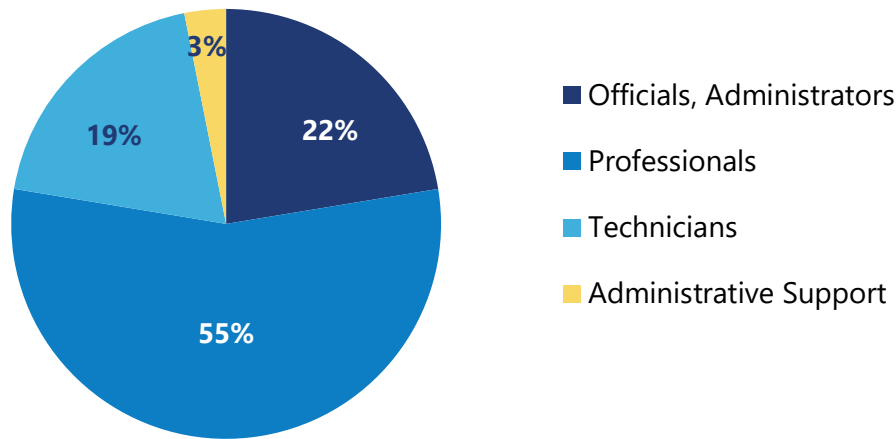
DIR's legislative appropriations cap for full-time equivalent (FTE) positions is 198 for Fiscal Year 2019 and 205 for Fiscal Year 2020. As of March 10, 2020, DIR's headcount was 192 employees. The workforce consisted of 48% females and 52% males. Approximately 86% of the agency's employees are age 40 and over, while 4% are under 30 years of age. The average age of agency employees is 50. With only 14% of DIR's workforce under the age of 40, the agency must aggressively implement succession planning, college recruiting programs, and a retention strategy to ensure the fulfillment of DIR's mission.



Equal Employment Opportunity Job Categories

DIR has a highly-educated workforce with many professional and technical employees holding advanced degrees and credentials. Fifty-five percent (55%) of DIR’s employees are in the Professional category. Twenty-two (22%) are in the Officials and Administration category, Technical staff make up 19% and Administrative Support staff make up 3% of DIR’s staff.

Equal Employment Opportunity Job Categories



**Percentages may not add up to 100% due to rounding*

Workforce Diversity

DIR is committed to providing equal employment opportunities. Employment decisions are not influenced by race, color, religion, sex, national origin, age, disability, genetic information, or any other extraneous factor. DIR makes every effort to recruit, select, and retain a qualified workforce that is representative of the state’s civilian labor force and DIR will continue to work diligently to meet the equal employment opportunity goals of the State of Texas.

As of March 10, 2020, African Americans and Hispanics made up 32% of DIR’s workforce. The following table provides a comparison of DIR’s workforce with the State of Texas’ workforce based on the Equal Employment Opportunity (EEO) job category.

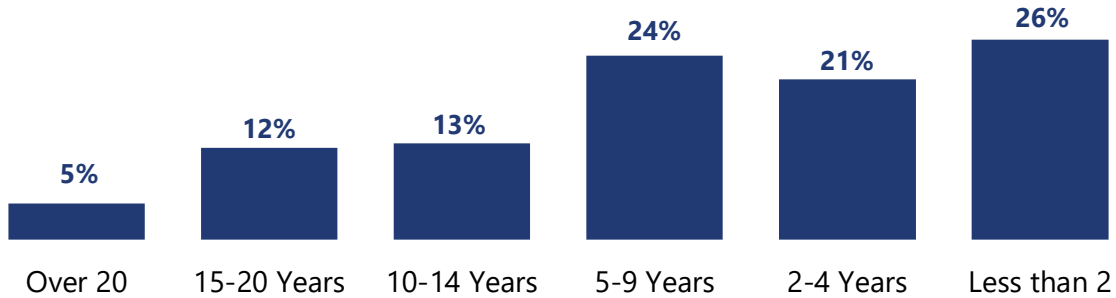
EEO Job Category	African Americans		Hispanic Americans		Female	
	State*	DIR	State*	DIR	State*	DIR
As of 3/10/2020						
Official/Administrator	8%	7%	22%	9%	39%	40%
Professional	11%	17%	20%	23%	55%	61%
Technical	14%	19%	29%	5%	55%	19%
Administrative Support	14%	33%	36%	17%	72%	67%

**Equal Employment Opportunity and Minority Hiring Practices Report, FY 2017-2018*

Tenure

The average length of service for DIR employees is seven years. Approximately 54% of DIR's employees have five or more years of service at the agency. DIR employees have an average of 13 years of state service. Approximately 84% of the agency has five or more years of service with the State of Texas.

Agency State Service (Years)



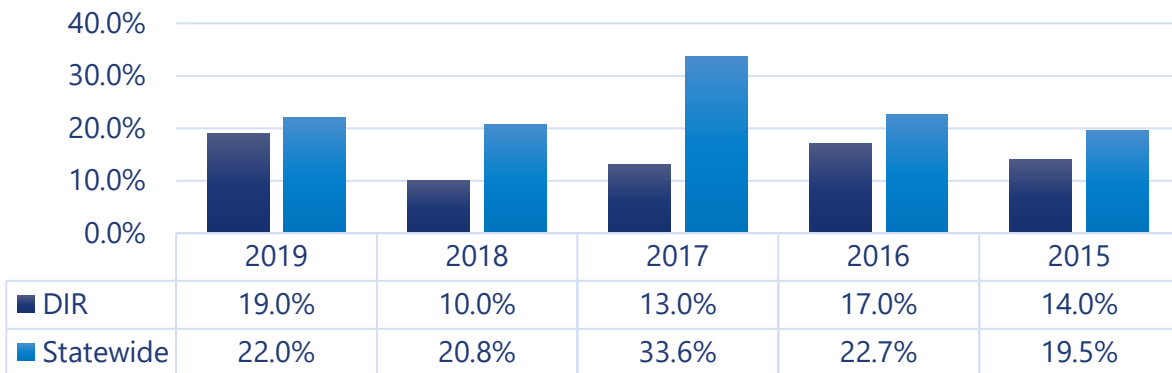
**Percentages may not add up to 100% due to rounding*

Employee Turnover

Employee turnover represents a direct cost to any organization. The loss of institutional knowledge and experience impact the agency's ability to fully perform its mission. High staff turnover adversely impacts the operational program in which it occurs and adds strain on the remaining workforce.

DIR's employee turnover rate was below the state government turnover rate from fiscal year 2015 through 2019. The agency turnover rate for fiscal year 2019 was 19% versus 22% for state government.

Fiscal Year Turnover Including Interagency Transfers

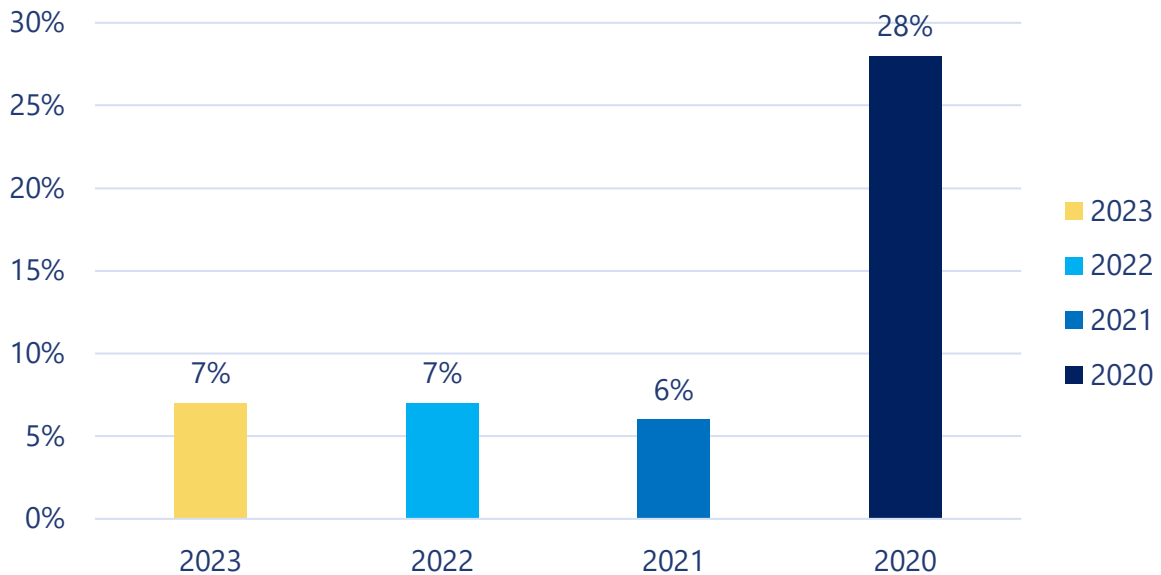


**Percentages may not add up to 100% due to rounding*

Retirement Eligibility

Employees over the age of 40 make up 86% of DIR's fiscal year 2020 workforce and approximately 48% of the agency's current workforce will be eligible to retire between fiscal years 2020 and 2023 (*Based on our present headcount of 192 employees*).

Retirement Eligibility



Current and Future Workforce Challenges

Labor Market and Trends

Prior to the Coronavirus (COVID-19) pandemic, the United States' labor force was projected to increase at an annual rate of 0.5 percent from 2018 to 2028. The State of Texas led in economic output and was ranked 8th in 2018 based on percentage growth.

The pandemic has altered the labor force with 701,000 job losses through March 14, 2020, according to the U.S. Department of Labor's report. Per the Texas Labor Market Review, employment decreased in 23 of 26 metropolitan statistical areas across the state for a total decrease of 71,200 jobs. Additionally, the seasonally adjusted statewide unemployment rate increased from 3.5% to 4.7%.

Demographic Shift

Previously economic experts projected demographic shifts in Texas, where the Hispanic share of the workforce would increase more than any other race or ethnic group. Recent unemployment data for Hispanics reflect an annual increase from 4.1% to a rate of 4.3%, and the rate for African Americans increased by 5.1% to 5.4%. The growth in unemployment

presents a unique opportunity for diversity recruiting efforts. DIR plans to implement additional diversity recruiting strategies to increase hires in underrepresented groups.

Aging Workforce

The Baby Boomers (born between 1946-1964) make up a large part of the labor force that will be retiring and taking institutional knowledge with them. Given 34% of the agency's population is eligible for retirement by 2021, it will be essential to facilitate effective working relationships with Baby Boomers that delay retirement and retain human capital. Additionally, formal succession plans will be implemented to ensure institutional knowledge is retained within the agency.

Texas Workforce System Strategic Plan

Employee Recruitment and Retention

DIR will continue to implement effective practices and policies to attract a diverse and highly qualified workforce. Targeted recruiting strategies will be implemented by incorporating metrics to measure the time it takes to fill a position and candidate experience improvements. To continue attracting top talent, DIR will strive to offer competitive salaries and highlight the State of Texas' valuable benefit options. DIR plans to develop a comprehensive professional development program to increase engagement and retain agency employees. These programs will be inclusive of virtual and face-to-face education programs. DIR expects this to result in improved skills gaps, improved retention, and enhanced recruitment efforts. In addition, managers will continue to complete timely performance evaluations to provide consistent feedback and identify professional development opportunities.

Succession Planning

Succession planning is an ongoing business process through which an organization plans for its future workforce competency needs. It is a proactive approach linking the organization's competency needs to its mission and goals through career development. DIR strives to maintain a highly qualified and competent workforce that is committed to customer service and that is fully capable of carrying out the mission and core functions of the agency. However, retirements and attrition can result in a significant loss of institutional and technical knowledge. Many of the pending retirements over the next five years are either managers or staff with senior-level expertise. To address any deficits between the current agency workforce and future demand, a succession planning program that incorporates cross-training, mentoring, career pathing, and dual ladder options will be explored.

College Recruitment Program

College recruiting programs involve sourcing, engaging, and hiring interns and recent college graduates for agency opportunities. The implementation of DIR's College Recruiting Program was delayed due to the Coronavirus (COVID-19) pandemic and Executive Order GA-14 issued on March 31, 2020.

Recruitment of future workforce talent is of critical importance to DIR and the agency will resume talent attraction efforts as pandemic conditions improve. DIR will reengage with local colleges and universities for opportunities in accounting, internal audit, cybersecurity, information technology, operations, etc.

Survey of Employee Engagement Results

In January 2020, DIR participated in the Survey of Employee Engagement (SEE) to measure employee engagement and workplace satisfaction. DIR had a 95.4% response rate (an increase of 32.2%) which is considered high and indicates that employees have an investment in the organization, want to see the organization improve, and generally have a sense of responsibility to the organization.

DIR’s overall fiscal year 2020 SEE survey score was 389. Scores above 350 are desirable and show the product of an engaged workforce. Nationwide polling data shows 30% of employees are Highly Engaged or Engaged, whereas 57% of DIR employees fell into this category. DIR scored the highest in the following three areas: strategic (410), workgroup (404), and employee engagement (404). The following areas were identified as opportunities for improvement: employee development (385), internal communication (381), and pay (284).

Overall Engagement Score

