SCHEDULE F

WORKFORCE PLAN

WORKFORCE PLAN

Fiscal Years 2027 to 2031

WORKFORCE PLAN CONTENTS

WORKFORCE PLANNING

Section I — Agency Overview

Overview

The State Office of Risk Management serves as a full-service risk and insurance manager for the state and administers the workers' compensation insurance program for covered state employees.

SORM acts as the workers' compensation insurance carrier for the State of Texas. The Office is committed to paying compensable workers' compensation claims promptly, fairly, and efficiently while providing cost savings to client agencies and entities.

SORM provides guidance to state entities on risk management and continuity operations and assists with planning and implementation. SORM's risk managers assess agencies' risk exposures and provide recommendations on how to mitigate potential losses.

The Office's insurance program, in conjunction with the review of state entities' records of property, casualty, and liability insurance coverages helps reduce costs and ensures proper financial protection against loss.

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

Core Business Functions

- Administration of the workers' compensation insurance program for approximately 180,000 state employees across 138 state entities and 123 community supervision and corrections departments
- Risk management services for state entities and institutions of higher education
- Full-service insurance management, including maintenance and review of property, casualty, and liability insurance coverages
- Administration of the statewide Continuity of Operations Planning program
- Purchase and administration of surety bonds for state officers and employees

Anticipated Changes

Employee recruitment, hiring and retention are primary initiatives for the foreseeable future. Many current employees have been with the Office since its inception and are eligible to retire. Ensuring that institutional knowledge is transferred to newer employees is a priority as are cross training and staff development.

Section II — Workforce Analysis

Current Workforce Profile (Supply Analysis)

The Office is authorized 131.6 full-time equivalent (FTE) positions with a current headcount of 94 employees. The following data reflects the agency's workforce as of May 7, 2026.

Workforce Demographics

Age Distribution

Age Range	Headcount	% of Workforce
Under 30	18	19.1%
30–39	14	14.9%
40–49	25	26.6%
50–59	21	22.3%
60+	16	17.0%

Gender

Gender	Headcount	% of Workforce
Male	32	34.0%
Female	62	66.0%

Ethnicity

Ethnicity	Headcount	% of Workforce
White	45	47.9%
African American	17	18.1%
Hispanic	27	28.7%
Asian	2	2.1%
Other / Two or More	3	3.2%

Length of Service

Tenure	Headcount	% of Workforce
Less than 2 years	27	28.7%
2–5 years	31	33.0%
6–10 years	15	16.0%
11–15 years	6	6.4%
16–20 years	8	8.5%
20+ years	7	7.4%

Over 61% of the workforce has five years or less of service, and nearly 29% have been with the agency less than two years. This concentration of newer employees, combined with 14 retirement-eligible employees at the other end of the spectrum, creates a workforce that is simultaneously losing institutional knowledge at the top and constantly onboarding at the bottom.

Annual Turnover Rates

Fiscal Year	SORM Turnover Rate	Statewide Turnover Rate
FY22	33.6%	22.7%
FY23	16.9%	18.7%
FY24	14.4%	16.5%
FY25	21.6%	15.4%
FY26	16.0%	—

After peaking at 33.6% in FY22, agency turnover declined significantly in FY23 and FY24, falling below the statewide average in FY24. Turnover increased again in FY25 to 21.6%, exceeding the statewide rate of 15.4%. The FY26 rate of 16.0% reflects a partial-year figure as of the data collection date.

Retirement Eligibility

The following table projects the number of employees reaching retirement eligibility during the FY2027–FY2031 planning period. An additional 14 employees were already retirement eligible as of FY26.

Fiscal Year	Newly Eligible	% of Workforce
FY26 (current)	14	14.9%
FY27	1	1.1%
FY28	1	1.1%
FY29	3	3.2%
FY30	4	4.3%
FY31	2	2.1%

Veterans and Return-to-Work Retirees

Category	Count	% of Workforce
Veterans	11	11.7%
Return-to-Work Retirees	3	3.2%

Workforce Skills Critical to the Mission

The professional workforce skills critical to the missions and goals of the Office include the ability to successfully:

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

Workforce Allocation by Occupational Category

Occupational Category	Headcount	% of Workforce
Officials / Administration	12	12.8%
Professional	58	61.7%
Technical	5	5.3%
Protective Services Workers	1	1.1%
Para-Professionals	4	4.3%
Administrative Support	14	14.9%

Factors Influencing Current Workforce

SORM is currently experiencing a high vacancy rate. Despite numerous postings, the agency has been unable to fill several positions for experienced adjusters. The inability to attract and retain qualified staff is an enormous impediment to performing the core operational functions of the Office. Employee salaries remain non-competitive with the private market, and employees overwhelmingly identify pay and benefits as the biggest obstacle to continued employment. Despite the 5% salary increased passed by the 88th Legislature, salary growth has not kept up with inflation. Adequate funds are needed to maintain salary parity with other positions performing similar work, especially as demands grow in the Capital Area.

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 ongoing challenge. The specialized nature of these roles limits the available talent pool, and the Office competes directly with private-sector employers who offer significantly higher compensation for comparable skill sets.

Future Workforce Profile (Demand Analysis)

SORM's workforce is under significant pressure from multiple directions. The agency is operating below its authorized staffing level, and the remaining employees absorb the workload of unfilled positions. Additionally, 14 employees are already retirement-eligible and 11 more are projected to reach eligibility through FY31. Over 61% of the current workforce has five years or fewer of service, which means the agency has a limited bench of experienced employees to absorb the institutional knowledge that departing staff take with them. This environment highlights the importance of knowledge sharing, cross-training, and structured onboarding for newer employees.

Future Workforce Skills

As Artificial Intelligence (AI) and other technologies are adopted, the Office will need individuals capable of working within these systems. Information technology needs can be difficult to pinpoint in the present, but it is reasonable to expect that the agency will need employees with these skills in the future.

Should the Office establish a state-wide retention fund as detailed in Section 3.5, the agency would need staff with expertise and experience in establishing and overseeing a self-insured program; writing terms and conditions for insurance coverage; and underwriting criteria. SORM would also need licensed property and casualty adjusters with experience in adjudicating incurred losses associated with the retention program.

Gap Analysis

Gaps (Shortages)

The Office faces a persistent shortage of qualified workers' compensation claims adjusters. Because these positions require specialized skills—such as a Texas adjuster's license, expertise in state workers' compensation laws, and experience administering medical and indemnity benefits—they are difficult to fill and retain. Private-sector employers offer significantly higher compensation for comparable skills, and the Office's inability to match market salaries results in a cycle of recruitment, training, and attrition.

The Office can fill entry-level adjuster positions relatively quickly; however, the pipeline breaks at the experienced level. Once entry-level employees gain their adjuster's license and develop sufficient claims experience, they leave for positions that offer higher pay and lighter caseloads. The agency effectively operates as a training ground for the private market. Adjusters who remain carry disproportionately high caseloads compared to their private-sector counterparts, which further contributes to burnout and turnover.

Section III — Workforce Strategies

The following strategies address the workforce gaps identified in Section II. The Office will continue to seek ways to improve processes and maximize resources; however, the inability to attract and retain qualified staff remains an enormous impediment to performing core operational functions.

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. The Office evaluates individual job performance to identify high performers with leadership potential who can move into progressively higher roles.

SORM's continuity plan identifies lines of succession for each managerial position. The next few years will focus on providing training to all leadership and those identified in the lines of succession to ensure they can take on additional roles and responsibilities as needed during an emergency or event.

Knowledge Transfer

SORM faces a sustained knowledge transfer risk. Fourteen employees are currently retirement-eligible, and an additional 11 are projected to reach eligibility through FY31. Many of these employees hold institutional knowledge: an understanding of claims history; established relationships with state entity contacts; and familiarity with legacy processes. When these employees separate, that knowledge leaves with them, and the operational impact falls on the remaining staff who are already managing high workloads.

The Office is pursuing a phased approach to knowledge transfer:

- Identify the positions at highest risk, such as those held by retirement-eligible employees in mission-critical or specialized roles where replacement timelines are longest. These positions will be prioritized for immediate knowledge capture.
- Require that employees in identified positions document their core processes, key contacts, decision rationale for recurring issues, and any procedures not currently captured in written SOPs. This documentation will be maintained in a centralized location accessible to successors and cross-trained staff.
- Expand cross-training within functional areas so that no single employee is the sole holder of critical operational knowledge.
- Where operationally feasible, the Office will pursue temporary overlap staffing by filling a position before the incumbent separates so the new employee can train alongside the departing employee. The Office recognizes this is resource-intensive but when possible significantly reduces the loss of knowledge associated with abrupt departures.

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 ongoing challenge. The Office utilizes a variety of initiatives to attract candidates.

SORM'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 public service and the culture and values of the organization.

To broaden the potential pool of applicants, SORM advertises in trade journals, general online job sites, and industry-specific online job sites. The Office also participates in virtual and in-person job fairs.

The Office has expanded its recruiting presence to include LinkedIn and industry-specific professional organizations to reach candidates with specialized risk management, insurance, and workers' compensation experience.

Retention

To increase retention, the Office provides employees with the following:

- Education and training opportunities
- Performance leave
- Wellness program
- Hybrid telework program to reward high performing individuals with the option to telework a specified number of days per week.

Training and Professional Development

The Office is in the process of overhauling its training and professional development function. A Training Consultant – Team Lead was hired in FY26 to lead this effort, with a focus on evaluating current training gaps, building out structured development programs, and aligning training investments with the agency's retention goals.

Organizational and Technology Changes

SORM continues to identify areas to improve within its risk management information system (RMIS). As additional enhancements are completed, the system provides an expanding opportunity to mine cross-functional data and analyze trends to improve the effectiveness of the Office's risk programs. The continued development of the RMIS will require staff with sophisticated data analysis and system administration skills.

Change Management Plan

SORM recognizes that workforce strategies are only effective when employees understand why changes are being made and have a voice in how they are implemented. As the agency pursues the strategies outlined in this plan, it will follow a structured approach to communicating and managing change.

The Office will monitor the effectiveness of its change efforts through employee feedback, engagement survey results, and periodic check-ins with staff. Strategies that are not achieving their intended outcomes will be adjusted based on this feedback.