



Railroad Commission of Texas

Agency Workforce Plan

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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

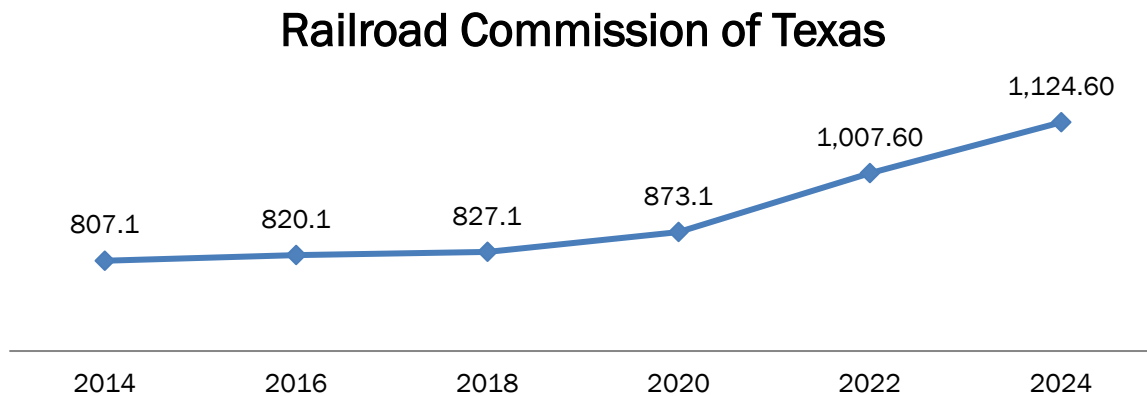
The Railroad Commission does not expect significant changes in its mission, goals or strategies; during the next five years, without a statutory change to its programs or activities.

Part 2: Current Workforce Profile

A: Workforce Demographics (As of March 4, 2024)

The authorized number of full-time equivalent (FTE) employees increased by 317 over a ten-year period from FY 2014 to FY 2024.

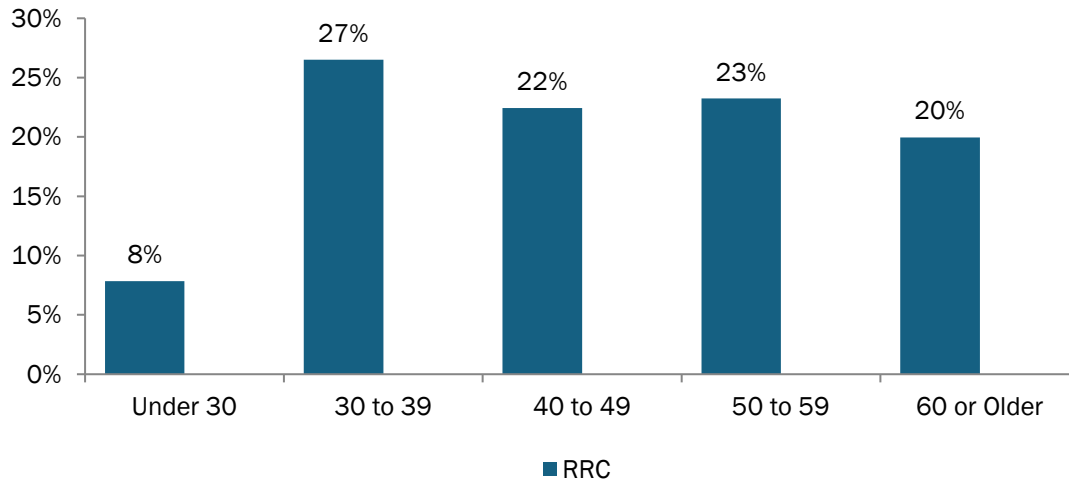
Figure 1: FTE by Fiscal Years 2014–2024



Age

65.6 percent of Commission employees are aged 40 or older. The Commission continues to hire retired oil and gas employees from the private sector/industry. As shown in Figure 2, the Commission has an age-distributed workforce that is evenly represented.

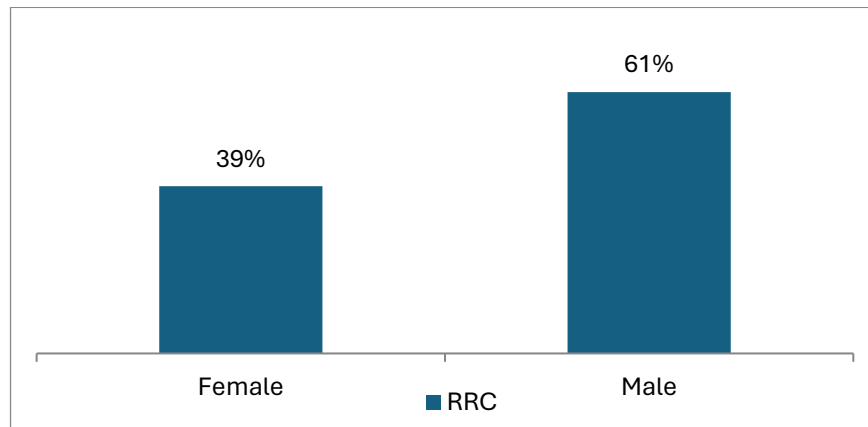
Figure 2: Age Distribution as of March 4, 2024



Gender

As of March 2024, the Commission had 614 male employees (61 percent) and 393 female employees (39 percent). The total employee headcount of 1,007 includes both full-time and part-time employees, and three elected officials.

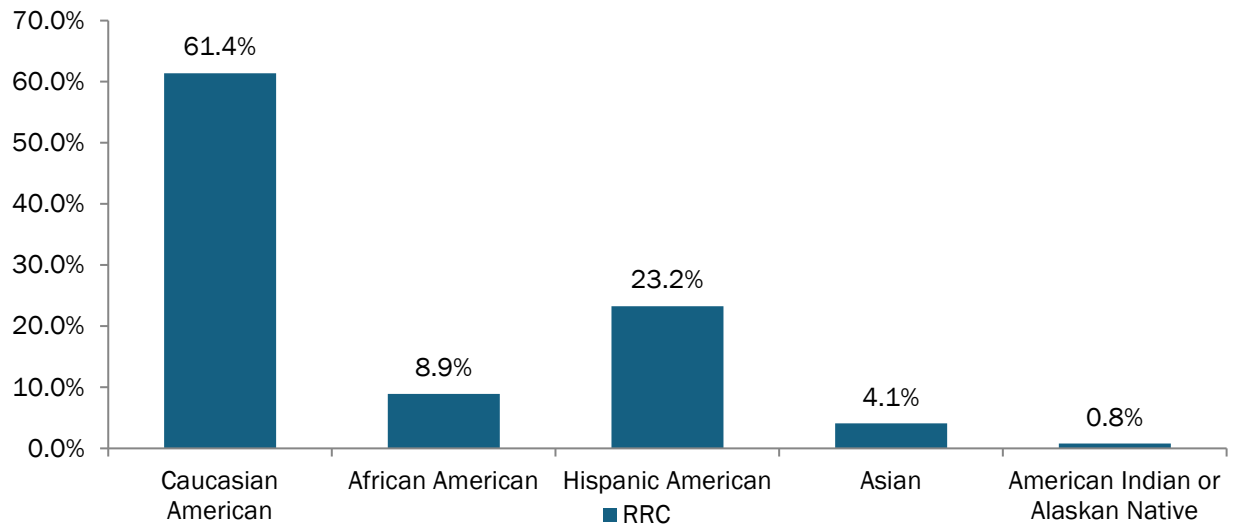
Figure 3: Gender Distribution as of March 4, 2024



Ethnicity

A comparison of ethnicity of Commission employees indicates the Commission’s performance in attracting and retaining a diverse workforce.

Figure 4: Ethnicity Distribution as of March 4, 2024



Length of Service

As of March 4, 2024, the Commission has 1,007 employees. There are 213 employees with less than two years of Commission service and 482 employees with five or fewer years of service. Those with 5 years or fewer years of employment with the Commission represent less than half of the 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 248 employees with five to nine years of service, and 347 employees with 10 or more years of RRC service.

Veterans

The Commission is committed to hiring and retaining veterans. As of March 15, 2024, the Commission's veteran workforce is 13.87 percent. The average veteran workforce percent for state agencies is 5.74. The Railroad Commission continues to strive for a veteran workforce staffing level of 20 percent. The Human Resources Division actively recruits at veteran career fairs and maintains a veteran coordinator for the agency.

B: Percent of Workforce Eligible to Retire

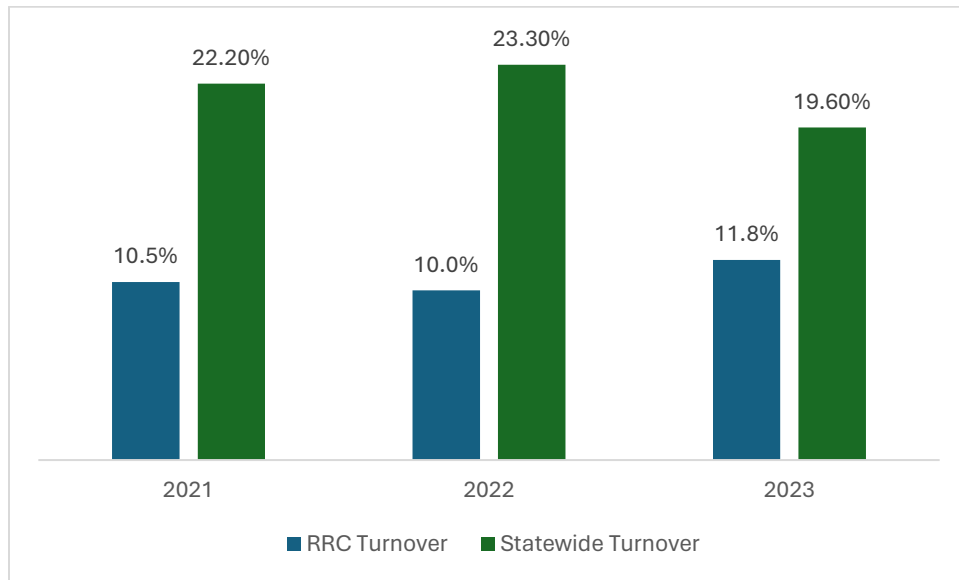
The Commission is actively working to retain the institutional knowledge of its 111 employees who are currently eligible to retire, with 53 additional employees projected to be eligible to retire before the end of fiscal year 2027. By the conclusion of FY 2027 16.2 percent of Commission employees will be eligible to retire. The Commission employs 27 return-to-work retirees.

To maintain the required skills needed for the Commission's continued success, a greater emphasis 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 remained relatively flat from fiscal year 2021 to 2023. The Commission's turnover rate was significantly lower than the State's turnover rate. The Commission's 2023 turnover rate, excluding interagency transfers, was 11.8 percent while the State's overall rate was 19.6 percent.

Figure 5: Commission Employee Turnover (Excluding Interagency Transfers) vs. Statewide Employee Turnover



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 and/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 88th Legislative Session.

The General Appropriations Act (HB 1, 88th Legislative Session, 2023) added 57 FTEs to the Commission's workforce, including 50.0 FTEs to comply with new federal requirements to regulate and inspect natural gas gathering lines and perform safety inspections of underground gas storage facilities, 5.0 FTEs to meet increase in permitting applications received and post-permitting monitoring activities related to the recycling of fluid oil and gas waste, and 3.0 FTEs to staff the newly formed Office of Public Engagement.

Additionally, Senate Bill 786 (88th Legislative Session, 2023) transferred regulatory authority for closed-loop geothermal injection wells to the Railroad Commission from the Texas Commission on Environmental Quality. The fiscal note assumed that any costs associated with implementing the provisions of SB 786 could be absorbed using existing resources; however, upon transfer of the program on September 1, 2023, the Commission identified potential growth in the industry that is likely to increase workload demand in the coming years as deeper geothermal wells become economically viable.

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 ensure 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. Funding may also be used for other allowed activities, including remediating soil and restoring native species habitat on land adjacent to orphaned wells and decommissioning or removing associated pipelines, facilities, and infrastructure.

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 approximately 56.5 federally funded FTEs will be necessary for 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.

The Survey of Employee Engagement is sent to all staff every two years. The survey assesses the work environment and provides guidance on where the Commission is successful and where opportunities may lie. The last survey conducted was in June 2022, with a response rate of 70.8 percent, which was well above the average and indicated employees wanted to be a part of making improvements at the Commission.

The survey questions are grouped by topic and their scores are averaged to produce 12 construct measures. These constructs capture concepts used by leadership and help drive changes that may be needed related to organizational performance and engagement. While the overall results were positive, two of the lowest constructs in June 2022 were Benefits and Internal Communication.

Focus groups were created to understand better how the Commission could improve in these areas. Members of the focus groups were employees from across the agency in a variety of positions and met bi-weekly.

The internal communications group had the following ideas for improving internal communication for the Commission and individual departments.

- Create a mechanism for managers to be held accountable for the development of their employees and their ability to communicate effectively with their team.
- Increase communication from Human Resources on Commission initiatives and general information.
- Develop a place for managers to share best practices.
- Include a section in the newsletter highlighting upcoming events in the Commission.

While the Commission does not control many of the benefits available to employees, the benefits focus group had feedback and ideas, including:

- Increase communication on several benefits to increase employee awareness,
- Enhance the type and amount of communication regarding benefits,
- Distribute a monthly newsletter named the *Benefit Spotlight*,
- Partner with an Employee Assistance provider to conduct a workshop on the benefits they offer,
- Review and streamline open enrollment communication,
- Communicate information from Blue Cross Blue Shield and ERS via email and in the monthly newsletter.

The next Survey of Employee Engagement will be conducted in Fiscal Year 2024.

Part 4: Gap Analysis

A: Anticipated Surplus or Shortage of Workers or Skills

The Federal Reserve District, Beige Book for February 2024 indicates the following summary for the Labor Markets in the Dallas region, which includes all of Texas:

Employment expanded modestly over the past six weeks. Labor availability improved, though contacts continued to cite difficulty in filling certain positions, particularly truck drivers, mechanics, engineers, health care professionals, and machinists. One contact said they were holding on to some workers with suboptimal performance due to a tight labor market.

Wage growth was moderate across most sectors. Staffing firms cited some reprieve in wage pressures. One food manufacturer noted paying above-average wages and offering more flex time to retain staff, while a professional and business services firm said they have been able to retain employees without giving raises by offering them the ability to work remotely.

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

The Eleventh District economy expanded modestly, with activity in most sectors holding steady or experiencing slight to modest growth. Employment rose modestly, and wages grew at an average pace. Input costs grew moderately. Selling prices rose at an average rate in the service sector but were flat in manufacturing. Demand for nonprofit services remained solid. Overall, Texas firms were more bullish on demand expectations than last quarter, with more than half expecting demand to increase over the next six months, up from 38 percent in November 2023. Overall outlooks were less pessimistic, although geopolitical instability and heightened domestic policy uncertainty were cited as key headwinds.

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

Oilfield activity held steady during the reporting period. Oil and gas production ticked up, but only modest increases in production were expected over the next few quarters as firms seek opportunities to consolidate. Overall, contacts expect U.S. oil production growth to slow notably this year.¹

The Commission would be unable to carry out its mission and objectives effectively without experienced and knowledgeable staff. The marketplace for technical and professional employees with oil and gas knowledge is very competitive. Recruiting, and retaining qualified staff remains an ongoing challenge as it has been for many years, specifically in the Information Technology Services (ITS) and Office of the General Counsel as the Commission competes with the private sector and other state agencies. Competitive pay is necessary to attract and retain critical personnel, along with professional development programs that provide growth opportunities for emerging leaders.

¹ Federal Reserve Bank of Dallas District, *The Beige Book: Summary of Commentary on Current Economic Conditions, March 2024*, p. 1, [Federalreserve.gov](https://www.federalreserve.gov/monetarypolicy/beigebook202402-dallas.htm), [online] available at: <https://www.federalreserve.gov/monetarypolicy/beigebook202402-dallas.htm> [Accessed April 16, 2024].

The Commission anticipates that replacing those employees with near-term projected retirements as well as anticipated turnover in management will require continued succession planning and a greater emphasis on professional development to replace skill sets that could potentially be lost. With additional professional development and training, the 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 competitive wages, professional development, training existing employees, and recruiting expenses related to hiring new employees. The Commission's telework plan implemented in October 2023 allows for non-managerial positions to telework 40 percent of the time while most members of the ITS Division are allowed to telework 100 percent of the time, which aids in recruiting efforts.

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.
- Recruitment plans—Recruitment efforts to focus on positions that are difficult to attract and retain such as engineers, attorneys, and the recruitment of candidates from varying backgrounds.
- 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.