

## APPENDIX D.

### AGENCY OVERVIEW

In 1975, Texas became the last state in the country to provide for state-wide comprehensive regulation of electric and telecommunications utilities by creating the Public Utility Commission (PUC). For approximately the first twenty years of the PUC's existence, the agency's primary role was traditional regulation of electric and telecommunications utilities. Although the PUC originally regulated water utilities, jurisdiction was transferred to the Texas Water Commission in 1986. Significant legislation enacted by the Texas Legislature in 1995, along with the Federal Telecommunications Act of 1996 (FTA), dramatically changed the PUC's role by allowing for competition in telecommunications wholesale and retail services, and by creating a competitive electric wholesale market. In 1999, the Legislature provided for restructuring of the electric utility industry, further changing the PUC's mission and focus. In 2005, the Legislature provided for further deregulation of telecommunications markets with the passage of Senate Bill 5. More recently, SB 980 enacted in 2011 further deregulated the telecommunications industry.

Although the PUC's traditional regulatory functions have decreased over the past eleven years, many of those functions have been replaced by other, more challenging responsibilities. Restructuring of the utility industry is not simply elimination of regulation. Effective oversight of competitive wholesale and retail markets is necessary to ensure that customers receive the benefits of competition.

The PUC's responsibilities under PURA include the following:

#### Electric Power Activities

- Within the Electric Reliability Council of Texas (ERCOT) area
  - Oversight of competitive wholesale and retail markets
  - Oversight of the Electric Reliability Council of Texas (ERCOT) the independent organization responsible for operating the electric grid for approximately 70% of the state and settling the transaction in competitive markets.
  - Jurisdiction over ratemaking and quality of service of investor-owned transmission and distribution utilities
  - Establishing wholesale transmission rates for investor owned utilities, cooperatives, and municipally owned utilities
  - Licensing of retail electric providers
  - Registration of power generation companies and aggregators
  - Implementation of a customer education program for retail electric choice
  - Provide oversight for Competitive Renewable Energy Zone program, including monitoring the planning, designing, constructing, and energizing phases of the program
  - Order the disgorgement of all excess revenue resulting from a market power abuse violation
  - Enforcement of ERCOT rules and protocols
  - Overall administration of the System Benefit Fund, including administration of a low income discount program with automatic enrollment of eligible customers
- Outside ERCOT, continuing the regulation, including rate regulation, of vertically integrated investor owned utilities until retail competition begins. Also, actively participate in regional transmission organization and wholesale market development in areas outside ERCOT.

- Issuance of certificates of convenience and necessity for service areas and proposed transmission lines
- Monitoring industry progress in meeting the renewable energy and energy efficiency mandate adopted in the 1999 legislation and amended by subsequent legislatures
- Resolution of customer complaints, using informal processes whenever possible

### Telecommunications Activities

- Arbitration of interconnection agreements and post-interconnection disputes pursuant to the Federal Telecommunications Act
- Administration of the Texas Universal Service Fund
- Administer the Lifeline program for low-income customers
- Oversee the Texas High-Cost Universal Service Plan and Small and Rural ILEC Universal Service Plan
- Administration of the Relay Texas program for deaf and hearing-impaired customers
- Administration of the Specialized Telecommunications Assistance Program
- Oversee the Texas Audio Newspaper Program
- Facilitation of the availability of broadband service throughout Texas
- Resolution of customer complaints, using informal processes whenever possible
- Issuance of State Issued Certificates of Franchise Authority to cable providers
- Issuance of Service Provider Certificates of Operating Authority and Certificates of Operating Authority to local service providers
- Review of one-day and ten-day informational filings made by incumbent local exchange companies
- Registration of long distance providers, automatic dial announcing devices, and pay phones
- Setting franchise fee rates for municipalities pursuant to Local Government Code Chapter 283
- Monitoring area code exhaustion and working with the national number administrator to conserve numbers and implement new area codes
- Reviewing tariffs for companies subject to rate regulation
- Administration of the Texas No-Call List

The PUC's divisions are organized based on function and program area. The Customer Protection Division includes the call center and the informal complaint resolution function to handle both electric and telecommunications matters. The Competitive Markets, Oversight & Enforcement, Rate Regulation, and Infrastructure & Reliability Divisions also oversee activities in both the telecommunications and electric industries. When organizational changes are needed to respond to changing duties prescribed in PURA, or changes in the industries that the Commission oversees, the agency attempts to make those organizational changes in ways that are the least disruptive to agency staff and persons who do business with the Commission.

#### *A. Agency Mission*

The mission of the agency is to protect customers, foster competition, and promote high quality utility infrastructure.

#### *B. Agency Goals, Objectives, and Strategies (Business Functions)*

**GOAL 1:** To ensure fair competition, customer choice, just and reasonable rates, system reliability, a high level of service quality, and the opportunity for technological advancement in the electric and telecommunication industries.

**OBJECTIVE 1-1:** Maintain innovative policies to foster competition in telecommunications and retail–electric markets, such that by the end of fiscal year 2013, 85 percent of Texas cities are served by three or more certified telecommunications providers, and 95 percent of residential electric customers in areas of the state open to competition have at least five providers for electric service.

**STRATEGY 1-1-1:** Foster and monitor market competition by evaluating the relevant electric and telecommunications markets, and develop policies to enhance effectiveness of competition and benefits for customers; and register and license competitive service providers. Develop rules, conduct studies and prepare reports responsive to changes in electric and telecom markets.

**OBJECTIVE 1-2:** Regulate service providers such that by 2013, 90 percent of telecommunications customers are served by exchanges that meet service quality standards and 95 percent of electric customers are served by companies meeting service quality standards.

**STRATEGY 1-2-1:** Conduct rate cases for regulated telephone and electric utilities under the Administrative Procedures Act and methods of alternative dispute resolution to evaluate whether revenue requirements, cost allocation, rate design, and affiliate transactions are reasonable and in compliance with all laws and PUC rules; register and license regulated service providers; evaluate utility infrastructure and quality of service.

**OBJECTIVE 1-3:** To ensure compliance with statutes, rules, and orders such that by 2013, 75 percent of all settlement agreements entered in formal enforcement proceedings will contain specific provisions regarding low future violations of the same type will be avoided.

**STRATEGY 1-3-1:** Conduct investigations and initiate enforcement actions to ensure compliance with relevant law, PUC rules, and orders.

**GOAL 2:** To serve the public by distributing customer education information, administering customer service programs, and assisting customers in resolving disputes concerning electric and telecommunications services.

**OBJECTIVE 2-1:** Inform customers about their choices, opportunities, and rights pertaining to electric and telecommunications services through 2013.

**STRATEGY 2-1-1:** Provide information and distribute materials to customers on changes in the electric and telecommunications industries. Respond to requests for information from the public and media. Conduct outreach activities, administer Relay Texas and the Specialized Telecommunications Assistance Program (STAP) responsibilities.

**OBJECTIVE 2-2:** To resolve complaints consistent with relevant law and PUC rules and orders, such that all customer complaints will be concluded within the targeted average number of days each fiscal year through 2013.

**STRATEGY 2-2-1:** Assist customers in resolving disputes concerning electric and telecommunications services consistent with statutes and rules.

**GOAL 3:** To achieve specific legislative objectives by administering special programs for energy assistance to low-income Texans, and for customer education information in regions subject to electric competition (nontransferable).

**OBJECTIVE 3-1:** Administer financial assistance such that by 2013, 93 percent of eligible low-income utility customers receive a reduction in their annual electric service bill.

**STRATEGY 3-1-1:** Reimburse retail electric providers from the System Benefit Fund for electric service billing discounts; administer automated and self-enrollment of eligible participants for the billing discounts.

**STRATEGY 3-1-2:** Produce and disseminate customer education information for electric market competition through outsourcing; address customer inquiries through a third party call center and Web site.

**GOAL 4:** Indirect administration.

**OBJECTIVE 4-1:** Indirect administration.

**STRATEGY 4-1-1:** Central administration.

**STRATEGY 4-1-2:** Information resources.

**STRATEGY 4-1-3:** Other support services.

### *C. Anticipated Changes Over Five Years*

The Commission does not anticipate significant changes in its mission, strategies or goals over the next five years. In the 2008 strategic planning cycle, the PUC made revisions to its budget structure to reflect changing emphasis in the agency's powers and duties, and does not anticipate the need to make significant changes within the next five years absent statutory changes.

The agency's structure and functions have changed significantly over the past 17 years as a result of legislative reforms. Prior to industry restructuring, the primary function of the agency was processing major rate cases for the telephone and electric industries. This required very specialized technical skills from engineers, accountants, financial analysts, and attorneys to analyze utility rate applications and provide recommendations for Commission action. The PUC continues to have rate jurisdiction over some utilities and utility functions, and continues to employ these same types of experts.

However, the Commission's mission now includes oversight of competitive markets, which requires different expertise than traditional utility regulation. The PUC employs economists and market analysts for development of market rules and for monitoring the telecommunications and electric power markets for compliance with applicable statutes, rules, and PUC orders. The PUC has increased resources dedicated to enforcement activities, which require the skills of investigators and attorneys.

The PUC anticipates the possible transfer of water rate regulation and granting of water utility Certificates of Convenience and Necessity from the Texas Commission on Environmental Quality during the next legislative session. This transfer was included in Senate Bill 661, the PUC Sunset bill, during the previous legislative session. Although, that legislation was not enacted, the agency fully expects similar provisions will be included in the PUC Sunset legislation during the 83<sup>rd</sup> Session.

## II. Supply Analysis: Current Workforce Profile

### A. *Critical Workforce Skills*

The Commission employs qualified individuals in a myriad of program disciplines. Strong employee competencies are critical to meet ongoing business objectives and goals.

Current critical workforce skills include the following:

#### 1. *Management and Leadership*

Performance Management

Project Management

Planning

Training and mentoring

#### 2. *Technical Skills*

Knowledge of applicable federal and state laws and regulations

Litigation and settlement facilitation

Rules development

Investigation

Market analysis

Rate setting

Licensing of providers

Accounting and financial analysis

Engineering

Policy development

3. *Customer Assistance*

Call center customer service

Informal complaint resolution

4. *Information Management*

Web development and maintenance

Database development

Electronic filing and reporting

5. *Agency Administration*

Fiscal management

Human Resources management

Contract management

Purchasing

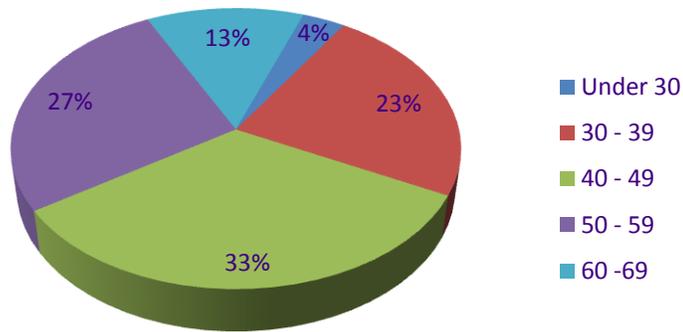
IT Support

*B. Workforce Demographics*

Gender and Age

As of February 29, 2012, the Commission had a total of 170 full-time and one part-time employee. Of the total employees, there were 88 females (51.5%) and 83 males (48.5%). The average age of Commission employees is 47 years, and 125 (73%) of the employees are over the age of 40.

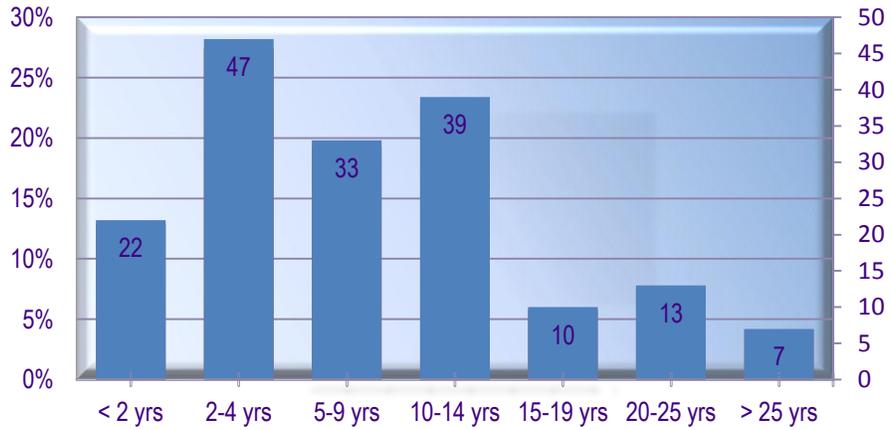
**Age of PUC Workforce  
as of February 29, 2012**



Tenure

Of the Commission staff, 69 (40%) employees have fewer than five years of service with the agency. There are 72 employees (42%) with five to fourteen years' service with the PUC and 30 employees (18%) who have fifteen or more years of service with the PUC. The table below reflects tenure of PUC employees. Twenty-two employees (13%) have fewer than two years of agency service.

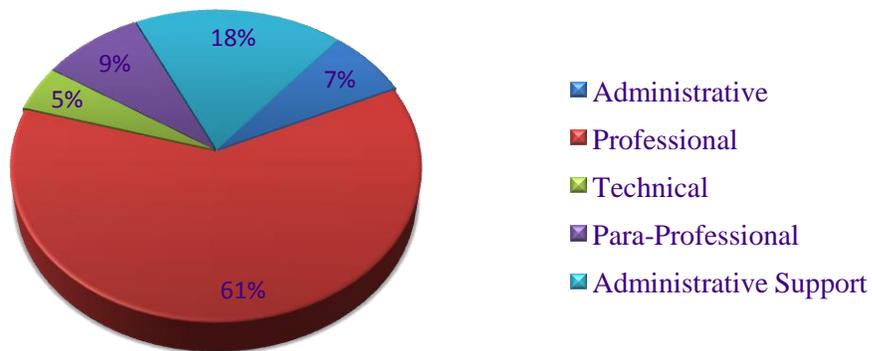
**PUC Workforce Tenure  
as of February 29, 2012**



Job Categories

The main job categories of Commission employees are identified in the table below. The “Professional” category has the largest number of agency employees, which reflects the qualifications required to accomplish the Commission’s business goals. As a result of these requirements, the agency has a highly educated workforce with many of the employees holding advanced degrees and credentials.

**PUC Workforce Job Categories  
December 1, 2011 - February 29, 2012**



Diversity

The following three tables profile the Commission’s full-time and part-time workforce of 171 employees for the second quarter of fiscal year 2012 (December 1, 2011 through February 29, 2012). The workforce comprises 51.5% females and 48.5% males, with an average age of 47 years. The tables compare the African American, Hispanic and female employees in the Commission Workforce to the State Civilian Workforce, as reported by the Civil Rights Division of the Texas Workforce Commission.

<b>Gender – Racial – Ethnic Diversity</b>							
<b>Fiscal Year 2012, Second Quarter</b>							
<b>Male</b>	<b>Female</b>	<b>Caucasian American</b>	<b>African American</b>	<b>Hispanic American</b>	<b>Asian American</b>	<b>Other</b>	<b>Total</b>
83	88	109	15	41	6	0	171
48.5%	51.5%	63.7%	8.8%	24%	3.5%	0%	100%

All employees on payroll as of February 29, 2012.

<b>Gender – Occupational Diversity</b>					
<b>Fiscal Year 2012, First Quarter</b>					
<b>Job Category</b>	<b>Male</b>		<b>Female</b>		<b>Female Goal</b>
Administrative	9	75%	3	25%	37.5%
Professional	58	55.2%	47	44.8%	53.3%
Technical	8	100%	0	0%	53.9%
Administrative Support	4	12.9%	27	87.1%	67.1%
Skilled Craft	0	0%	0	0%	6.0%
Service / Maintenance* (Para-Professional)	4	26.7%	11	73.3%	39.1%
<b>Total</b>	<b>84</b>		<b>88</b>		

Racial – Ethnic – Occupational Diversity Fiscal Year 2012, First Quarter												
Job Category	Caucasian		African		Goal	Hispanic		Goal	Asian		Other	
	American		American			American			American			
Administrative	10	83.3%	1	8.3%	7.5%	1	8.3%	21.1%	0	0.0%	0	0.0%
Professional	74	70.5%	7	6.7%	9.7%	18	17.1%	18.8%	6	5.7%	0	0.0%
Technical	6	75%	0	0.0%	13.9%	2	25%	27.1%	0	12.5%	0	0.0%
Administrative Support	14	45.2%	4	12.9%	12.7%	13	41.9%	31.9%	0	0.0%	0	0.0%
Skilled Craft	0	0%	0	0.0%	6.6%	0	0.0%	46.3%	0	0.0%	0	0.0%
Service/Maintenance * (Para-Professional)	5	33.3%	3	20%	14.1%	7	46.7%	49.9%	0	0.0%	0	0.0%

\* The Protective Services and Para-Professional categories have been combined with the Service/Maintenance category. Prior to 2005, these categories were reported as separate groups and are no longer contained in the Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment, 2004.

Percentage goals represent the State Civilian Workforce, as reported by the Civil Rights Division (CRD) of the Texas Workforce Commission in the EEO/Minority Hiring Practices Report in January 2011. The CRD analyzes the workforce using an 80% benchmark from the EEOC Uniform Guidelines on Employee Selection to determine utilization within each occupational category. Highlighted sections indicate areas in which the percentage of Commission employees in those categories meet or exceed the percentage in the State Civilian Workforce using the 80% benchmark. Shaded sections identify those areas where the percentage of Commission employees in those categories is below the percentage in the State Civilian Workforce using the 80% benchmark.

When using the EEOC Uniform Guidelines and applying the 80% benchmark, the agency exceeded the percentage goal for Female employees in the Professional, Administrative Support, and Para-Professional occupations. In the ethnic categories, the agency exceeded the goals for African American employees in the Administrative, Administrative Support and Para-Professional occupations and exceeded the goals for Hispanic American employees in the Professional, Technical, Administrative Support, and Para-Professional occupations. The agency did not attain the goals and Female employees are underutilized in the Administrative (5%) and Technical (43.1%) occupations. In the ethnic categories, African American employees are underutilized in the Professional (1.1%) and Technical (11.1%) occupations and Hispanic American employees are underutilized in the Administrative (8.6%) occupation. The PUC does not employ staff for Protective Services and Skilled Craft occupations.

### ***C. Employee Turnover and Projected Attrition***

Turnover is important in any organization and the Commission is no exception. Throughout its existence, the agency has faced the difficult challenge of retaining qualified and experienced staff. Historically, the PUC has experienced significant turnover, peaking at 30.7% in fiscal year 2003 as a result of legislative mandated reductions. Despite significant statutory post-employment restrictions that apply only to the PUC, the agency generally experiences turnover due to more lucrative positions in industry-related firms.

The PUC has had greater success retaining employees than rest of the State. The PUC's turnover rate has been approximately 14.1 percent lower than the State average for the past five years. The turnover rate has steadily declined since FY 2008 and increased in 2011 due to a reduction in workforce. The following table compares the average PUC turnover to that of all state agencies for the last five years.

<b>EMPLOYEE TURNOVER</b>					
<b>Fiscal Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>PUC</b>	17.9%	12.1%	9.4%	9.8%	12.7%
<b>All Agencies*</b>	19.2%	19.3%	15.6%	15.9%	17.7%

\* Information obtained from the State Auditor's Office E-Class System.

### ***Length of Service***

Among terminating employees in fiscal year 2011, those with two to four years of service had the highest turnover (30%), followed by 22% among employees with twenty to twenty-four years of service and 17% among employees with five to nine years of service. Five employees retired from the agency in fiscal year 2011. Four of the retirees had twenty to twenty-five years of service and the other had more than five years of service with the agency.

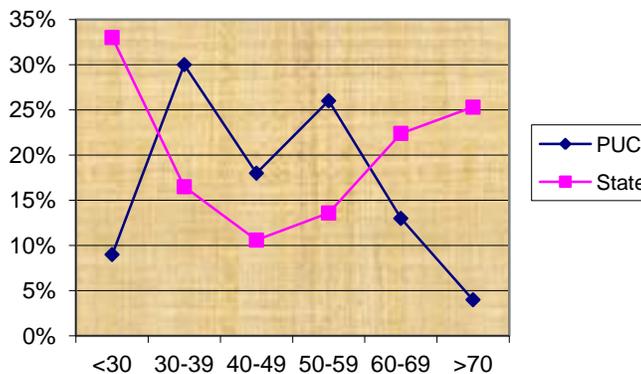
The highest percentage (40%) of terminating employees had fewer than five years service with the agency. Efforts to decrease turnover and retain staff beyond the first five years should provide greater continuity for Commission operations and allow employees to develop critical agency knowledge for training entry-level personnel.

Tenure of Terminating Employees Compared To Tenure of All Employees FY 2011				
Tenure in Years	Terminating Employees	% Terminating Employees	All Employees	% All Employees
Less than 2	2	9%	23	14%
2 – 4	7	30%	44	26%
5 – 9	4	17%	33	19%
10 – 14	3	13%	40	24%
15 – 19	2	9%	9	5%
20 – 24	5	22%	12	7%
25 +	0	0%	8	5%
<b>Total</b>	<b>23</b>	<b>100%</b>	<b>169</b>	<b>100%</b>

AGE

The highest percentage of turnover occurred among employees in the 30-39 years of age group. About 39% of the Commission’s turnover in FY 2011 were under the age of 40 and 61% were over age 40.

Age of Terminated Employees FY 2011

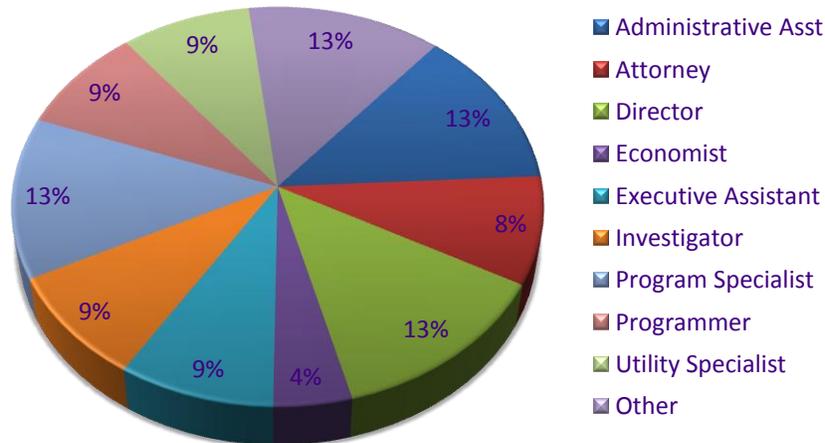


Occupations

During fiscal year 2011, a total of 23 employees separated from employment with the Commission. The table below provides detail for this turnover activity by classification. Of the 23 terminations, the Director, Program Specialist and Administrative Assistant titles reflected the greatest turnover rate (13%) for each classification series, followed by the Attorney, Executive Assistant,

Investigator, Programmer and Utility Specialist (9%) classification. The Economist classification reflected a 4% turnover rate. Collectively, the total turnover rate for fiscal year 2011 was 12.7%.

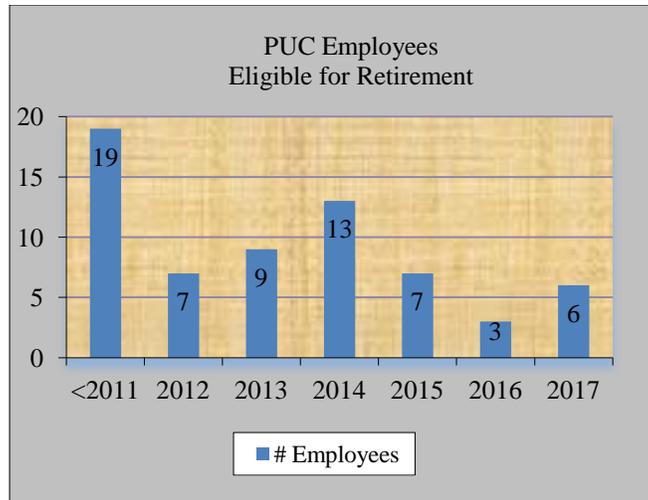
**Turnover by Job Classification-FY 2011**



#### ***D. Retirement Eligibility***

Five employees retired in fiscal year 2011. Of the employees potentially eligible to retire prior to FY 2012, nineteen remain with the agency. Based on PUC information, during FY 2012 – 2017, an additional forty-five employees (25%) may become eligible to retire from state service. Between now and 2017, a total of 64 employees (37%) could potentially leave the Commission based on retirement eligibility.

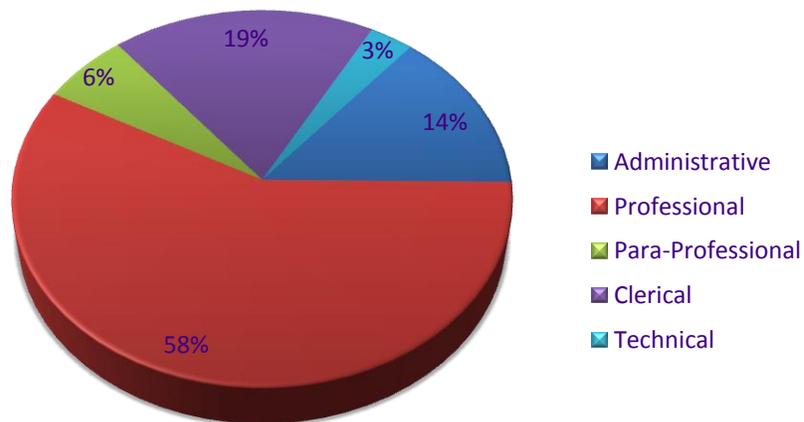
Turnover due to retirement is important to agency operations because of the loss of institutional knowledge and expertise. It also affects the level of succession planning the organization should implement to attract new employees and/or train existing staff in key competencies to assume important functions and leadership roles.



Retirees by Category

The largest percentages of employees who may become eligible to retire over the next five years are in the *professional* (58%) category. The second largest percentage of employees potentially eligible to retire is in the *clerical* support (19%) category. Turnover as a result of retirement eligibility could have a significant impact on high-level key positions. Nine employees (14%) in key management positions could be eligible to retire over the next five years. All of the key management employees are in the *administrative* category and 56% will be eligible due to the Rule of 80 between 2012 and 2014.

### Employees Eligible for Retirement by Job Category 2011 - 2017



Projected Attrition

In fiscal year 2011, the agency had a 12.7% turnover rate which is a 2.9% increase from fiscal year 2010. As of May 31, 2012, ten (5.9%) employees have terminated their employment with the agency.

As market conditions begin to improve in central Texas over the next five years and as the economy strengthens, the agency anticipates that retaining high quality staff will continue to be a challenge. The decrease in state benefits provided to state employees also impacts the ability of state agencies to attract and keep qualified employees.

### **III. Demand Analysis: Future Workforce Profile**

#### *A. Critical Functions*

- Economists and Market Analysts
- Customer Care Representatives
- Utility Infrastructure Analysts
- Enforcement (Investigators)
- Attorneys

#### *B. Expected Workforce Changes*

The changing demands in the Commission's oversight role in a market competition environment within the electric and telecommunication industries will create more emphasis on recruiting and retaining employees as economists, market analysts, enforcement investigators, attorneys and customer care representatives.

During the 80<sup>th</sup> Legislative Session, the agency's FTE cap was decreased from 210.9 to 190 and the cap was reduced to 188.6 in the 81<sup>st</sup> Legislative Session. The FTE cap was reduced again in the 82<sup>nd</sup> Legislative Session to 178.0 as of August 31, 2012 and 170.6 by August 31, 2013. Both the fiscal year 2012 and 2013 caps include 11.0 employees that are federally funded. Subsequent requests for appropriation reductions may result in a condensed workforce and reduced FTE cap.

#### *C. Future Skills Needed*

The Commission will continue to maintain a highly educated professional workforce. Knowledge, skills and abilities central to the core functions of the Commission will remain an integral part of employee qualifications. The PUC does not anticipate significant changes in the critical workforce skills required of its workforce over the next five years.

#### *D. Anticipated Employee Increases/Decreases*

The Commission does not anticipate an increase in total staffing during the next five years due to our FTE cap. The workforce is expected to remain constant. As the workforce changes, the needs will

be handled through attrition and conversion of vacant positions to new responsibilities, as well as training existing employees with necessary education and expertise to perform new job duties.

#### *E. Future Critical Functions*

The changing demands in the Commission's oversight role in a market competition environment within the electric and telecommunication industries will drive changes to the Commission's future critical functions. Fewer resources are allocated for traditional regulatory functions, such as ratemaking activities, than in the past. More resources are being allocated for market oversight, enforcement, and customer assistance.

### **IV. Gap Analysis**

An examination of the workforce data indicates the Commission may face the loss of its institutional knowledge and expertise through retirements and loss of employees to the private sector. The ability to offer a combination of salary and employee benefits that will attract employees with the necessary education and experience will be a key factor in the success of the agency's workforce.

### **V. Strategy Development**

The Commission has developed workforce goals to address the potential deficit between the current workforce and future demands. The strategies will need to be assessed periodically to determine their effectiveness in achieving the PUC's workforce goals.

***GOAL ONE:*** Recruit professionals with the requisite skills to complement the Commission's existing workforce and take steps to retain these professionals.

***Rationale:*** The demand for educated, licensed and/or certified staff in the electric and telecommunication industries requires special agency efforts. Competition with the private sector for the same labor supply creates a disadvantage for state agencies due to salary differences.

***Action Steps:***

- Continue to market the "total" state compensation and benefits program to potential applicants/employees.
- Human Resources and/or Division Directors will participate in university sponsored career fairs, locate free advertising with associated organizations,

appropriate technical educational institutions, and Work In Texas (Texas Workforce Commission) to aggressively recruit qualified minority males, females, and people with disabilities.

- Expand the Commission's volunteer internship program to alert and encourage qualified minority males, females, and people with disabilities to apply.
- Improve recruiting techniques by streamlining application procedures and reviewing applicant flow data to target sources that will assist with hiring employees in underutilized job categories.
- Require managers to work with new employees to attempt to align PUC employment opportunities with the employee's individual career goals.
- Opportunities for employees to gain a broader breadth of knowledge regarding agency activities by providing cross-divisional projects and training, which leads to a more flexible workforce.

***GOAL TWO:***

Retain qualified and experienced staff ensuring smooth business operations and excellent customer service.

***Rationale:***

The Commission's experience with high turnover in a competitive market for certain skills supports the need for this goal.

***Action Steps:***

- Increase employee career planning assistance through training programs and participation in continuous professional development initiatives that enhance the employee's current job performance and future opportunities within the agency.
- Ensure that managers and supervisors, especially those new to these responsibilities, have adequate training in how to recruit, train and retain quality staff.
- Manage available funds to award merit increases to provide a fair balance of rewarding employee performance and maximizing retention of key personnel.

***GOAL THREE:***

Review FTE allocations to ensure conformance to current agency priorities and workload.

***Rationale:***

Varying workload demands and shifting priorities can change the appropriate allocation of agency resources.

***Action Steps:***

- Continue to assess all vacancies created by employee departures to determine whether the position should be modified or relocated in the agency.
- When a need for additional staffing in a given area is identified and vacant positions are not available, offer current employees the opportunity to relocate within the agency.
- Encourage employees to cross train in related skill areas to provide flexibility in staff assignments.

***GOAL FOUR:***

Develop a formal agency succession plan.

***Rationale:***

It is critical that the agency have a leadership development program and identify potential staff with leadership and other critical skills in the event the agency experiences the loss of key staff members in leadership/critical positions (through retirement or otherwise).

***Action Steps:***

- Continue to concentrate on leadership development across the agency.
- Identify training programs that focus on development of needed critical skills and competencies.
- Develop skills of staff level employees through training and mentoring to provide in-house candidates for management positions that become available.
- Identify capable successor candidates interested in leadership and critical positions early and provide appropriate opportunities for growth.

***Conclusion***

During the next five years, the Commission must ensure that it does not experience a deficit in leadership and knowledge talent. As the labor force segment age 25 to 34 years declines, there will be fewer younger workers to fill vacant positions. Also, Texas population is expected to grow from 24.3 to almost 36 million by 2040, increasing demands for state and local government services.

Available talent, as well as the state's ability to develop and retain a competent, qualified workforce will be a limiting or enabling factor for state government in general. An effective workforce plan will translate into successful strategic goal achievement, program initiatives and sustained momentum for efficient, well-run agencies. The Commission's strategies encompass a realigned workforce plan to meet future business objectives by developing an effective succession management and talent retention program.