



# Railroad Commission of Texas

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## Agency Workforce Plan

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## Agency Workforce Plan

### 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 new policies, government code regulations, 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.

**Objective 3.4.** Establish critical infrastructure compliance standards, regulate natural gas supply chain entities for power generation requirements, and mitigate system outage risks during extreme weather events.

**Strategy 3.4.1.** Ensure that designated facilities incorporate weatherization and reliability standards and practices through communication, inspections, processing applications, and monitoring reports.

*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

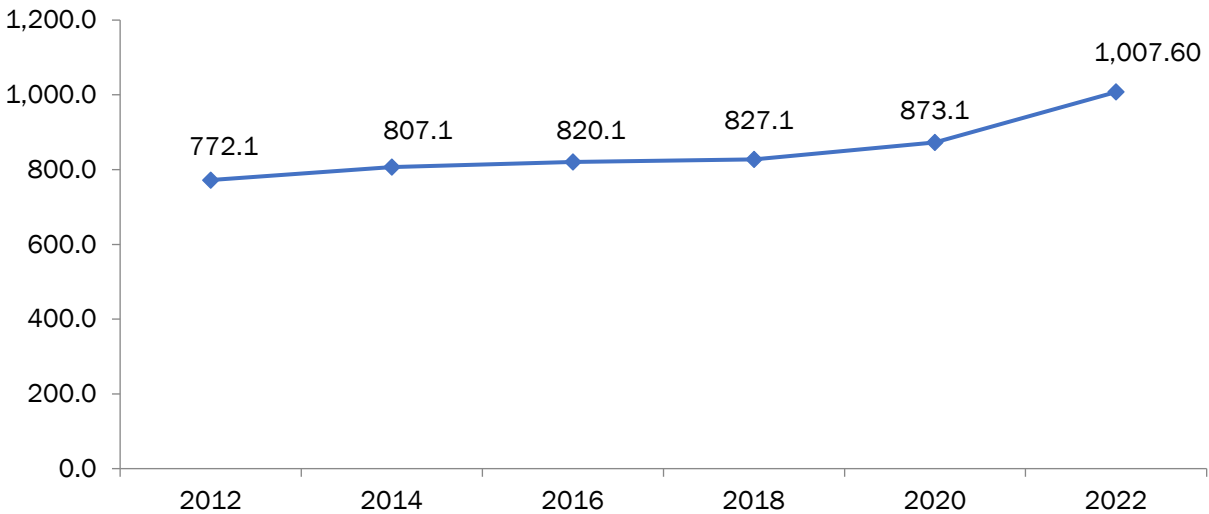
The Railroad Commission does not expect significant changes in its mission; however, the Commission anticipates additional strategies and goals during the next five years.

### Part 2: Current Workforce Profile

#### A: Workforce Demographics (As of March 15, 2022)

The authorized number of full-time equivalent (FTE) employees increased by 235 over a ten-year period from FY 2012 to FY 2022.

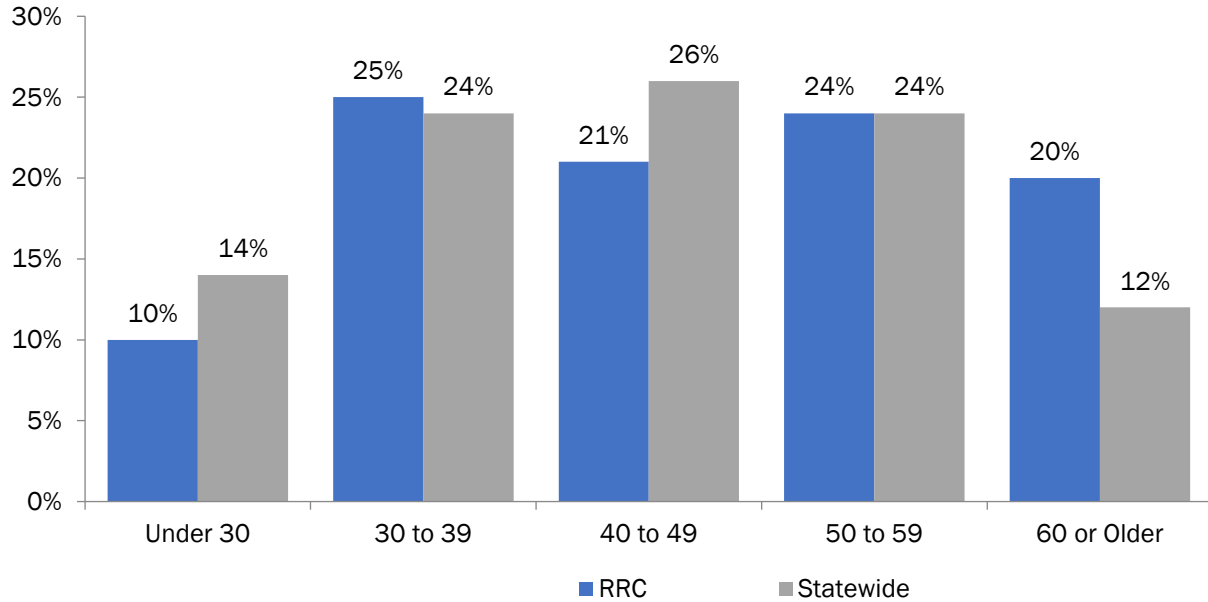
Figure 1: Full Time Equivalents Fiscal Years 2012–2022



#### Age

65.5 percent of Commission employees are aged 40 or older. The Commission often hires retired oil and gas employees from the private sector/industry. The Commission plans to continue to cross train entry level staff with seasoned staff. The Commission must retain the institutional knowledge of its 107 employees who are currently eligible to retire plus 39 more employees who will be eligible before the end of fiscal year 2025. The Commission has struggled to recruit entry level staff, specifically in the Austin region where the cost of living has increased significantly over the past 2 years.

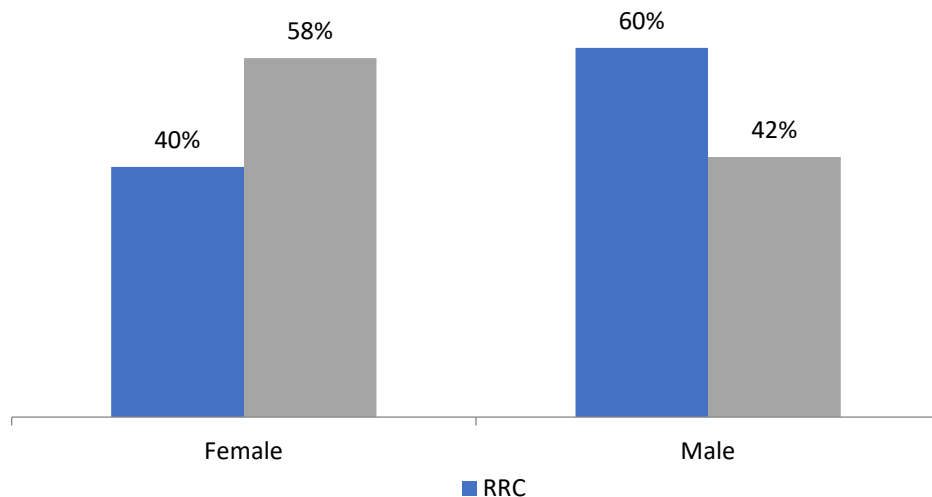
Figure 2: Age Distribution as of March 15, 2022



*Gender*

As of March 15, 2022, the Commission had 517 male employees (60 percent) and 339 female employees (40 percent). The total employee headcount of 856 includes both full-time and part-time employees, and three elected officials.

Figure 3: Gender Distribution as of March 15, 2022

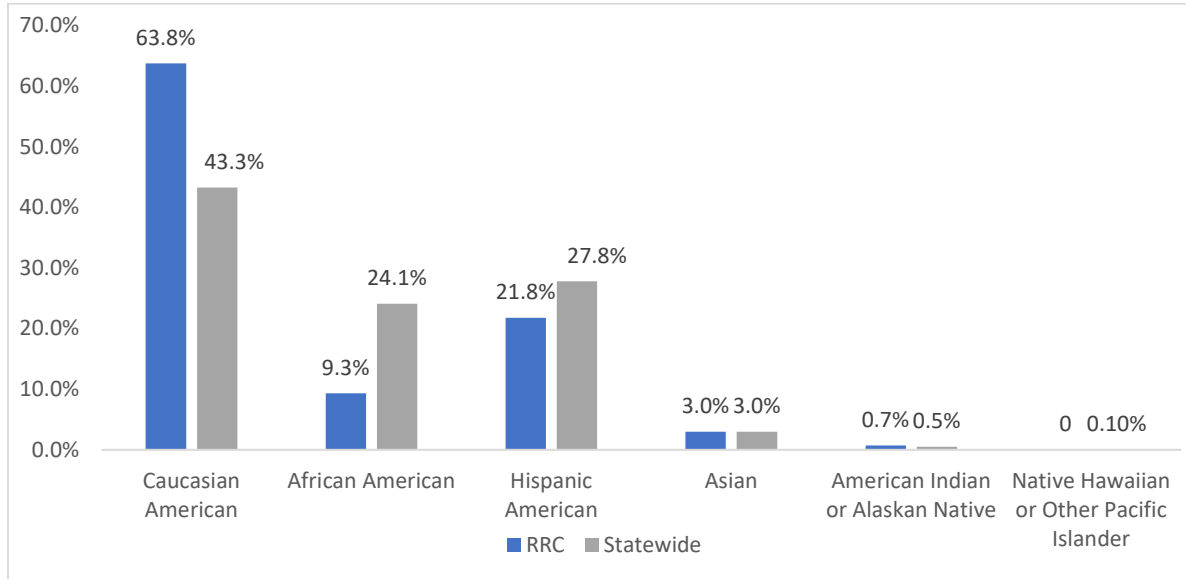


*Ethnicity*

A comparison of ethnicity of Commission employees to the overall distribution for state employee ethnicity, as reported by the State Auditor’s Office in March 2022, indicates the Commission’s

performance in attracting and retaining a diverse workforce. The Commission’s recruitment plan outlines ways we are working to recruit a more diverse workforce.

Figure 4: Ethnicity Distribution as of March 15, 2022



#### Length of Service

As of March 15, 2022, the Commission has 856 employees. There are 113 employees with less than two years of Commission service and 354 employees with five or fewer years of service. Those with 5 years or fewer years of employment with the Commission represent over half of our staff. It is essential to retain existing staff and to continue to replace retiring staff with employees who are looking to stay at the Commission for many years. Further, there are 167 employees with five to nine years of service, and 283 employees with 10 or more years of RRC service. Twenty percent (256 employees) had prior state service before coming to work at the Commission.

#### Veterans

The Commission is focused on hiring and retaining veterans. The Commission’s current veteran workforce is 12.5 percent. The goal is to reach a veteran workforce staffing level of 20 percent. The Human Resources Division recruits at veteran career fairs and maintains a veteran coordinator for the agency.

#### B: Percent of Workforce Eligible to Retire

There are 107 employees who are currently eligible to retire plus 39 more employees who will be eligible before the end of fiscal year 2025.

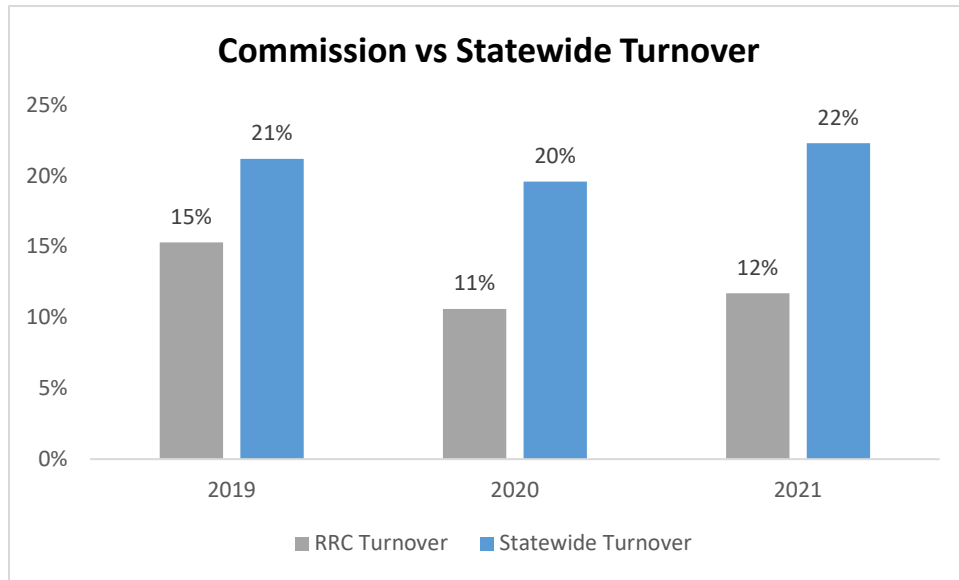
The percentage of Commission employees eligible to retire between now and the end of FY 2025 is 17. This percentage is an increase from two years ago by 4 percent. The Commission employs 26 return-to-work retirees.

16 of 97 (16.5 percent) of the Commission’s leadership positions are currently eligible to retire. To replace these 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

The Commission's turnover rate decreased from fiscal year 2019 to 2020 and stayed about the same from 2020 to 2021. The Commission's turnover rate was significantly lower than the state's turnover rate. The Commission's 2021 turnover rate, including interagency transfers, was 12 percent while the state's overall rate was 22 percent.

Figure 5: Employee Turnover Including Interagency Transfers



### 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 meeting ongoing business objectives and goals. Critical knowledge includes:

- Engineering: Chemical, Civil, Mechanical, Mining, Natural Gas, and Petroleum
- Information Technology
- Sciences: Geology, Hydrology, Soil Science, and 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.

### Part 3: Future Workforce Profile

#### A: Future Workforce Skills Needed

The Commission's employees develop their workforce skills from prior employment experience, on-the-job training, education, and 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.

Additional functions were added to the Commission with legislation enacted during the 87<sup>th</sup> Legislative Session.

Direction from Senate Bill 3 (SB3, 87<sup>th</sup> Legislature, 2021) resulted in the creation of a newly formed Critical Infrastructure Division (CID). The Division is charged with establishing best practices to prepare facilities that provide natural gas services in the electricity supply chain to maintain services in an extreme weather event, provide expertise to assist in rule making for enforcement, and recommending oversight and compliance standards to those facilities.

CID will have a total of 130 full-time employees (FTEs) across four regional offices and division headquarters in Austin to direct and support activities. Regional offices are located in Fort Worth, San Antonio, Lubbock, and Houston. Staffing needs include Divisional Leadership, Administration and Records Staff, Data Analysts, Engineers, Project Managers, and Field Inspectors.

The development and implementation of technological advancements will require new skills if the future workforce is to fully utilize such improvements. Functions to accomplish the Commission goals will focus on:

- Increasing computer skillsets for employees,
- Increasing electronic recordkeeping for greater transparency and reducing paper transactions and processing time for customer requests,
- Shifting from hiring administrative staff to more technical and science-based positions, 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 new Critical Infrastructure Division will focus on the weatherization of oil and gas facilities. The Commission added 130 full-time employees to support this important function for all of Texas.

The Commission is receiving federal funds from the U.S. Department of the Interior (DOI) to plug, remediate, and reclaim orphaned wells located on state-owned or privately owned land in Texas. The RRC will utilize its existing State Managed Plugging Program to oversee this effort and will issue solicitations for contractors for well plugging. In addition, the Commission anticipates hiring 35 additional inspectors to work specifically on this project.

#### C: Critical Functions to Achieve Strategic Plan

The Commission's recruitment plan addresses critical deficiencies in its labor force and narrows 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.

The Commission will continue to attend job fairs and is actively working to expand the internship program.

There are several critical barriers to recruitment including the nationwide labor shortage, the rising cost of housing, competition with other state agencies, and with private sector oil and gas positions.

#### D: Employee Engagement

The Commission implemented an on-boarding program to engage all staff and allow them to understand where they fit into the organization. This all-day event is held quarterly for all newly hired staff. Each Division within the Commission presents an overview of their role within the Commission.

### Part 4: Gap Analysis

#### A: Anticipated Surplus or Shortage of Workers or Skills

The Federal Reserve District, Beige Book for February 2022 indicates that Labor Markets in the Dallas region experienced

*Wage growth pushed to new highs over the reporting period, driven largely by labor shortages. Manufacturers noted persistent difficulties in retaining employees, saying they were having to increase wages significantly to try to convince workers to stay. This sentiment was echoed in the service sector as well, with some firms being forced to give out significant pay increases or lose key employees. A bank raised their minimum wage to \$18 per hour, slightly mitigating retention issues.*

The Federal Reserve Bank of Dallas described the summary of economic activity to include:

*The energy sector saw further expansion, while worsened drought hampered agricultural conditions. Employment rose fairly robustly, and wage growth pushed to new highs due to widespread labor shortages. Supply-chain issues continued to drive up costs, and prices rose at a rapid clip. Outlooks remained positive, though uncertainty surged and businesses expressed concern that labor market tightness and supply-chain disruptions will not soon be resolved.*

Specific to the Energy sector, the Federal Reserve Bank of Dallas described that

*Oilfield activity rose over the past six weeks, with a notable increase in the Eleventh District rig count. Lead times for machinery orders were stabilizing at high levels, but delays are expected to continue throughout the year. Industry sentiment improved with high oil prices, strong demand from consumers, and increasing confidence that global supplies will struggle to keep pace with demand for the remainder of the year. As such, firms revised up their expectations for oilfield activity in 2022.<sup>1</sup>*

Facing this economic environment, recruiting and retaining qualified staff remains an ongoing challenge as it has been for many years, specifically in the Information Technology Services (ITS) division, as the Commission competes with the private sector and other state agencies. The Commission's telework plan implemented in September 2021 allows for approximately 90 percent of the ITS Division to telework 100 percent of the time, which should help in the recruiting efforts.

The Commission anticipates that replacing projected retirements and anticipated turnover in management will require continued succession planning and greater emphasis on professional development to replace skill sets that will potentially be lost. The Commission implemented a telework plan in September 2021. This plan allows for eligible employees the opportunity to telework 50 percent of the time. The plan allows for approximately 10 percent of staff to telework 100 percent of the time. The implementation of this plan is likely to increase engagement and decrease turnover.

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 new employees.

## Part 5: Strategy Development

Methods to address the 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.

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<sup>1</sup> Federal Reserve Bank of Dallas District, *The Beige Book: Summary of Commentary on Current Economic Conditions, February 2022*, p. 1, Federalreserve.gov, [online] available at: <https://www.federalreserve.gov/monetarypolicy/beigebook202203.htm> [Accessed April 12, 2022].

- Recruitment plans—Recruitment efforts to focus on positions that are difficult to attract and retain such as engineers, attorneys, and the recruitment of a more diverse workforce.
- Leadership development—Efforts to identify, retain, and develop existing employees with management and leadership capabilities.
- 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. The Commission’s retention process involves analysis of salary markets, a career track program, and generous merit-based pay increases.

#### A: Implementation of Workforce Plan

The Workforce Plan will be implemented in connection with the 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, areas such 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 Commission expanded the Professional Development Program by adding an additional position to help build the e-learning functionality in CAPPS.
- Division Directors, along with the Commission, will review the 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 recruitment programs
- The Statewide Exit Survey and the internal 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.