



## AGENCY STRATEGIC PLAN

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**FISCAL YEARS 2027 to 2031**

**BY**

**STATE OFFICE OF RISK MANAGEMENT**

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Submitted May 29, 2026

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## MISSION

*The State Office of Risk Management will provide active leadership to enable State of Texas agencies to protect their employees, the general public, and the state's physical and financial assets by reducing and controlling risk in the most efficient and cost-effective manner.*

## INTRODUCTION

The State Office of Risk Management (Office/SORM) was created in 1997 to streamline the State's risk management and workers' compensation claims processing programs. The objective was to change the organization and management of the State's risks and claims payments to reduce injuries, improve loss control and claims handling, and otherwise enhance the quality and effectiveness of the State's risk management and claims processing programs.

The Office's risk management and insurance services are available to 138 state entities, which include courts and institutions of higher education, as well as the Windham School District within the Texas Department of Criminal Justice, and 123 community supervision and corrections departments, encompassing approximately 180,000 individual employees. The Office also acts as the workers' compensation carrier for these groups.

The Office is currently authorized 131.6 full-time employees. Administrative attachment with the Office of the Attorney General provides certain administrative support services and resources. Specific details on the administrative services provided by the OAG are set forth in an interagency contract.

# AGENCY OPERATIONAL GOALS AND ACTION PLANS

GOAL	OBJECTIVE
<b>1. Workers' Compensation Program</b>	Administer the statutory Self-Insured Government Employees' Workers' Compensation Insurance Program for 138 state entities, which includes courts and institutions of higher education as well as Windham School District within the Texas Department of Criminal Justice, and 123 community supervision and corrections departments, encompassing approximately 180,000 individual employees.

The State self-insures for workers' compensation coverage of state employees. The costs of the state employees' workers' compensation program are funded through risk pooling, which safeguards individual state entities from catastrophic losses that could exceed budgetary capabilities.

## **ACTION ITEMS TO ACHIEVE OUR GOAL**

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- 1.1. Provide covered injured employees with access to prompt, high-quality medical care within the framework established by Workers' Compensation Act.
- 1.2. Provide appropriate income benefits and medical benefits in a manner that is timely and cost-effective.
- 1.3. Minimize the likelihood of disputes and resolve them promptly and fairly when identified. Ensure injured employees have access to a fair and accessible dispute resolution process.
- 1.4. Encourage the safe and timely return of injured employees to productive roles in the workplace.
- 1.5. Monitor and evaluate return-to-work information reported by each state entity to determine outcomes over time.
- 1.6. Utilize technological advances to maximize service quality and enhance communication with system participants.

## **HOW OUR GOAL OR ACTION ITEM SUPPORTS EACH STATEWIDE OBJECTIVE**

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### **1. Accountable to tax and fee payers of Texas**

Costs incurred by the Office in administering the workers' compensation insurance program are funded through assessment allocations. This funding is used to pay medical and income benefits, medical cost containment services, and other costs directly related to reducing claim payments and risk. Additionally, when a state employee's injury is caused by a liable third party, the Office is entitled to recover expenses for medical and income benefits.

SORM has several medical cost containment contracts which provide savings to the benefit of taxpayers. Medical bill audits reduce billed amounts to the maximum allowable rates under the appropriate fee schedule. Utilization review services for preauthorization requests avoid expenses for unreasonable or unnecessary procedures or services. A pharmacy benefit manager provides a discount below the pharmaceutical fee guidelines on medications.

SORM is continuously monitoring the efficacy and cost of contracts for medical cost containment services. The agency evaluates changes in fee structures, potential adoption of new technology, and other factors to evaluate the continued need to outsource these services.

SORM also contracts with a workers' compensation healthcare network. According to the Texas Department of Insurance, average medical costs are lower when utilizing a network. Non-network utilization usually results in higher costs. Additionally, return-to-work rates and physical and mental functioning scores are higher in a network.

### **2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions**

SORM works to reduce overall medical and indemnity costs through proactive claim handling practices, education, and training. The Office investigates each reported injury to ensure injured state employees receive the medical and income benefits due under the Texas Workers' Compensation Act. Workers' compensation claims data is used to identify trends addressed through risk management strategies. The Office also investigates individual claimant and medical provider fraud.

**3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures, and implementing plans to continuously improve**

During performance-based oversight, the Texas Department of Insurance’s Division of Workers’ Compensation (TDI-DWC) measures SORM’s compliance with payment deadlines for temporary income benefits, impairment income benefits, and medical bills. The performance assessment also examines overall compliance records, dispute and complaint resolution practices. In 2024, SORM earned the designation of “high performer” by TDI-DWC. The 2026 performance-based oversight is ongoing and will conclude on June 30, 2026.

Collaboration between the risk management and workers' compensation claims administration programs has enhanced the identification and evaluation of risk areas. Identifying trends allows SORM to personalize risk training for each entity’s needs.

**4. Providing excellent customer service**

SORM provides service benefits both to the injured state employee and the state entity employer. The workers’ compensation program provides state entities with a claims administration team and comprehensive claims handling services. Licensed adjusters manage all aspects of a workers’ compensation claim. When a compensable work injury occurs, the Office ensures that the injured state employee receives the same level of service and benefits as a private individual. Adjusters facilitate medical treatment and ensure wage replacement (income) benefits are paid to a claimant that suffers a compensable injury in the course and scope of employment. An active call center provides additional access to live personnel during the Office’s business hours.

**5. Transparent such that agency action can be understood by any Texan**

SORM’s website provides educational materials, news, videos, guidelines, and rules to both clients and the general public. The Office also provides information on contracts, staff compensation, and agency operations and spending to required agencies.

GOAL	OBJECTIVE
<b>2. Risk Management</b>	Assist state entities and institutions of higher education in establishing and maintaining comprehensive risk management programs designed to control, reduce, and finance risk. Implement statewide guidelines and assist state entities in identifying and managing enterprise risks at all levels of operations.

The Office provides risk management services to state agencies, institutions of higher education, and other entities identified by statute.

### **ACTION ITEMS TO ACHIEVE OUR GOAL**

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- 2.1. Administer guidelines adopted by the Board of Directors (Board) for a comprehensive risk management program applicable to all state entities to reduce property and liability losses, including workers' compensation losses.
- 2.2. Review, verify, monitor, and approve risk management programs adopted by state entities. Assist state entities that have not implemented effective risk management plans in implementing a comprehensive program that meets the guidelines established by the Board.
- 2.3. Conduct consultation visits at state entities to identify risk exposures and make suggestions for mitigation of risks. Provide written suggestions on risk identification and control measures that entities can implement to prevent or reduce claims and losses.
- 2.4. Conduct training sessions that address issues related to property, liability, or workers' compensation exposures or losses.
- 2.5. Assess state entities' actions regarding the implementation of the Office's recommendations to control or correct conditions that could lead to injuries. Conduct a post-implementation evaluation of entities risk management plans.

### **HOW OUR GOAL OR ACTION ITEM SUPPORTS EACH STATEWIDE OBJECTIVE**

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#### **1. Accountable to the tax and fee payers of Texas**

SORM receives legislatively appropriated non-General Revenue funding through an allocation program. The annual assessments to state entities are subject to Texas Labor Code Chapter 412; and is used to pay the costs incurred by the Office in administering the State's risk management and workers' compensation programs. Texas Administrative Code, Section 251.507 specifies the formula to calculate each entity's allocation. Limits, or "caps," are placed on the total allocation an entity can be assessed. The difference between the formula-based assessment amount and cap is allocated among all other entities in the same manner and within the same factors as the initial assessment calculation, creating funding stability over the biennia.

**2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions**

SORM was created in 1997 to streamline the State's risk management and claim processing programs. The objective was to change the organization and management of the state risks and claims payments to reduce injuries, improve loss control and claims handling, and otherwise enhance the quality and effectiveness of the State's risk management and claims processing programs.

The centralized risk management system administered by SORM is more efficient and cost-effective than each entity administering its own program. A centralized system can balance risks in a way that would not be possible for individual state entities, thereby resulting in predictable loss trends and cost stabilization. Additionally, SORM can recognize risk patterns that affect more than a single entity.

The Office is analyzing ways it can coordinate with the State Fire Marshal's Office, the Texas Department of Information Resources, the Department of Public Safety, and other state entities to complement rather than replicate property and building inspections.

**3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve**

The Office helps state entities identify potential risks to people, resources, and mission-critical functions before a loss event occurs. Risk identification increases an entity's options for preventing loss and addressing potential risks. Risk management planning enables a state entity to make meaningful quality improvements to prevent losses and thereby reduce the number, frequency, types, and severity of losses.

The objective of the risk management program is to provide guidance, direction, and assistance in identifying, evaluating, and controlling risk, while also minimizing the adverse impact of loss. One of the Office's key outcome measures is the Injury Frequency Rate (IFR), which provides an objective assessment of state entities' risk management plans which are developed in accordance with the Office's risk management program.

**4. Providing excellent customer service**

SORM's risk management program provides services, guidance, resources, and expertise that are designed to help state entities make well-informed, proactive decisions on how to identify, manage, transfer, and retain risk. The Texas Enterprise Risk Management Guidelines provide initial, general guidance that may assist in developing a risk management program.

The Office employs risk management specialists that review, verify, monitor, and approve risk management programs developed by state entities. The Office conducts consultative visits to state entities’ physical locations and facilities each fiscal year. If risk exposures are identified during site visits, the Office provides written recommendations on mitigation strategies the entities can implement to prevent or reduce losses and track resolution efforts.

The Office also conducts multiple training sessions on various topics related to property, liability, workers’ compensation exposures or losses. Agencies may also request customized training based on their operational needs.

**5. Transparent such that agency action can be understood by any Texan**

SORM’s website provides educational materials, news, videos, guidelines, and rules to both clients and the general public. The Office also provides information on contracts, staff compensation, agency operations, and spending to required agencies.

GOAL	OBJECTIVE
<p><b>3. Insurance Services (Risk Transfer)</b></p>	<p>Administer the Statewide Insurance Purchasing Program, procuring and negotiating insurance programs tailored for the unique exposures and liabilities of the State, and encouraging continuing competition to ensure best value.</p>

One of the Office’s key statutory missions is to operate as a full-service insurance manager for state entities and institutions of higher education. The Office’s insurance program, in conjunction with the review of state entities’ records of property, casualty, and liability insurance coverages, helps reduce costs and ensures proper financial protection against loss.

**ACTION ITEMS TO ACHIEVE OUR GOAL**

- 3.1. Maintain and review records of property, casualty, and/or liability insurance coverages purchased by or for state entities.
- 3.2. Purchase insurance coverage under any line of insurance other than health or life insurance, including liability insurance for a state entity.
- 3.3. Authorize the purchases of lines of insurance under policies not sponsored by the Office.
- 3.4. Administer the program for the purchase of surety bonds for state officers and employees.
- 3.5. Conduct a feasibility study for a self-insured retention fund to allow additional lines of self-insured coverage.

## **HOW OUR GOAL OR ACTION ITEM SUPPORTS EACH STATEWIDE OBJECTIVE**

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### **1. Accountable to tax and fee payers of Texas**

The Office's insurance program offers an opportunity to transfer the financial burden associated with unexpected damage or loss to physical assets. SORM's review of state entities' proposed insurance purchases helps ensure the coverage is necessary and adequate to protect the interests of the State.

### **2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions**

Centralizing state insurance purchases allows each entity to better understand the costs of retaining risks versus transferring them through (re)insurance. This approach also takes advantage of economies of scale. Additionally, state entities can stabilize the budgetary impact of both ordinary and unexpected losses through insurance coverage. By reducing spending on recovering from uninsured losses, the State can allocate more funds to enhance public services.

Enhanced business processes have eliminated duplicate activities, streamlined insurance renewals, increased collaboration between risk management and insurance programs, and strengthened relationships with state entities.

### **3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve**

SORM procures and negotiates insurance coverage tailored for the unique exposures and liabilities of the State. By consolidating the insurance needs of agencies seeking the same coverage, the Office obtains higher limits for a lower rate than if purchased independently.

SORM has five established lines of insurance that provide coverage for state exposures: property; directors' and officers'; automobile; volunteer; and builder's risk. The Office has established clearly defined service and product lines to effectively and efficiently meet the needs of its participants.

### **4. Providing excellent customer service**

The Office assists state entities with determining the appropriate type and amount of insurance, ensures the terms and conditions of the insurance policies provide adequate coverage, explains exclusions, and participates in the claim process after losses occur.

SORM’s website provides state entities with information on sponsored lines, insurance FAQs, necessary documentation to obtain quotes, and a list of program participants. State entities can report property losses 24 hours a day, and access templates for claim-related documentation and cost estimation tools. The website site also provides links to ancillary services and resource materials related to loss prevention and risk transfer.

**5. Transparent such that agency action can be understood by any Texan**

SORM’s website provides educational materials, news, videos, guidelines, and rules to both clients and the public. The Office also provides information on contracts, agency operations, and spending to required agencies.

**OTHER CONSIDERATIONS RELEVANT TO OUR GOAL OR ACTION ITEM**

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1. The Texas Tort Claims Act (TTCA) provides a limited waiver of sovereign immunity in certain situations when a governmental unit is liable for bodily injury and property damage. The TTCA limits the amount of monetary damage per person and occurrence. A state entity can transfer financial responsibility of TTCA claims through the purchase of liability insurance.
2. Most of the State’s physical assets are not insured or are underinsured. Protecting all state-owned assets through traditional insurance routes is an expensive option and would require increased funding. SORM recommends a study on the feasibility of a self-insured retention (SIR) program. This type of program could minimize the effect of smaller losses on state agencies’ budgets.

GOAL	OBJECTIVE
<p><b>4. Continuity of Operations</b></p>	<p>Administer the Statewide Continuity of Operations Planning program, in cooperation with the Department of Public Safety, Office of Homeland Security, Texas Division of Emergency Management, and Department of Information Resources. Establish policies and standards to ensure continuity planning, testing, training, and exercising across the State.</p>

SORM’s continuity of operations program and proactive measures taken by agencies help build public confidence in the effectiveness and resiliency of state government. Continuity plans are reviewed to ensure they meet legislative requirements, FEMA guidelines, the Office’s guidelines, and other applicable standards.

## **ACTION ITEMS TO ACHIEVE OUR GOAL**

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- 4.1. Work with each state entity to develop continuity of operations plans.
- 4.2. Provide guidelines and models for state agencies' continuity plans.
- 4.3. Develop, maintain, and disseminate continuity materials that combine Texas legislative requirements, FEMA guidance, best practices, and other applicable standards.

## **HOW OUR GOAL OR ACTION ITEM SUPPORTS EACH STATEWIDE OBJECTIVE**

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### **1. Accountable to the tax and fee payers of Texas**

Continuity planning ensures state agencies can continue to operate during disasters or other disruptions. Advance preparation ensures the State's continued ability to provide services to the public. SORM works with state agencies to ensure adequate continuity plans are developed.

### **2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions**

SORM is responsible for assisting state entities with developing and reviewing continuity plans. Continuity of operations ensures that critical services are maintained during times of disaster and distress. Preparedness and mitigation efforts directly contribute to the state's resilience and reduce the costs of loss.

### **3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve**

SORM has historically worked closely with the Federal Emergency Management Agency (FEMA) to coordinate state continuity guidelines with federal guidelines. This cooperative arrangement resulted in improved standards for both levels of government. The federal government is currently reviewing the scope and responsibilities of FEMA. In anticipation of emergency recovery and management responsibilities being transferred back to the State, the Office has focused on cross-training risk management staff on continuity planning and implementation.

#### **4. Providing excellent customer service**

SORM strives to make continuity planning simpler, more straightforward, and less time-consuming. SORM solicits feedback from each state agency on the effectiveness of the materials and training provided.

#### **5. Transparent such that agency action can be understood by any Texan**

SORM's internet site provides education materials, news and updates, videos, guidelines and rules to both clients and the general public. The Office provides information on contracts, agency operations, and spending to required agencies.

### **OTHER CONSIDERATIONS RELEVANT TO OUR GOAL OR ACTION ITEM**

1. To be successful in meeting goals, the Office must be knowledgeable of regulatory changes and emerging trends at both the state and national levels. To stay informed about continuity planning, disaster preparedness, and emergency management matters affecting state entities, SORM will continue to work closely with various organizations, trade groups, and federal and state agencies.

# REDUNDANCIES AND IMPEDIMENTS

Service, Statute, Rule, or Regulation	Tex. Gov't. Code §403.039 34 TAC §20.225(a)(8) 28 TAC §133.10 28 TAC §133.240
Describe Why Service, Statute, Rule, or Regulation is Resulting in Inefficient or Ineffective Agency Operations	<p>Tex. Gov't. Code §403.039 mandates that each person who supplies property or services to the state for compensation must obtain a Texas Identification Number (TIN). The TIN application is processed through the Comptroller.</p> <p>TDI-DWC's regulation, 28 TAC §133.10, limits the reasons a workers' compensation carrier may return a health care provider's (HCP) medical bill. The rule does not allow the Office to return an HCP's bill if the TIN is incomplete, missing, or incorrect.</p> <p>If the Office submits an HCP bill to the Comptroller for payment without the correct TIN, the payment will not be processed. This exposes the Office to a potential administrative violation for failure to pay the HCP's bill within 45 days of receipt (28 TAC §133.240).</p>
Provide Agency Recommendations for Modification or Elimination	<p>This issue is unique to governmental entities (SORM, UT, A&amp;M, TxDOT) providing workers' compensation coverage for state employees because the workers' compensation payments are issued through the Comptroller. Consequently, there may be some reluctance to implement a statutory or rule change in the Workers' Compensation Act, which has general applicability to all workers' compensation insurance carriers.</p>
Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change	<p>If governmental entities providing workers' compensation insurance had the ability to return an HCP bill due to TIN issues, the state could reduce the risk of paying interest on late payments of medical bills or spending resources to complete a TIN application for a private HCP.</p>
Service, Statute, Rule, or Regulation	Government Code §2165.303 and §2165.305
Describe Why Service, Statute, Rule, or Regulation is Resulting in Inefficient or Ineffective Agency Operations	<p>In 2015, <u>SB 202</u>, 84<sup>th</sup> Legislature, transferred a number of functions from DSHS to other entities. Section 3.030 of the bill repealed Health &amp; Safety Code Chapter 385 thereby removing all references to a state entity voluntarily establishing guidelines for indoor air quality in government buildings; however, Government Code Section 2165.305 still exists, which requires the Office to conduct an annual, one-day educational seminar on indoor air quality.</p> <p>Similarly, Section 2162.303 requires the Health and Human Services Commission to report findings and test results obtained under a contract for</p>

Service, Statute, Rule, or Regulation	Government Code §2165.303 and §2165.305
	air monitoring to the Office in a form and manner prescribed for that purpose.
Provide Agency Recommendations for Modification or Elimination	The Legislature should consider revisions to Government Code Sections 2165.303 and 2165.305.
Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change	These statutory provisions are obsolete given the legislative changes in 2015.

**STATE OFFICE OF RISK MANAGEMENT  
STRATEGIC PLAN**

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**SUPPLEMENTAL SCHEDULES**

## SCHEDULE A

### BUDGET STRUCTURE

<b>Agency:</b>	<b>479</b>	<b>STATE OFFICE OF RISK MANAGEMENT</b>
<b>Goal 1:</b>	<b>Short Name:</b>	MANAGE RISK AND ADMINISTER CLAIMS
	<b>Full Name:</b>	Manage Claim Costs and Protect State Assets
	<b>Description:</b>	To manage costs for covered state agencies arising from the risk of loss through the delivery of professional risk management and claims administration services that are customized to specific agency needs.
<b>Objective 1:</b>	<b>Short Name:</b>	RISK MGMT & CLAIMS ADMINISTRATION
	<b>Full Name:</b>	Risk Management and Claims Administration
	<b>Description:</b>	To provide guidance and direction to state agencies to assist them in identifying, evaluating and controlling risk, and minimizing the adverse impact of workers' compensation, property, and other loss.
<b>Strategy 1:</b>	<b>Short Name:</b>	ENTERPRISE RISK MGMT/CLAIMS ADMIN
	<b>Full Name:</b>	Assist/Review Risk Management Programs & Provide Workers' Compensation Administration
	<b>Description:</b>	Establish statewide risk management guidelines and assist agencies in meeting the guidelines; conduct on-site risk management program reviews, safety evaluations, consultations, and training; and administer the state workers' compensation risk pool in accordance with state law and administrative regulation.
<b>Goal 2:</b>	<b>Short Name:</b>	WORKERS' COMPENSATION PAYMENTS
	<b>Full Name:</b>	Workers' Compensation Payments: Estimated and Nontransferable
	<b>Description:</b>	Workers' Compensation Payments: Estimated and Nontransferable
<b>Objective 1:</b>	<b>Short Name:</b>	WORKERS' COMP PAY: EST & NONTRANS
	<b>Full Name:</b>	Workers' Compensation Payments: Estimated and Nontransferable
	<b>Description:</b>	Workers' Compensation Payments: Estimated and Nontransferable
<b>Strategy 1:</b>	<b>Short Name:</b>	WORKERS' COMPENSATION PAYMENTS
	<b>Full Name:</b>	Workers' Compensation Payments: Estimated and Nontransferable
	<b>Description:</b>	Workers' Compensation Payments: Estimated and Nontransferable

## SCHEDULE B

# FY26 AND FY27 PERFORMANCE MEASURE DEFINITIONS

## Goal 1: MANAGE RISK AND ADMINISTER CLAIMS

**Objective 1: Manage Claim Costs and Protect State Assets**

**Outcome Measure 1: Incident Rate of Injuries and Illnesses per 100 Covered Full-Time State Employees**

### **Definition**

Number of accepted on-job injuries and illnesses divided by the total number of state employees (measured by full-time equivalents) multiplied by 100. The Office may estimate fourth-quarter data where actual data is not available at the time the report is due.

### **Purpose**

This key outcome measure provides an objective measure of the results of implementation of covered state agencies' risk management plans and the results of the Office's risk management program. The injury frequency rate is important as it reflects not only the effectiveness of the Office's risk management program in identifying risks to covered state agencies, but it also reflects covered state agencies' actions regarding implementation of the Office's recommendations to control and correct the conditions that lead to injured state employees.

### **Data Source**

Workers' compensation claims are opened and entered in the Office's [risk management information system (RMIS)] as reports of injuries (DWC-1 forms) are filed by covered state agencies. These reported claims are investigated and accepted or denied. The State Auditor's Office (SAO) Classification Division collects full-time employee data from covered state agencies, which is shared with the Office.

### **Methodology**

Number of reported on-job injuries and illnesses accepted, divided by the total number of state employees (measured by full-time equivalents [FTE]) multiplied by 100.

### **Data Limitations**

The accuracy of this measure is dependent upon injuries being reported promptly and FTE data being accurately reported to the State Auditor's Office.

### **New Measure**

No

### **Key**

Yes

### **Calculation Method**

Noncumulative

### **Target Attainment**

Lower than target

## **Outcome Measure 2: Cost of Workers' Compensation per Covered State Employee**

### **Definition**

The total cost of the workers' compensation program divided by the number of covered state employees. Total cost includes claims expenditures, cost containment expenditures, and administrative costs.

### **Purpose**

This outcome measure of the workers' compensation program provides the dollar cost of workers' compensation cost per covered state employee. This measure can be used to provide the overall trend of workers' compensation cost when plotted with prior period calculations.

### **Data Source**

[Office] database, SAO Quarterly Report of Full-Time Equivalent State Employees, OAG budget reports of actual and forecast expenditures.

### **Methodology**

Expenditures for the workers' compensation program divided by the number of full-time equivalent state employees.

### **Data Limitations**

Accuracy of number of full-time equivalent state employees is subject to limitations in accuracy of data reported to the State Auditor's Office. Expenditure data is forecast upon information available at the time of reporting.

### **New Measure**

No

### **Key**

Yes

### **Calculation Method**

Noncumulative

### **Target Attainment**

Lower than target

## **Outcome Measure 3: Cost of Workers' Compensation Coverage per \$100 State Payroll**

### **Definition**

The total cost of the workers' compensation program divided by the dollar amount of payroll for covered state agencies, multiplied by 100. Total cost includes claims expenditures, cost containment expenditures, and administrative costs.

### **Purpose**

This measure provides the dollar cost of workers' compensation per \$100 state payroll. This measure can be used to provide the overall trend of workers' compensation cost when plotted with prior period calculations and to provide a comparison to the cost for workers' compensation by the private sector.

**Data Source**

SORM database, annual payroll information from the Comptroller's Office, Self Report Local and Community Supervision and Corrections Departments Payroll Data from the previous fiscal year, and actual and forecast expenditures from OAG budget reports or database.

**Methodology**

Expenditures for the workers' compensation (numerator) divided by the dollar amount of state payroll for covered agencies (denominator) multiplied by 100.

**Data Limitations**

Administrative expenditure data is forecast upon information available at the time of reporting. Because the payroll data from the comptroller is limited to funding processed through the treasury, the local payroll funding and payroll of county Community Supervision and Corrections Departments will be pulled from self-reported payroll data from the prior fiscal year in the calculation. Because the State administers its workers' compensation on a cash basis significant changes in cumulative payroll or workers' compensation claims will take six months to two years to be reflected in changes to the cost of workers' compensation coverage, producing fluctuation in the calculated value.

**New Measure**

No

**Key**

Yes

**Calculation Method**

Noncumulative

**Target Attainment**

Lower than target

**Efficiency Measure 1: Cost Per Hour of Services Provided**

**Definition**

The total cost of the Manage Claim Costs and Protect State Assets goal is divided by the number of paid hours, from the SAO FTE database.

**Purpose**

This proposed efficiency measure would provide a comparison of the administrative costs to operate the Office expressed as an hourly cost of services provided to all clients.

**Data Source**

SAO FTE database, [Office] database.

**Methodology**

Total costs (expenditures) of the Manage Claim Costs and Protect State Assets goal divided by the number of paid hours, determined by quarterly FTE and work hours from the SAO, to derive the actual cost per service hour.

**Data Limitations**

SAO FTE data population may be delayed, requiring estimation of the most recent quarter. The Office expenditure data will require use of encumbrance amounts for unpaid incurred expenses.

**New Measure**

No

**Key**

No

**Calculation Method**

Noncumulative

**Target Attainment**

Lower than target

**Efficiency Measure 2: Average Cost to Administer a Claim****Definition**

The total cost of the workers' compensation program divided by the number of claims administered during the period expenditures were incurred. Total cost includes the Office's workers' compensation administrative claim costs but excludes indemnity and medical provider payments.

**Purpose**

This efficiency measure of the workers' compensation program provides an indicator of relative efficiency when compared to the target and prior period reported measures.

**Data Source**

[Office] database, actual and projected expenditure reports.

**Methodology**

The ratio of funds expended per claim administered is calculated by summing the administrative expenditures of the workers' compensation program (excluding indemnity and medical payments) and dividing this dollar amount by the number of claims administered during the period.

**Data Limitations**

Expenditure data (numerator) can be limited by the accuracy of accruals and potential errors in expenditure coding. The accuracy of the number of claims administered (denominator) can be affected by potential errors made in entering claims on the Case Management System during the period.

**New Measure**

No

**Key**

Yes

**Calculation Method**

Noncumulative

**Target Attainment**

Lower than target

## **Explanatory Measure 1: Percentage of Total Assessments Collected Used for Claim Payments**

### **Definition**

The annual amount of claim costs is divided by the total amount collected for workers' compensation payments through annual assessments to covered agencies.

### **Purpose**

This explanatory measure for the workers' compensation payments strategy indicates the amount (expressed as a percentage) of the total assessments necessary for cash basis claim payments for the fiscal year. It provides an indicator of the accuracy of the actuarial projection used to determine the total assessment amount.

### **Data Source**

[Office] database.

### **Methodology**

Annual net claim cash payments (numerator) divided by the total workers' compensation portion of assessments collected (denominator).

### **Data Limitations**

None

### **New Measure**

No

### **Key**

Yes

### **Calculation Method**

Noncumulative

### **Target Attainment**

Lower than target

## **Output Measure 1: Number of Written Risk Management Program Reviews Conducted**

### **Definition**

A risk management program review is a review and evaluation of a covered state agency's written risk management plan and program compared against the Office's risk management guidelines. The results of a review are evidenced by a written report issued by the Office whereby the agency's plan is certified or not certified to be in accordance with the Office's risk management guidelines.

### **Purpose**

This output measure of the risk management strategy compares the actual number of risk management program reviews against the targeted number of reviews. It provides documentation that a covered state agency's risk management plan and program meet the requirements of the Office's risk management guidelines.

### **Data Source**

[Office] database.

**Methodology**

Summation of the number of complete risk management program reviews conducted. A review is considered complete when the written report has been completed and sent to the agency.

**Data Limitations**

None

**New Measure**

No

**Key**

Yes

**Calculation Method**

Cumulative

**Target Attainment**

Higher than target

**Output Measure 2: Number of Entity Consultations Conducted****Definition**

An agency or entity consultation is a site or virtual visit with a covered state client. The consultation provides risk management services to identify and expose risk exposures and to suggest risk prevention and control measures or techniques that may be implemented by the covered agency to prevent or reduce claims and losses.

**Purpose**

This output measure reports the number of covered state entities provided assistance in the identification and assessment of specific risk exposures and recommendations to prevent or reduce claims and losses.

**Data Source**

[Office] database.

**Methodology**

Summation of the consultations conducted for the period reported.

**Data Limitation**

None

**New Measure**

No

**Key**

Yes

**Calculation Method**

Cumulative

**Target Attainment**

Higher than target

**Output Measure 3: Number of Employees Served in Risk Management Training Sessions**

**Definition**

The number of employees for eligible state agencies that complete sessions provided by the Office in person or virtually. Training sessions include all risk management-related matters, including hazard, operational, financial, and strategic risk.

**Purpose**

This output measure reports the actual number of employees for eligible state agencies to complete training sessions provided by the Office.

**Data Source**

[Office] database.

**Methodology**

Training sessions conducted or provided for eligible state agencies are entered into a database, with the number of employees who complete each session. The total number of employees to complete training sessions-during the period reported is summed and reported.

**Data Limitations**

None

**New Measure**

YES

**Key**

No

**Calculation Method**

Cumulative

**Target Attainment**

Higher than target

**Output Measure 4: Number of Initial Eligibility Determinations Made**

**Definition**

The number of claims accepted or denied.

**Purpose**

This output measure of the workers' compensation program is an indicator of workload during the period reported.

**Data Source**

SORM database.

**Methodology**

Summation of claim denials or acceptances made during the period reported.

**Data Limitations**

None

**New Measure**

No

**Key**

No

**Calculation Method**

Cumulative

**Target Attainment**

Lower than target

**Output Measure 5: Number of Medical Bills Processed****Definition**

Number of medical bills processed includes those bills paid or denied.

**Purpose**

This output measure of the workers' compensation program is an indicator of workload processed for the period reported.

**Data Source**

[Office] database.

**Methodology**

Sum of medical bills processed during the period reported.

**Data Limitations**

None

**New Measure**

No

**Key**

Yes

**Calculation Method**

Cumulative

**Target Attainment**

Lower than target

**Output Measure 6: Number of Indemnity Bills Paid****Definition**

Number of wage replacement payments made.

**Purpose**

This output measure of the workers' compensation program provides an indicator of workload during the period reported.

**Data Source**

[Office] database.

**Methodology**

Sum of the number of indemnity payments processed during the period reported.

**Data Limitations**

None

**New Measure**

No

**Key**

Yes

**Calculation Method**

Cumulative

**Target Attainment**

Lower than target

**SCHEDULE C**

**HISTORICALLY UNDERUTILIZED BUSINESS PLAN**

# **STRATEGIC VETHUB BUSINESS PLAN**

Fiscal Years 2027–2029

*OAG VetHUB Coordinator: Matthew Hinson, Director of Procurement and Contract Operations*

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# 1. Executive Summary

Texas restructured the State’s Historically Underutilized Business (HUB) Program into Veteran Heroes United in Business (VetHUB) on December 2, 2025, limiting certification exclusively to businesses owned and operated by service-disabled veterans ( $\geq 20\%$  VA-rated disability). Existing contracts remained unaffected by the change.

SORM must now implement VetHUB using race, ethnic, and gender-neutral means consistent with Texas Government Code Chapter 2161 and 34 TAC Chapter 20, retaining key compliance elements such as VetHUB Subcontracting Plans (VetHUB HSP) for solicitations with probable subcontracting opportunities at \$100,000+, ESBD postings at \$25,000+, and ongoing PAR (Prime Contractor Progress Assessment Reports) monitoring.

Agency-Set Goals Are Required. Under VetHUB, SORM must establish VetHUB utilization goals by procurement category each fiscal year—grounded in SORM’s spend, supplier availability, historic utilization, and other relevant factors—rather than relying on former statewide HUB targets.

SORM Baseline: Per SORM’s internal records, VetHUB utilization is currently 0% (no VetHUB awards or subawards to date).

This Plan Provides:

- A baseline-to-goal methodology tailored to SORM’s profile.
- A two-year Access / Awareness / Accountability program with VetHUB HSP/PAR rigor.
- A practical Outreach Roadmap leveraging the VetHUB Directory/CMBL and ESBD.
- Governance & Controls aligned to current rules, with legal watch on TAC amendments and litigation.

## 2. Mission & Background

### 2.1 Mission

SORM’s VetHUB mission is to make a good-faith effort to expand fair, competitive participation by Texas-certified service-disabled veteran-owned businesses in prime contracting and subcontracting across SORM’s material procurement categories, consistent with Texas procurement statutes and administrative rules.

### 2.2 Background

On December 2, 2025, the Comptroller adopted emergency rules restructuring HUB into VetHUB and revoking certifications based on race, ethnicity, or sex, while preserving existing contracts. The program now certifies only service-disabled veteran-owned businesses with  $\geq 20\%$  disability.

SORM's historical procurement mix emphasizes Professional Services, Other Services, and Commodities; there is limited/no spend in Heavy Construction or Building Construction, and little to no Special Trades activity, so VetHUB goal-setting and outreach will focus on categories relevant to SORM's statutory mission and foreseeable spending.

### 3. Statutory & Program Context

Government Code Chapter 2161 & 34 TAC Chapter 20 define agency responsibilities for HUB/VetHUB participation, including good-faith efforts and use of race-neutral means.

- **VetHUB HSP Requirement (≥\$100,000):** Agencies must determine subcontracting probability before soliciting; if probable, the solicitation must require a VetHUB HSP and state the agency's utilization goal. Non-compliant responses are rejected.
- **ESBD Posting (≥\$25,000):** Agencies must post bid opportunities on ESBD at the specified threshold; award information is also posted.
- **PAR Reporting:** Primes with approved VetHUB HSPs must submit periodic PARs; agencies may digitize PAR workflows to streamline compliance and payment approvals.
- **Rulemaking & Litigation:** SORM will continue to monitor outcomes and adjust policy as needed.

### 4. Baseline & Procurement Profile

#### 4.1 Current Baseline

**VetHUB Utilization:** 0% (no VetHUB awards/subawards to date). (Internal SORM documentation as noted by Sponsor.)

**Spend Concentration:** Utilizing the current categories, Professional Services / Other Services / Commodities dominate; Heavy/Building Construction N/A; Special Trades, there are no vendors who represent VetHUBs.

#### 4.2 Implications

Given VetHUB's narrowed eligibility, supplier availability may be thin in certain service/commodity niches; SORM should conduct early market scans via VetHUB Directory/CMBL and consider unbundling scopes to create subcontracting opportunities.

### 5. Agency-Set VetHUB Goals (FY 2027–FY 2029)

**Important:** Under VetHUB, SORM must set its own utilization goals by procurement category for each fiscal year, using the method below.

## 5.1 Goal-Setting Methodology

- **Spend Analysis:** Prior-year expenditures and forecast by category (Professional, Other Services, Commodities). (SORM internal ledger & CAPPS.)
- **VetHUB Availability:** Count VetHUBs mapped to relevant NIGP class/item codes in VetHUB Directory/CMBL.
- **Historic Utilization:** Agency’s post-VetHUB awards/subawards trend and supplier performance. (Semi-annual/annual HUB/VetHUB reports.)
- **Subcontracting Probability:** For solicitations  $\geq$ \$100,000, determine scope elements suitable for subcontracting; embed goals in solicitation VetHUB HSP instructions.

## 5.2 SORM VetHUB Goals

Category	FY 2027	FY 2028	FY 2029
Heavy Construction	N/A	N/A	N/A
Building Construction	N/A	N/A	N/A
Special Trades	N/A	N/A	N/A
Professional Services	0.05%	0.05%	0.05%
Other Services	0.05%	0.05%	0.05%
Commodities	N/A	N/A	N/A

**Baseline Consideration:** Because SORM’s current VetHUB utilization is 0%, FY 2026 - FY 2027 may serve as a transitional year focused on building awareness and pipelines, followed by measurable utilization goals in FY 2027–2028.

## 6. Programs & Activities (Access / Awareness / Accountability)

### 6.1 Access

- **Supplier Discovery:** Use VetHUB Directory/CMBL (VetHUBs Only) to compile vendor shortlists by NIGP codes for anticipated solicitations; refresh quarterly.
- **ESBD Compliance:** Post all opportunities  $\geq$ \$25,000 on ESBD with clear scopes/attachments.
- **Prime Commitments (VetHUB HSP):** For probable subcontracting ( $\geq$ \$100,000), require completed VETHUB HSP with responses; reject non-compliant submissions; state SORM’s VetHUB goal for the solicitation in the RFP/IFB.

### 6.2 Awareness

- **Pre-Bid Conferences:** Brief primes and VetHUBs on VetHUB HSP requirements and good-faith effort standards; post sign-in sheets on ESBD.

- **Targeted Notifications:** Email VetHUBs for solicitations with identified subcontracting opportunities, mapped to NIGP solicitation packages.

### 6.3 Accountability

- **PAR Management:** Require monthly or each-invoice PAR submissions from primes; adopt a digital PAR workflow that routes approvals to procurement/finance and ties to payment release.
- **Dashboards:** Build division-level utilization dashboards; track awards, subawards, PAR status, exceptions, and corrective actions. (Agency system/CAPPS.)
- **Recognition:** Establish an annual recognition for primes demonstrating exemplary VetHUB utilization and proactive mentoring.

## 7. Governance, Compliance & Controls

### 7.1 Policy Updates

- **Agency VetHUB Policy Statement:** Adopt updated policy describing eligibility (SDV ≥20%), VetHUB HSP triggers (≥\$100,000), ESDB postings (≥\$25,000), PAR cadence, and agency-set VetHUB goals.

### 7.2 Solicitation Controls

- **VetHUB HSP Determination & Enforcement:** Subcontracting probability assessed pre-solicitation; VetHUB HSP required if probable; non-compliant responses rejected.
- **Forms & Templates:** Reference Comptroller VetHUB forms (VetHUB HSP, Good-Faith attachments, Subcontracting Notice, PAR, Agency Progress Report) within solicitations and contracts.

### 7.3 Legal & Rulemaking Watch

- **34 TAC Amendments:** Align VetHUB definitions, goals handling, coordinator responsibilities, and mentor-protégé program; revise SORM policy accordingly.

## 8. Outreach & Supplier Development Roadmap

Period	Action	Outcome
FY27 Q1–Q2	Refresh VetHUB policy & templates; embed agency-set FY27 goals in all major solicitations	Faster adoption; consistent solicitations
FY27 Q3–Q4	Expand digital PAR workflow and compliance reviews; publish mid-year utilization analysis	Timely reporting; corrective actions

Period	Action	Outcome
FY28 Q1–Q2	Host two VetHUB forums; launch mentor–protégé pairings; targeted supplier development by NIGP	Deeper pipelines; rising bid participation
FY28 Q3–Q4	Prime recognition program; lessons-learned clinics; adjust VetHUB HSP language per TAC updates	Stronger prime engagement; improved VetHUB HSP quality
FY29 Full Year	Continuous improvement cycle; refresh goals; category expansion pilots	Sustained utilization growth and measurable gains

## 9. Reporting, Metrics & Dashboards

- **Semi-Annual/Annual Reporting:** Submit VetHUB/HUB participation data per the Comptroller’s FY reporting instructions; use statewide analysis and agency detail reports to benchmark SORM progress.
- **Key Metrics:** Awards to VetHUB prime contractors; VetHUB subcontracting dollars; % of solicitations with VetHUB HSP; PAR timeliness; supplier retention and performance.
- **Internal Reviews:** Reviews will be conducted during the Semi-Annual and Annual VetHUB Reporting periods to the Comptroller.

## 10. Appendices (Forms, References, Glossary)

### A. Forms & Templates

- VetHUB/VetHUB HSP/PAR Official Forms: <https://comptroller.texas.gov/purchasing/>
- VetHUB HSP Quick Guides: [SPD/TxDOT resources for method selection and attachments.](#)

### B. References

- Texas Comptroller VetHUB Press Release (Dec 2, 2025): <https://comptroller.texas.gov>
- Texas Register Emergency Rules Notice (Dec 2025)
- 34 TAC §20.285 – HUB Subcontracting Plan Requirements
- ESBD Posting Requirement: <https://www.txsmartbuy.com/esbd>
- VetHUB/VetHUB HSP/PAR Forms: <https://comptroller.texas.gov/purchasing/>
- Proposed TAC Amendments (2026)
- Texas HUB/VetHUB Reports: <https://comptroller.texas.gov/purchasing/reports/>
- VetHUB Directory / CMBL: <https://mycpa.cpa.texas.gov/tpasscmbsearch/>

## C. Glossary

- **VetHUB:** Veteran Heroes United in Business; certification limited to service-disabled veteran-owned businesses ( $\geq 20\%$  disability).
- **VetHUB HSP:** HUB Subcontracting Plan required when subcontracting is probable ( $\geq \$100,000$ ).
- **CMBL:** Centralized Master Bidders List; used with VetHUB Directory to identify certified vendors.
- **ESBD:** Electronic State Business Daily; required postings  $\geq \$25,000$ .

**PAR:** Prime Contractor Progress Assessment Report; monitors VetHUB HSP perform

**SCHEDULE F**

**WORKFORCE PLAN**

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**WORKFORCE PLAN**

**Fiscal Years 2027 to 2031**

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# WORKFORCE PLANNING

## Section I — Agency Overview

### Overview

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

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

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

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

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

### Core Business Functions

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

### Anticipated Changes

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

## Section II — Workforce Analysis

### Current Workforce Profile (Supply Analysis)

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

### Workforce Demographics

#### Age Distribution

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

#### Gender

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

#### Ethnicity

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

## Length of Service

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

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

## Annual Turnover Rates

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

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

## Retirement Eligibility

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

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

## Veterans and Return-to-Work Retirees

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

## Workforce Skills Critical to the Mission

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

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

## Workforce Allocation by Occupational Category

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

## **Factors Influencing Current Workforce**

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

The competition to hire and retain employees with training and experience in enterprise risk management, continuity of operations planning, advanced commercial insurance, and workers' compensation claim administration is an ongoing challenge. The specialized nature of these roles limits the available talent pool, and the Office competes directly with private-sector employers who offer significantly higher compensation for comparable skill sets.

## **Future Workforce Profile (Demand Analysis)**

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

## **Future Workforce Skills**

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

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

## **Gap Analysis**

### **Gaps (Shortages)**

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

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

## **Section III — Workforce Strategies**

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

### **Succession Planning**

The Office relies on its staff to carry out its missions and provide services necessary to achieve organizational goals. Knowing the difficulty with recruitment, the Office must prepare for eventual vacancies through an inward focus. The Office evaluates individual job performance to identify high performers with leadership potential who can move into progressively higher roles.

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

### **Knowledge Transfer**

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

The Office is pursuing a phased approach to knowledge transfer:

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

## **Recruiting**

The competition to hire and retain employees with training and experience in enterprise risk management, continuity of operations planning, advanced commercial insurance, and workers' compensation claim administration is an ongoing challenge. The Office utilizes a variety of initiatives to attract candidates.

SORM's internet site lets candidates learn about the organization, its mission, and its programs. Showcasing actual employees in videos emphasizes the importance of the Office's employees. When employment opportunities are posted, the Office highlights intangible benefits such as public service and the culture and values of the organization.

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

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

## **Retention**

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

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

## **Training and Professional Development**

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

## **Organizational and Technology Changes**

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

## **Change Management Plan**

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

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

SCHEDULE H

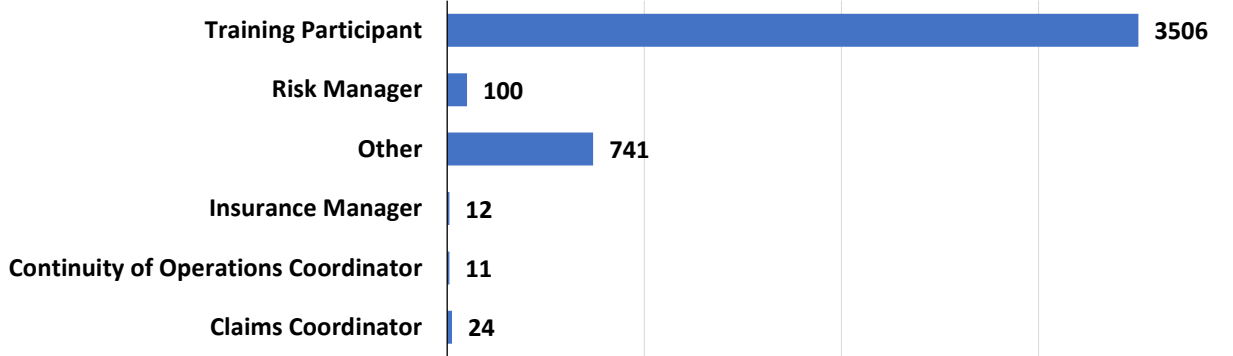
**CUSTOMER SERVICE REPORT**

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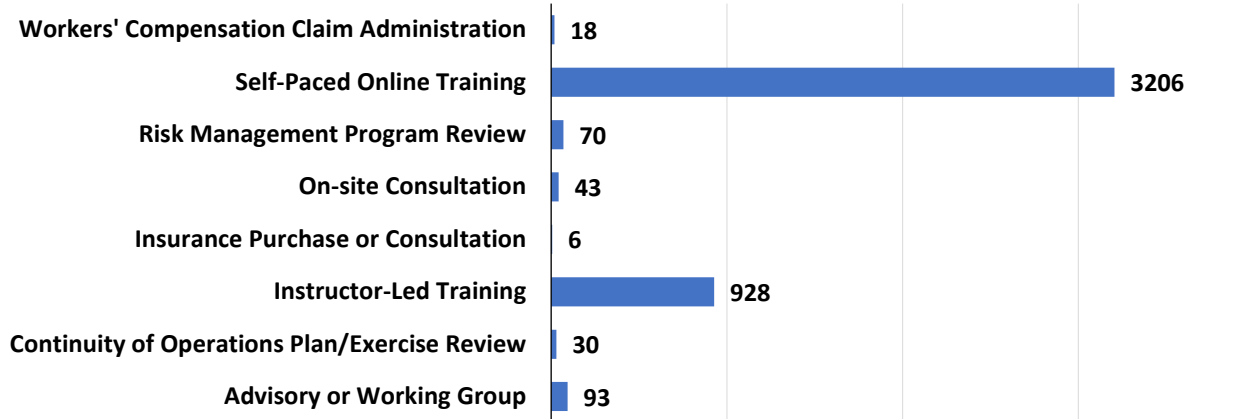


**CUSTOMER SERVICE REPORT  
FY24 – FY25**

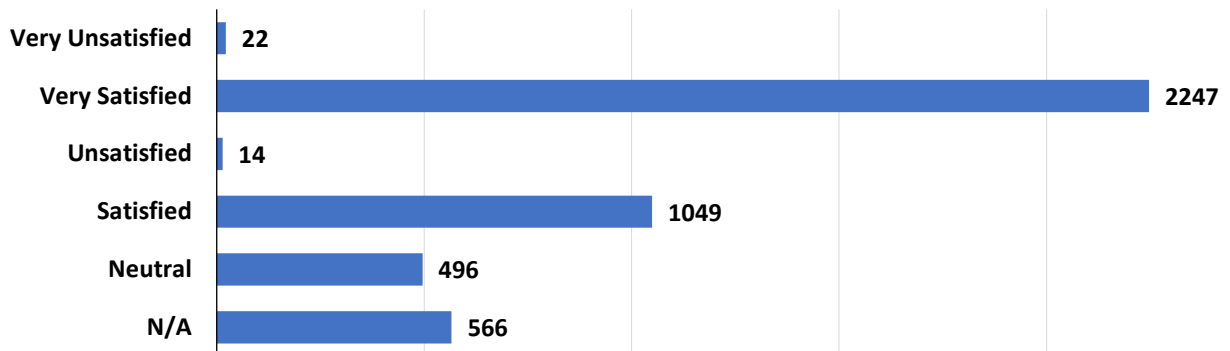
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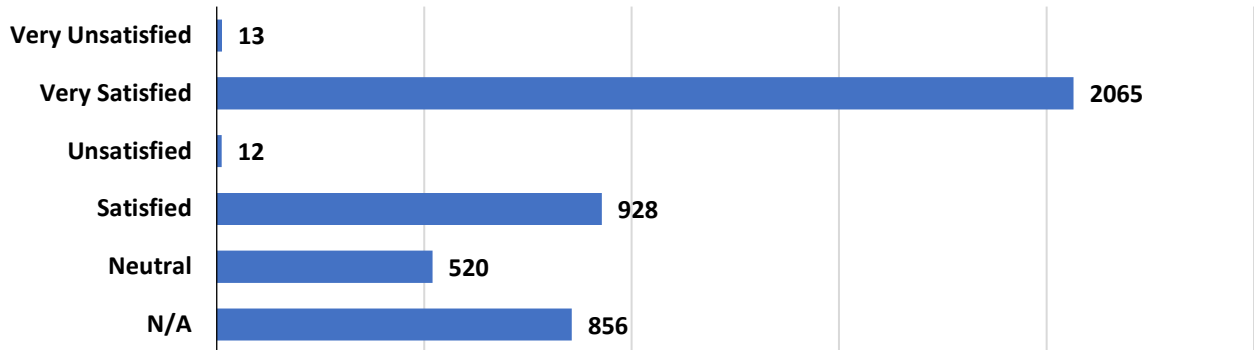
2. What type of contact did you have with the Office?



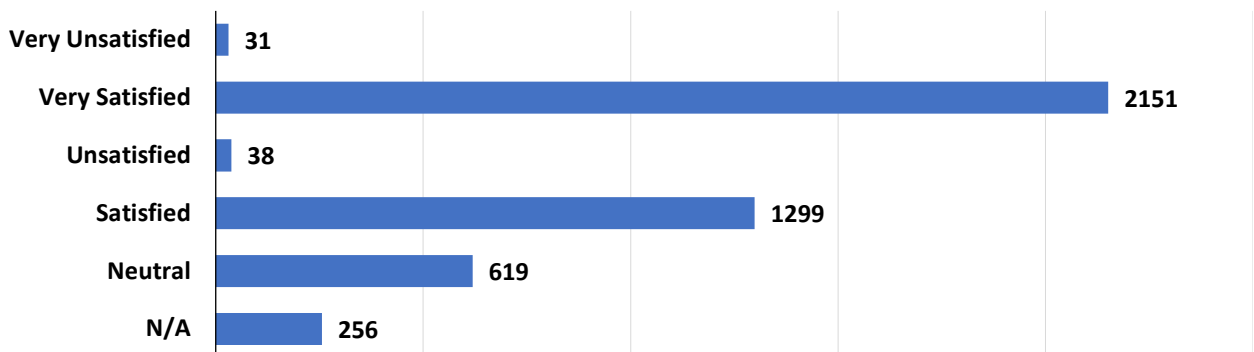
3. How satisfied are you with the agency's ability to timely serve you, including the amount of time you wait for service in person?



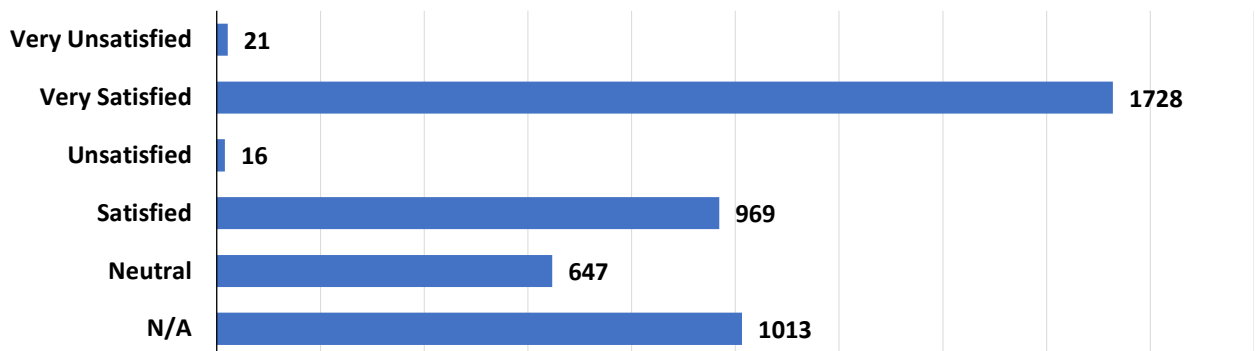
4. How satisfied are you with agency staff, including employee courtesy, friendliness, and knowledgeability, and whether staff members adequately identify themselves to customers by name, including the use of name plates or tags for accountability?



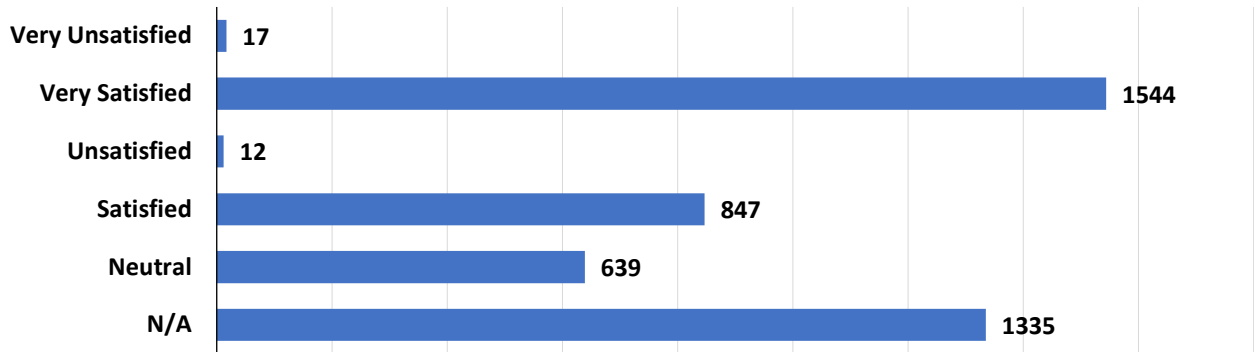
5. How satisfied are you with the agency's Internet site, including the ease of use of the site, mobile access to the site, information on the location of the site and the agency, and information accessible through the site such as a listing of services and programs and whom to contact for further information or to complain?



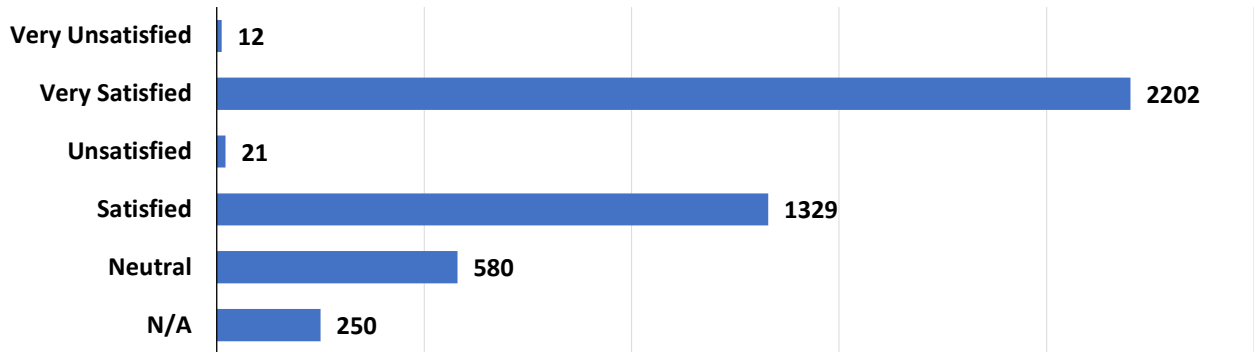
6. How satisfied are you with any agency brochures or other printed information, including the accuracy of that information?



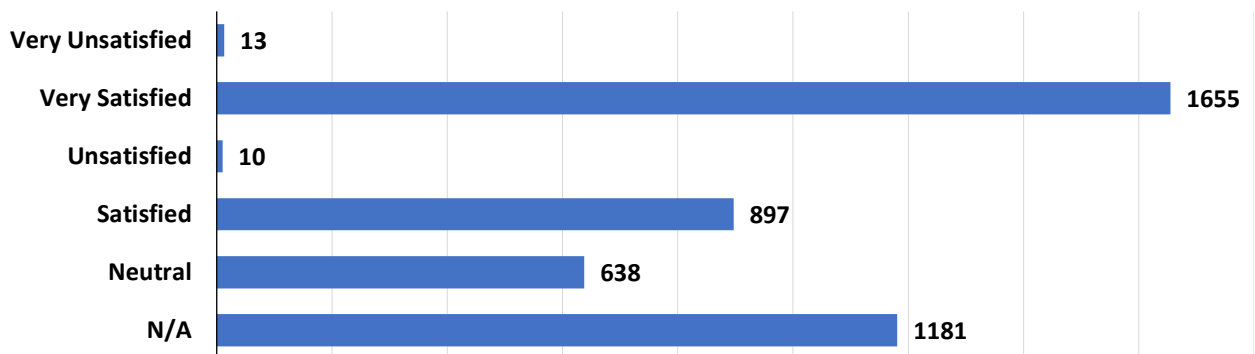
**7. How satisfied are you with the agency's complaint handling process, including whether it is easy to file a complaint and whether responses are timely?**



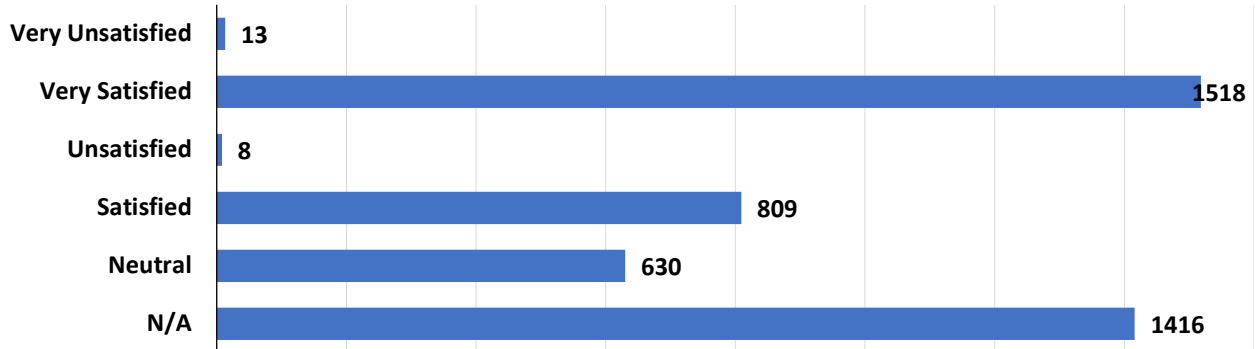
**8. Please rate your overall satisfaction with the agency.**



**9. How satisfied are you with agency communications, including toll-free telephone access, the average time you spend on hold, call transfers, access to a live person, letters, electronic mail, and any applicable text messaging or mobile applications?**



**10. How satisfied are you with the agency's facilities, including your ability to access the agency, the office location, signs, and cleanliness?**



**SCHEDULE I**

**CERTIFICATION OF COMPLIANCE WITH CYBERSECURITY TRAINING**

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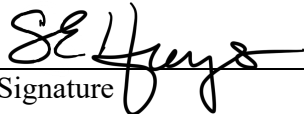


## CERTIFICATE

**Agency Name** State Office of Risk Management

Pursuant to Government Code, Section 2056.002(b)(12), this is to certify that the agency has complied with the cybersecurity training required under Government Code, Sections 2063.103 and 2063.104.

**Chief Executive Officer or Presiding Judge**

  
Signature

Sara Hays

Printed Name

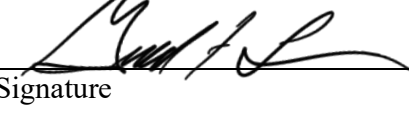
Executive Director

Title

May 29, 2026

Date

**Board or Commission Chair**

  
Signature

Gerald Ladner, Sr.

Printed Name

Board Chairman

Title

May 29, 2026

Date

**SCHEDULE J**

**CERTIFICATION OF COMPLIANCE WITH ARTIFICIAL INTELLIGENCE TRAINING**

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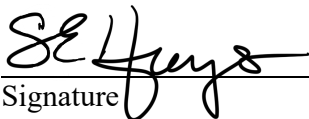


## CERTIFICATE

**Agency Name** State Office of Risk Management

Pursuant to Government Code, Section 2056.002(b)(12), this is to certify that the agency has complied with the Artificial Intelligence training required under Government Code, Sections 2063.103 and 2063.104.

**Chief Executive Officer or Presiding Judge**



Signature

Sara Hays

Printed Name

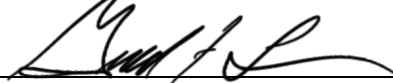
Executive Director

Title

May 29, 2026

Date

**Board or Commission Chair**



Signature

Gerald Ladner, Sr.

Printed Name

Board Chairman

Title

May 29, 2026

Date