



State Office of Risk Management



WORKFORCE PLAN
Fiscal Years 2023 to 2027

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WORKFORCE PLANNING

I. Overview

The State Office of Risk Management serves as a full-service risk manager and insurance manager and administers the workers' compensation insurance program for state employees. The Office balances considerations for the rights and needs of its clients and the state worker with the protection of the legitimate interests of the citizens of the State of Texas.

The Office is administratively attached to the Office of the Attorney General. The Supply and Demand Analysis in this report does not reflect the significant contribution in administrative support (payroll and benefits administration, budgeting IT services, etc.) made by the OAG.

II. Strategic Goals and Objectives

Strategy Goals- Risk Management Program

The Executive Director of the Office serves as the state risk manager and is responsible for supervising the development and administration of a system of risk management for the state. The Office's enterprise risk management program provides risk management services to state agencies, institutions of higher education, and other entities identified by statute (state entities). The guidelines adopted by the Board of Directors for a comprehensive risk management program, and the assistance of the Office in implementing such programs, has a direct impact on losses.

The Office assists state entities and institutions of higher education in establishing and maintaining comprehensive risk management programs designed to control, reduce, and finance risk. The Office implements statewide guidelines and assist state entities in identifying and managing enterprise risks at all levels of operations.

The Office serves as a full-service insurance manager for state entities and institutions of higher education. The Office's insurance program, in conjunction with the Office's maintenance and review of records of property, casualty, and liability insurance coverages purchases by and for state entities, helps reduce costs and ensure proper financial protection against loss.

The state self-insures for the purpose of workers' compensation coverage for approximately 184,000 state employees within 146 state entities and 122 community supervision and corrections departments. The costs of the state employees' workers' compensation program are funded through risk pooling, which safeguards individual state entities from catastrophic losses that could exceed budgetary capabilities.

The Office administers the statewide Continuity of Operations Planning program, in cooperation with the other state and federal agencies. The Office is responsible for standards to ensure expansive continuity planning, testing, training, and exercising across the state enterprise.

III. Anticipated Changes in Strategies

The Office does not anticipate changes in its mission, strategies, or goals in the next five years, but stands ready to respond to any additional legislative and relevant regulatory direction affecting operations. The Office intends to focus on its ability to assist client state entities in all areas of risk management, risk retention, risk transfer, and continuity of operations planning.

IV. Workforce Profile

The Office is authorized 131.6 full-time equivalent (FTE) positions.

Workforce Skills

The professional workforce skills that are critical to the mission and goals of the Office include the ability to successfully:

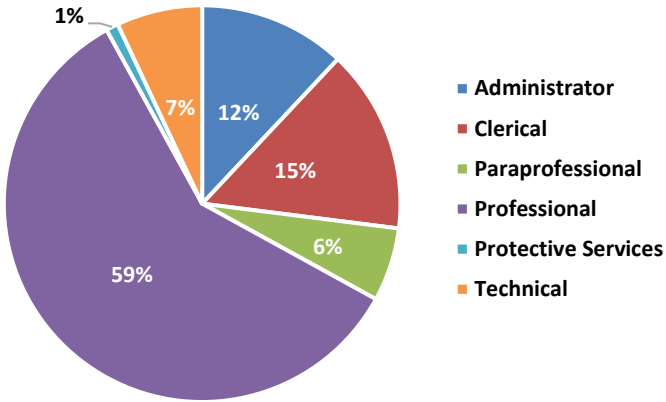
- Review and provide assistance with risk management programs
- Identify risk exposures and make mitigation recommendations
- Consult with and train state entities on how to address issues related to property, liability, or workers' compensation exposures or losses
- Administer workers' compensation claims and related medical, disability, and indemnity
- Review and audit billing associated with workers' compensation medical benefits
- Maintain and review records of property, casualty, or liability insurance coverage purchased by or for a state entity
- Administer the program for the purchase of surety bonds for state officers and employees
- Manage property, casualty, and liability insurance contracts, losses and claims
- Develop and maintain Continuity of Operations Plan
- Review continuity plans and provide guidelines, models, and assistance

Agency staff must also have knowledge and skill in the following areas:

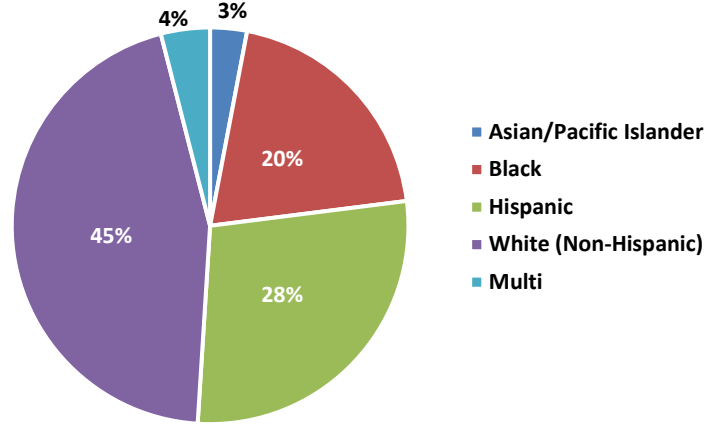
- Communication
- Customer service
- Problem solving
- Time management
- Research and analysis
- Application of relevant laws and regulations
- Negotiation and dispute resolution
- Proficiency in using current technologies

Workforce Demographics ²⁶

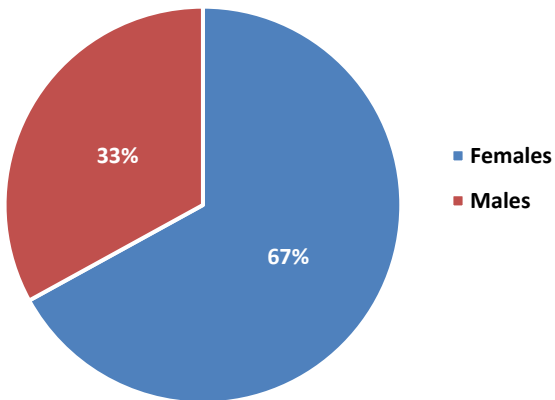
EEOC Classification



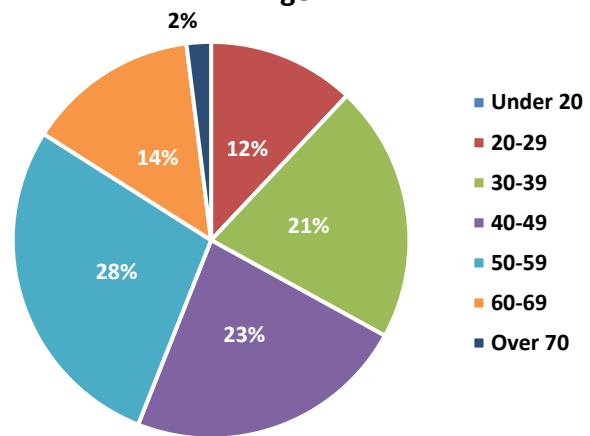
Ethnicity



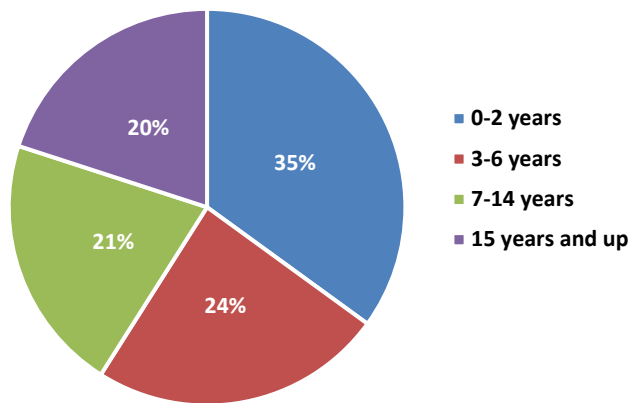
Gender



Age



Tenure



²⁶ As of May 1, 2022

SORM Workforce Versus Statewide Civilian Workforce

The following table compares the percentage of African American, Hispanic and female SORM employees (as of January 2020) to the statewide civilian workforce as reported by the Texas Workforce Commission’s Civil Rights Division. For most job categories, the Office’s workforce is compared to the statewide civilian workforce.

Job Category	African American SORM	African American State	Hispanic American SORM	Hispanic American State	Female SORM	Female State
Officials, Administration	1%	8%	4%	22%	8%	39%
Administrative Support	2%	14%	6%	36%	4%	72%
Service and Maintenance	1%	13%	1%	52%	8%	52%
Professional	14%	11%	17%	20%	46%	55%
Skilled Craft	0%	11%	0%	52%	0%	12%
Technical	1%	14%	0%	29%	1%	55%

*Per directive from the Texas Workforce Commission’s Civil Rights Division, Protective Service” and “Para-Professionals” categories are combined with “Service Maintenance “category.

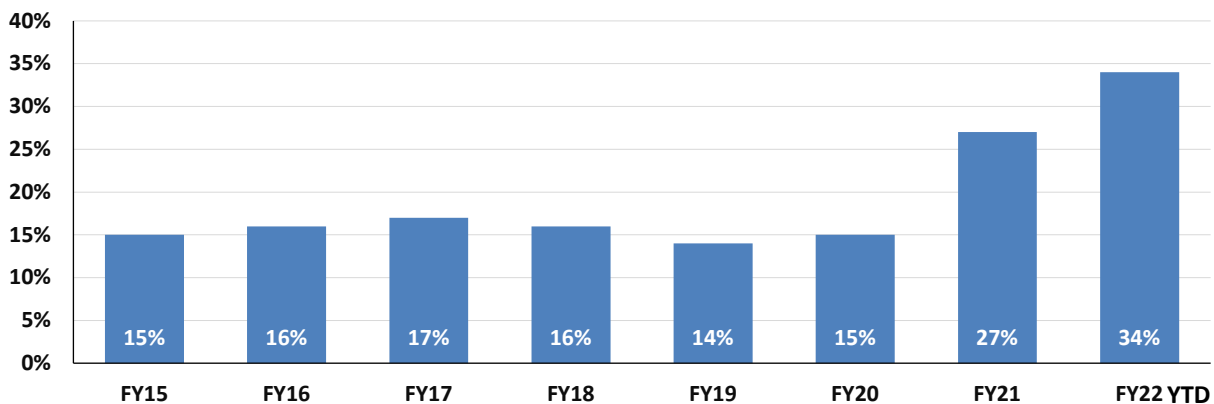
Categories with under-representation are female technical, female skilled craft, African American service and maintenance, African American skilled craft, African American officials/administration, Hispanic officials/administration, Hispanic service and maintenance, and Hispanic technical. The under-representation of African American technical, African American administrative support, and African American professional are considered minimal.

Additionally, the Office remains compliant with federal and state laws and regulations regarding the recruitment and selection of veterans.

Annual Turnover Rates

The Office’s turnover rate is higher than normal due to “COVID-19” and “the Great Resignation.” The Office anticipates turnovers will continue due to economic factors beyond its immediate control. Employee salaries remain non-competitive with the private market and employees overwhelmingly see pay and benefits as the biggest obstacle to continued employment with the Office.

Annual Turnover



The Office experiences a high turnover rate among its workers' compensation adjusters. According to the Texas Workforce Commission, the insurance adjuster field is projected to increase annually by 1.19% per year through 2028 in the Capital Area alone.²⁷ In addition, the Office has several categories of employees with specialized training and skills that are prized in the private and public market. The risk specialist turnover rate is an example of specialized employees who are prized in the public and private market.

Classification	FTE	FY20 Turnover	FY21 Turnover
Claims Adjuster	30	2	4
Insurance Specialist	3	1	1
Risk Specialist	7	4	4

The Office continually assesses and analyzes salary levels to reduce turnover. However, adequate funds are needed to maintain salary parity with other positions performing similar work especially as demands grow in the Capital Area. According to the living wage calculator 50/30/20 rule, the salary needed to live comfortably in Austin-Round Rock, Texas is \$55,186.00. Cost of Living Allowance (COLA) is under consideration.²⁸

Retirement Eligibility

As of June 1, 2022, approximately thirty percent of the Office's directors are projected to reach retirement eligibility. The table below shows the estimated number of employees who may likely reach retirement eligibility during the FY23 through FY27 period. During this same period, nearly sixty-percent of key employees are projected to reach retirement eligibility. The loss of institutional business knowledge and expertise in key management and senior-level professional positions, coupled with normal attrition, makes it important to minimize the loss of technical knowledge and organizational experience.

Fiscal Year	Eligible Employees	Percent of Total Agency FTE Cap
FY27	2	2%
FY26	7	7%
FY25	4	4%
FY24	1	1%
FY23	4	4%

V. Demand Analysis – Future Workforce Profile

Workforce Skills – Projected

As the risk management, risk transfer, and continuity of operations programs grow in response to client demand and legislative direction, the Office will need additional staff with expertise and experience in these areas.

One of the Office's initiatives is to develop training services for state employees through an online learning management system. The course curriculums and production of self-directed training such as podcasts, webinars, and videos, will require staff with advanced knowledge and skills.

²⁷ Texas Workforce Commission, Labor Market and Career Information, www.texaslaboranalysis.com/Demand, last accessed May 5, 2022.

²⁸ Living Wage Calculator for Austin-Round Rock, TX <https://livingwage.mit.edu/metros/12420>

As explained below, demands on the Office's services coupled with new technologies to mine the Office's complex data, will require staff with advanced knowledge and skills to extract, compile, and analyze data from a granular agency level up to a state enterprise level.

Anticipated Workload Changes

Long-term demand for the Office's services is expected to increase. The Office's workload and staffing needs will intensify as participation in the Office's programs increases.

Technology

The Office implemented a new cloud-based risk management information system (RMIS) this fiscal year (FY22). Worker's compensation processes were transferred to the new system.

VI. Gap Analysis

With the implementation of a new risk management information system (RMIS), the Office anticipates improved work quality, efficiency, and customer service. The Office have analyzed mission essential functions that can be transferred to the new system, existing workflows and business processes, and the impact the new system will have on staffing requirements. The impact of the new system on staff's morale and adaptability is being monitored and considered to ensure the continuity and quality of services.

As business functions are transferred to a new system, changes are being made to processes and procedures. Evolving technology will continue to automate processes, requiring fewer employees with filing, data entry, and general clerical skills. The new system will provide an opportunity to mine cross-functional data and analyze data to track trends to improve the effectiveness of the Office's risk programs, which will in turn increase the need for staff with the skills to understand and interpret highly detailed data sets.

VII. Strategy Development

Recruiting

The competition to hire and retain employees with training and experience in enterprise risk management, continuity of operations planning, advanced commercial insurance, and workers' compensation claim administration is an on-going challenge. The Office utilizes a variety of initiatives to attract candidates.

The Office's internet site lets candidates learn about the organization, its mission, and its programs. Showcasing actual employees in videos emphasizes the importance of the Office's employees. When employment opportunities are posted, the Office highlights intangible benefits such as the diversity, culture and values of the organization. The Office also provides insight into the characteristics of the ideal candidate because it recognizes the importance of hiring people with the right traits and identifying cultural fits.

The Office has simplified the application process where possible. Candidates can easily find and apply for open positions on the agency's internet site, through Work in Texas, and on third-party employment platforms. During the interview process, the Office keeps in routine touch with all candidates. Interviews are structured to be as friendly and relaxed as possible, to ensure open and candid responses, and an exchange of detailed information about the agency, its missions, and expectations of the position. Candidates are interviewed by a mixture of managements and peers. The Office contacts each individual who is interviewed to inform them of the outcome of the hiring process.

To broaden the potential pool of applicants, the Office advertises in trade journals, general online job sites and industry specific online job sites. The Office evaluates applicants on their ability to perform in the future.

Candidates with a variety of work experience are considered because of experience in other fields can translate to the open position.

The Office is exploring with Texas universities a method to set up direct posting accounts for jobs openings on university websites that are viewable by students and alumni. Another initiative under consideration is participating in the Workforce Solutions Board (Capital Area) job fairs and other outreach programs.

Additional initiatives, including social media campaigns and training programs, are under active consideration.

Succession Planning

The Office relies on its staff to carry out its missions and provide services necessary to achieve organizational goals. Knowing the difficulty with recruitment, the Office must prepare for eventual vacancies through an inward focus. Succession planning includes a review of critical leadership roles and essential skills the Office requires to fulfill its mission. Pinpointing gaps in knowledge or skill creates an opportunity to develop competency and skills through training and experience. The Office carefully evaluates individual job performance to identify high-performers with leadership potential who can move into progressively higher roles.

The Office is in the process of developing succession planning program.

Senior leadership continues to train and mentor successors in anticipation of future open management positions. The Executive Council has fully implemented an agency wide Open-Door Policy that encourages communication between staff and management. Open communication also assists with identification of potential staff to be mentored.

Employee Development and Training

Curbing turnover at lower and mid-level positions is critical to the future of the Office. The Office employs a talent management approach to workforce planning, recruitment, training, career development, and performance management. Training opportunities for staff are a high priority in this initiative, particularly focusing on continuing education and credentialing. The Office is highly focused on career development as another opportunity to reduce turnover. The Office utilizes an Informational Program and a Job Shadow Program to facilitate employees' growth. The Informational Program provides staff with an opportunity to see how their contributions and work affect and relate to other departments. The Job Shadowing Program provides an opportunity to shadow other positions within the agency.

The Office also uses entry level departments/units where new employees are responsible for customer service needs and becoming familiar with the tasks and responsibilities associated with workers' compensation claim adjustment. This department gives new employees an opportunity to gain experience and assume greater responsibilities related to workers' compensation claims. This approach has successfully trained many new employees to become full time workers' compensation adjusters.

Lastly, the Office is developing a Performance Management Review. The first phase of the program is a "180 Feedback" evaluating an employee's feedback by their direct reports. The second phase of this program will expand to include direct reports, self-appraisals and the employee's peers. The Performance Management Review will be a useful tool to collect and provide accurate and timely feedback to an employee for their review. The Office is researching the dynamics of the concept of the Performance Management Review 180 Feedback and ways to incorporate it into more traditional evaluation methodologies.

Retention

To increase retention, the Office provides employees the following:

- **Hybrid Remote Work Schedule**
 - The Office has a hybrid remote work program.
- **Education and Training**
 - The Office provides resources and tools designated to develop employees to achieve the level of expertise relevant to build competent skills.
- **Performance Leave**
 - Employees may be awarded performance leave for outstanding performance, pursuant to §661.911, Texas Government Code.
- **Wellness Program**
 - The Office's Wellness Program provides employees the opportunity to participate in a variety of health initiatives.
- **Diversity, Equity, and Inclusion/Dispute Resolution Officer**
 - The Office allocated an FTE for this position. This position focus on developing diversity and retention initiatives and handles conflict resolution issues.
- **Professional Development Specialist**
 - The Office allocated an FTE for this position. This position focus on developing future leaders.
- **Staff Development Specialist**
 - The Office allocated an FTE for this position. This position focus on developing and training entry level staff.

Work/Organization Change

The Office will continue to seek ways to improve processes and maximize resources; however, the inability to attract and retain qualified staff is an enormous impediment to performing the core operational functions of the Office. The time the Office must spend on posting jobs, selecting candidates, conducting interviews, and training new staff is time the Office cannot spend on its essential business functions.