

# Agency workforce plan

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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.

## 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, a separate state agency.

TDI is guided by its mission statements described in the agency's Fiscal Year 2021- 2025 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 worker's 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, and
- 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, salary data, and employee engagement survey results. 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 changed in recent years. The agency’s staff continue to be highly educated and skilled. Fewer staff are eligible for retirement compared to previous years.

The agency has 1,254<sup>1</sup> employees at Austin headquarters, 27 field offices, and 26 SFMO staff locations statewide. Field employees include financial and title examiners, fraud prosecution staff, fire inspectors and investigators, and windstorm inspectors. Field employees for DWC include benefit review officers, medical fee dispute officers, claims specialists, hearing officers, and occupational health and safety consultants.

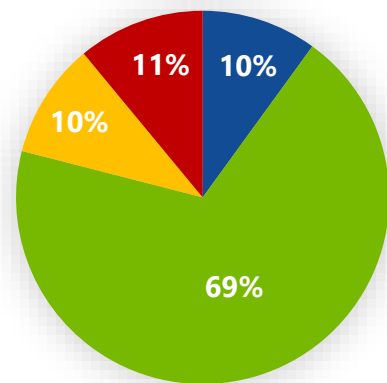
## Critical workforce skills

TDI has a workforce that has specialized knowledge, skills, and abilities. Approximately 79% of the workforce is classified as 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.

Workforce by classification

- official/admin
- professional
- technical
- support/other



## Employee salaries

Due to the large number of employees in the job categories of official/administrator and professional, TDI’s average annual salary of \$61,900 remains above the Texas state employee average of \$47,990.<sup>2</sup> The agency’s average annual salary increased 6% over 2018 salary levels. This exceeds the Texas state employee average annual salary growth of 1.5%. TDI’s human resources and financial services staff continue to work with management to review available resources and address salary challenges.

<sup>1</sup> CAPPS HR/Payroll System, February 29, 2020. Unless otherwise noted, this is the source of all statistics appearing in this report.

<sup>2</sup> CAPPS HR/Payroll System, February 29, 2020

## Retirement eligible employees

A significant number of agency employees are currently eligible to retire or will be eligible before August 31, 2025, including:

- 34% of TDI's total workforce
- 39% of managers
- 45% of executive staff

The number of TDI's retirement eligible staff has decreased 10% in the last two years. Currently, 65% of the workforce have 10 or fewer years of TDI service. This change in workforce tenure stresses an increased need for sharing and documenting TDI's institutional knowledge. Human resources has enhanced the agency's succession planning and knowledge-sharing efforts with resources, tools, and training.

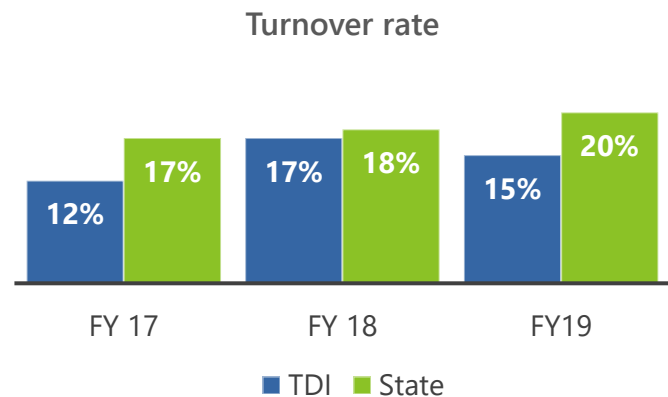
## Ethnic diversity

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 29, 2020:

- 51% were minorities
- 60% were female
- 67% of TDI's managers were minority or female, or both

## 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 15% in fiscal year 2019 as compared to 17% in fiscal year 2018. The percentage rate remains below the fiscal year 2019 statewide turnover rate of 20% for classified, regular full-time and part-time employees.<sup>3</sup> A major factor impacting turnover is the competitive job market.



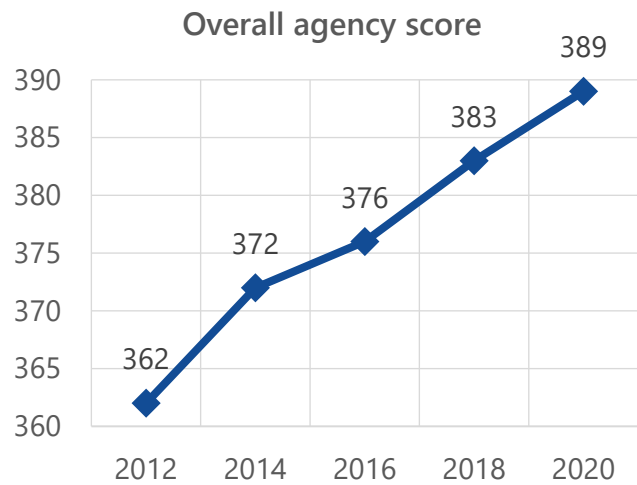
As of February 29, 2020, the workers' compensation division had a slightly lower mid-year turnover rate of 8% compared to 10% for insurance operations and 9.5% for the agency.

<sup>3</sup> Texas State Auditor's Office, E-Class System. <http://www.hr.sao.texas.gov/Tools/>

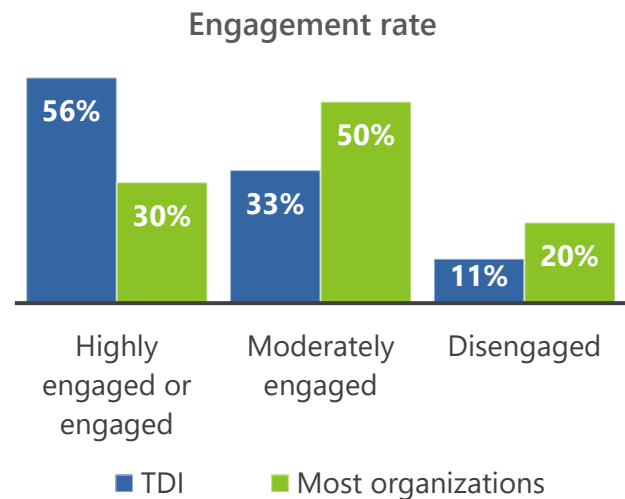
## Employee engagement

TDI’s employees continue to be engaged as reflected in the results of the agency’s 2020 Survey of Employee Engagement (SEE).<sup>4</sup>

TDI has participated in the survey since 1996. The survey response rate has increased over time. The survey response rate in 2020 was 84%, 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.<sup>5</sup> In 2012, the Institute for Organization Excellence began including an overall score for agency survey results. TDI’s score increased 27 points in the last six years, rising from 362 in 2012 to 389 in 2020.



The 2020 survey measured TDI employee engagement levels. Results showed that 56% were highly engaged or engaged, compared to 30% for most organizations.<sup>6</sup>



The 2020 survey identified three areas of strength. Out of a possible score of 500, the three top constructs scored as follows:

- Strategic – 412
- Supervision – 411
- Workgroup – 405

These high scores indicate that TDI employees understand their role in achieving the agency’s missions, have a positive view of their supervisors, and view their workgroup as effective, cohesive, and open to the opinions of all members. 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.

<sup>4</sup> Survey of Employee Engagement, 2020. University of Texas, Institute for Organizational Excellence.

<sup>5</sup> TDI Executive Summary of the Survey of Employee Engagement, 2020.

<sup>6</sup> TDI Executive Summary of the Survey of Employee Engagement, 2020.

## Future workforce needs

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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, 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.
- Providing excellent customer service.

TDI's workforce must have skill sets that enhance the efficiency, effectiveness, accountability, and transparency of the agency. This includes skills that improve project outcomes, develop more streamlined processes, use data analytics, improve technology, manage risks, and communicate more effectively.

TDI's workforce has become more interconnected, mobile, and self-reliant in the last two years. A large majority of the agency can work remotely. TDI encourages these changes and supports investments focused on a workforce and customer base that expect a paperless environment; access to reliable, mobile technology; and more flexible work hours and locations.

## Gap analysis

### Staffing levels

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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. Management regularly evaluates whether the agency can continue to achieve agency missions and goals with the current staffing and salary levels.

### Employee knowledge and skills

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

- Business analysis and data management
- Critical analysis
- Process improvement
- Risk management
- Communication, including plain language and technical writing

### Tools and technology

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TDI recognizes gaps in tools and technology needed to support a modern workforce. The agency is focused on tools needed for staff to work efficiently and remotely. TDI has made significant progress in telecommuting and acquiring the tools needed to support it. TDI retired several legacy systems that hindered efficiency and required the use of temporary or manual processes to get the job done.

### Strategies

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TDI continues to transform the agency by identifying strategies to recruit and retain qualified staff, developing knowledge and skills, and addressing resource gaps. These efforts include:

- Upgrading technology with fewer paper processes.
- Using plain language on the agency's website and in customer communications.
- Modernizing processes that include best practices.
- Encouraging telework.
- Reducing time to fill positions through careful monitoring and increased communication with management.
- Increasing the use of social media to solicit candidates for job vacancies.
- Supporting staff training for professional development and designations.
- Enhancing succession planning and knowledge-sharing efforts.
- 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 succession planning. From May 1, 2018, to February 29, 2020, TDI promoted 42 internal staff into management or leadership positions. These positions were filled with staff who were trained and mentored to replace staff who separated from TDI employment. Human resources provides management training and monitors other activities 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% of our total workforce, through recruiting veterans by attending military and veteran job fairs.
- Increasing the use of recruiting tools, such as social media.
- Encouraging more flexibility in work location and maximizing the use of technology.
- Identifying and conducting additional training to fill skill gaps and monitor results.
- Enhancing succession planning, including knowledge-sharing efforts.
- Conducting staffing and salary analysis for specific positions identified by management.
- Benchmarking with the private sector and other state agencies to identify tools and technology that enhance workforce development.

## 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 make sure the agency has the right number of people with the right skills while being mindful of budget constraints and external factors such as the economy. The human resources office remains flexible and works 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.