

APPENDIX E—WORK FORCE PLAN

I. AGENCY OVERVIEW

The Texas Legislature created the Railroad Commission of Texas in 1891 when it was given jurisdiction over rates and operations of railroads, terminals, wharves, and express companies. In 1917 the Legislature declared pipelines to be common carriers, giving the Commission regulatory authority over them. It also gave the Railroad Commission jurisdiction and responsibility to administer conservation laws relating to oil and natural gas production. During the 1920s the Commission was given additional regulatory responsibility over motor carriers and natural gas utility companies. During the 1930s additional regulations over oil and natural gas production were enacted, primarily to conserve natural resources and protect the correlative rights of mineral interest owners. The first pipeline safety regulations requiring the odorization of natural gas were adopted during the 1930s as well.

During the 1950s and 1960s environmental concerns were addressed by the adoption of additional oil and gas regulations. Also during this period, safety authority over LP-gas products was delegated to the Commission. In the 1970s the Commission assumed authority over coal and uranium surface mining operations, and federal pipeline safety standards were adopted for natural gas pipelines. Throughout the 1980s and 1990s additional environmental and safety responsibilities in the oil and gas production, natural gas utility, hazardous liquids pipelines, alternative energies such as LPG/LNG/CNG, and surface mining industries were delegated to the Commission. In 1994 the motor carrier industry was deregulated, and the Commission's remaining motor carrier responsibilities were transferred to the Texas Department of Transportation (TxDOT). In 2005 the Commission's rail safety responsibilities were transferred to TxDOT. Most recently, the Commission expanded its underground damage prevention to pipelines program, following legislation enacted by the 80th Legislature.

History	
1891	Texas Railroad Commission created.
1917	Regulation of pipelines. Conservation laws relating to oil and natural gas production.
1920s	Regulation of motor carriers and natural gas utility companies.
1930s	Additional regulation over oil and natural gas production. Odorization of natural gas.
1950s and 60s	Environmental concerns. Safety authority over LP-gas products.
1970s	Authority over coal and uranium surface mining. Federal pipeline safety standards.
1980s	Additional environmental and safety responsibilities.
1990s	Research and education on alternative fuels. Transfer of motor carrier responsibilities to TxDOT.
2001	Sunset Review continued the Commission until September 1, 2014.
2005	Transfer of last rail function to TxDOT.
2007	Expansion of One Call Program for third party damage to pipelines.
2009	The Commission was awarded more than \$16 million from the American Recovery and Reinvestment Act.

**The Commission has
13 field locations**

- Abilene
- Corpus Christi
- Fort Worth
- Houston
- Kilgore
- Midland
- Pampa
- San Angelo
- San Antonio
- Sweetwater
- Tyler
- Weslaco
- Wichita Falls

The current service responsibilities of the Commission fall within five basic industry segments: oil and natural gas exploration and production; natural gas, and hazardous liquids pipeline operations; natural gas utilities; alternative energies such as LPG/LNG/CNG; and coal and uranium mining. Today the majority of the Commission’s resources are dedicated to oil and natural gas exploration and production regulation. Approximately 68.6 percent of the Commission’s staff (direct and indirect) is dedicated to the oil and natural gas industry, 15.5 percent to the pipeline and natural gas utility industries, 7.8 percent to alternative energies such as LPG/LNG/CNG, and the remaining 8.1 percent to the coal and uranium mining industry.

Three statewide officials, elected to 6-year staggered terms, head the Commission. Serving at the discretion of the Commissioners is an Executive Director who implements policies and rules, and manages the Commission’s daily operations. Supporting the Executive Director is a management team comprised of a Deputy Executive Director and Division Directors who oversee various aspects of the agency.

The Commission’s current appropriation for fiscal year 2010 is \$71,461,467 with 743.6 FTEs. The Commission’s central office is located in the Capitol Complex at the William B. Travis Building, 1701 North Congress, Austin, Texas. Approximately 57.83 percent of the Commissions staff is located in the Austin office. The remaining staff is located throughout the state in Commission field offices.

These offices contain various combinations of employees from the following functional areas: Oil and Gas, Pipeline Safety, Utility Audit, Surface Mining, and Alternative Energy.

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

Support the development, management, and use of Texas lignite, oil and gas energy resources to protect correlative rights, provide equal and fair energy access to all entities, ensure fair gas utility rates, and promote research and education on use of alternative fuels

Objective 1.1. Increase opportunities for lignite, oil and gas resource development 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.

Objective 1.2. Maintain competitive prices and adequate natural gas supplies for Texas energy consumers.

Strategy 1.2.1. 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 1.3. Ensure safety for regulated alternative energy industries and encourage the use of odorized propane as an alternative energy source.

Strategy 1.3.1. Promote Alternative Energy Resources: Develop and implement a research and technical services, marketing, and public education plan to increase the use of LP-gas as an alternative energy source.

Strategy 1.3.2. Distribute LP-Gas Rebates: Manage rebate and incentive programs that promote the use of LP-gas as an alternative energy source for home and commercial uses.

Strategy 1.3.3. Regulate Alternative Energy Sources: Protect the health, safety and welfare of the general public by ensuring the safe storage, transportation and LP-gas, Compressed Natural Gas, and Liquefied Natural Gas as alternative energy sources through safety education, accident investigation, inspection and enforcement of safety regulations

Goal 2: Pipeline Safety Programs

Advance safety in the delivery and use of Texas petroleum products 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 safety in the pipeline industry from FY 2002 levels.

Strategy 2.1.1. Ensure the safe operation of pipelines permitting, field inspections, accident investigations and emergency response

Strategy 2.1.2. Pipeline Damage Prevention: Support education and partnership initiatives to increase the overall awareness and effectiveness of damage prevention.

Goal 3: Environmental Protection

Assure that Texas fossil fuel energy production, storage, and delivery is conducted to minimize harmful effects on the state's environment and to preserve natural resources.

Objective 3.1. Reduce the occurrence of identified pollution violations associated with fossil fuel energy production in Texas from FY 2002 levels.

Strategy 3.1.1. Assure that Oil and Gas permitted activities comply with applicable state and federal 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 correct existing environmental threats through voluntary operator actions or with use of state 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 remediation and provide assistance for operator-initiated corrective actions.

Strategy 3.2.2. Protect public health and the environment by identifying, assessing, and prioritizing wells that require the use of state funds for plugging and provide assistance for operator-initiated corrective actions.

Strategy 3.2.3. Protect public health and the environment by identifying, assessing, and prioritizing mine lands that require the use of state funds for reclamation and provide assistance for operator-initiated corrective actions.

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 GIS and Well Mapping data submitted to the Commission; provide efficient public access to this information; offer regulated industries a means to conduct their business electronically.

Strategy 4.1.2. 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, strategies or goals during the next five years, but it does recognize the need to adapt readily to any changes required by legislation.

II. CURRENT WORK FORCE PROFILE

A. CRITICAL WORK FORCE SKILLS

The Commission employs qualified individuals in numerous program disciplines. Strong employee competencies are critical to meet ongoing business objectives and goals. Critical competencies include:

- Engineering: Chemical, Civil, Mechanical, Mining, Natural Gas, and Petroleum
- Information Technology
- Sciences: Agronomy, Chemistry, Geology, Hydrology, Soil Science, Toxicology
- Legal
- Finance

The specific critical skills and qualifications include:

- Technology and automation skills and competencies, and
- Leadership and management skills.

B. WORK FORCE DEMOGRAPHICS (AS OF FEBRUARY 28, 2010)

Gender		
Gender	Head Count	Percent
Male	400	57%
Female	302	43%

Gender

As of February 28, 2010, the RRC has 400 male employees (57 percent) and 302 female employees (43 percent). The total employee count of 702 includes both full-time and part-time employees, as well as three statewide elected officials.

Age		
Age Group	Head Count	Percent
Under 30 years	67	9.5%
30 - 39 years	96	13.7%
40 - 49 years	159	22.6%
50 - 59 years	270	38.5%
60 years and over	110	15.7%
TOTAL	702*	100.0%

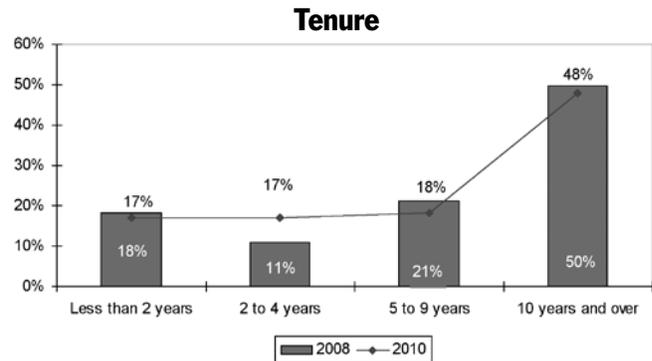
Age

Over 76 percent of the RRC's current employees are over the age of 40. With less than 23 percent of the Commission's work force under 40 years old, the Commission must aggressively plan to replace the knowledge of its 334 employees who are eligible to retire before the end of FY 2015.

*Includes three elected officials.

Tenure

On February 28, 2010, the Commission had 119 employees with less than two years of Commission service, and 119 employees with less than five years of service with the Commission. There were 127 employees (18.1 percent) with five to nine years of service, and 337 (48 percent) had ten or more years of service. Results from the Survey of Employee Engagement (found in Appendix F) indicate there is a desire by our employees to continue long-term employment, but inadequate pay is their primary concern about their future employment at the Commission.



Equal Employment Opportunity Job Category

The Commission has a highly educated work force with many employees holding advanced degrees or credentials. Of the Equal Employment Opportunity job categories, the Commission has the greatest number of employees within the “Technical” category representing 35.9 percent of the Commission’s work force. This reflects the qualifications and skill sets necessary to accomplish the Commission’s regulatory goals

Job Categories		
As of February 28, 2010		
EEO Category	Head Count	Percent
Officials, Administration	58	8.29%
Professional	226	32.33%
Technical	251	35.91%
Para-professional	25	3.58%
Administrative Support	139	19.89%
TOTAL	699*	100.0%

Diversity

A comparison of the Railroad Commission’s African American, Hispanic and female employees to the available state civilian work force as reported by the Texas Workforce Commission, Civil Rights Division in January 2007 indicates mixed results as the Commission strives to attract and retain a diverse work force. The Railroad Commission is committed to a diverse work force and will continue to work diligently to meet the equal employment goals of the State of Texas.

*Does not include three elected officials.

The Workforce Analysis, required by Texas Labor Code, Chapter 21, Section 21.501, provides an analysis of the Railroad Commission’s current work force compared to the number of African Americans, Hispanic Americans and females in each job category that are available in the civilian work force to determine the percentage of exclusion or underutilization in the Commission by each job category.

The Railroad Commission produces a monthly work force data. The *Equal Employment Opportunity and Minority Hiring Practices Report* contains the availability in civilian labor force data used for comparison purposes.

RRC Diversity by EEO Job Category						
As of February 28, 2010*						
EEO Job Category:	African American		Hispanic		Female	
	RRC %	State Goal	RRC %	State Goal	RRC %	State Goal
Officials, Administration	3.4%	3.7%	13.8%	10%	22.4%	30%
Professional	6.6%	8.7%	13.3%	9.3%	38.1%	46.3%
Technical	5.6%	13.2%	25.5%	16.4%	23.5%	39.7%
Para-professional**	8.0%	22.7%	28.0%	28.5%	68.0%	55.6%
Administrative Support	15.1%	19.2%	29.5%	21.6%	90.6%	81.3%
Total	7.7%		21.5%		43.1%	

EEO Job Category	Availability in Civilian Labor Force			Underutilization (-) or Over-utilization (+) of Available Labor Force		
	Percent					
	Black	Hispanic	Female	Black	Hispanic	Female
Officials, Administration	9.0%	23.7%	38.8%	-5.6	-9.9	16.4
Professional	11.7%	19.9%	54.5%	-5.1	-6.6	16.4
Technical	17.0%	27.0%	55.6%	-11.4	-1.5	32.1
Para-professionals**	12.8%	44.8%	39.7%	-4.8	16.8	28.3
Administrative Support	13.2%	31.9%	66.2%	1.9	-2.4	24.4

*Source: Comptroller of Public Accounts and State Auditor's Human Resource Information System, and Texas Workforce Commission's EEO Report, January 2009.

** Para-professionals were combined with Protective Services and Service and Maintenance categories in 2004 to obtain Availability in Civilian Workforce. Availability data for para-professionals individually is no longer available. The RRC has no employees in the Protective Services or Service and Maintenance categories. Beginning July 2007, the RRC has no employees in the Skilled Craft category.

C. EMPLOYEE TURNOVER AND PROJECTED ATTRITION

Results from the *Survey of Employee Engagement* indicate that there is a desire by our employees to continue long-term employment, but inadequate pay is employees' primary concern. Exit interview statistics confirm low pay as a motivator to change jobs and leave the Commission. Many leave employment in state government for higher compensation in the private sector, but a significant number go to other state or federal agencies for similar jobs posted in a higher salary group.

The highest percentage of turnover (42.6 percent) occurs among employees under 40 years of age. As mentioned in previous Work Force Plans, the greatest concern for turnover among different age groups continues to be the Commission's inability to retain the employees under the age of 40. Twenty-six (42.6 percent) employees under the age of 40 elected to leave the Commission in FY 2009

Employee Turnover				
FY	2006	2007	2008	2009
RRC	13.9%	14.9%	12%	8.8%
State of Texas	17.9%	19.2%	19.3%	15.6%
Article VI	11.2%	13.1%	12.2%	8.0%

FY 2009 Separating Employees		
By RRC Tenure		
Less than 2 years	21	34.43%
2 to 5 years	11	18.03%
5 to 10 years	8	13.11%
10 to 15 years	2	3.28%
15 to 20 years	4	6.56%
20 to 30 years	12	19.67%
Greater than 30 years	3	4.92%
Total	61	100%

FY 2009 Separating Employees		
By Age		
Under 30 years	11	18.03%
30 – 39 years	15	24.59%
40 - 49 years	7	11.48%
50 - 59 years	17	27.87%
60 years and over	11	18.03%
Total	61	100%

Retirement Eligibility

Terminating Employees by RRC Tenure and Age FY 2009

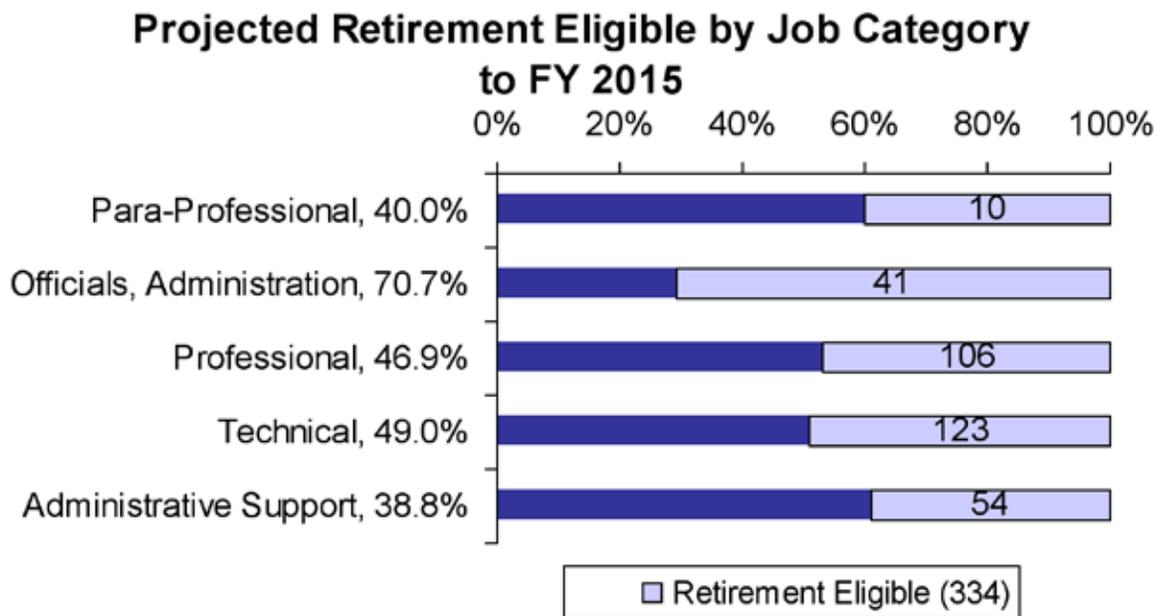


Projection of Commission Employees Eligible for Retirement in the Next Six Years		
Currently Eligible	118	16.88%
FY 2010	23	3.29%
FY 2011	32	4.58%
FY 2012	52	7.44%
FY 2013	40	5.72%
FY 2014	41	5.87%
FY 2015	28	4.01%
Total	334	47.78%
Percentages are based on a headcount of 699 that does not include three elected officials.		

Projections indicate a gradual increase in the number of Commission employees eligible to retire between now and August 31, 2015. By fiscal year 2015, more than 47 percent of the Commission’s current work force will be eligible to retire. This steady increase in the number of employees retiring indicates the Commission will lose a significant portion of its most knowledgeable employees, including many in critical positions.

Two factors about retirement eligibility deserve emphasis. Almost 17 percent of employees can retire currently and several have been eligible for more than 5 years. Over 47 percent are eligible now or are projected to become eligible by August 31, 2015. This constitutes almost half of the Commission’s work force, and is exclusive of other turnover. A compounding problem is the Commission’s employment of twenty retire-rehires. When these individuals are included with the 334 individuals projected to be eligible to retire, then more than half of the work force is able to retirement. It will be a difficult challenge for the RRC to replace these retirees’ skills necessary to attain the goals set forth in this strategic plan.

Most of the Commission's leadership positions, including Division Directors and District Office Directors, will be eligible to retire during the next six years. The Commission identified specific work force skills including engineers, scientists, and attorneys who will be eligible for retirement. To replace these important skills, succession planning as well as a greater focus on internal organizational development and training will be required as our work force planning evolves. When a retirement occurs and no internal applicant emerges, there will be increased pressure to recruit from outside the Commission. The obvious barrier to external recruiting is competition with private sector employers, the associated recruitment costs, and the service delivery downtime.



III. FUTURE WORK FORCE PROFILE

A. EXPECTED WORK FORCE CHANGE

The Commission is currently reviewing a mentoring or succession planning program to address the approximately 47 percent of the work force who can retire between now and August 31, 2015. The Commission projects that many division director, manager, and highly skilled professional employee positions will be vacant in the next five years. Training existing and new employees to help them learn the workplace culture and to manage the regulatory process is essential to maintaining an appropriate service level for the public and for the regulated industries.

B. ANTICIPATED INCREASE OR DECREASE IN NUMBER OF EMPLOYEES NEEDED

As a result of increasing public demands in pipeline safety and environmental protection in the oil and gas industry, it is expected that greater Commission resources will be directed to these areas in the future. To address this public demand, additional resources will be required. Technology advancement is a primary goal of the Commission and will satisfy some of this increasing demand, but technology alone cannot address all concerns for monitoring, reviewing, and physically inspecting regulated industries facilities. One anticipated change would be to increase the Commission's field presence to improve regulatory functions of oil and gas activity statewide.

C. FUTURE WORK FORCE SKILLS NEEDED

The work force skills needed to meet Railroad Commission performance objectives include:

- Engineering
- Computer Programming and System Analysis
- Legal
- Science (Geo-science, Toxicology, Agronomy, Hydrology, and Chemistry)
- Accounting, Finance, and Budget
- Administrative Support

These functions are also needed to achieve the Commission's Strategic Plan. Work force skills are developed 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 new trends in each discipline.

While Commission anticipates that its basic regulatory functions will remain the same or similar in the future, the development and implementation of technological enhancements will require new skills if the future work force is to fully use technological advances. Functions to accomplish future Railroad Commission goals will focus on:

- Increasing computer skill sets for employees,
- Increasing electronic record keeping and information processing,
- Increasing customer service skills by maximizing electronic government and minimizing paper transactions, and
- Creating and implementing a comprehensive training program as part of a human resources partnership with Commission management and divisions.

D. CRITICAL FUNCTIONS TO ACHIEVE STRATEGIC PLAN

The Railroad Commission will continue to use its recruitment plan to address critical deficiencies in its labor force and to narrow the gaps in diversity goal attainment. A variety of methods will continue to be used including placing job postings on the Commission's website; placing job postings on Work In Texas and on the Texas Workforce Commission's job search site; placing job postings on college and university websites; recruiting at select college and university career fairs; and using all other available resources.

The Commission developed contacts at 11 targeted Texas institutions of higher education to recruit engineers and geoscientists and 15 targeted institutions to recruit computer science professionals. The Commission will continue to identify resources associated with professional organizations to post jobs with distinct or hard-to-find skill sets.

A critical barrier to recruitment is the high cost of advertising jobs in print media, such as newspapers and professional publications. When funds permit, difficult to fill jobs will be advertised using low-cost Internet job search sites, especially those hosted by the professional organizations.

IV. GAP ANALYSIS

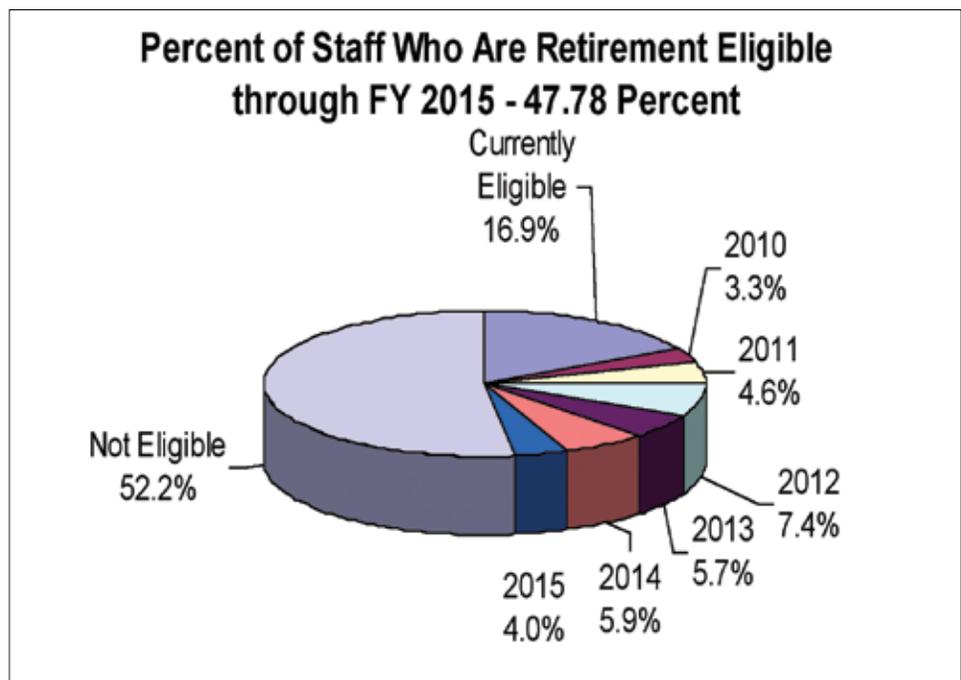
A. ANTICIPATED SURPLUS OR SHORTAGE OF WORKERS OR SKILLS

With over 47 percent of the Railroad Commission work force eligible for retirement by FY 2015, the Commission projects a shortage in staffing and skill levels needed to meet future requirements of the Commission. The projected staffing areas with an anticipated shortage of employees that are most affected by the retirement eligibility include:

- Information Technology
- Engineering, Toxicology, Geology, and Hydrology
- Leadership
- Legal

The Commission anticipates that replacing projected retirements and anticipated turnovers in management will require succession planning and greater emphasis on professional development and training to replace skill sets that will be lost. With additional professional development and training, the Commission anticipates that the Commission’s current work force has the potential to fill projected staffing needs.

An important barrier the Commission faces in replacing its critical skill sets is funding for professional development, training of existing employees, and recruiting expenses of hiring external employees.



V. STRATEGY DEVELOPMENT

Methods to address the Railroad Commission's projected work force gap include:

- Career development programs – Mentoring, the development of internships for professional areas, and an increase in professional training and development for staff will be initiated throughout the Commission.
- Recruitment plans – Recruitment efforts will focus on positions that are difficult to attract and retain such as engineering, attorneys, and the recruitment of women and minorities.
- Leadership development – Efforts will be made to identify, retain, and develop existing employees with management and leadership capabilities. This will require funding to identify and to increase leadership training.
- Organizational training and development – Funding for in-house training such as IT training, managerial training, and skill development will be needed to address individual employee training needs for Commission's the day-to-day operations.
- Succession planning – By implementing this activity, managers and supervisors will be made aware of what skill sets are critical to meeting their objectives and can plan for employee attrition. Succession planning will also address staffing or skill imbalances due to turnover and retirements.
- Retention Programs – Some programs are already in place to help retain the employees who have skills critical to the Commission's success, now and in the future, such as the Recruitment and Retention Bonus Program.

The success of these methods depends upon adequate funding.

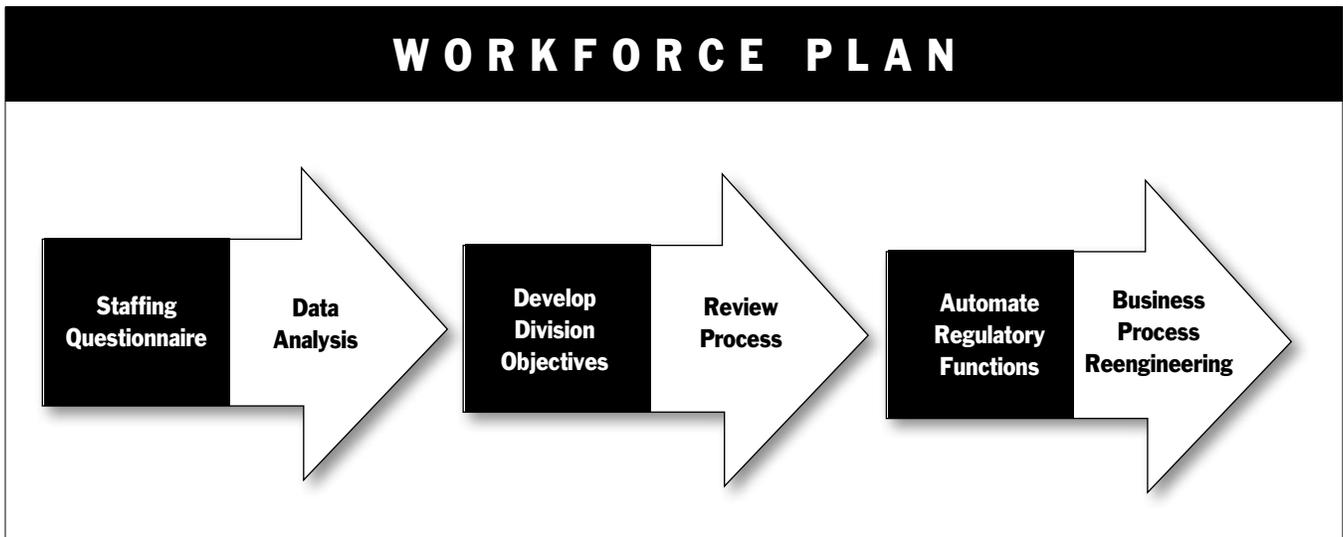
GOALS
To Address Workforce Gap
Career Development
Recruitment Plans
Leadership Development
Organizational Training and Development
Succession Planning
Retention Programs

A. IMPLEMENTATION OF WORK FORCE PLAN

The Work force Plan will be implemented in connection with the Railroad Commission’s Strategic Plan. Strategic Plan changes due to leadership, if any, or legislative changes may result in adjustments to the Work force Plan.

To begin the implementation of the Work force Plan the following actions have been taken and will proceed as the actions are completed:

- Data representing the Railroad Commission work force will be distributed to the Directors to assist in completing the questionnaire. Data will include turnover, retirement eligibility, diversity of immediate work force, and tenure.
- The Human Resource Division will develop a stronger business partnership with each of the Commission’s divisions. By doing so, such areas as training needs, strategic planning of work force to meet division objectives, and long-range planning of work force needs can be addressed on an ongoing basis.
- Division Directors along with the Commission will review progress of the Work force planning process biennially. Adjustments to the Plan, if any, will be documented.
- During the next five years, the initiative to automate our 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 surplus within the division.
- Business process reengineering to ensure an effective and efficient outcome of Commission service.



B. WORK FORCE PLAN EVALUATION AND REVISION

The final phase involves monitoring, evaluating, and revising to ensure a successful Work force Plan. The following critical employment tools will be available to measure and evaluate changing trends in the work force:

- The *Survey of Employee Engagement*
- Customer Service questionnaires and feedback
- Retirements, projected retirements, and Commission turnover data
- College and diversity recruiting programs
- The Statewide Exit Survey and the internal Railroad Commission Exit Interview System
- Hiring trends including the lead time to hire

The Commission will review its efforts to revise and implement its Work force Plan each even-numbered fiscal year in preparation for the upcoming fiscal year. As with this work force planning effort, Commissioners, upper-level Directors and Division Directors will participate to ensure that the plan evolves into a document that reflects the Commission's current work force and its projected work force 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 the key to a successful transition, both from a budgetary perspective as well as business process perspective. The Commission may suffer productivity losses in the near term, but the long-term benefits should outweigh any short-term productivity losses.

