



Schedule F

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.

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.

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.
- Evaluating the success of initiatives and determining what adjustments are needed.

TDI's Human Resources office leads workforce planning efforts. Human resource 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. Data for this section is provided through the [Texas State Auditor's Office E-Class System](#).

TDI had 1,327.80 budgeted full-time equivalent (FTE) positions as of February 28, 2022. TDI had 1,211 employees at Austin headquarters, 21 field offices, and various 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, claims specialists, hearing officers, customer service staff, and occupational health and safety consultants.

Critical workforce skills

TDI has a workforce that has specialized knowledge, skills, and abilities. Approximately 82% 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.

Employee salaries

TDI's average annual salary of \$64,291 remains above the Texas state employee average salary of \$50,590. TDI's Human Resources and Financial Services staff continue to work with management to review available resources and address salary challenges.

Retirement eligible employees

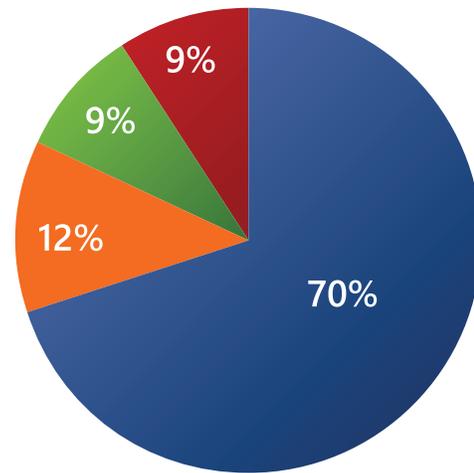
A significant number of agency employees are eligible to retire or will be eligible before August 31, 2027, including:

- 36% of TDI's total workforce
- 40% of managers
- 33% of executive staff

The number of TDI staff who are eligible to retire has increased only 2% in the last two years. Currently, 52% of the workforce have 10 or fewer years of TDI service. This workforce measure stresses a continued 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.

TDI workforce by classification

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



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, 2022:

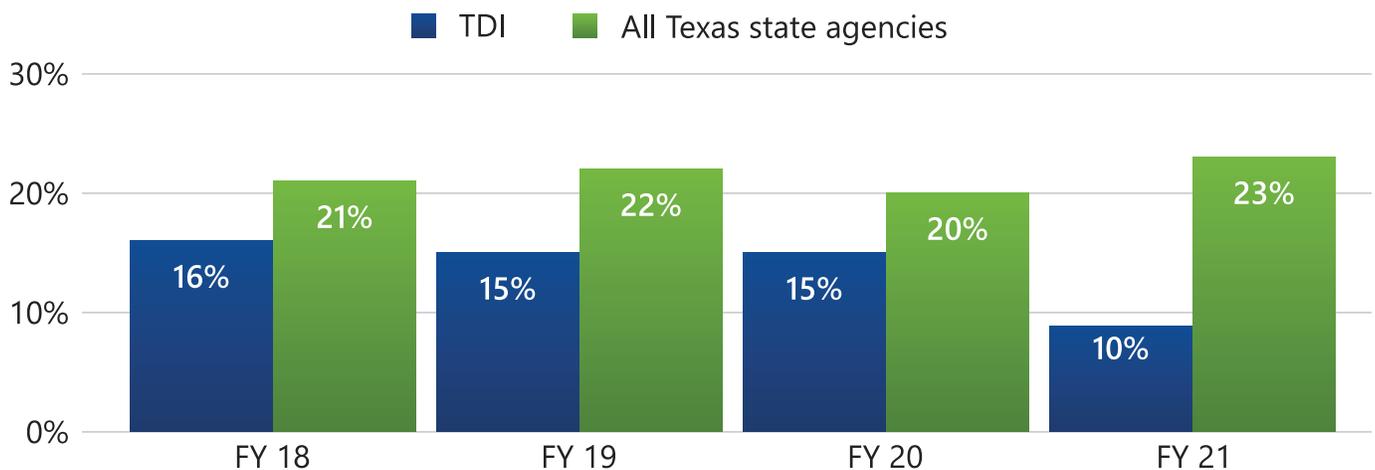
- 52% were minorities
- 59% were female
- 66% of TDI's managers were minority or female, or both

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 10% in fiscal year 2021 as compared to 15% in fiscal year 2020. The percentage rate remains below the fiscal year 2021 statewide turnover rate of 23% for classified, regular full-time, and part-time employees. A major factor impacting turnover is the competitive job market.

As of February 28, 2022, TDI's midyear turnover rate was 9%. The workers' compensation division had a slightly lower mid-year turnover rate of 7% compared to 10% for insurance operations.

Turnover rate: TDI vs. All Texas state agencies

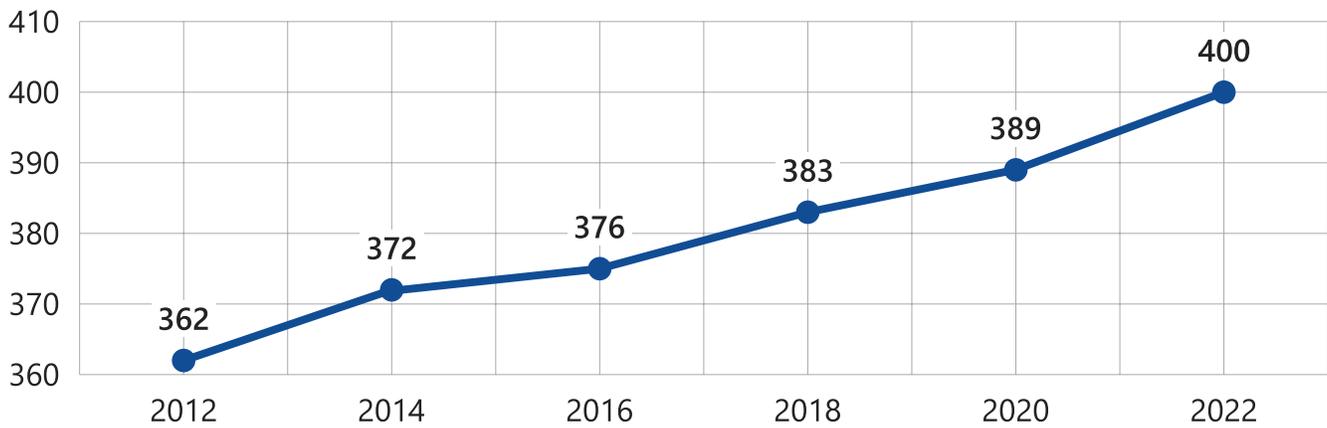


Employee engagement

TDI's employees continue to be engaged as reflected in the results of the agency's 2022 Survey of Employee Engagement (SEE).

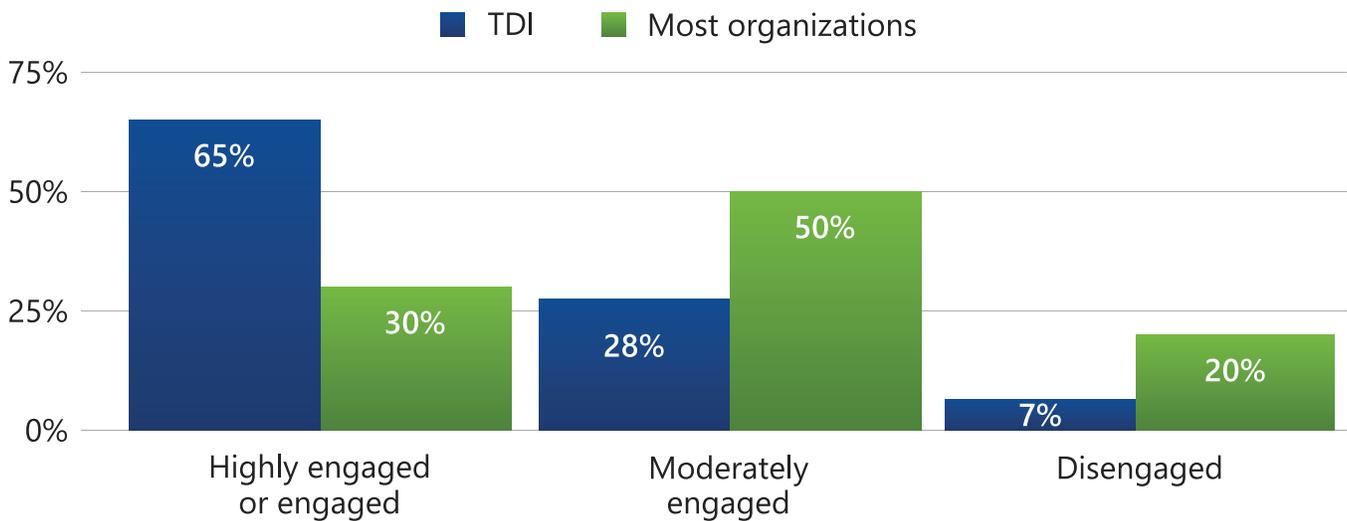
TDI has participated in the survey since 1996. The survey response rate has increased over time. The survey response rate in 2022 was 94%, which is considered high. High rates of response indicate employees have an investment in the agency, and they are willing to contribute toward making improvements. In 2012, the Institute for Organizational Excellence began including an overall score for agency survey results. TDI's score increased 38 points in the last 8 years, rising from 362 in 2012 to 400 in 2022.

SEE overall score 10-year history



The 2022 survey measured TDI employee engagement levels. Results showed that 65% were highly engaged or engaged, compared to 30% for most organizations.

2022 SEE employee engagement levels



The 2022 survey identified three areas of strength. Out of a possible score of 500, the three top constructs scored as follows:

- Supervision 428
- Strategic 420
- Community 420

These high scores indicate that TDI employees have a positive view of their supervisors, understand their role in achieving the agency's missions, and feel respected, cared for, and trust their colleagues. The three lowest scoring constructs were pay, benefits, 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 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.
- Reviewing rate and form filings.
- 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 provide effective communication.

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

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

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

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

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.
- Continued hybrid telework options, including allowing employees to report to TDI offices outside of Austin.
- 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.
- Raising salaries where appropriate through collapsing unneeded, vacant positions.
- 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 March 1, 2020, to February 28, 2022, TDI promoted 19 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. In addition, since fiscal year 2021, TDI has collapsed 41.5 FTEs. This was made possible by gains in efficiency and resulted in approximately \$2 million in salary increases for TDI staff. 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 by attending military and veteran job fairs.
- Increasing the use of recruiting tools, such as social media.
- Maximizing the use of technology in a hybrid work environment.
- Identifying and conducting additional training to fill skill gaps and monitor results.
- Enhancing succession planning, including knowledge-sharing efforts.
- Continuing to identify positions that may be collapsed through attrition, resulting in appropriate salary increases.
- Conducting staffing and salary analyses 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.