Workforce Planning Guide

Updated February 2024

Texas state agencies are required to submit a strategic plan each even-numbered year in accordance with Texas Government Code, Section 2056.002. As part of the strategic planning process, agencies are required to conduct a staffing analysis and develop a five-year workforce plan for submittal to the Texas State Auditor's Office.

The *Workforce Planning Guide* is a reference document designed to assist agencies with their workforce planning processes and in developing or revising their workforce plans. It outlines the importance of workforce planning and offers suggested planning steps, issues to consider, and information to consider when developing and implementing strategies.

Workforce Planning Statutory Reporting Requirement

The Legislative Budget Board provides instructions for preparing and submitting strategic plans; the submission date indicated in the instructions applies to both the strategic plan and the workforce plan.

Please submit completed workforce plans to the State Auditor's Office at SAOCLASSIFICATION@sao.texas.gov.

More Resources

Overview of Workforce Planning

Workforce planning benefits state agencies in strategically meeting workforce needs by ensuring that the right number of employees, with the necessary skill sets, are in the appropriate positions, at the right time. Workforce planning also helps ensure that the agencies have budgets to compensate employees appropriately and governance in place to drive change. Support from leadership and key employees is important throughout the process.

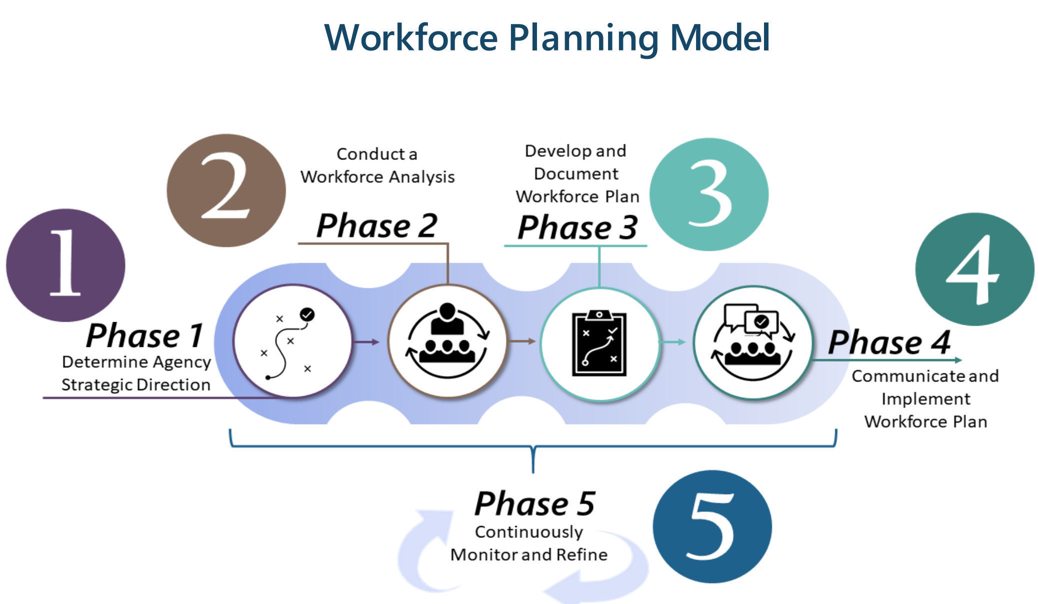
Important First Steps

Prior to conducting a strategic workforce analysis and developing a workforce plan, ideally those assigned to the process will:

- Clearly understand the purpose.
- Assemble a cross-functional team to provide input into the plan development.
- Determine the timeframe.
- Identify available resources.
- Review past state agency workforce plans.

The State Auditor's Office developed the State of Texas Workforce Planning Model as an example for state agencies to follow (see Figure 1). Agencies are not required to reference in their workforce plan all the phases described within this guide; however, all workforce plans should document an agency's critical employee and training needs, including the need for experienced employees to impart knowledge to their potential successors pursuant to Texas Government Code, Section 2056.0021.

Figure 1



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Phase I – Determine Agency Strategic Direction

An agency must determine and understand its strategic direction in order to anticipate its future workforce needs. Through the strategic planning and budgeting process, an agency can begin to determine what employees and skills it needs to accomplish the mission, goals, and objectives it has established for the next five years.

Review the Agency's Strategic Direction

Both internal and external factors can influence an agency's strategic direction. By taking the time to examine potential influences, an agency can better predict future workforce needs and requirements. The following are key questions for an agency to consider.

Useful State Auditor's Office Classification Team Reports

- Classified Employee Turnover Reports
- Full-Time Equivalent Employees Reports
- Legislative Workforce Summaries
- Human Resources Management Statutes Inventory

An agency may consider reviewing the workforce plans of other, similar agencies. See examples of past agency workforce plans.

What is the strategic focus of the agency?

- Review the agency's goals and strategies as outlined in the General Appropriations Act.
- Review the agency's mission, vision statement, and core values, as applicable.
- Identify mission-critical functions of the agency.
- Review and analyze the agency's current strategic plan, budget forecast, performance plans, key performance indicators, and Legislative Workforce Summary.
- Review relevant information from the Legislative Budget Board and the Sunset Commission.
- Estimate increases or decreases in services, programs, products, or business areas.
- Anticipate potential changes to the agency's strategies, functions, or business processes over the next five years.
- Review how employees, information technology, and processes support the agency.

What is the agency’s financial forecast?

- Analyze budget estimates.
- Determine whether budget issues will affect the current or future workforce.
- Consider the potential revenue forecast over the next five years.

How will changes in technology affect the agency?

- Consider whether new or updated technology will change agency processes.
- Identify jobs impacted by changes in technology.

What legislative changes could affect the agency?

- Determine whether current, new, or anticipated legislation or regulatory changes—at both the state and federal level—will affect the agency.
- Assess whether the agency is positioned to address change effectively.

Determine the Scope

The agency may decide to cover the entire workforce or it may want to limit the scope to focus on one or a combination of the following:

- Positions that are mission-critical.
- Positions that are difficult to recruit for and retain.
- Key strategy areas.

2 Phase II – Conduct a Workforce Analysis

Workforce analysis considers various data, such as employee demographics, occupations, skills, experience, retirement eligibility, turnover rates, education, and trend data. When conducting a workforce analysis, it consists of the following key steps: supply and demand analysis, gap analysis, and strategy development.

Figure 2 provides an overview of the workforce analysis process.

To gather the data needed for this analysis, the agency might want to complete an environmental scan (see text box). One common scanning technique is to identify the agency's strengths, weaknesses, opportunities, and threats, often referred to as a **SWOT analysis**.

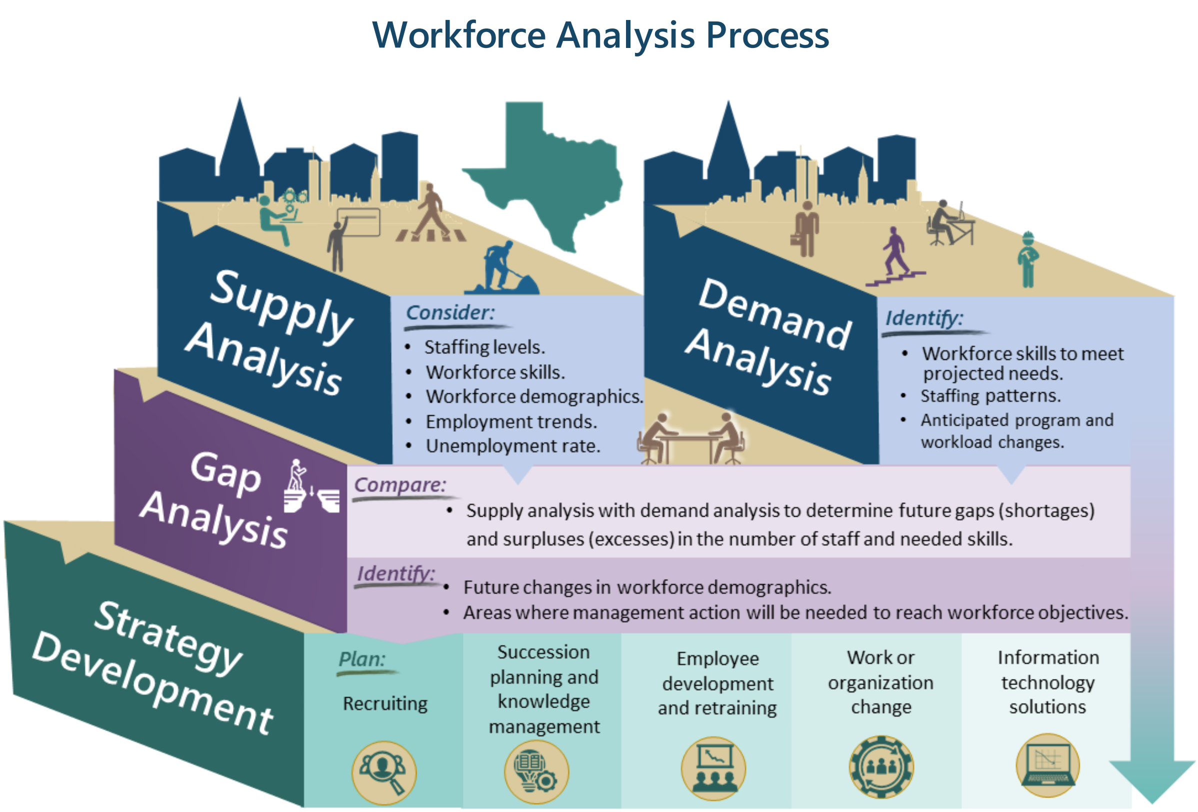
Environmental Scanning

Environmental scanning is an assessment tool used for data collection. When conducting an environmental scan, an agency should review:

- Business and economic trends
- Its current workforce
- Projected trends in workforce supply and demand

Environmental scanning occurs internally (supply analysis) and externally (demand analysis) when analyzing an agency's future workforce needs. Appendix 1 contains information on how to conduct a common form of environmental scanning: a SWOT analysis.

Figure 2



Supply Analysis – Agency's Current Workforce

Supply analysis focuses on creating a profile of the agency's existing workforce and forecasting changes to that profile over time due to various factors, such as turnover (including retirements) and the economy. The supply analysis step involves documenting the agency's current workforce demographics, gathering internal data, and considering factors that influence the current and future workforce profile, such as the availability of skilled workers in the state. (See text box for resources.)

An agency's supply analysis should answer these general questions:

- What employees and skills are available to support and achieve the agency's mission?
- What factors influence the allocation of employees and skills required?

Workforce Planning Tools and Resources

Appendix 3 lists additional resources provided by the State Auditor's Office and other organizations. These resources supply the following types of information:

- Labor and Population Statistics
- Employment and Occupation Data
- Texas Economic Outlook

Assemble Current Workforce Profile

As the agency begins to gather information on its workforce, the agency can find information related to its workforce demographics within the State Auditor's Office Electronic Classification Analysis System (E-Class). (See text box.)

The analysis of the current workforce can include a review of the following information:

- Staffing levels.
- Workforce skills.
- Workforce demographics.
- Location of workforce by strategies and/or divisions.
- Job classification series, occupational categories, and/or geographical regions.

E-Class Web-Based Application

E-Class provides selected statewide employee-related data:

- Turnover Rate
- Number of Employees
- Employee Salary
- Employee Age
- Employee Agency Length of Service
- Employee State Length of Service

This data can be reviewed by gender, ethnicity, classification title, and more. Access E-Class.

- Employment trends.
- Texas's unemployment rates.

Conduct Meetings and Gather Information

- Conduct meetings or surveys with agency executives and leaders to identify groups of the workforce that are or will be at risk for shortages.
- Many information gathering opportunities are available to gauge the readiness of the agency's workforce. The following are methods that could be used:
  - Conduct an employment engagement survey,
  - Catalog the skills of the workforce,
  - Conduct stay interviews, and
  - Review exit survey information.

Consider Factors That May Influence Current Workforce Profile

A trend analysis incorporating multiple factors could help an agency project its future workforce supply. An agency might want to list assumptions about why and how various factors will influence the future workforce. Delegating this analysis within the agency may be beneficial (see text box). The following items are suggestions for an agency to consider when looking at its current workforce.

- Identify the percentage of the workforce eligible to retire as well as the percentage of return-to-work retirees. To obtain that information, agencies can use the retirement forecast query in the Centralized Accounting and Payroll/Personnel System (CAPPS) or perform an analysis using data from another source.
- Review retention, turnover, promotion patterns, and projections trends.
- Determine whether the agency's turnover rate affects its ability to conduct its work.
- Identify workforce management issues that could influence employee turnover.

Using Delegation to Gather Information

Some agencies have found it beneficial to delegate workforce planning to each division or local office. This approach could give leadership and managers the flexibility to address local issues, outcomes, and strategies. The local or divisional workforce plans can be centrally coordinated and encompassed in the agency's overall workforce plan.

- Review employee engagement data.
- Review recruiting data, such as time-to-fill, applicants per opening, percentage of openings, and applicant acceptance rate.
- Consider how retirements, hiring freezes, or layoffs have affected the agency.
- Identify challenges that affected the agency's ability to recruit and retain employees.

Demand Analysis – Agency's Future Workforce

Demand analysis identifies the future workforce necessary to carry out an agency's mission. The agency creates a profile of its future workforce by forecasting both the workload and the type of workforce needed in terms of number of employees and the necessary and preferred skills those employees should have.

Agencies may want to consider the following items when creating a future workforce profile:

- Determine whether the agency's workload will increase or decrease and if the way work is done needs to change.
- Identify the relevant knowledge and skills needed to achieve the agency's mission.
- Identify factors that influence the market demands for the types of workers needed.

Internal Factors

- Determine the number of employees required to meet the agency's mission and future goals.
- Consider whether the current job classification will meet future needs.
- Determine whether current agency employees have relevant skills and required competencies.
- Consider changes in strategy and operations taking place during the next strategic planning period.
- Identify new programs or other circumstances that could affect the agency's workload.

- Review the agency's recruitment plans in view of future needs.

Demographic Factors

- Identify significant external demographic issues that are likely to influence the demands placed on the agency, such as the aging population.
- Consider the composition of the available labor force.
- Determine whether the agency's workforce is projected to increase or decrease.

Technological Factors

- Determine if the agency has adequate technological infrastructure to allow the workforce to operate efficiently.
- Investigate how technology can and will be used to enhance services.
- Identify jobs that will be affected by technological enhancements.
- Determine whether changes in technology will affect the types of skills needed.

Economic Factors

- Assess budgetary influences that will affect the workforce.
- Identify economic considerations that have particular relevance to the agency and its provision of programs and services.

Labor Market Factors

- Identify labor force trends, such as unemployment rates and employee projections from the Bureau of Labor Statistics (BLS) and the Texas Workforce Commission (TWC).
- Determine current and future competitors for the agency's workforce.

Gap Analysis

A gap analysis measures the current workforce and compares it to a desired one to reveal discrepancies, or gaps. In simple terms, a gap analysis is the gap between current workforce supply and anticipated demand. A **gap** exists when projected supply is less than forecasted demand. A **surplus** occurs when projected supply is greater than forecasted demand, which could indicate a future excess in some categories of workers and may require action.

- **Workforce supply:** Current and future number of employees **+** their skills and competencies.
- **Workforce demand:** Current and future employees **+** the skills and competencies needed (based on current and future organization requirements).

Completing a gap analysis helps an agency plan for growth; project hiring needs for the future; understand the skills, competencies, and experience in the current workforce; and develop strategies for overcoming the gap between supply and demand.

A gap analysis should attempt to answer the following questions:

- How does the current or expected workforce supply match the future workforce demand?
- Where do supply and demand not match?
- How does the gap affect the agency's mission, goals, and objectives?
- Does the agency's workforce currently have the anticipated needed skills?
- What job functions or skills may no longer be required?
- Are there certain jobs that may be hard to fill?
- Does the agency have information about its labor force availability, often referred to as the **labor force participation rate** (see text box for definition)?

Labor Force Participation Rate

Defined by the Bureau of Labor Statistics as a measure of the percentage of the population that is either working or actively looking for work. The measurement includes people who are employed or unemployed but seeking employment.

Sources: Bureau of Labor Statistics and Texas Workforce Commission.

Anticipate Work Changes

- Identify gaps found between the current workforce and the agency's projected needs.
- Determine if retraining and expanding the skills of the agency's workforce is required due to changes in the types of work or technology.
- Identify if any jobs could be outsourced.

- Determine if any legislation changed the requirements of certain positions, creating the need to recruit for positions externally or train current employees to comply with new requirements.

Consult with Leadership

- Meet with leadership and management to determine what priorities may need to be set in order to fill gaps.

Prioritize Gaps

- Identify jobs where future needs for employees may exceed the resources available (gap) within the agency.
- Identify areas within the agency where workforce supply may exceed workforce demand (surplus).
- Prioritize gaps that are significant or in mission-critical areas.

Strategy Development

Next in the workforce analysis, an agency would develop strategies to address future gaps and surpluses. This includes creating strategies that could address recruiting and retention concerns and the development or enhancement of succession planning, career paths, and knowledge transfer programs. Communicating these strategies is part of the process (see text box).

When creating the strategies to address workforce gaps, identify the goals the agency wants to achieve and develop a timeline. Begin with a few objectives that are easy to achieve and then address areas that require a more thoughtful approach. When developing a strategy, consider using the SMART method (creating goals that are specific, measurable, achievable, relevant, and time-bound) to measure success.

Change Management: Communicating Strategies to Agency Personnel

An essential component of strategy implementation is a change management plan. This plan establishes the methods and timelines for communicating upcoming organizational changes to the current personnel. Educating staff on the expected benefits to the agency can increase acceptance of the strategies' implementation.

See Phase IV for more on communications.

Strategies can fall into these broad categories:

- **Recruitment/selection strategies** to find and hire qualified candidates from the public or private sector. Strategies could include the recruitment of new personnel, including entry-level hires, new graduates, and apprentices for development; the establishment of internship programs; and/or the use of contractors, professional services, and seasonal or temporary workers as appropriate.
- **Retention strategies** to encourage employees to stay at the agency (including adjustments to the pay and reward system, recognition programs, and flexible work schedules).
- **Training and professional development strategies** to prepare employees for specific positions and enable backup on vital functions (such as classroom training, on-the-job training, mentoring programs, cross-training, and leadership development).
- **Position classification actions** to better reflect future functional job requirements (including requesting new job classifications, requesting reallocation of job classifications to address salary concerns, and rewriting job descriptions).
- **Salary actions** to assist in retention (including any necessary equity adjustments, promotions, and merit increases).
- **Organizational interventions** to meet agency needs (such as redeployment of employees or reorganization).
- **Succession planning strategies** to ensure that there are highly qualified people capable of filling critical positions. See Appendix 2 (Succession Planning and Knowledge Management) for additional information.
- **Knowledge transfer strategies** to capture the knowledge of experienced employees before they leave the agency. See Appendix 2 (Succession Planning and Knowledge Management) for additional information.
- **Information technology strategies** to drive growth and efficiency in the agency's business and support its goals and employees.

An agency should keep its strategies to a manageable number so they can be achievable, and it should prioritize them in order to focus its resources on the most important strategies first. In addition, the agency should determine timeframes for completion of each strategy and establish metrics to measure success.

Several factors influence which strategy or, more likely, which combination of strategies, should be used. Among these factors are the following:

- **Time** - Is there enough time to develop employees internally for anticipated vacancies or new skill needs; or is special, fast-paced recruitment the best approach?
- **Resources** - Are resources (for example, technology, websites, structured templates, and sample plans) currently available to provide assistance; or must resources be developed?
- **Internal depth** - Do existing employees demonstrate the potential for or interest in developing new skills and assuming new or modified positions; or alternatively, is external recruitment needed?
- **"In-demand" skills** – What competition exists for future skills that are needed? Will the agency recruit for these skills or will it develop them internally?

3 Phase III – Develop and Document the Workforce Plan

Using the information and insights obtained in Phases I and II, the agency can now begin to develop and formally document its workforce plan and submit it for internal approval prior to providing it to the Legislative Budget Board and the State Auditor's Office.

A state agency has the flexibility to create a workforce plan that best suits its individual needs. This section provides a template that agencies can use to help structure and write their workforce plans. (See the text box for a suggested outline.) For examples of the various approaches used to present this information, view other agencies' workforce plans.

After the initial creation of a workforce plan, an agency can build upon it in subsequent years. When revising the workforce plan for submittal, each agency should re-evaluate its operating environment based on funding received and any legislative or policy changes affecting the agency and remove outdated information and strategies.

Suggested Outline for Workforce Plan

Section I - Agency Overview

- Mission, Goals, and Objective
- Core Business Functions
- Anticipated Changes

Section II – Workforce Analysis

- Current Workforce Profile
- Future Workforce Profile
- Gap Analysis

Section III – Workforce Strategies

- Strategies to Address Changing Workforce Needs
- Responsible Personnel
- Change Management Plan

See Appendix 4 for a basic outline an agency could follow.

Section I – Agency Overview

Describe the agency's mission, strategic goals, and objectives. Detail and/or summarize the agency's core business functions. Then discuss what changes, if any, may take place over the next five years that could affect the agency.

Section II – Workforce Analysis

Describe the agency's current workforce by assessing whether the number of employees is sufficient to complete future workload. In the agency's plan, provide the results of the agency's workforce analysis. Include this basic information at a minimum:

- Current Workforce Profile (Supply Analysis)
  - Employee demographics, including age, gender, ethnicity, and length of service.
  - Percentage of workforce eligible to retire and return-to-work retirees.
  - Percentage of veterans employed by the agency.
  - Total agency turnover, including turnover by job classification series, gender, and ethnicity.
  - Workforce skills critical to the mission and goals of the agency.
  - Workforce allocation by division, job classification series, and/or occupational category.
  - Major factors influencing current workforce and supply of workforce.
  - Results of employee engagement or exit surveys.
- Future Workforce Profile (Demand Analysis)
  - Expected workforce developments driven by factors such as changing missions, goals, strategies, technology, legislation, budget, type of work, workloads, and work processes.
  - Future workforce skills needed.
  - Factors influencing the agency's ability to compete in the labor market.
  - Anticipated increase or decrease in the number of employees needed to do the work.
  - Critical functions required to achieve the goals established in the strategic plan and budget.

- Gap Analysis
    - Identify gaps (shortages) and surpluses (excesses) in the resources and skill levels needed to meet the agency's future mission and business requirements.
    - Identify risks of workforce shortages, including the likelihood of those risks and their projected impact on the agency.

Section III – Workforce Strategies

In the agency's workforce plan, document the strategies your agency has developed to address workforce gaps. Include the following information:

- Communicate the strategies the agency intends to implement to address workforce changes and reduce gaps. The agency could include goals and required action plans for the strategies.
- Indicate who is responsible for implementing the strategies and developing action plans.
- Provide the change management plan that will guide implementation of the strategies.

4 Phase IV – Communicate and Implement Plan

Communication and change management are important as an agency begins rolling out and implementing the strategies in its workforce plan.

Communication

This phase requires leadership to communicate to the agency staff the enhancements and program changes that were designed to strengthen the agency. The following recommended practices are helpful when communicating change.

- Recognize that responses to change are necessary and normal and know that the agency's employees are going to experience a wide range of feelings.
- Understand why change is required and how it will impact the workforce. It is important for both leadership and employees to integrate the changes into day-to-day operations.
- Communicate first through action, then words. Leadership's behavior must be consistent with the underlying values or vision expressed, as employees expect leadership to operate with integrity. In addition, leadership should communicate clear goals and use common language during the change initiatives.
- Plan and recognize that some employees may be uncomfortable with change; however, emotions are not only natural, but also a necessary part of the change and transition process. Find productive venues for people to express their concerns.

Implementation

An agency may need separate implementation plans for how to address each strategy in its workforce plan. Before implementing its workforce plan, the agency should consider taking the following steps:

- Ensure that there is executive support for the workforce strategies.
- Allocate necessary resources to carry out identified workforce strategies.
- Clarify roles and responsibilities in implementing strategies.

- Establish timelines and consider a change management plan.
- Define performance measures, milestones, and expected deliverables.
- Communicate the workforce plan to leaders, managers, and employees.

The workforce plan should be developed in connection with the requirements of the agency's strategic plan. If the strategic plan changes due to unanticipated customer, leadership, or legislative developments, adjustments to the workforce plan may be necessary. An agency should be agile, consider change management, and provide clear communications throughout the process.

5 Phase V – Continuously Monitor and Refine

Ongoing evaluation and adjustments are important in workforce planning and are key to continuous improvement. Agencies should review their workforce plans annually. If an agency does not regularly review its workforce planning efforts, it risks failing to respond to unanticipated changes.

Consequently, agencies should establish a process that allows for a regular review of their workforce plans to:

- Review performance measurement information.
- Assess what is working and what is not working.
- Adjust the workforce plan and strategies as necessary.
- Address new workforce and organizational issues that occur.

Agencies should ask the following questions to determine whether their workforce plans need revision:

- Have agency strategies changed?
- Are the assumptions used in both the supply and demand models still valid?
- Have mission or organizational changes occurred that would cause the strategies to need revision?

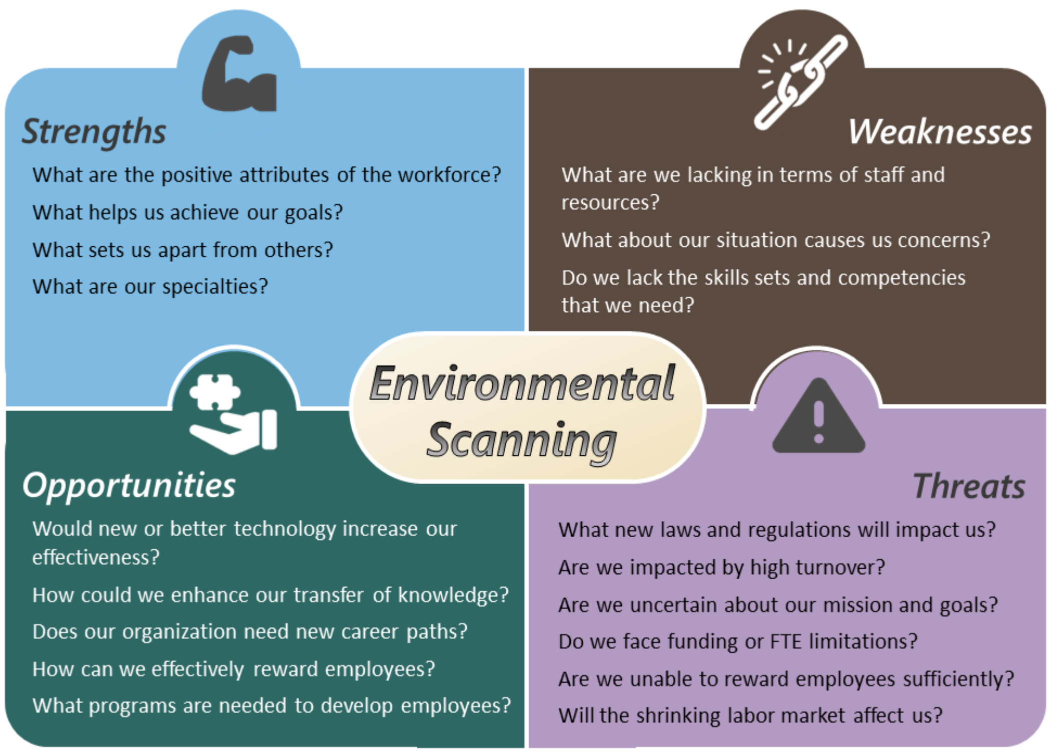
Appendix 1

How to Conduct a SWOT Analysis

To assemble the data necessary for workforce analysis, an agency can perform an assessment of its strengths, weaknesses, opportunities, and threats, referred to as a **SWOT analysis** (illustrated in Figure 3).

Figure 3

SWOT Analysis Model



In gathering information to perform the SWOT analysis, agencies should consider the following areas:

- Trends in the State's economy (growth or decline).
- Changes in workforce behavior (retirement trends, work-life balance needs, and telecommuting practices).
- Technological changes in the systems that agencies use.
- New or changing laws, regulations or policies (such as pending changes to the Fair Labor Standards Act).

Strengths

Focusing on the agency's strengths is the first phase of performing a SWOT analysis. During this stage, identify critical or key positions that are crucial to the agency's core business. This could include positions on the leadership team or employees whose work most affects the mission of the agency. Once these critical positions are identified, the task of identifying the agency's strengths can begin. Questions to consider include the following:

- What are the primary skills and competencies of critical positions?
- Does the agency have adequate talent supporting the major functions of the agency?
- In what areas does the agency exhibit programmatic expertise that enhances its strengths?
- What does the agency offer employees that they perceive as having a meaningful impact?

Weaknesses

The next phase is to identify the areas of weakness within the agency and its workforce.

- What are the root causes of the weaknesses? Is it lack of training or unclear agency direction?
- Are any of these employees misclassified in their positions?
- Do the employees' skillsets properly align with their current positions?
- Which areas of the agency need to further enhance their employees' proficiency?
- If employee turnover is causing business disruptions, which conditions contribute to it?
- What is the current state of cross training within the agency workforce?
- Does the agency have redundant processes or outdated procedures?

Opportunities

This process may include looking at methods to upskill the agency's current workforce or perhaps a way to diversify the agency workforce by identifying areas of untapped or underutilized resources.

- What opportunities does the agency have to enhance its talent pool to achieve its mission?
- Could the agency build interest by creating an internship program?
- Could the agency network with organizations to obtain referrals for job candidates?
- Are there opportunities to collaborate with schools, universities, or other communities to identify talent?
- Is there an opportunity to realign the agency workforce?
- How can the agency leverage its technology to work smarter?

Threats

Create a list identifying the potential situations that would put the agency at risk. Consider the following questions:

- Could expected changes in legislation or regulations influence the agency workforce or mission?
- Does the agency have the necessary tools and resources to meet its business needs?
- Is the agency able to retain employees to meet its needs?
- Is funding available to address the agency's workforce needs?

Appendix 2

Succession Planning and Knowledge Management

The purposes of succession planning are to:

- Prepare an agency for risks associated with the planned or unplanned loss of knowledge that is critical to the success of the agency; and
- Prepare employees for advancement.

Succession planning can assist agencies by helping to ensure that they have highly qualified employees who are capable of filling critical positions.

Succession planning can cross all divisions and levels within an agency, or it can focus on just a few areas. The parameters chosen will depend on the needs of the agency and the time and resources available. This guide focuses on succession planning for key positions.

Succession Planning Steps

Strategies for developing a successful succession plan may include:

- **Determining the scope and identifying key positions** – Some agencies may choose to create succession plans covering all employees, while others may choose to focus on key positions. Key positions are those that have a significant effect on the agency's work. Key positions vary by agency and are not determined based on job title alone. Examples may include:
  - Positions requiring specialized skills or expertise.
  - High-level leadership positions.
  - Mission-critical positions (such as engineer positons for the Department of Transportation).
- **Building a job profile for each key position** – This process helps to determine the primary success factors for the job and the level of proficiency that a job incumbent or applicant would need to demonstrate. A job profile can be

created in several ways, including performing a job analysis or gathering critical information during the performance appraisal process.

- **Communicating key knowledge, skills, abilities, and attributes required for key jobs** – This ensures that internal job descriptions for key positions reflect the knowledge, skills, abilities, and attributes needed to perform the job. Another way to gather this information would be to incorporate it during the performance appraisal process.

- **Developing an inventory of key candidates** – This can involve assessing both the abilities and the career interests of employees (see text box). Candidates should demonstrate high potential or ability that will enable them to achieve success at a higher level within the organization.

- **Designing a plan for each candidate** – Development plans should be available for candidates and then incorporated into their performance management plans. Plans may include identifying career paths for high-potential candidates and others who have the interest and ability to move upward in the agency.

- **Providing development opportunities** – This can be accomplished through job assignments, training, or job rotation. A professional development program is one of the best ways for employees to gain additional knowledge and skills.

Identifying Candidates for Succession

Assessment of the following elements can help identify possible candidates for succession:

- Performance of candidate and his or her team or division's needs and structure.
- Evaluation feedback from peers, supervisors, and subordinates.
- Demonstrated leadership characteristics, as defined by the agency.
- Feedback from other leaders, mentors, and employees regarding whom they see as leaders or potential leaders.
- The employee's demonstrated interest.

Knowledge Management Strategies

All employees will leave at some point, whether for retirement or other opportunities, and many will take with them valuable knowledge gained from experience and training. Agencies need to have a plan to retain that information; otherwise, they risk losing years of accumulated technical skills and institutional knowledge.

Transferring knowledge, skills, and abilities between employees is an important part of succession planning. Strategies for transferring knowledge may include the following:

- **Developing a method to document processes** – This documentation may include the reason for the processes, steps in the processes, key dates, relationship to other processes that come before and after, key players and contact information, and copies of forms and file names associated with the processes.
- **Training** – Often, key employees can make excellent instructors on tasks in which they specialize. This method also allows many employees to learn directly from someone who is an expert in his or her field.
- **Conducting "lessons learned" meetings** – This allows other employees to understand what worked well and what needs improvement so they can learn from those experiences. These meetings should be conducted immediately after an event or project, and the results should be shared quickly among those who would benefit from the information.
- **Developing job aids** – These tools, which help employees perform tasks accurately, include checklists, flow charts, diagrams, and reference guides.
- **Allowing employees to work closely with key employees** – This can take many forms, including pairing key employees on projects with other employees, internship programs, and mentoring programs.
- **Allowing employees to "shadow" other employees who are leaving** – This involves "double filling" a position temporarily so that the position can be filled with a new employee before the current employee leaves. It allows for a transfer of knowledge and adequate training of new employees.

While agencies can identify, store, and transfer knowledge in many ways, certain strategies will work better in some agencies than in others. Agencies may need to try several strategies before finding the ones that best suit to their needs.

Special Considerations for Small Agencies

Even at small agencies, succession planning is particularly important. At a minimum, the leadership of a small agency should consider a plan for a departing executive director and any other critical positions, such as those filled by employees who would be difficult to replace or whose absence would have a significant effect on the agency.

Small agencies should have answers to these questions:

- Does anyone else know the specifics of what a key employee is doing?
- How would a vacancy in a key position affect the agency's capacity to deliver its services?

Solutions may include the following:

- For the executive director position, if possible, establish a "second in command" role for an employee who has the capacity to replace the executive director in the future or could serve as interim executive director until the position is filled.
- Conduct annual performance reviews, which will give the agency the opportunity to discuss career and development plans.
- Consider cross training for key positions.

Appendix 3

Workforce Planning Tools and Resources

State Auditor's Office Resources

The State Auditor's Office has several online systems and resources, listed in Figure 4, which can assist agencies in developing their workforce plans.

Figure 4

State Auditor's Office Online Systems

Systems and Resources	Description
Electronic Classification Analysis System (E-Class)	An online application that includes information on employee headcounts, terminations, and turnover rates, as well as demographic data and salary information, for state agencies. Data is pulled from the Uniform Statewide Payroll/Personnel System (USPS), the Standardized Payroll/Personnel Reporting System (SPRS), and the Human Resources Information System (HRIS). Access E-Class.
Full-time Equivalent (FTE) System	Contains data on full-time equivalent (FTE) employees, FTE limitations, management-to-staff ratios, and contract workforce for both state agencies and higher education institutions. Access the FTE System.
Employee Exit Survey System	Contains online quarterly reports that provide a summary of exit survey results. Those reports can be analyzed and used to address identified issues. Contact the State Classification team for more information.
Workforce Plans	Workforce plans for many agencies are available online. Agencies may want to benchmark against other agencies' workforce plans.
Legislative Workforce Summaries	Legislative workforce summaries contain various types of information, including trends in employee turnover, FTEs, salary information, and workforce demographics. They also contain general workforce-related observations. View the workforce summaries.

Systems and Resources	Description
Reports (Market Averages, Turnover, and Benefits)	These reports may be useful to agencies conducting market analysis and workforce planning: • *A Biennial Report on the State's Position Classification Plan.* • *A Biennial Report on the State's Law Enforcement Salary Schedule.* • *A Classification Study on Exempt Positions.* • *An Annual Report on Classified Employee Turnover.* • *A Summary Report on Full-time Equivalent State Employees.* • *A Report on State Employee Benefits as a Percentage of Total Compensation*. View these reports.

Other Resources

Figures 5 through 7 provide additional resources that agencies may find helpful in conducting a workforce analysis and developing their workforce plans.

Figure 5

Labor and Population Statistics

Resource	Description
U.S. Bureau of Labor Statistics	The U.S. Bureau of Labor Statistics (BLS) provides data in areas such as unemployment, employment projections, and pay and benefits.
Texas Labor Market Information	The Texas Workforce Commission (TWC) provides statistics and analysis on the dynamics of the Texas labor market.
Texas Labor Analysis	TWC supplies labor analysis tools to provide insight into Texas labor supply and demand.
Texas Statewide Civilian Workforce Composition (search for Workforce Analysis Tool)	This TWC report on the State's workforce composition is compiled by TWC's Civil Rights Division.
Texas Wages	TWC provides information on wages by workforce development area and by metropolitan statistical area, as well as Texas

Resource	Description
	employment projections. The Labor Market and Career Information Department of TWC maintains TexasWages.com.
Texas Demographic Center	The Texas Demographic Center, in cooperation with a network of affiliates, functions as a focal point for the distribution of census information for Texas. It also disseminates population estimates and projections for Texas.
U.S. Census Bureau	The U.S. Census Bureau provides state and national data that includes detailed tables.

Figure 6

Employment and Occupation Data

Resource	Description
Occupational Information Network (O*NET)	Maintained by the U.S. Department of Labor, O*NET describes occupations in terms of the knowledge, skills, and abilities required, as well as how the work is performed in terms of tasks, work activities, and other descriptors.
The Occupational Outlook Handbook	This handbook is useful for looking up information on particular occupations. For each career, the handbook describes work activities and environment, earnings, number of jobs and their locations, and types of education, training, and personal qualifications needed.
Standard Occupational Classification Codes	TWC maintains the Texas AutoCoder, which is an online system that allows a user to enter any job title or job description and get the best match among the hundreds of Standard Occupational Classification (SOC) codes.
Mission Square Research Institute	This site provides state and local government workforce survey results and trend reports.

Figure 7

Texas Economic Outlook

Resource	Description
Texas Demographic Center	The Texas Demographic Center, in cooperation with a network of affiliates, functions as a focal point for the distribution of census information for Texas. It also disseminates population estimates and projections for Texas.
The Institute for Demographic and Socioeconomic Research	The Institute for Demographic and Socioeconomic Research (IDSER) distributes demographic, economic, and related data. IDSER also produces population estimates for the State of Texas, including annual and biennial projections of the population by age, gender, and race/ethnicity.
Comptroller of Public Accounts – *Economy*	This online resource is maintained by the Office of the Comptroller of Public Accounts and includes Texas economic forecasts and helpful reports and articles.
Federal Reserve Bank of Dallas	The Federal Reserve Bank of Dallas provides economic analysis, which include the *Beige Book*, *Economic Indicators*, *Texas Economic Update*, *Texas Employment Forecast*, and other relevant reports.

Appendix 4

Workforce Planning Outline

To make the strategic workforce planning process as useful as possible to state agencies, each agency has the flexibility to create a workforce plan that best suits its individual needs. This outline, which summarizes the steps detailed within the guide, can be used as a baseline for each agency's workforce plan.

As a reminder, agencies should remove completed strategies or those that will no longer be pursued prior to turning in a revised plan.

OVERVIEW (Strategic Direction)

Describe the mission, strategic goals, objectives, and business functions of the agency. Discuss what changes, if any, may take place over the next five years that could affect the agency's mission, objectives, and strategies.

Basic Information to Include in the Workforce Plan

- Agency mission.
- Agency strategic goals and objectives.
- Core business functions.
- Anticipated changes to the mission, strategies, and goals during the next five years.

CURRENT WORKFORCE PROFILE (Supply Analysis)

Describe the agency's current workforce by assessing whether current employees have the knowledge, skills, and abilities needed to address critical business issues in the future.

Basic Information to Include in the Workforce Plan

- Employee demographics, including age, gender, ethnicity, and length of service.

- Percent of workforce eligible to retire and return-to-work retirees.
- Percent of veterans employed by the agency.
- Total agency turnover, including turnover by job classification, gender and ethnicity.
- Workforce skills critical to the mission and goals of the agency.
- Workforce allocation by division, job classification series, and/or occupational category.

FUTURE WORKFORCE PROFILE (Demand Analysis)

Develop a future business and staffing outlook. Determine trends, influences, and challenges for the agency's business functions; new and at-risk business; and workforce composition.

Basic Information to Include in the Workforce Plan

- Expected workforce changes driven by factors such as changing missions, goals, strategies, technology, legislation, budget, type of work, workloads, and work processes.
- Future workforce skills needed.
- Anticipated increase or decrease in the number of employees needed to do the work.
- Critical functions that must be performed to achieve the strategic plan.

GAP ANALYSIS

Identify gaps (shortages) and surpluses (excesses) in staffing and skill levels needed to meet future functional requirements.

Basic Information to Include in the Workforce Plan

- Anticipated surplus or shortage in staffing levels.
- Anticipated surplus or shortage of skills.

STRATEGY DEVELOPMENT

Develop strategies for workforce transition.

Basic Information to Include in the Workforce Plan

List specific goals to address workforce competency gaps or surpluses. Those may include:

- Changes in organizational structure.
- Succession planning.
- Turnover analysis.
- Retention programs.
- Recruitment plans.
- Career development programs.
- Leadership development.
- Organizational training and employee development.
- Technology changes.

Please submit completed workforce plan to the State Auditor's Office at SAOCLASSIFICATION@sao.texas.gov.