

# TEXAS DEPARTMENT OF INSURANCE FISCAL YEARS 2009-2013 WORKFORCE PLAN

## Introduction

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**Overview** As required by Government Code 2056.0021, the Texas Department of Insurance (TDI) has conducted a strategic planning staffing analysis of its workforce in accordance with the guidelines developed by the State Auditor's Office (SAO). TDI's *Fiscal Years 2009-2013 Workforce Plan* is the product of that analysis.

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**Findings** The workforce plan assessment allows TDI to identify discrepancies between TDI's current workforce profile and its projected staffing needs, which are captured in a gap analysis. From the gap analysis, TDI has developed strategies to address workforce needs. The gaps and their associated strategies are as follows:

- I. Gap: Loss of institutional knowledge  
Strategy: Expand succession planning and cross-training efforts
  - II. Gap: Hard-to-fill positions  
Strategy: Continual assessment of recruitment planning efforts
  - III. Gap: Staffing/skill shortages  
Strategy: Respond to changing workloads, processes, and organization
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**Workforce Planning at TDI** TDI recognizes the importance of workforce planning and uses analyses of its workforce to ensure appropriate staffing levels, workforce skills and workforce composition. In 2002, TDI prepared its first formal workforce plan as part of its strategic plan. TDI workforce planning efforts have since included:

- analyzing program annual workforce data and reviewing staffing issues with Executive Management
  - using workforce and succession planning information from TDI's business planning process to identify specific skills needed for succession planning
  - developing training to address skill shortages necessary for succession planning
  - updating training manuals to capture and document agency processes
  - monitoring progress on program workforce planning initiatives, and
  - maintaining an effective agency retention program.
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## Introduction, Continued

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### Methodology

To develop this workforce plan, TDI followed the State Auditor's Office *Workforce Planning Guide* and built on TDI's FY 2006 workforce plan. This process started with an assessment of the workforce planning issues identified through TDI's business planning, strategic planning and budgeting processes. This assessment was conducted by a small team of human resource and agency planning professionals in consultation with Executive Management representing the agency's program areas.

The team identified its strategic direction and reviewed programs' internal assessments of needs, gathered information about TDI's workforce, and identified discrepancies between TDI's current and future work profile and projected staffing needs. This gap analysis considered current and future staffing levels, staffing demographics, employee skill sets, employment trends and the need for succession planning for mission critical functions. Finally, the team developed strategies to mitigate potential staffing shortages and surpluses and implement succession planning.

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### Report Components

TDI's Workforce Plan contains the following five sections:

- Agency Overview
  - Workforce Supply
  - Workforce Demand
  - Gap Analysis, and
  - Strategy Development.
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## Agency Overview

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### Overview

The Texas Department of Insurance (TDI) is headed by the Commissioner of Insurance, and TDI's Division of Workers' Compensation (TDI-DWC) is headed by the Commissioner of Workers' Compensation. The Governor appoints both Commissioners to a two-year term, subject to Senate confirmation. TDI regulates the business of insurance in Texas (Texas Insurance Code, Chapter 31) and oversees the Texas workers' compensation system (Texas Labor Code, Chapter 402). Generally, TDI regulates the Texas insurance industry and oversees administration of Texas' workers' compensation system by:

- reviewing and processing certificates of authority and other filings from insurance companies and other related entities
- calculating reserves for companies transacting business in Texas
- enforcing laws related to fraudulent insurance acts
- enforcing solvency standards among insurers
- protecting Texas consumers
- promoting competition among Texas insurers
- reviewing certain policies and rates
- assisting in the prevention of fires and education on fire safety issues
- educating employers and other customers about maintaining safe workplaces
- developing rules, monitoring, system participants and enforcing the law, and
- resolving disputes among workers' compensation system participants.

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### TDI's Organizational Structure

The functional organization chart shown on the following page demonstrates how TDI is organized to fulfill its regulatory charge.

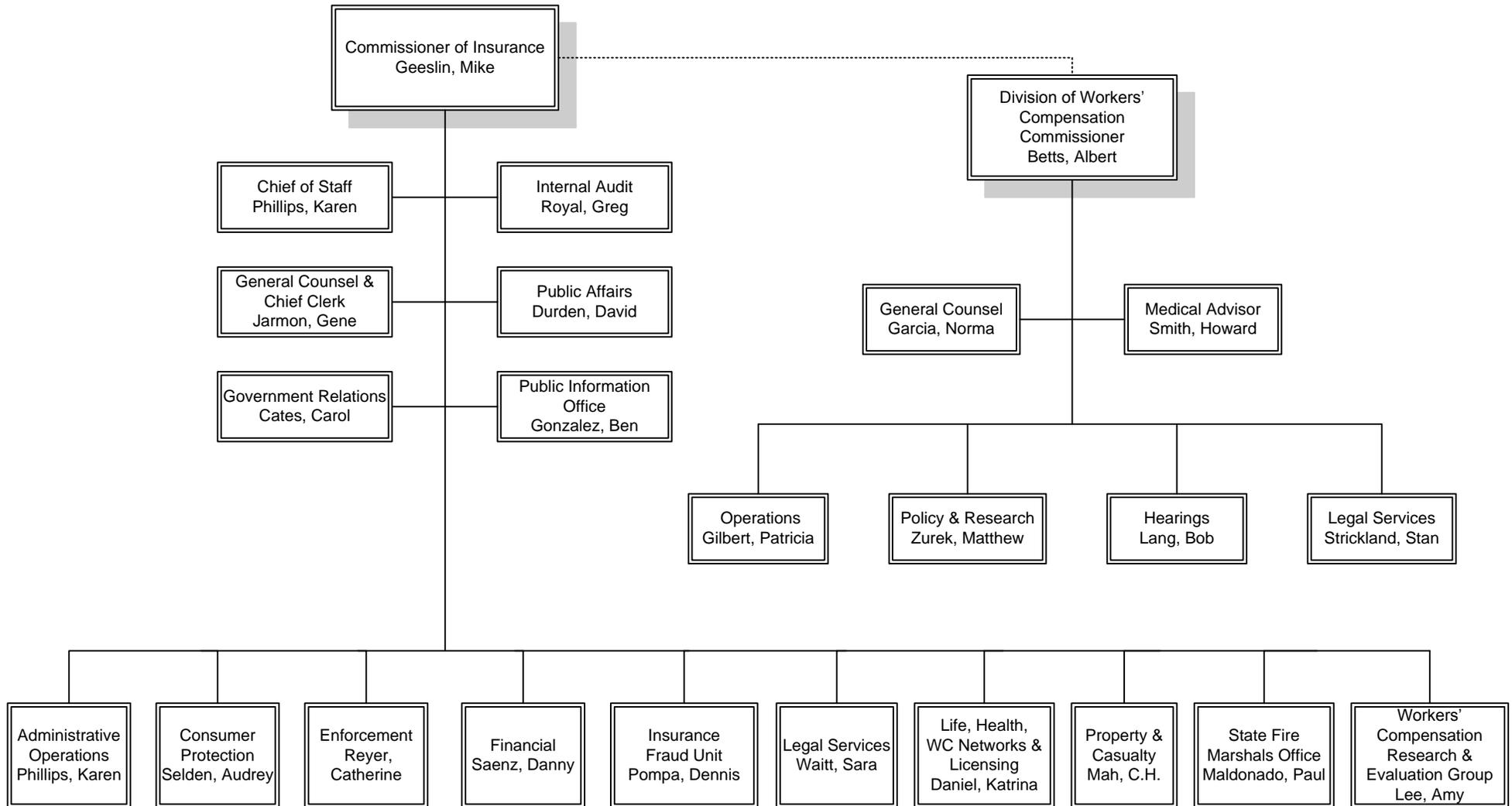
The FY 2008 operating budget was approximately \$103 million, with 1,691.5 adjusted appropriated FTEs. Additionally, the agency supports 32.5 allocated positions for liquidation oversight and title examiner activities. The majority of TDI employees work in Austin and within 24 field offices across the state. Field employees include TDI-DWC staff, financial examiners, fire inspectors and investigators, title examiners, windstorm inspectors and support staff. The location of TDI field offices allows the agency to better meet the statewide needs of consumers and industry representatives.

In addition, TDI provides administrative support to the Office of Injured Employee Council. Administrative support includes budgeting, information technology, purchasing, Copy Center and mail services, facilities, and human resources activities.

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# Texas Department of Insurance Agency Organizational Chart



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## Agency Overview, Continued

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**Agency Vision** The Texas Department of Insurance envisions a financially stable and fair marketplace and an effective and efficient workers' compensation system.

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**Agency Mission** TDI's mission is to protect insurance consumers by:

- regulating the industry fairly and diligently
  - promoting a stable and competitive market, and
  - providing information that makes a difference.
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**Strategic Goals** TDI has identified strategic plan goals in the *2009-2013 Agency Strategic Plan*. TDI's nine funded goals are:

- Goal 1: Encourage fair competition in the insurance industry
- Goal 2: Encourage the financial health of the insurance industry through monitoring and regulation
- Goal 3: Decrease insurance industry loss costs
- Goal 4: Reduce loss of life and property due to fire
- Goal 5: Promote safe and healthy workplaces
- Goal 6: Ensure the appropriate delivery of workers' compensation benefits
- Goal 7: Indirect Administration
- Goal 8: Contingency Appropriations – Long Term Care Partnerships
- Goal 9: Three-share premium assistance programs

Two unfunded goals are also listed in the strategic plan, which are:

- Purchase from Historically Underutilized Businesses, and
  - Value the contribution of each employee to TDI's mission and to the diversity of the agency.
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**Staffing Level by Strategic Goal** TDI has objectives and strategies that help meet agency goals, as listed above. The objectives and strategies are described in detail in TDI's *FY 2009-2013 Agency Strategic Plan*. The following table presents each strategic plan goal, the objective(s) associated with that goal, and the staffing level supporting the goal.

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**Agency Overview, Continued**

<b>Strategic Plan Goals</b>	<b>Objectives</b>	<b>FTEs</b>
Goal 1: Encourage fair competition in the insurance industry	<ol style="list-style-type: none"> <li>1. Reduce impediments to competition and improve insurance availability</li> <li>2. Reduce violations of insurance and insurance-related statutes and rules</li> </ol>	403.8
Goal 2: Encourage the financial health of the insurance industry	Regulate insurance industry solvency by assuring mandated examinations are conducted, reviewing companies, and overseeing Special Deputy Receivers	198.7
Goal 3: Decrease insurance industry loss costs	Assure loss control services, windstorm inspections, and consumer and provider fraud referrals.	79.3
Goal 4: Reduce loss of life and property due to fire	Protect the public from loss of life and property due to fire	72.0
Goal 5: Promote safe and healthy workplaces	<ol style="list-style-type: none"> <li>1. Promote safe and healthy workplaces</li> <li>2. Encourage the safe and timely return of injured employees to the workplace</li> </ol>	86.9
Goal 6: Ensure the appropriate delivery of workers' compensation benefits	<ol style="list-style-type: none"> <li>1. Ensure appropriate payment of health care of injured employees and reimbursement for providers</li> <li>2. Promote compliance through performance-based incentives</li> <li>3. Use technology to inform and educate system participants</li> <li>4. Certify and regulate employers qualifying to self-insure</li> <li>5. Minimize and resolve disputes promptly and fairly</li> <li>6. Ensure proper financial administration of the Subsequent Injury Fund</li> </ol>	572.5
Goal 7: Indirect administration	Support agency operations through central administration, information Resources, other support services	274.3
Goal 8: Contingency Appropriations – Long Term Care Partnerships	Long Term Care Partnerships	3
Goal 9: Three-share premium assistance programs	Three-share premium assistance program	1
Unfunded Goal: Purchase from Historically Underutilized Businesses	To make a good faith effort to increase the utilization of historically underutilized businesses for professional services, commodities, and other services	0
Unfunded Goal: Value the contribution of each employee to TDI's mission and to the diversity of the agency.	<ol style="list-style-type: none"> <li>1. Ensure appropriate training is available for all employees to develop professionally.</li> <li>2. Communicate to employees their value in the organization.</li> <li>3. Recruit and retain a diverse workforce of qualified and skilled individuals.</li> </ol>	0
<b>Total FTEs</b>		<b>1691.5</b>

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## Agency Overview, Continued

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**TDI Functions** TDI's regulatory and administrative responsibilities can be grouped into nine broad functions, for which brief descriptions are provided below.

- Licensing, certification, and registration
  - Form, rate and advertising review
  - Examination, monitoring, and solvency intervention
  - Research and analysis
  - Education, outreach, and customer assistance
  - Complaint and dispute resolution
  - Enforcement, fraud, and investigations
  - Inspections and consultations, and
  - Support services.
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**Licensing,  
Certification  
and  
Registration**

The agency process for licensing, certifying and registering individuals and entities regulates the Texas market by limiting participation to qualified, trustworthy and reliable individuals and financially healthy, well-managed, and trustworthy entities

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**Form, Rate and  
Advertising  
Review**

TDI reviews rate, form and advertising filings for various insurance lines. The process includes reviewing filings for compliance with applicable laws, ensuring filings are not misleading or deceptive, and analyzing rates and calculation methodologies to ensure rates are not excessive, inadequate or unfairly discriminatory. TDI participates in rate hearings for statutorily-created entities providing coverage in underserved areas.

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**Examination,  
Monitoring and  
Solvency  
Intervention**

TDI performs both statutory and complaint-driven examinations to review market conduct, company operations, and financial stability. TDI works with troubled companies by requiring development and implementation of corrective action plans that ensure compliance with applicable laws.

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**Research and  
Analysis**

TDI regularly collects and analyzes underwriting, claim, and premium data to better understand the marketplace, monitor market trends and ultimately promote competition. The research and analysis function assists TDI with preparing market analysis reports, responding to inquiries related to the marketplace, and identifying trends in and evaluating the effectiveness of the workers' compensation system.

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## Agency Overview, Continued

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**Education,  
Outreach and  
Customer  
Assistance**

TDI offers a variety of education, outreach and customer assistance activities, such as toll free telephone lines, e-mail resource mailboxes, educational publications, newsletters and brochures, presentations to various interests groups, training of local authorities to participate in fire prevention efforts, fire prevention and safety training to the public, and compliance and educational workshops for industry representatives and system participants.

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**Complaint and  
Dispute  
Resolution**

TDI's complaint resolution process includes receipt of the complaint, investigation of the issue in question, identification of the complaint as frivolous, justified, or unjustified, resolution or closure of the complaint, and advice to the complainant of rights to further pursue the issue. For workers' compensation disputes, TDI offers informal and formal dispute resolution processes as well.

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**Enforcement,  
Fraud and  
Investigations**

TDI's enforcement, fraud and investigation function handles allegations of illegal activities. TDI investigates allegations and takes civil disciplinary actions or pursues criminal prosecution as appropriate. Additionally, TDI investigates fraudulent behaviors and the unauthorized sale of insurance products. This function includes fire and arson investigations as well.

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**Inspections and  
Consultations**

TDI's inspection and consultation function promotes loss mitigation to improve insurance availability and affordability. TDI inspects property in the Texas Gulf Coast region and certifies compliance with windstorm building codes. TDI also provides free safety and health consultations to private Texas employers in high-hazard industries to identify and correct workplace hazards. This function includes review and evaluation of insurers' loss control and accident prevention services.

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**Support  
Services**

TDI has an administrative program that supports agency operations, including payroll, purchasing, facilities management, human resource management, professional development, information technology services, legal support, planning and quality control. This support is also extended to the Office of Injured Employee Counsel which is administratively attached to TDI.

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## **Agency Overview, Continued**

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**Anticipated  
Changes to  
Mission,  
Strategies and  
Goals**

TDI has identified challenges that are likely to impact the agency's mission, strategies, and goals through the strategic planning process. These issues include:

- Role of the Regulator
- Availability and affordability of insurance
- Outreach and education
- Information management and technology
- Enforcement
- Disaster response and readiness
- Workers' Compensation:
  - Delivery of workers' compensation benefits
  - Workers' compensation dispute resolution
  - Workers' compensation medical care
  - Return-to-work, and
  - Workplace safety.

Information about these challenges is detailed in TDI's *FY 2009-2013 Agency Strategic Plan*. Additionally, these issues are discussed in this workforce plan under the Workforce Demands section.

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## Workforce Supply

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### Overview

To meet its strategic plan goals, the Texas Department of Insurance (TDI) relies on competent and knowledgeable staff. This section of TDI's *FY 2009-2013 Workforce Plan* describes TDI's current workforce, including its:

- demographic profile
  - critical workforce skills
  - employee turnover, including retirements
  - factors influencing turnover, and
  - hard-to-fill positions.
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### Demographic Profile

TDI is committed to equal employment opportunity and strives to maintain a workforce that reflects the diversity of Texas. As of May 2008, TDI's workforce was comprised of 46 percent minority employees and 64 percent female employees. The 2006 Texas state agency workforce was 45 percent minority and 54 percent female.<sup>1</sup> Of particular significance is the minority and female representation in TDI's management positions. Sixty-six percent of TDI's managers are minority and/or female. Among executive staff positions, 74 percent are minority and/or female.

In fiscal year 2006, the average age of all state agency employees was 43.5.<sup>2</sup> As of May 2008, the average age of a TDI employee was 47.

The Equal Opportunity Employment (EEO) Commission has established categories for workforce groups, including:

- Officials and Administrators
- Professionals
- Technicians
- Para-Professionals, and
- Administrative Support.

The following table provides a demographic comparison of TDI's workforce and the state civilian workforce.

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<sup>1</sup> State Auditor's Office - A Summary of The State of Texas Workforce for FY 2006.

<sup>2</sup> State Auditor's Office Online Systems, FY 2006 data

**Workforce Supply, Continued**

EEO Category	State Civilian Workforce*			Texas Department of Insurance**			
	African Americans	Hispanic Americans	Females	African American	Hispanic Americans	Females	Total Positions
Officials, Administration (A)	7.1%	15.2%	44.1%	13.64%	15.15%	50.00%	132
Professional (P)	7.9%	14.4%	54.4%	11.54%	22.86%	58.76%	936
Technical (T)	10.4%	19.8%	47.5%	16.85%	17.98%	39.330%	89
Para-Professional (Q)	17.86%	31.78%	55.61%	18.36%	47.66%	87.110%	256
Administrative Support (C)	9.9%	23.2%	61.5%	20.16%	45.74%	83.72%	129
Skilled Crafts (S)	4.7%	34.1%	7.0%	0%	100.00%	50.00%	2
Service & Maintenance (M)	8.7%	33%	39.9%	0%	75.00%	0%	4
							1548

\*Commission on Human Rights Annual Report, FY 2005, www.twc.state.tx.us

\*\*Provided by TDI USPS data as of May 31, 2008

At mid year FY 2008, approximately 68 percent of TDI’s workforce was classified as either officials/administrators or professionals. The table below lists the TDI positions included in these two EEO categories.

Official/Administrator	Professional
<ul style="list-style-type: none"> <li>• Senior actuaries</li> <li>• Senior financial examiners</li> <li>• Executive staff</li> <li>• Directors/managers</li> </ul>	<ul style="list-style-type: none"> <li>• Actuaries</li> <li>• Financial examiners</li> <li>• Auditors</li> <li>• Attorneys (including administrative law judges)</li> <li>• Insurance specialists</li> <li>• Engineers</li> <li>• Investigators</li> <li>• Health and safety professionals/ inspectors</li> <li>• Inspectors</li> <li>• Program specialists</li> <li>• Program supervisors</li> <li>• System analysts</li> </ul>

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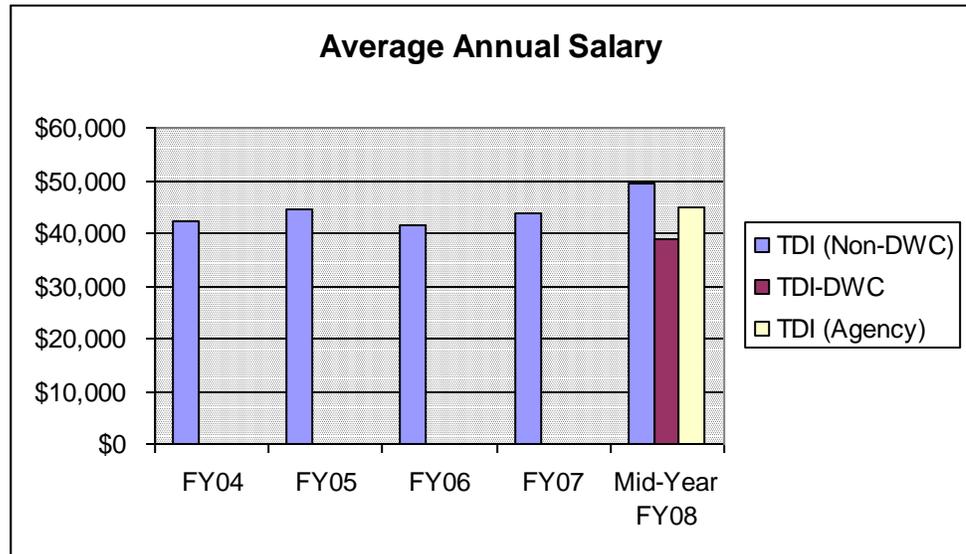
## Workforce Supply, Continued

**Demographic Profile**  
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In FY 2007, the average annual TDI salary was \$43,591 as compared to FY 2006's average annual salary of \$41,656.

For mid-year FY 2008, the average annual TDI salary, excluding the Division of Workers' Compensation (TDI-DWC), was \$49,598 and the average annual salary for TDI-DWC was \$38,938, giving the agency a mid-year average annual salary of \$44,795. (These annual salaries do not include Commissioners, part-time employees, the Medical Advisor, or the Chief Actuary.)

Because TDI staffs many positions in the professional job series, the mid-year 2008 average salary of \$44,795 for agency employees is well above the state employee average annual salary of \$36,182.<sup>3</sup> The following chart shows the average salary growth for TDI over the past five years.



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<sup>3</sup> State Auditor's Report on State Employee Benefits as a Percentage of Total Compensation, Report Number 08-704, January 2008

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## Workforce Supply, Continued

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### Critical Workforce Skills

TDI relies on a skilled workforce of administrators, who set broad policies, direct individual departments and supervise the agency's operations. The agency also employs professionals with specialized and theoretical knowledge usually acquired through college training or work experience.

Through the Career Advancement Planning System (CAPS), developed by TDI's Human Resources (HR) Division, TDI identified the following skill requirements for TDI employees working in administrative and professional positions. These competencies enable staff to effectively perform critical business functions and are critical to TDI's mission.

- effective oral and written communication
- ability to explain complex technical material to consumers
- ability to analyze and solve problems
- time management
- leadership and coaching skills
- negotiation strategies and techniques
- conduct investigations
- interpreting and enforcing statutes and policies
- records management, including the use of electronic document management tools
- actuarial expertise, and
- computer literacy.

Additionally, HR conducts periodic assessments of agency training needs. In May 2007, TDI-DWC management and staff identified the following training needs to develop critical workforce skills within TDI-DWC:

- understanding of insurance and administrative laws
- interpersonal skills for improved customer service
- conflict management, mediation and dispute resolution
- group facilitation skills
- process analysis and redesign
- project management
- decision making
- database management, and
- Web-page development.

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## Workforce Supply, Continued

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**Retiree Profile** Retirement of critical staff creates a large potential for loss of experience and institutional knowledge and is the most significant staffing issue facing TDI, along with fair pay. Although staff turnover at TDI is low compared to other state agencies, turnover through separations and retirements in many TDI positions is critical due to the highly-specialized fields of insurance and workers' compensation.

Approximately thirty-nine percent of TDI's total workforce is currently eligible to retire or will be eligible before December 31, 2013. Within this retirement-eligible group, twelve percent are managers and an additional six percent are team leaders. Projected retirements include several executive staff.

Of the staff eligible for retirement now and before December 31, 2013, many are individuals with highly specialized skills in the following positions:

- Chief of Staff
- Senior Associate Commissioner of Financial
- Associate Commissioners for Government Relations, Fraud, and Property & Casualty
- Chief Financial Officer
- General Counsel and Chief Clerk
- Staff Services Director, and
- several other key positions in the Life, Health & Licensing, Financial, Legal Services, Consumer Protection, Information Technology Services, Property & Casualty, State Fire Marshal's Office, DWC Field Operations and DWC Hearings programs.

According to the State Auditor's Office Online Systems, 20 percent of eligible retirees returned to work for their agency statewide. Approximately 28 percent of TDI employees eligible for retirement since 1999 have chosen to return to TDI. Most retirees who returned to TDI have highly specialized skills and upon re-employment continue working in their respective programs. This has mitigated the potential loss of their significant experience. However, TDI cannot rely on this as a solution. HR has worked with programs to begin developing succession plans in order to ensure minimal disruption to program operations in the event of separation by managers or other critical staff.

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## Workforce Supply, Continued

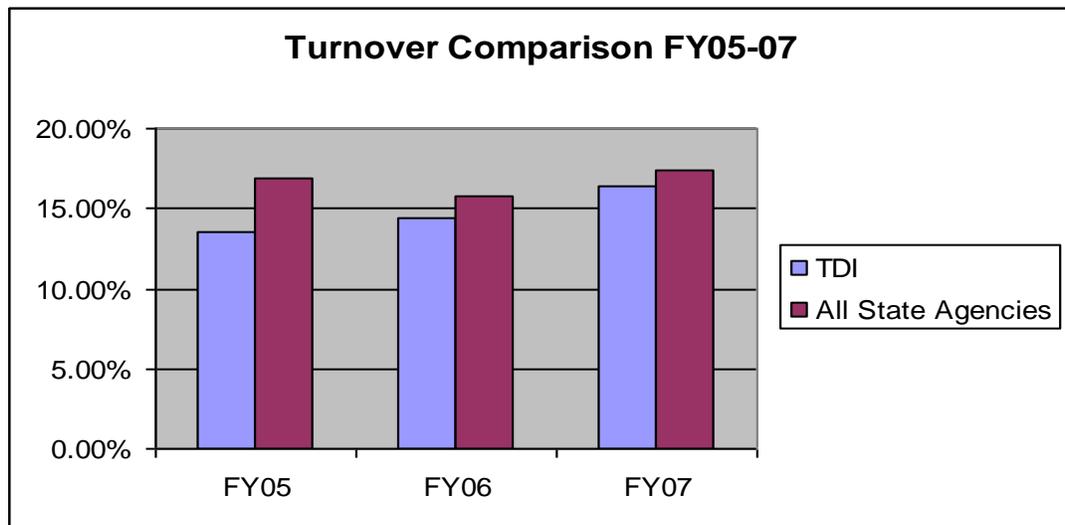
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### Employee Turnover

Employee turnover can be both positive and negative. Positive effects may include replacing low-performing employees and lower salary costs as a result of the difference in the salary paid to an experienced employee versus the salary paid to a new employee. Negative aspects include the associated costs of turnover, such as orientation and training of new employees. The possibility of lower productivity during the time the position is vacant and the time the new employee is learning the job can also have a negative effect. TDI's goals are to maintain a turnover rate below other entities while retaining qualified employees.

Changes in the labor market impact employee turnover. According to the State Auditor's Office Online Systems, "there is an inverse relationship between the unemployment rate and the turnover rate." When the unemployment rate increases, the turnover rate decreases; when the unemployment rate decreases, the turnover rate increases. In the Austin area, the 2006 unemployment rate was 4 percent. The 2007 annual unemployment rate was slightly lower at 3.6 percent and remains at 3.6 percent as of March 2008. If confidence in the local job market increases, turnover may also increase. Although the turnover rates for TDI were relatively low in fiscal years 2006 and 2007, economic conditions can impact TDI's turnover rate.

Through FY 2007, TDI's turnover continued to be below the turnover rates of other state agencies. The following chart shows TDI's turnover rates compared to all state agencies for the past three years.



Source: <http://www.hr.state.tx.us/Workforce/Turnover>

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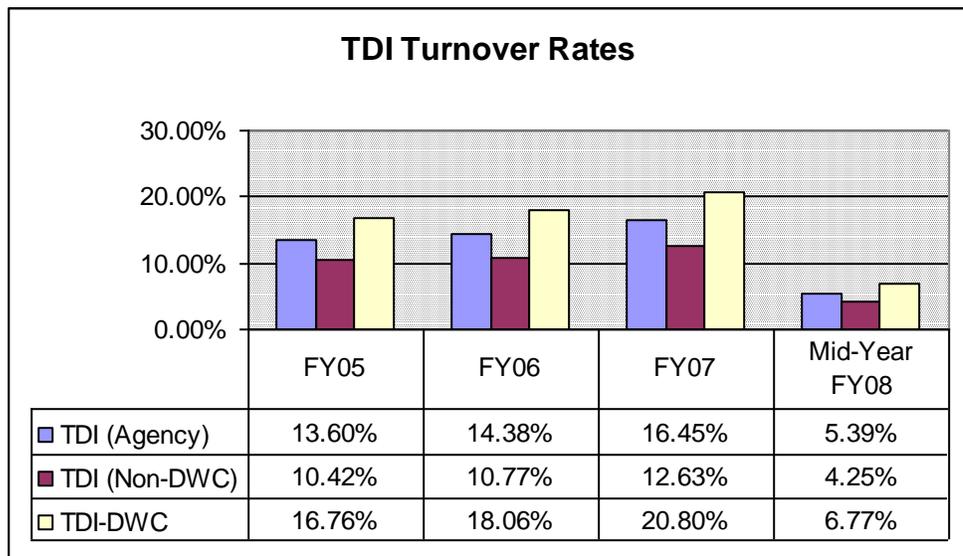
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## Workforce Supply, Continued

**Employee Turnover**  
(continued)

Legislative implementation of HB 7, 79<sup>th</sup> Legislature, requiring the transfer of specific positions to the Office of Injured Employee Council impacted the turnover rate for TDI-DWC. The transfer of approximately 23 positions was counted as separations from TDI-DWC and resulted in the overall turnover rate of 21 percent in FY 2007 for TDI-DWC. Mid-year FY 2008 statistics reflect overall improvement in the turnover rates for TDI-DWC and the entire agency.

TDI's mid-year 2008 turnover rate was 5.39 percent agency-wide, with the TDI-DWC mid-year turnover rate reported at 6.77 percent. Agency-wide turnover is projected to be at or near 14 percent by the end of the fiscal year. The following chart compares agency turnover rates for the last three fiscal years.



**Employee Turnover**  
(continued)

As reflected in FY 2005 turnover information, high turnover continued in FY 2006 and FY 2007 in the attorney, system analysts and fraud investigator classifications. Mid-year FY 2008 statistics reflect a significant decrease in turnover rates for these classifications. The following information provides turnover data for the attorney, system analysts and fraud investigator classifications in FY 2006, FY 2007 and mid-year FY 2008.

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## Workforce Supply, Continued

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**Employee  
Turnover**  
(continued)

*Attorneys*

Turnover for FY 2006 and FY 2007 in the attorney classification was 23 percent and 20 percent, respectively. Mid-year FY 2008 turnover reflects a rate of 4 percent with a projected annual turnover rate of 10 percent. An analysis of FY 2005 exit survey data reflected that the majority of legal staff leaving TDI cited pay dissatisfaction or lack of career advancement as their reason for resigning. The decreased turnover for mid-year FY 2008 may be a result of efforts by programs to provide pay increases and career opportunities within the agency.

*Systems Analysts*

Turnover for TDI's Information Technology Services (ITS) Division was 22 percent, 17 percent and 37 percent for fiscal years 2005, 2006 and 2007. As anticipated in TDI's FY 2007 –2011 Workforce Plan, implementation of HB 1516 caused a significant impact on the FY 2007 turnover rate for the ITS Division. The outsourcing of the specific technology positions more than doubled the ITS turnover rate from 17 percent to 37 percent. Although the systems analysts classification was not part of the HB 1516 outsourcing, the high turnover rate for systems analysts contributed to ITS increased turnover. Turnover rates for systems analysts in years FY 2005, 2006 and 2007 were 18 percent, 20 percent, and 21 percent, respectively.

The Information Technology Services Division turnover rate at mid-year FY 2008 was 4 percent. Mid –year FY 2008 data reflects a turnover rate of 2 percent for the systems analyst classification. The significantly decreased turnover rate can be attributed to the state of the economy and the increased unemployment rate.

According to the U.S. Department of Labor, one of the fastest growing occupations between 2004 and 2014 will be in the computer field.<sup>4</sup> Consequently, the increased need for employees in fields such as information technology will require state agencies to find new methods to increase applicant pools in these areas.

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<sup>4</sup> U.S. Department of Labor, Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov)

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## Workforce Supply, Continued

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**Employee  
Turnover,**  
continued

*Fraud Investigators*

The turnover rate for fraud investigators has decreased to 29 percent in FY 2007 from 36 percent in FY 2006. The turnover continues to decline with a 5 percent turnover rate in mid-year FY 2008. After the results of the FY 2006 Survey of Organizational Excellence were analyzed by Human Resources and the Fraud Unit, the Fraud Unit developed an action plan to increase employee satisfaction within the Fraud Unit. The action plan identified specific initiatives for improving job satisfaction. Workgroups were developed to address each initiative in the action plan.

The reduction in turnover can also be attributed to the skills of new managers within the Fraud Unit. The managers personally interact with the investigators to provide motivation. In addition, a training plan for new investigators was put in place to provide needed skills to investigators.

A factor affecting turnover rates is employees' levels of satisfaction with their workplace. Each biennium, TDI participates in the University of Texas, School of Social Work, *Survey of Organizational Excellence*. TDI employees respond to questions about their satisfaction on twenty constructs grouped into five workplace dimensions. The May 2008 survey revealed overall increased levels of satisfaction compared to May 2006. These results mirror the decreased turnover rates experienced by the agency in the comparable time period.

In addition to the issues identified in TDI's Survey of Organizational Excellence, TDI reviewed current workforce literature to identify issues affecting turnover. Issues include:

- shift in how employees view their careers
- changes in the job or relationship between employer and employee
- changes in social moral attitudes
- life balance
- a new generation of workers
- poor working conditions
- lack of appreciation
- lack of support
- lack of opportunity for advancement, and
- inadequate compensation.<sup>5</sup>

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<sup>5</sup> A Changing Work Force and Workplace, Herman, Hankin and Moore, TEC Inc., [www.teconline.com](http://www.teconline.com)

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## Workforce Supply, Continued

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**Factors  
Influencing  
Turnover**

Salary and benefits are key factors influencing recruitment and retention. Non-competitive salaries and rising health care costs continue to be issues which challenge state government employers. And though pay and benefits will continue to be at or near the top of employees' reasons to stay or leave, the emerging workforce is developing very different attitudes about their role in the workplace. Today's employees place a high priority on the following:

- family orientation
- sense of community
- quality of life issues
- volunteerism
- autonomy, and
- flexibility and nonconformity.<sup>6</sup>

With careful management of limited budget funds, TDI strives to equitably distribute salary increases through merits and promotions. Additionally, in keeping with the ideals listed above, TDI has a number of non-monetary initiatives in place to reduce turnover rates and retain qualified staff. Among these initiatives are:

- flex-time
- mandatory management training program
- employee and manager roundtables
- cross-training opportunities
- an agency wellness program
- continued Reality Check meetings, and
- continued participation in the Employee Assistance Program.

In February 2007 TDI launched a Telecommuting Pilot Program with approximately 15 participants from one program area. As of June 2008, a total of 45 TDI staff from five program areas participates in the Telecommuting Pilot Program. Telecommuting allows eligible employees to work remotely from one to four days each week. Telecommuting has resulted in reduced leave requests, substantial savings on monthly fuel expenditures and a report of overall job satisfaction for participating employees. TDI plans to expand participation in telecommuting as technology licensing issues are addressed.

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<sup>6</sup> A Changing Work Force and Workplace, Herman, Hankin and Moore, TEC Inc., [www.teconline.com](http://www.teconline.com)

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## Workforce Supply, Continued

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### Hard-to-Fill Positions

Positions that are most critical to TDI functions include upper level management positions such as Senior Associate and Associate Commissioners, Directors, Managers, Chiefs, and Team Leads, as well as positions in highly specified fields such as Medicine, Investigation, Law, and Regulation. These positions all require extensive experience, specialized certifications, and an intimate knowledge of the agency's functions, missions, rules, and regulations. The majority of critical positions identified have succession plans to ensure business continuity should those positions become vacant.

TDI recognized the potential loss of agency knowledge and the need to improve succession planning and cross-training efforts. In April 2008, TDI began efforts to identify, centralize and enhance succession planning to ensure critical and leadership positions are two to three deep with ready replacements by June 2009.

TDI will provide training and guidance to managers to assist in the succession planning implementation for the following positions: Assistant Medical Advisor (Compliance and Regulation), Research Specialist positions (Compliance and Regulation), Prosecutors (Fraud), General Counsel (Commissioner's Administration), Senior Auditors (Internal Audit), Web Administrator (PIO), State Fire Marshal (SFMO), Director of Fire Industry License (SFMO), and the Actuarial Team Lead (Life/Health Division). These positions are of high importance for the agency, as they are hard to fill due to the specialized nature of the required skills and abilities, and the difficulty of recruiting qualified candidates when competing with salaries offered in the private industry.

Although turnover for most positions has improved, the agency must still be prepared to quickly fill positions once they become vacant. In particular, certain TDI positions are difficult to fill due to their specialized nature. TDI had previously reported difficulty filling the following job classifications:

- actuaries
- attorneys
- information technology staff
- financial examiners
- fraud investigators
- engineers
- safety professionals, and
- budget analysts.

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## Workforce Supply, Continued

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**Hard-to-Fill  
Positions**  
(continued)

In FY 2007, the average time to fill a position at TDI was 60 days<sup>7</sup>. TDI continues to have difficulty filling the following positions: engineers, financial examiners, and safety officers (for positions in TDI-DWC). For employees with these specialized skills, salary and perceptions of fair pay directly impact turnover rates.

While actuarial positions have historically been challenging to fill, increased recruitment efforts have helped the agency address this need and TDI currently maintains a full staff of actuaries. Because of the highly specialized and marketable skills required for these positions, TDI will continue to monitor recruitment efforts.

### *Engineers*

TDI's State Fire Marshal's Office and Property and Casualty Program employ engineers, and both programs have reported difficulty filling vacant positions. TDI has had difficulty recruiting engineers due to more competitive salaries within the private sector and the specific nature of skill sets required for the job.

Engineers play a key role in the Inspections Division of TDI's Property and Casualty Program. These engineers perform oversight audits of private engineers, who are appointed by TDI to inspect structures along the coast and to certify their compliance with the applicable code for wind resistant construction. There is a scarcity of qualified civil and structural engineers with the required and specialized skills necessary to oversee windstorm inspections.

The agency also has an engineer position in the State Fire Marshal's Office. The employee in this critical engineer and management position is a subject matter expert. Filling this position, should it be vacated, would prove to be difficult for the agency because of the unique combination of required skills and knowledge in both the engineering and fire safety fields needed to advise the fire industry and other entities on designing buildings for fire safety. During the latest phase of succession planning, the State Fire Marshal's Office identified this position as one whose engineer skills provide specialized expertise and increased efficiencies to the program area. Should the position become vacant, potential candidates' skills may be limited to only fire industry expertise.

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<sup>7</sup> Time to fill is determined by calculating the days between the date the job is posted until the date the job is offered.

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## Workforce Supply, Continued

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**Hard-to-Fill  
Positions,  
continued**

*Engineers, continued*

In order to address recruitment and retention issues for engineers, TDI is working with the University of Texas to provide part-time employment for engineering graduate students. This program will give graduate engineering students an opportunity to learn the necessary skill sets while completing their graduate degrees. The program aims to retain some of these students once their graduate studies are complete.

*Financial Examiners*

Examiner positions are unique and challenging to fill due to the educational requirements of applicants, which include holding a degree from an accredited four-year university with a major in accounting, finance, insurance, statistics, computer science, math, actuarial science, general business administration or economics. Pursuant to the career ladder for this position, which coincides with National Association of Insurance Commissioners (NAIC) accreditation standards, these employees are required to work towards a specific professional designation of Accredited Financial Examiner (AFE) and Certified Financial Examiner (CFE) on their own initiative within a specific timeframe.

Once recruited, retention of qualified, well-performing staff is particularly important because it takes two to three years to train most financial examiners. The training period is lengthy because most new examiners do not have insurance backgrounds, even if they have accounting and auditing backgrounds. As mentioned previously, the financial examiner classification is subject to market conditions. When the economy is good and unemployment is low, this classification is difficult to retain. The Financial Program has been creative in its recruiting by allowing a senior examiner to dedicate time and efforts to aggressively recruit entry level financial examiners. Visits to universities and recruiting events have proven effective in hiring quality examiners for the program.

Safety Officers

TDI's Division of Workers' Compensation has faced difficulty attracting safety officers with the training and experience necessary for the job functions required of the position. TDI is not able to offer compensation competitive with that of the private sector or the federal government. In order to increase the pool of qualified applicants for safety officer positions, TDI is working to develop an apprenticeship/internship program for safety professionals, modify the required experience provisions for safety professional positions, and encourage educational institutions to develop and offer safety curriculum.

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## Workforce Supply, Continued

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**Hard-to-Fill  
Positions,  
continued**

*Safety Officers, continued*

As development continues on the apprenticeship/internship program, the agency has experienced positive results through internet recruiting efforts for safety officer positions.

*Actuaries*

The Actuarial positions at TDI provide a critical examination and regulatory function. An actuarial career path is rigorous in terms of technical difficulty, the number of hours of study, and the high cost of exams to become certified. Actuaries tend to be in high demand and seek employment which provides competitive compensation, good programs for passing exams, and good experience.

Historically, TDI has faced difficulty in recruiting actuaries, as the salaries it offers are not competitive with those of the private sector. In previous years, turnover for this position has been high because as staff gain experience and earn professional designations, they are often recruited into better paying jobs in the private sector.

To address this issue, the 77<sup>th</sup> Legislature approved the creation of a new actuarial classification, Actuary VI, pay group B21. This classification has assisted in recruiting and retention for these positions. TDI also offers non-monetary incentives to recruit and retain actuaries. TDI provides junior actuaries with materials and study time for examinations. As a result of the increased recruitment and retention efforts for actuaries, TDI currently has a strong and stable staff of actuaries. At the end of FY 2005, Property and Casualty had five actuaries with professional designations (three fellows and two associates) and four junior actuaries. The Life/Health Division employs two actuaries with a professional designation of Associate and the Financial program also has a small actuarial staff. In an effort to retain qualified actuaries, the agency should develop ways to provide continuing education and travel revenue for the actuaries so that they keep their designations in good standing. Despite this marked improvement, TDI will continue to monitor recruitment and retention efforts in this field in order to ensure continued success in staffing.

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## **Workforce Demand**

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### **Overview**

This section describes anticipated demands for the Texas Department of Insurance's (TDI) workforce, including:

- future workforce skills needed
- staffing demands
- workforce changes, and
- shifting dynamics of the economy.

Components of these anticipated demands will be described as they relate to each of the challenges impacting the agency as well as in further detail following the challenges.

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### **Challenges Impacting the Agency**

Through its strategic planning process, TDI identified key factors that are likely to impact the agency's strategic direction and, consequently, the workforce. These challenges include:

- Role of the Regulator
- Availability and affordability of insurance
- Outreach and education
- Information management and technology
- Enforcement
- Disaster response and readiness
- Workers' compensation
  - Delivery of workers' compensation benefits
  - Workers' compensation dispute resolution
  - Workers' compensation medical care
  - Return-to-work, and
  - Workplace safety.

Additional information about these issues is available in TDI's *FY 2009-2013 Agency Strategic Plan*. A brief assessment of each challenge follows.

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### **Role of the Regulator**

Over the past several years, TDI has become more than a disseminator of information and monitor of solvency and compliance. TDI's statutory duties now include development of new and innovative insurance solutions and more direct consumer assistance. Potential changes in the role of the regulator could generate changes in staffing needs, for example in the number of staff needed to meet increased customer service demands created by market trends and changing demographics.

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## Workforce Demand, Continued

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### Availability and Affordability

As TDI pursues creative policy solutions that encourage voluntary market participation, enhance consumers' awareness of product and pricing options and increase TDI's flexibility in monitoring the marketplace, it may be necessary for some of the agency's programs to shift their functions in order to meet demands. A shift to functions that focus on providing affordable and available health and property insurance, data mining, title insurance price competition, workers' compensation reform, and carrier insolvency issues could generate a change in staffing needs.

Texas continues to have one of the highest uninsured rates in the country for health insurance and faces an increasing number of Texans who may be underinsured. Rising health insurance costs, high percentage of immigrants, low participation rates in employment-based insurance, and low enrollment rates in government-sponsored plans all contribute to Texas' growing uninsured population. Developing affordable alternatives and educating the public about health insurance will remain a priority for TDI.

Current activities addressing the uninsured are focused on implementing three-share premium assistance programs, which involve appropriated funding and one full-time equivalent (FTE) position for the purpose of awarding, through a competitive application process, grants to local government entities for the research, planning, and development of "three-share" premium assistance programs to increase access to private healthcare coverage for the uninsured, and providing technical assistance to grant recipients.

TDI has not seen large, across-the-board increases in property rates for the last two years, but individual policyholders may have experienced large rate swings as insurers try to further segment their market. As more companies adopt new classification schemes to predict differences in expected losses among insured's, individuals disadvantaged by them may not be able to find affordable alternatives and may have greater difficulty in finding an alternative. Furthermore, homeowner policyholders in the coastal counties may have experienced increases in their premiums or have been non-renewed as insurance carriers that are facing higher costs for reinsurance and building materials, reevaluate their coastal exposures and make decisions to minimize their risks.

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## Workforce Demand, Continued

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### **Outreach and Education**

A variety of education, outreach, and customer assistance activities, such as toll-free telephone lines, educational publications in multiple languages, newsletters, Web resource pages, presentations to consumers and various interest groups, fire prevention and safety training to local authorities and the public, and compliance and educational workshops for industry representatives and workers' compensation system participants has the potential to create staffing requirement changes as the Texas population becomes more diverse and customers expectations for service increase.

Hispanic Americans are the nation's largest and fastest growing demographic group. Texas has the second largest number of Hispanics in the nation at approximately 6.7 million. Texas can only expect its Hispanic population to continue increasing as national projections predict that by 2050 one out of every four Americans will be Hispanic. The second most common language in the United States is Spanish. In addition to the Hispanic population, Korean, Chinese, and Vietnamese demographic groups are growing in Texas, creating a need for TDI to bridge these language barriers. Like the rest of the nation, the Texas population is aging.

Changes in the size and composition of the population will affect the insurance industry, Texans' insurance needs, and, consequently, TDI. The demand for state services will increase as the population grows. Additionally, an aging population will likely mean greater need for health care and increased healthcare costs associated with elder care. Similarly, while TDI has addressed the need of non-English speaking consumers by printing publications in Spanish, Chinese, Korean, and Vietnamese and employing Spanish-speaking customer service representatives on phone banks, TDI will need to plan staffing to address this demographic trend.

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### **Information Management and Technology**

TDI's strategic response to the information management and technology challenge involves finding effective ways to manage regulatory data and documents. TDI has begun several feasibility studies to meet this challenge, which include:

- existing software usage and potential software solutions that automate processes and consolidate data management
- agency-wide e-filing solutions that replace paper-intensive processes and reducing scanning needs
- hardware required to achieve a "paperless office" environment and facilitate the flow of information

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## Workforce Demand, Continued

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**Information Management and Technology**  
(continued)

- document management methods for storage, retrieval, and workflow
- obsolete records and systems that do not support current or new processes, and
- alternatives for automating paper forms.

Most of the feasibility studies involve ITS resources. As TDI continually identifies and implements opportunities to replace manual or cumbersome processes with automated solutions that improve processing times and maintain or improve quality control, the slight possibility for changes in staffing demands exists. Moreover, the telecommuting project has the potential to create additional staffing demands of ITS resources; however, until the project is expanded beyond its current stage of development, this possible change in staffing demands is unknown.

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**Enforcement**

TDI is responsible for ensuring compliance with and bringing enforcement actions against violators of Texas insurance and insurance-related statutes and rules.

The enforcement function resides in multiple locations within the agency. TDI's Enforcement Program investigates allegations and takes civil disciplinary actions, which include cease and desist orders, license denials, revocations and suspensions, administrative penalties, and/or restitution. The TDI-DWC Enforcement Program focuses on areas of non-compliance that have the greatest adverse impact on the workers' compensation system and pursues administrative action as appropriate.

Fighting insurance fraud continues to remain a significant economic problem for consumers and businesses. Technological advancements, along with the declining economy, have fueled new insurance fraud schemes. The Internet alone has facilitated increases in identity theft as well as the number of bogus insurance companies and products marketed. In order to meet strategic goals, the Fraud Unit will continue to:

- adapt investigative processes to keep pace with schemes allowed by recent technological advances and emerging trends
  - develop and enhance liaison efforts between the industry, government and law enforcement, and
  - educate the public and industry on insurance fraud trends and issues.
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## Workforce Demand, Continued

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**Enforcement**  
(continued)

Currently, the State Fire Marshal's Office's (SFMO) uses its resources to achieve its mission through conducting individual fire safety inspections and fire cause investigations, as well as providing public education to communities throughout the state. In order to most effectively use resources, the SFMO has tailored its hiring process to target candidates who can provide fire protection education to communities as well as provide direct inspection and investigation services. Additionally, the SFMO has identified a need for skill sets including data analysis and educational program development and implementation.

Enhancing investigative techniques and keeping up with new insurance fraud trends in all areas of enforcement is critical. This process combined with other factors such as increases in fraudulent practices generated by a declining economy has the potential to change staffing demands.

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**Disaster  
Response and  
Readiness**

According to the Department of Atmospheric Science, official hurricane season runs from June 1st through November 30th of each year. Extended range forecast of Atlantic seasonal hurricane activity and U.S. landfall strike probability for FY 2008 is anticipated to be above-average for a major hurricane to make landfall in the United States. While it is impossible to predict a season's hurricane activity, global ocean and atmospheric features are currently arranged in a manner that dictates the probability of an active hurricane season for 2008. The probability of a category 3, 4, or 5 hurricane making landfall in the Gulf Coast area from the Florida Panhandle westward to Brownsville is calculated to be 44% where for the last century it has been calculated to be 30%. The Department of Atmospheric Science predicts approximately eight hurricanes for the 2008 hurricane season.

With these estimated figures TDI remains committed to the critical need for preparedness and rapid, coordinated response to disasters and other emergencies. TDI remains ready to assist when and where needed and continuously monitor situations throughout the state and nation. TDI continues to include disaster response and readiness in the agency's strategic plan, and TDI has expanded its agency disaster recovery plan scenarios to include all-hazard, area-wide, and pandemic outbreak issues. The agency disaster recovery plan is a living document; therefore, expansion efforts to broaden the all-hazard, area-wide, and pandemic outbreak issues currently underway are expected to span across several planning cycles as the Federal Emergency Management Agency and the Department of Health Services continue to develop instructions.

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## Workforce Demand, Continued

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**Disaster  
Response and  
Readiness**  
(continued)

Strategic planning is key to meeting the unique demands posed by a disaster or similar emergency and will focus on:

- emphasizing industry, consumer, and provider readiness
- educating industry and consumers on loss reduction
- ensuring that insurers have catastrophe plans and business continuity plans
- monitoring insurers' financial condition to ensure solvency following an area- or state-wide disaster
- maintaining and refining planning to ensure continuity of operations following a disaster affecting the agency, and
- implementing disaster "tool kits" for TDI employees.

Most of these strategies will be integrated into existing processes; therefore, changes in staffing demands are expected to be minimal.

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**Workers'  
Compensation**

Since September 1, 2005, TDI's Division of Workers' Compensation (TDI-DWC) has worked hard to implement system-wide workers' compensation reforms as required by HB 7, 79<sup>th</sup> Legislature. TDI-DWC continues to work with system participants to implement these reforms. Key challenges identified during this strategic planning cycle include:

- ensuring appropriate delivery of workers' compensation benefits by system participants
- facilitating a reduction of indemnity and medical disputes to those that are appropriate and assuring speedy resolution of disputes
- ensuring access to quality workers' compensation medical care
- increasing system participants' awareness of the importance of injured employees' early and medically appropriate return-to-work (RTW) and improving RTW outcomes, and
- providing Texas employers and employees with guidance and education on occupational safety and health.

As TDI-DWC functions shift and align with reform measures, changes in staffing demands could realistically decrease or increase depending on progress with process improvement and the changes it may create.

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## Workforce Demand, Continued

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**Future  
Workforce  
Skills Needed**

The Agency Planning Group and Human Resources administered a Workforce Planning Survey to all agency programs to determine what type of workforce skills are anticipated for filling future positions. The surveys were distributed to Executive Management and each program was asked to identify mission critical positions and the necessary skill sets for each mission critical position identified. In addition to identifying mission critical positions programs were asked to consider whether there are possible successors for each critical position identified, and what development might be needed to prepare possible successors.

Programs reported that analytical/problem-solving skills are essential to perform TDI's critical functions and that they anticipate a need for higher skilled staff due to the complexity of insurance issues. TDI's interaction with the Legislature combined with potential retirees and turnover seem to generate a need for current and future employees to have basic knowledge of the legislative process. Several programs have identified a need for employees who either understand or are able to grasp the principles involved in strategic planning and external reporting requirements, including budget procedures. Other general competencies include effective oral and written communication and project management. In general, TDI has found that it can train staff to be knowledgeable about technical insurance matters as long as they are receptive to learning and have good problem-solving skills.

Although TDI identified a vast majority of the skills needed for many positions within the agency, the list of skills is not conclusive and TDI expects the skill set demands to change in the future with advances in technology and process improvements.

Human Resources (HR) is responsible for providing training at TDI. After each training session, HR surveys participants to determine the effectiveness of the course as well as what training they feel would be beneficial in the future. Through these surveys, regular training needs assessments, and Survey of Organizational Excellence responses, HR has identified a need for more online and customized courses that provide one-on-one options for employees with specialized needs in areas such as writing and presentation skills. Other areas of focus for training in the future will be group facilitation, which would provide additional options to employees who are team or group leaders. HR will evaluate ways to address these needs in their training plan, including performing the functions using existing staff as well as outsourcing the activity.

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## Workforce Demand, Continued

**Future Workforce Skills Needed**  
(continued)

Lastly, the agency continues to need more bilingual (English and Spanish-speaking) staff. Texas has seen an increase in its Hispanic population and as a result more consumers and industry professionals speak Spanish as their primary language. Critical functions that would benefit from Spanish speaking staff include: safety consultations and inspections; training, education and public information efforts; and customer service positions.

TDI anticipates a continued need for staff in the following areas. In addition to the previously mentioned skills, the following competencies will be essential.

Professional Positions	Competencies/Skills
<ul style="list-style-type: none"> <li>• Accountants</li> <li>• Actuaries</li> <li>• Attorneys</li> <li>• Engineers</li> <li>• Financial Examiner</li> <li>• Fraud Investigators</li> <li>• Management</li> <li>• Systems Analyst</li> <li>• Fire Protection Engineers</li> <li>• Fire Data Analysts</li> <li>• Adolescent/Adult Education Specialist</li> </ul>	<ul style="list-style-type: none"> <li>• Process analysis</li> <li>• Negotiation and facilitation</li> <li>• Project management</li> <li>• Performance management</li> <li>• Strategic planning</li> <li>• Engineering</li> <li>• Legislative and rule making process</li> <li>• Management/Leadership Skills</li> <li>• Testifying in legal and public forums</li> </ul>

**Staffing Demands**

TDI's strategic planning process allows the agency to assess current and future performance of key functions. Additionally, TDI monitors performance measures along with industry trends, legislative changes, and consumer needs to determine workload shifts and the need to reallocate staff to meet the demand for services.

Based on events which had the greatest impact on staffing and operations in the last biennium, TDI expects the challenges, which are listed earlier in this report, will have the greatest impact on the agency. Natural disasters such as hurricanes and fires have the potential to significantly impact agency resources. Furthermore, legislation presents challenges for programs and staff in managing workloads by potentially altering functional or regulatory responsibilities and staffing levels.

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## Workforce Demand, Continued

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**Staffing  
Demands**  
(continued)

As agency budgets are legislatively appropriated, TDI is mindful of potential budget reductions that may impact staffing levels. At the request of the Legislative Budget Board and Governor's Office of Budget, Planning and Policy, state agencies are asked to provide a supplemental schedule detailing where reductions could be made in the event of ten percent budget reduction for FY 2010-2011. In response to this request, TDI is assessing staffing levels to ensure resources are dedicated according to priorities in order to optimize service delivery. This approach helps the agency respond to budget shortfalls with minimal disruption in operations.

Each biennium, TDI assess customer satisfaction with TDI services. As part of this process, TDI analyzes survey results and identifies areas for improvement. Management reviews these findings as part of the business planning process to identify program initiatives to improve service. Program business plan initiatives may include process improvements, training, workload analyses, or automation, and may result in the reallocation of staff resources to meet customers' service needs.

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**Workforce  
Changes**

According to the Bureau of Labor Statistics, professional and technical occupations such as systems analysts, medical technicians, nurses, and correctional officers are expected to grow faster and generate more new positions than other occupations. Workforce trends and challenges that have the greatest influence on the state and its workforce relate to economic, employment, and quality of life issues.<sup>8</sup>

The State Auditor's Office *Workforce Planning Guide* notes that within the next decade Texas can expect to see the following workforce changes:

- an older and more diverse workforce
- an increasing number of employees retiring
- a shift toward higher-skilled jobs
- increased competition for talent
- workers changing values and expectations, and
- an increasing demand for government services due to population growth.

Additionally, TDI surveyed Executive Management to identify key issues and environmental factors impacting program staffing. These factors are discussed in the *Gap Analysis* section.

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<sup>8</sup> [www.hr.state.tx.us/workforce/whitepaper.html](http://www.hr.state.tx.us/workforce/whitepaper.html)

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## Workforce Demand, Continued

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### Shifting Dynamics of the Economy

Texans are among the state's biggest assets, as they provide the labor necessary for strong job growth. In recent years, the population has grown twice as fast in Texas as the rest of the country, however, after seeing strong growth in most of 2007, consumer spending softened and some manufacturing activity declined, particularly for construction-related products in the last quarter of 2007, which indicates the Texas economy has downshifted.

State job growth of 3.1 percent last year was triple the nation's 1 percent and exceeded the state's long-run average of 2.8 percent for the third year in a row. According to the Beige Book, published by the Federal Reserve District, the outlook for the coming fiscal year rests on uncertainty and strong indicators show some companies are planning for more limited growth in 2009, which will reduce capital spending and other purchases.<sup>9</sup>

As the economy shifts, TDI is faced with exploring ways to help staff reduce stress and costs associated with necessities, such as fuel and transportation, food, child care, housing, and health insurance. HR continually searches for ways to help staff cope with increasing costs of day-to-day expenses by paying attention to fuel costs, overburdened mass transit options, possible reduced work weeks with the same amount of hours worked, and telecommuting options. Additionally, HR keeps a watchful eye for examples of how other state governments may be approaching the same issues that Texas state employees are facing. Texas does face challenges on the horizon, however, they are not projected to be as severe as other states may be facing and Texas enjoys advantages that will help it continue to outpace the nation, such as being the number one energy producing state in the nation.

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<sup>9</sup> <http://www.dallasfed.org/research/swe/2008/swe0801b.cfm>

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## Gap Analysis

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### Overview

Gap analysis involves comparing the workforce supply projection to the workforce demand forecast. After analyzing the workforce information, Texas Department of Insurance (TDI) has determined that there are three main gaps between the agency's current workforce and the demand for future workforce skills. They are:

- loss of institutional knowledge through retirements and turnover
- hard-to-fill positions, and
- staffing/skill shortages.

Each of these gaps is explained in further detail below.

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### Loss of Institutional Knowledge

Human Resources (HR) closely monitors and tracks positions eligible for retirement and provides information on eligibility to program areas. Approximately 39 percent of TDI's total workforce is currently eligible or will be eligible before 2013. Twelve percent of staff in this eligibility timeframe is agency managers. Many others are staff with highly specialized skills that are instrumental in the daily functions of the agency. Consequently, retirement of critical staff creates the potential for loss of experience and institutional knowledge — the most significant staffing issue facing TDI.

Some retirees with critical expertise have returned to TDI to continue working in their respective programs which has mitigated the potential loss of their significant experience. TDI also has several employees who retired from other jobs before becoming employed in critical positions with TDI. In either case, TDI cannot expect this trend to solve the long-term issues related to loss of institutional knowledge. HR has intensified its work with program areas to develop succession plans in order to ensure minimal disruption to program operations in the event of separation by mission-critical staff.

In fiscal years 2006 and 2007, the turnover rates for TDI were 14 percent and 16 percent, respectively. Although TDI's turnover rate continues to be below the average for state agencies, retention efforts remain a priority for TDI, as even a low rate of turnover can be costly to the agency. Loss of experienced staff may cause instability and morale problems, reduce productivity among newly hired and departing employees, and increase hiring and training costs.

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## Gap Analysis, Continued

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**Loss of Institutional Knowledge,**  
continued

The 2008 Survey of Organizational Excellence administered by the University of Texas School of Social Work shows salary levels remain a concern to TDI employees, which can affect retention. Salary increases, through merit raises and promotions to eligible qualified employees, is an important agency retention strategy, but budget limitations require the agency to continue seeking creative non-monetary incentives and benefits. While remaining compliant with the Texas Government Code provisions, TDI has recently changed its one-time merit criteria to decrease the number of months required for eligibility in an effort to more frequently reward employee performance.

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**Hard-to-Fill Positions**

In conjunction with employee retention, TDI must seek ways to recruit employees for hard-to-fill positions. These positions typically require specialized skills such as actuarial, engineering, financial examination, nurse, and safety officer duties. Recruitment efforts encompass the entire pool of potential applicants, including the insurance industry, information technology companies, law firms, law enforcement organizations, staff in other state agencies, and universities. Additionally, recruitment strategies include communicating the advantages of state employment, including benefits which may not be available in other jobs such as:

- flex-time
  - cross-training opportunities
  - an agency wellness program
  - continued participation in the Employee Assistance Program, and
  - a recently-launched telecommuting program.
- 

**Staffing/Skill Shortages**

To identify specific issues that may affect staffing levels and patterns, TDI surveyed Executive Management about critical workforce issues and examined external factors identified through the supply analysis. The following environmental changes and skill shortages were identified:

- changes in the use of automation
  - customer service demands
  - strategic planning issues such as legislation, and
  - skills and competencies that will be needed to perform critical functions.
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## Gap Analysis, Continued

**Staffing/Skill Shortages**  
(continued)

- *Automation and Customer Service Demands*

The use of automation and technology has and will continue to change the way TDI does business. Increased access to the Internet has allowed consumers to research a greater number of insurance-related and workers' compensation claim processing questions online. Similarly, the use of the Internet has fueled customer demand for information to be delivered virtually around the clock. Greater consumer use of the Internet will likely lead to a decrease in the number of Consumer Help Line calls and associated staff. Reductions in workload for staff responding to requests for public information are also anticipated. These staffing surpluses could be offset by the need to maintain additional staff to provide accurate and timely information on the agency's Web site. Use of the Internet also allows greater ease in reporting insurance fraud to TDI resulting in an increase in the number of incoming reports. It is anticipated that this increase in the number of reports will result in a heavier workload for intake, investigative and support staff.

Customer expectations for faster processing of filings and the agency's growing commitment to customer outreach impact staff operational priorities. The Filings Intake and Operations Division, Agents Licensing Division, Fraud Division, and State Fire Marshal's Office (SFMO) all indicated that the volume of filings is increasing while customers expect reduced processing times. While implementing automated processes to eliminate manual processes should improve efficiency, it is not expected that it will lead to a surplus of staffing based upon increasing volume of filings received. Automated processes will, however, create a need for increased technology. Automation will also require staff to perform certain administrative and scanning functions that were not done previously as well as develop the skill sets needed for electronic review of filings as opposed to reviewing paper-based filings. Customer demands may require frequent tailoring of the agency's website, reconstruction of various pages and presentations, and more interactivity, which will increase the workload of current Web staff.

The strategic direction of the State Fire Marshal's Office's focuses on becoming more proactive and prevention-focused, resulting in a greater need for specialized skills and knowledge, and also to utilize technologies such as the Internet, for example, allowing individuals and companies to obtain licenses through the Texas On-Line Internet portal. As these systems and processes are implemented, SFMO staff may require additional training.

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## Gap Analysis, Continued

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**Staffing/Skill Shortages,**  
continued

- *Automation and Customer Service Demands, continued*

The Life/Health Division began accepting electronic filings for annuity products through System for Electronic Rate and Form Filing (SERFF) and I-File some years ago. This has been a customer service success as insurers are pleased and continually request electronic filing be extended to other products. Although the front end process of accepting filings electronically has been completed, the back end process to transfer the completed file into the agency's VisiFLOW software system is not yet automated. Automating this back-end process must be completed in order to maximize efficiency of the process.

The Division of Workers' Compensation is in the process of implementing automation changes developed under the Business Process Improvement Project. This project includes development of web-enabled reporting and communications; moving off of a mainframe environment; and reducing communication among DWC and system participants in paper formats through the implementation of a document management system.

Ultimately, it is anticipated that the use of new technology will be more efficient and will allow resources currently dedicated to handling paper processes to be re-allocated.

- *Strategic Planning Issues*

Many of the strategic planning issues that had the greatest impact on program staffing were the result of recent statutory changes. State Legislation, including HB 7, HB 1516, and HB 3442, created a need for new and revised processes and functions to which the agency must adapt.

TDI anticipates a shift in regulatory functions for Life Health and Health and Workers' Compensation Network Certification and Quality Assurance (HWCN) Division staff. The number of Health Maintenance Organizations (HMOs) in Texas and HMO-related complaints is decreasing and TDI expects this trend to continue. Increased regulatory oversight of Preferred Provider Organization (PPO) networks is anticipated. The agency is involved in the oversight and regulations of Workers Compensation Healthcare Networks, a new managed care entity created by HB 7. These new responsibilities offset any decreases in workload. Additionally, the assignment and processing of Workers' Compensation Independent Review Organization (IRO) requests is being consolidated with the assignment and processing functions that are in place for HMOs.

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## Gap Analysis, Continued

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**Staffing/Skill Shortages, continued**  
(continued)

HWCN staff currently performs this function for group health IRO requests; however, the addition of the Workers' Compensation IRO requests will increase the number of IRO requests from an average of 500 to approximately 5,000 per year. The process for handling workers' compensation IRO requests requires additional steps that are not currently performed for group health requests. This shift in workload will require assessing appropriate staffing levels and possible re-allocation of resources between the DWC and HWCN staff. Additionally, all staff will require training on the revised processes.

HB 1516, legislation consolidating the technology data centers for state agencies in Texas, has created a need for TDI to examine and possibly redefine the organizational structure of the Information Technology Division. In addition to modifying the agency's technology procurement processes, HB 1516 will outsource specific technology positions.

• *Skills and Competencies*

Based on input from TDI's Executive Management about key issues impacting program staffing, TDI identified the potential for the following skill shortages.

- ability to analyze and solve problems
- effective oral and written communication
- interpersonal and customer service skills
- technical expertise about insurance products, laws and regulation
- ability to explain complex technical material to TDI customers
- knowledge of the systems used to track filings and complaints
- competency with using electronic processes
- medical expertise and familiarity with medical billing and reimbursement processes
- project management
- knowledge of Web design and content management techniques
- knowledge of database design techniques
- computer literacy
- time management, and
- bilingual communication skills.

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## Gap Analysis, Continued

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**Staffing/Skill Shortages,**  
continued

- *Environmental Changes*

Changes to the demographic profile of the Texas population will also impact staffing. As the population ages, TDI can assume that health care needs will increase. As the population's needs change, so will the insurance marketplace. As a regulatory body, TDI must be prepared to review and approve new products and provide consumers with information regarding these products. Similarly, Texas has seen growth in its Hispanic population and with that, more consumers and industry professionals who speak Spanish. To serve these Spanish-speaking customers, the agency has identified a need to recruit and hire bi-lingual (English/Spanish-speaking) staff.

Changing economic conditions also affect staffing surpluses and shortages. If the economy improves, the agency anticipates that turnover could increase and specialized positions may become difficult to fill.

TDI's business planning process creates a formal ongoing process for programs to examine opportunities for performing business operations more efficiently. Program business plan projects assess program strengths and weaknesses, identify opportunities for improvement and suggest technology and process improvements that result in program improvements. As efficiencies in operations are gained, programs will review workload and staffing for opportunities to reallocate staffing surpluses, if any, to a more efficient organizational structure.

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## **Strategy Development**

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### **Overview**

In order to address the deficits between the current workforce and future demands, the Texas Department of Insurance (TDI) has developed several goals for the current workforce plan. These are based on a range of factors identified through analyzing the agency and its workforce. TDI's future workforce requirements can be grouped according to the following key strategies to address workforce needs:

- I. Expand Succession Planning and Cross-Training Efforts
- II. Continual Assessment of Recruitment Planning Efforts, and
- III. Respond to Changing Workloads, Processes and Organization.

TDI's business planning process has been designed to develop and track progress on program-level workforce plans. TDI has incorporated program-level workforce plans into the goals and strategies described hereafter.

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## Strategy I. Expand Succession Planning and Cross-Training Efforts

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<b>Gap</b>	Loss of institutional knowledge
<b>Goal</b>	Expand succession planning and cross training efforts to assure that vital knowledge is not lost when critical employees retire or separate employment.
<b>Rationale</b>	<p>A large number of TDI employees are currently eligible or will be eligible to retire before December 31, 2013, potentially resulting in an enormous loss of institutional knowledge to the agency. Consequently, succession planning efforts have been expanded, focusing on documenting procedures and planning for the training of less experienced staff to assure a smooth transition as employees in critical positions leave the workforce.</p> <p>Although turnover for the agency continues to remain lower than the average for all state agencies, retention efforts remain a priority for TDI.</p>
<b>Actions Taken</b>	<p>TDI has implemented the initiatives below to expand succession planning, cross-training and retention efforts.</p> <ul style="list-style-type: none"><li>• TDI has begun documenting internal procedures to cross-train staff.</li><li>• Development of internal procedure manuals in some programs for documentation of standard operating procedures to be used in cross-training and succession planning.</li><li>• A comprehensive training program to educate current and future managers to prepare them to be more effective leaders.</li><li>• Identification of critical positions and skills and potential training needs for effective succession planning.</li><li>• A retirement analysis report providing agency and program retirement projections.</li><li>• Continue Roundtable events to distribute information to employees.</li><li>• Encourage flexible work schedules, including telecommuting, when appropriate.</li></ul>

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## Strategy I. Expand Succession Planning and Cross-Training Efforts, Continued

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<b>Ongoing/ Future Activities</b>	<p>TDI values succession planning strategies to minimize the impact on the agency when tenured staff retires. Ongoing/future succession planning activities are described below.</p> <ul style="list-style-type: none"><li>• TDI's Agency Planning Group and Human Resources co-led a project to document succession planning efforts and needs in each program area.</li><li>• HR continues to identify eligible retirees and closely monitors positions nearing retirement.</li><li>• Review job functions and identify staff for cross-training.</li><li>• Continuously assess training needs to develop less experienced staff to ensure continuity of operations following retirements.</li><li>• Monthly deputy commissioner meetings facilitate intra-agency communication and prepare mid-level management for leadership positions by furthering participants' understanding of agency policy and regulatory issues.</li><li>• Development of training in response to succession planning surveys.</li><li>• TDI's Administrative Operations Program has formed a team of employees to assess agency skills and staff development. The goal of this team is to develop a workforce that is highly skilled, high performing, and committed to TDI's success.</li></ul> <p>To retain competent employees HR, in partnership with Executive Management, will:</p> <ul style="list-style-type: none"><li>• continue to assess employee satisfaction and address areas where satisfaction is lowest (assessment tools include the Survey of Organizational Excellence and Employee Exit Interviews)</li><li>• ensure that appropriate training is available for all employees</li><li>• create and maintain a supportive work environment for all employees</li><li>• plan potential salary increases as part of the budget planning process and to periodically review merit and promotion actions to ensure that deserving employees are being rewarded when possible, and</li><li>• seek creative non-monetary incentives to recognize and reward deserving employees.</li></ul>
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## Strategy II. Continual Assessment of Recruitment Planning Efforts

<b>Gap</b>	Hard-to-fill positions
<b>Goal</b>	Use recruitment plans and other creative methods to fill critical functions in a timely fashion.
<b>Rationale</b>	TDI programs have had difficulty hiring for certain positions. Filling these positions can be difficult because qualified staff can do similar work in the private sector at a higher salary level. Developing recruitment plans helps programs identify strategies for attracting qualified applicants for hard-to-fill positions. By planning for recruitment before a vacancy occurs, the agency is ready to fill a position as soon as it becomes vacant.
<b>Actions Taken</b>	<p>Actions taken have included the following:</p> <ul style="list-style-type: none"> <li>• The agency Recruitment Plan, drafted by HR, includes provisions to recruit and hire qualified employees that represent the diverse backgrounds within the Texas labor market while meeting the needs of the agency. It is also in compliance with Labor Code Section 21.502. Recruitment efforts to date include: <ul style="list-style-type: none"> <li>– general recruitment (e.g. news ads, job fairs, the Texas Workforce Commission (TWC) Job Bank),</li> <li>– targeted recruitment (i.e., use business contacts to target applicants with desired skill sets),</li> <li>– public relations recruitment (i.e., use organizational partnerships to publicize employment opportunities), and</li> <li>– recruiting from a resume database (i.e., maintain database of resumes gathered).</li> </ul> </li> <li>• Programs have developed business plan initiatives to address workforce issues with certain positions, specifically targeting recruitment needs.</li> <li>• Another effective strategy has been recruiting individuals who have retired from the private sector or other governmental agencies. TDI has found applicants starting their second career are a viable recruitment pool that saves training time and the associated costs.</li> <li>• TDI is working with the University of Texas to offer part-time employment for civil and structural engineering graduate students, giving them an opportunity to learn the necessary skill sets while completing their degrees. The program aims to retain some of these students in the agency once their graduate studies are complete.</li> <li>• A need was identified for the development of an apprenticeship/internship program for safety professionals; however, implementation was delayed due to the inter-agency merger.</li> <li>• HR and the Fraud Unit have placed job postings for investigator positions in newsletters and publications subscribed to by prospective candidates, such as police and fraud examiner publications.</li> </ul>

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## Strategy II. Continual Assessment of Recruitment Planning Efforts, Continued

<p><b>Ongoing/ Future Activities</b></p>	<p>As part of the recruitment plan, TDI identified internal and external strategies.</p> <ul style="list-style-type: none"> <li>• <b>Internal Strategies:</b> <ul style="list-style-type: none"> <li>– <i>Applicant Tracking</i> – Track TDI applicants, their degrees, licenses, certifications and designations.</li> <li>– <i>Program Support</i> – Assist TDI programs with recruiting qualified applicants in areas that are deficient and encourage improvement in time to fill vacancies.</li> <li>– <i>Event Reports</i> – Report the outcomes of recruitment activities and analyze for cost effectiveness.</li> <li>– <i>Recruitment Source Database</i> – Track program recruitment resources for targeted hiring.</li> <li>– <i>Postings in TDI Publications</i> – Include employment information in agency publications and highlight commitment to hiring excellence and to equal opportunity employment.</li> <li>– <i>Employee Participation</i> – Encourage employees to refer applicants.</li> <li>– <i>Benefit Information</i> – Provide information to candidates during job interviews outlining state- and agency-related benefits as well as general descriptions of TDI positions.</li> <li>– <i>Internet Recruiting</i> – Use the Internet to promote employment opportunities at TDI, especially for hard-to-fill positions. To target professionals with experience in insurance regulation, TDI will post employment opportunities to the career page on the National Association of Insurance Commissioners’ (NAIC) Web site.</li> <li>– <i>WorkInTexas.com</i> – Post job vacancies on WorkInTexas.com, a state-based recruitment Web site that allows TDI to track interest levels and recruiting successes, as well as search for potential candidates for hard-to-fill positions.</li> <li>– <i>Partnership with Local Colleges and Universities</i> – Continue the partnership with Huston-Tillotson University to assist in establishing an insurance program at the university. TDI will approach other local and state colleges and universities to discuss partnerships.</li> <li>– <i>Internship Program</i> – Provide college students with the opportunity to gain knowledge and work experience needed for employment at TDI. TDI has developed a Commissioner’s Honor Program, an internship initiative to recruit and develop the skills of talented university students in the areas of insurance policy making, regulation and enforcement. In June 2008, TDI hired four interns to participate in the Commissioner’s Honor Program. The interns were assigned specific projects based on the needs of the program in which they were hired. TDI plans to continue the Commissioner’s Honor Program next summer.</li> </ul> </li> </ul>
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## Strategy II. Continual Assessment of Recruitment Planning Efforts, Continued

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<p><b>Ongoing/ Future Activities, continued</b></p>	<ul style="list-style-type: none"><li>● <b>External Strategies:</b><ul style="list-style-type: none"><li>– <i>Texas Recruiter’s Association</i> – Participate in association to network and obtain information on successful recruiting efforts.</li><li>– <i>External Organizations and Recruitment Events</i> – Participate in professional and community organizations, and university or other job fairs to recruit a well-qualified and diverse workforce.</li><li>– <i>Minority publications and Web sites</i> – Advertise in local, statewide, and national minority publications and Web sites to promote diversity.</li></ul></li></ul> <p>HR will continue to work with programs to enhance recruitment plans, including identifying:</p> <ul style="list-style-type: none"><li>● critical positions</li><li>● sources for recruitment</li><li>● features of state employment and the TDI workplace that attract candidates, and</li><li>● budget opportunities to attract senior level employees.</li></ul>
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## Strategy III. Respond to Changing Workloads, Processes, and Organization

<b>Gap</b>	Staffing and/or skill shortages
<b>Goal</b>	Review allocation of agency resources for opportunities to improve efficiencies and align the organizational structure more effectively.
<b>Rationale</b>	<p>Changes in regulatory responsibilities, greater use of automation, and workforce attrition create an opportunity to realign organizational structure to improve efficiencies and meet changing skill requirements. The merger of TDI and the former Texas Workers' Compensation Commission broadened TDI's regulatory responsibilities and effectively doubled TDI's staff and budget. This created an opportunity to streamline functions and staff for more effective and efficient service delivery.</p> <p>TDI has also identified potential staffing shortages and surpluses that could result from implementing automated processes. These include efficiencies gained by automating filing submissions, using online forms and automating workflow processes.</p>
<b>Actions Taken</b>	<p>Actions taken have included the following:</p> <ul style="list-style-type: none"> <li>• TDI used attrition to realign staff to reach the mandated 1:11 management-to-staff ratio by the end of FY 2007. Where appropriate, TDI will continue to assess the management-to-staff ratio.</li> <li>• TDI Executive Management initiated an internal review of agency functions to assess the effectiveness of certain current operations.</li> <li>• The FY 2008-2009 Program Business Plans included projects to assess program workforce planning issues and process improvement projects.</li> </ul>

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## Strategy III. Respond to Changing Workloads, Processes, and Organization, Continued

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<b>Ongoing/ Future Activities</b>	<p>TDI will use the methods below to address staffing/skill surpluses and shortages.</p> <ul style="list-style-type: none"><li>• TDI uses its strategic planning and business planning processes to formally assess opportunities for improved efficiencies. This review helps ensure that staffing and activities are aligned with the agency’s vision and strategic goals.</li><li>• The Fraud Unit will continue outreach efforts with local, state, and federal law enforcement entities to more effectively prosecute insurance fraud cases.</li><li>• HR and senior associates will identify vacant management positions and evaluate their necessity prior to reposting.</li><li>• TDI will work toward a more horizontal organizational structure, as it can allow an organization to improve productivity as well as workplace communication. A horizontal organization requires fewer managers, is less bureaucratic, can produce more cross-functional employees and improves service to both internal and external customers.</li><li>• HR, Executive Management, and the Agency Planning Group will work with programs to review staffing and workloads for opportunities to improve resource allocations as the programs develop succession plans. This review will include an evaluation of the agency’s performance measures.</li><li>• TDI has planned a number of automation projects to provide more efficient customer service, including: further implementation of TXCOMP to provide system participants with online Workers’ Compensation claims information, further automation of TDI’s complaint handling process, expanding the agency’s capacity for accepting electronic filings, and better utilizing the Web to provide and accept information.</li><li>• HR will identify and address any skill deficiencies to ensure staff can effectively perform their functions.</li><li>• HR will continue to improve its professional development program in creative ways, including the use of technology.</li><li>• TDI will use videoconferencing equipment to increase communication with and deliver training to field staff.</li><li>• TDI will broaden its consumer outreach by offering information in various languages including Spanish, Korean, Chinese, and Vietnamese through printed publications and online translation software.</li><li>• TDI will provide staff development opportunities by conducting brown bag luncheons, which will create a forum for employees to broaden their understanding of agency activities.</li></ul>
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